



President
Mr. Roger Carroll
Town of Loomis

Vice President
Mr. Steve Baker
City of Yreka

Secretary
Ms. Brooke Woodcox
City of Rio Dell

Treasurer
Ms. Linda Romaine
Town of Fort Jones

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

Date: Friday, March 31, 2017
Time: 10:00 AM
Location: Gaia Hotel & Spa
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.

Pg. 5 **E. CONSENT CALENDAR**

A 1

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or 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 27, 2017
- Pg. 15* 2. US Bank Custodial Account Statement – January – February 2017
- Pg. 28* 3. SCORE Checking Account Transaction List – January – March 21, 2017
- Pg. 32* 4. Investment Statements from Chandler Asset Management – January – February 2017
- Pg. 40* 5. Target Solutions Monthly Utilization Report – November – February 2017
- Pg. 41* 6. DKF Proposal FY 16/17, FY 17/18, FY 18/19 – Approved by Board on April 1, 2016
- Pg. 44* 7. FY 17/18 Service Calendar Final – Draft Approved by Board on January 27, 2017
- Pg. 52* 8. Alliant Additional Commission Opt Out – signed February 8, 2017

F. ADMINISTRATIVE REPORTS

1. President’s Report

I 4

Roger Carroll will address the Board on items pertaining to SCORE.

2. Alliant Update

I 4

Alliant will update the Board on matters pertinent to SCORE.

- a) Form 700 – Last Day to File April 3, 2017*
- b) APIP Property FY 17/18 Renewal Update*

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.

- 3. **CJPRMA Update** I 4
Roger Carroll will provide the Board with an update on CJPRMA matters of relevance to SCORE. Minutes of the last meeting can be found at www.cjprma.org.
- 4. **ERMA Update** I 4
John Duckett will update the Board on ERMA matters pertinent to SCORE. Minutes of the last meeting can be found at www.ermajpa.org.
- 5. **LAWCX Update** I 4
Steve Baker will update the Board on LAWCX matters pertinent to SCORE. Minutes of the last meeting can be found at lawcx.org.

G. FINANCIAL

- Pg. 53 1. **Investment Policy Review and Approval** A 1
Annually the Board reviews and amends and/or approves the SCORE Investment Policy.
- Pg. 64 2. **Quarterly Financials for Period Ending December 31, 2016** A 2
Board members will review the December 31, 2016 Quarterly Financials report presented by Gilbert & Associates, Inc. and may take action to Accept and File.
- Pg. 65 3. **Gilbert & Associates Service Agreement FY 17/18** A 1
The Board will review and consider approval of the agreement for accounting services for FY 17/18.

H. JPA BUSINESS

- Pg. 68 1. **Alliant Crime Program (ACIP)** I 1
The Board will receive information about the ACIP Program and its benefits.
- Pg. 72 2. **Loss Control Grant Fund Program** A 1
The Board of Directors will receive status of funds used in FY 16/17 and will consider the FY 17/18 allocations.
- 3. **Actuarial Studies**
 - Pg. 78 a. **Liability - Actuarial Review** A 1
Marcus Beverly will present the Liability actuarial study to the Board for review and acceptance.
 - Pg.109 b. **Workers' Compensation - Actuarial Review** A 1
Marcus Beverly will present the Workers' Compensation actuarial study to the Board for review and acceptance.

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Pg.140	4. Risk Control Services Update - DKF	I 1
	<i>The Board will receive an update from David Patzer regarding services available to SCORE members and the scorecard.</i>	
	5. FY 17/18 Funding Rates	A 1
	<i>The Board will use the information provided by the Program Administrators and Actuary to establish the funding rates used in the FY 17/18 Budget deposit calculations.</i>	
Pg.141	a. Liability Program	
Pg.146	b. Workers' Compensation Program	
Pg.152	6. York Fee Proposal	A 1
	<i>The Board will review and may approve York administration services for Workers' Compensation and Liability.</i>	
Pg.156	7. FY 17/18 SCORE Preliminary Budget	I 1
	<i>Staff will provide the Board with a Preliminary Budget and the Board will be asked provide staff with direction as necessary.</i>	
Pg.159	8. SCORE Training Day	A 1
	<i>The Board of Directors will receive information about training topics for the October 26-27, 2017 training meeting.</i>	
Pg.160	I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95	
	*REQUESTING AUTHORITY	
	1. Liability	A 4
	a. Marquez v. Biggs	
	2. Workers' Compensation	
	a. SCWA-65667 v. Susanville*	
	b. SCWA-555866, SCWA-540951, SCWA-268050 v. Susanville*	
	J. REPORT FROM CLOSED SESSION	
	K. INFORMATION ITEMS	I 1
Pg.162	1. FY 16/17 Resource Contact Guide	
Pg.170	2. Glossary of Terms	
Pg.179	3. SCORE Travel Reimbursement Form	

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L. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

I 4

M. CLOSING COMMENTS

N. ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – June 16, 2017, 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.

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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 27, 2017
2. US Bank Custodial Account Statement – January – February 2017
3. SCORE Checking Account Transaction List – January – March 21, 2017
4. Investment Statements from Chandler Asset Management – January – February 2017
5. Target Solutions Monthly Utilization Report – November – February 2017
6. DKF Proposal FY 16/17, FY 17/18, FY 18/19 – Approved by Board on April 1, 2016
7. FY 17/18 Service Calendar Final – Approved by Board on January 27, 2017
8. Alliant Additional Commission Opt Out – signed February 8, 2017



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
January 27, 2017**

Member Cities Present:

Roger Frith, City of Biggs
Wes Heathcock, City of Colfax
Randy Johnsen, City of Dunsmuir
Robert Jankovitz, City of Isleton
Linda Romaine, Town of Fort Jones
Jim Goodwin, City of Live Oak
Roger Carroll, Town of Loomis
Crickett Strock, Town of Loomis
Kathy LeBlanc, City of Loyalton

Shelley Grey, City of Montague
Muriel Howarth Terrell, City of Mt. Shasta
Robert Meacher, City of Portola
Brooke Woodcox, City of Rio Dell
John Duckett, City of Shasta Lake
Gwenna MacDonald, City of Susanville
Jenny Coelho, City of Tulelake
Diana Howard, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

Sarah Griggs, City of Etna

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Dorienne Zumwalt, York Risk Services

Kevin Wong, Gilbert Associates, Inc.
Tracey Smith-Reed, Gilbert Associates, Inc.
Cameron Dewey, York Risk Services

A. CALL TO ORDER

Mr. Roger Carroll 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.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kathy LeBlanc

SECOND: Randy Johnsen

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – October 13-14, 2016
2. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –September 30, 2016
3. Treasurer’s Report as of September 30, 2016
4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2016
5. Treasurer’s Report as of December 31, 2016
6. US Bank Custodial Account Statement – November – December 2016
7. SCORE Checking Register as of December 31, 2016
8. Investment Statements from Chandler Asset Management – October – December 2016
9. Target Solutions Course Completions – November 2015 – October 2016
10. ACI Specialty Quarterly Utilization Report – October – December 2016
Company Nurse Injury Summary Report – December 2016

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

MOTION: John Duckett

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**

F. ADMINISTRATIVE REPORTS

F1. President’s Report

Mr. Roger Carroll had no issues to report for SCORE.

F2. Alliant Update

Marcus Beverly noted that the Consent Calendar included the Target Solutions Usage chart which confirms that members are using the service – there are currently nine members using the service. Members were encouraged to use Target Solutions for the required training including ethics, Sexual Harassment and other mandatory training as well as the courses available for the Fire, EMS and Police training.

F3. CJPRMA Update

Mr. Roger Carroll noted that there are a number of different things are happening that involve CJPRMA. The first issues is regarding the dividend declared for SCORE (approximately \$39,000) and asked if members had a preference in how to apply the funds. Members generally agreed that CJPRMA should send us a check for the Retrospective adjustment. Roger Carroll also noted that CJPRMA is still working on and Excess Workers’ Compensation program that they would like to make available



to all CJPRMA members. He noted the advantage to SCORE's participation in this program could be that we would no longer require a LAWXC representative – he indicated that he will continue to report back with updates as they unfold.

Lastly he mentioned that CJPRMA is looking at creating an Ex Mod for members since they do not currently use one. He noted that the recent claims audit revealed SCORE is 1% of the total CJPRMA payroll, 0% of severity, and 10% of the frequency.

F4. ERMA Update

John Duckett provided the Board of Directors with a brief update of the November 7th ERMA meeting. He noted that they are still looking at policy reviews for all agencies out there and are considering surveying the members – average cost would be \$2,500 per member for the policy reviews. John also mentioned that ERMA provides regional training sessions and encouraged members to attend the AB 1825 session held in Shasta Lake on May 11, 2017 at the John Beaudet Community Center. Roger Carroll noted that they are attempting to set up an AB 1825 in June 2017 somewhere in Loomis.

F5. LAWXC Update

Steve Baker provided the Board of Directors with an update of LAWXC matters and indicated there was not much to update the Board but he mentioned there are some high valued claims coming in and they have provided a conservative estimate of premiums increasing up to 35%.

G. FINANCIAL

G.1. Dividend and Assessment Analysis

Marcus Beverly provided information about the proposed Dividend Assessment Plan DAP and mentioned that Kevin Wong from Gilbert Associates is also in attendance if members have any questions. He started with good news and indicated that Workers' Compensation program has \$100,000 available from the Shared Layer and another \$200,000 from the Banking Layer making a total of \$300,000 available.

Marcus added that for members that have withdrawn from SCORE we are supposed to hold back 50% (Dorris, Crescent City and Williams) but the Program Administrator will need to do some analysis. He also noted that we will need to address the dividend history for members - due to the changes of the Mini-Cities composition in the following year we will need to address as members move out of the Mini-Cities group.

A motion was made to approve the calculation as presented in the agenda packet.

MOTION: Linda Romaine

SECOND: Roger Frith

**MOTION CARRIED
UNANIMOUSLY**



G.2. Quarterly Financial Report – Period Ended September 30, 2016

Kevin Wong from Gilbert Associates presented a summary of the Quarterly Financial Report for the Period Ended September 30, 2016 – he mentioned that this information was distributed to members in electronic form yesterday. He indicated:

-) Member Accounts Receivable has grown quite a bit
-) Total Net Position increased \$300,000 from last year
-) SCORE's Budget to Actual compares the current quarter to the overall budget and is on track

It was also noted that we have recently closed a lot of claims which is helping our financial position.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended September 30, 2016.

MOTION: Steve Baker

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

G.3. Projected Workers' Compensation Experience Modification Factors

Marcus Beverly noted that we were not able to obtain the DE-9 payroll information from all members and so the following is presented as an information item only and should represent a preview of the upcoming fiscal year. It was mentioned the individuals that will be leaving the Mini-Cities group will change as well as the members Ex Mods who remain in the group. He provided a breakdown of the calculation of the Relative Loss Rate (rate of payroll to losses for last 4 years). Then he provided a breakdown of the Credibility Factor (Member Projected Payroll/Member Projected Payroll + Largest Member Projected Payroll) he mentioned that Susanville is the largest member. He noted that even with the changes to the Mini-Cities composition it appears that the Ex Mod might be going down.

Mini-Cities members requested the Budget include individual Ex Mods for the Mini-Cities in the FY 17/18 Budget when it is presented to the Board next. There was a question as to why Live Oak and Shasta Lake have low Ex Mods and it was noted that while they are rather large members they do not have a Police Department or Fire Department.

H. JPA BUSINESS

H.1.a. Master Plan Documents (MPD's) Amendments – Workers' Compensation

Marcus Beverly presented information to the Board about changes to the MPD's and indicated that the Board previously approved the criteria for a Mini-City member. He reminded the Board that we will be phasing in the new administrative allocation for the Workers' Compensation program – specifically treating each member individually in terms of administrative expenses but treating the Mini-Cities as one member for loss funding. It was also noted that the Board will review the funding formulas at least every four years.



It was mentioned that the MPD's were not clear and it was suggested that a sentence be added for clarification purposes regarding if a members' average payroll drops below \$500,000 then they may apply to join the Mini-Cities subject to Board approval. The members suggested the following wording be added: "The \$500,000 threshold, 3 year average calendar year they may apply to join the Mini-Cities subject to Board approval"—Members generally agreed. It was noted the Program Staff would update the MPD's to reflect these suggested changes and they will be sent out to all members.

A motion was made to approve the changes to the MPD's including the addition of "The \$500k threshold, 3 year average calendar year they may apply to join the MC subject to BOD approval" to the wording.

MOTION: Wes Heathcock

SECOND: Linda Romaine

**MOTION CARRIED
UNANIMOUSLY**

H.1.b. Master Plan Documents (MPD's) Amendments – Liability

Marcus Beverly noted that the only change to this document is related to the Board reviewing the program funding formulas every 4 years.

A motion was made to approve the changes to the Liability MPD's as presented to the Board.

MOTION: Roger Frith

SECOND: Jenny Coelho

**MOTION CARRIED
UNANIMOUSLY**

H.2. Long Range Planning work plan

Marcus Beverly was pleased to report that the Board just voted on most of the action plans from the Long Range Planning meeting. He reminded the Board that there was a Sewer Survey completed by Randy Musgraves and noted this might be an area of focus to discuss shared services among members. The concept of master service agreements with vendors for sidewalks, arborists or potentially the purchase of backflow devices for homes was discussed. Marcus also mentioned possible incentives (credits or debits) based on risk management criteria that could potentially impact member funding.

Members discussed possible training at the upcoming meetings and it was noted that Biggs recently had a City Council training at their meeting and it went very well. It was also requested that a 'sample sewer back up claim' with pictures and costs be created to educate Public Works employees on the true cost of a sewer back up claim.

H.3. FY 17/18 Meeting Dates and Locations

Michelle Minnick provided members with a list of potential meeting dates for the FY 17/18 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.



A motion was made to approve Resolution 17-01 for FY 17/18 meeting dates and locations.

MOTION: John Duckett

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

H.4. Form 700 Reporting Protocol Changes

Michelle Minnick informed the Board that the FPPC required Form 700 will 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.

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.

H.5. Loss Control Grant Fund Program

Michelle Minnick provided the Board with an update regarding usage of the FY 16/17 Loss Control Grant Funds. It was noted there have only been 2 requests for funds during this year and members were encouraged to make use of the funds available. Members were provided with examples of requests made in the past (ADA signage, Public Works Equipment, training sessions, bulletproof vests, etc.). Roger Carroll noted that the Town of Loomis was able to use their funds to purchase Ergonomic chairs.

It was also suggested that members consider using these funds to share services – for example Sidewalk Cutting, Arborists, etc. as the end of the fiscal year approaches to ensure the funds are used.

H.6. SCORE Service Provider Survey Results

Marcus Beverly presented an overview of the survey results and noted there were only 7 responses. Regarding the York Service responses he also mentioned when we combined the surveys into one survey the responses did not translate for the York questions. It was recommended in the future to send out this survey every 2 years and break it down into smaller parts – this way the person at the city who is most knowledgeable could answer the questions.

Overall the scores were positive and it was mentioned that if a member city would like for the Program Administrators to come visit and provide services or training they were encouraged to reach out to the Alliant Staff. Roger Frith indicated that Marcus attended a City Council meeting and it was a great way to get them to understand where their money is going. Members generally agreed they are happy with the services Alliant is providing. There was a question about the frequency of going out to bid and it was noted that we will complete a survey before any contract renewal but generally speaking we complete a survey every two years which determines the need to go out to bid.



Cameron Dewey noted that members are encouraged to provide him with feedback if things are not being handled the way they would like. He indicated that he will make a change and fix whatever needs to be addressed.

H.7. FY 17/18 Service Calendar

Michelle Minnick presented the Fiscal Year 17/18 Service Calendar to the members for review. It was noted the 'proposed' meeting dates were labeled as such and if the Board approves the draft of the Service Calendar that was presented the Program Administrators will update the document and include it in the Consent Calendar at the next meeting.

A motion was made to approve the FY 17/18 Service Calendar as presented.

MOTION: Steve Baker

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

H.8. FY 17/18 Renewal Marketing Plan

The Board of Directors received an update regarding the FY 17/18 Marketing Plan. It was noted that sewer backup claims should be of concern for members as CJPRMA may have to raise their rates to keep up with the general trends—liability claims remain relatively stable in terms of frequency but high severity of claims.

In regards to the Crime program there is no expected increase at this time but we recommend members obtain a quote for a \$3 million limit for comparison. It was also noted that not all SCORE members participate in the Crime program but all members were encouraged to obtain a quote as this is a group purchase you could possibly get better coverage and a lower rate.

It was mentioned that Cyber coverage is purchased as part of the Property program and is a hot insurance issue right now. It was noted that rates are going up due to the number of ransomware claims and members were encouraged to have good backup procedures in place.

I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 11:42 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-555963 v. City of Shasta Lake*
 - b. SCWA-503501 v. City of Crescent City*
- 2. Liability**
 - a. Blakely v. City of Mt. Shasta



J. REPORT FROM CLOSED SESSION

The Board returned from closed session at 11:57 A.M. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

LUNCH PRESENTATION SCORE FY 16/17 Annual Report

Marcus Beverly presented the Board with the first ever Annual Report which summarizes SCORE's history, current coverage and available services through the SCORE membership. Members were encouraged to share this information with their City Councils to help them understand the value that a SCORE membership provides.

K. INFORMATION ITEMS

K1. 2017 PARMA Conference – February 12 – 15, 2017 in Anaheim, CA

This was provided as an information item only.

K2. Glossary of Terms

This was provided as an information item only.

K3. Certificate Request Form

This was provided as an information item only.

K4. SCORE Travel Reimbursement Form

This was provided as an information item only.

L. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

There were no items for discussion.

M. CLOSING COMMENTS

Roger Carroll encouraged members to consider attending PARMA in the future as it is a great training event and noted this year it is being held at Disneyland.

N. AJOURNMENT

The meeting was adjourned at 12:36 PM

NEXT MEETING DATE: March 31, 2017 in Anderson, CA



Respectfully Submitted,

Brooke Woodcox, Secretary

Date

DRAFT

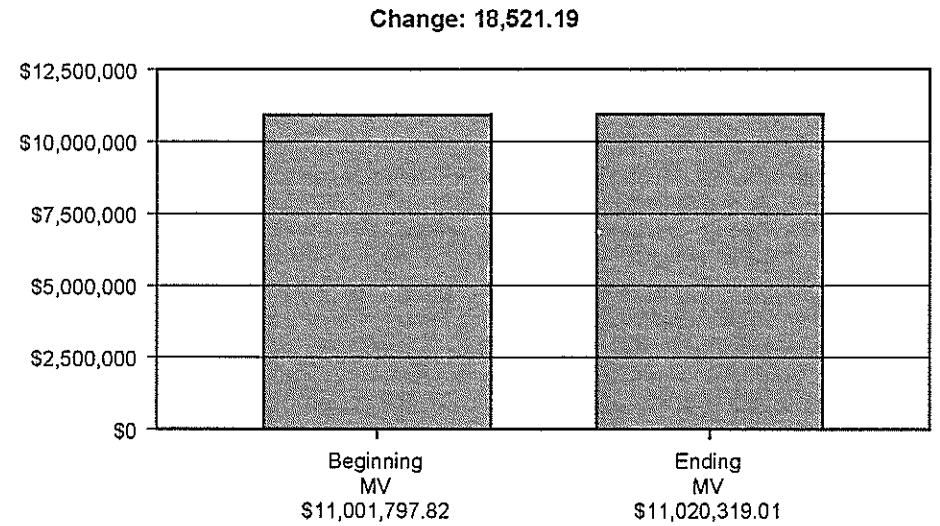


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

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MARKET VALUE SUMMARY

	Current Period 01/01/17 to 01/31/17
Beginning Market Value	\$11,001,797.82
Taxable Interest	13,563.32
Fees and Expenses	-1,207.78
Long Term Gains/Losses	545.86
Change in Investment Value	5,619.79
Ending Market Value	\$11,020,319.01



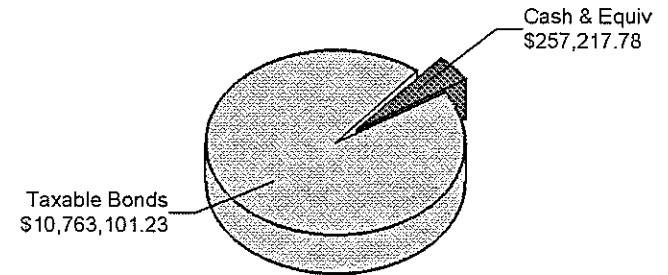


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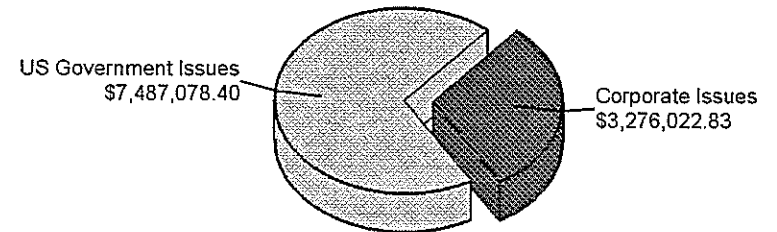
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ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	257,217.78	2.30	2,395.46
Taxable Bonds	10,763,101.23	97.70	165,604.22
Total Market Value	\$11,020,319.01	100.00	\$167,999.68



Fixed Income Summary



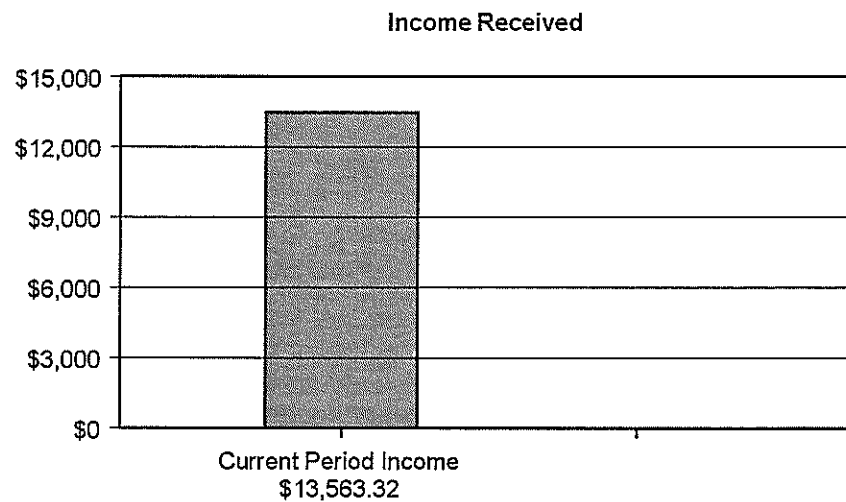


SMALL CITIES ORGANIZED
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INCOME SUMMARY

	Income Received Current Period
Taxable Interest .	13,563.32
Total Current Period Income	\$13,563.32





SMALL CITIES ORGANIZED
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CASH SUMMARY

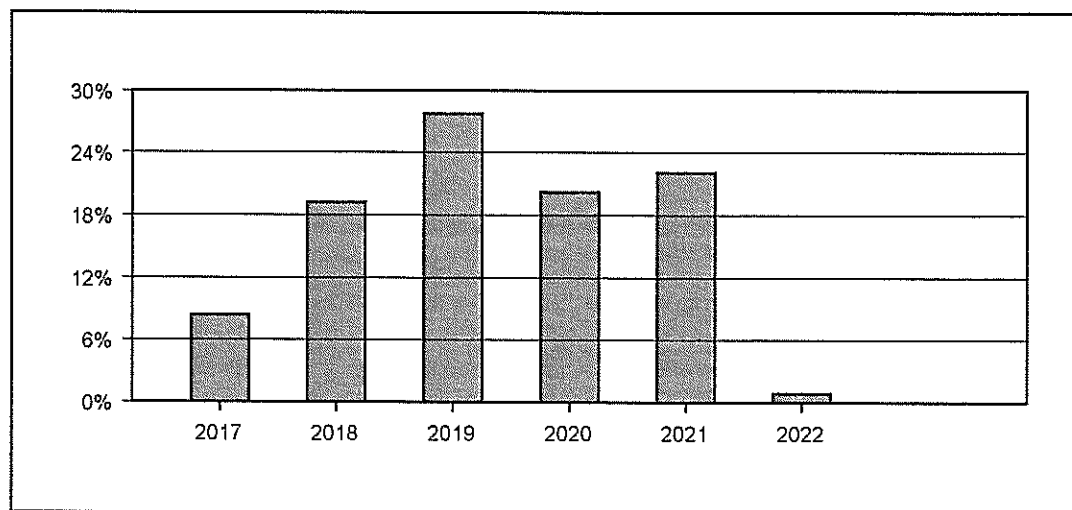
	Principal Cash	Income Cash	Total Cash
Beginning Cash 01/01/2017	-\$546,153.92	\$546,153.92	\$0.00
Taxable Interest		13,563.32	13,563.32
Fees and Expenses	-1,207.78		-1,207.78
Purchases	-124,773.75		-124,773.75
Sales	140,618.42		140,618.42
Net Money Market Activity	-28,200.21		-28,200.21
Ending Cash 01/31/2017	-\$559,717.24	\$559,717.24	\$0.00



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BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2017	926,193.99	930,784.70	8.65
2018	2,081,055.76	2,088,145.56	19.41
2019	3,001,855.18	3,015,852.32	28.03
2020	2,205,000.00	2,196,597.10	20.40
2021	2,460,000.00	2,407,027.80	22.36
2022	125,000.00	124,693.75	1.15
Total of Category	\$10,799,104.93	\$10,763,101.23	100.00

MOODY'S RATING

Aaa	8,156,085.14	8,114,877.44	75.39
Aa1	135,000.00	134,545.05	1.25
Aa2	250,000.00	248,778.20	2.31
A1	1,135,000.00	1,141,618.90	10.61



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BOND SUMMARY (continued)

	Par Value	Market Value	Percentage of Category
A2	545,000.00	547,103.65	5.08
A3	135,000.00	135,267.30	1.26
N/A	443,019.79	440,910.69	4.10
Total of Category	\$10,799,104.93	\$10,763,101.23	100.00

S&P RATING

AAA	584,748.44	579,777.76	5.39
AA+	4,485,000.00	4,464,537.95	41.48
AA	105,000.00	105,177.45	0.98
AA-	550,000.00	554,928.95	5.16
A+	560,000.00	561,639.85	5.21
A	715,000.00	715,754.50	6.64
A-	135,000.00	135,267.30	1.26
N/A	3,664,356.49	3,646,017.47	33.88
Total of Category	\$10,799,104.93	\$10,763,101.23	100.00

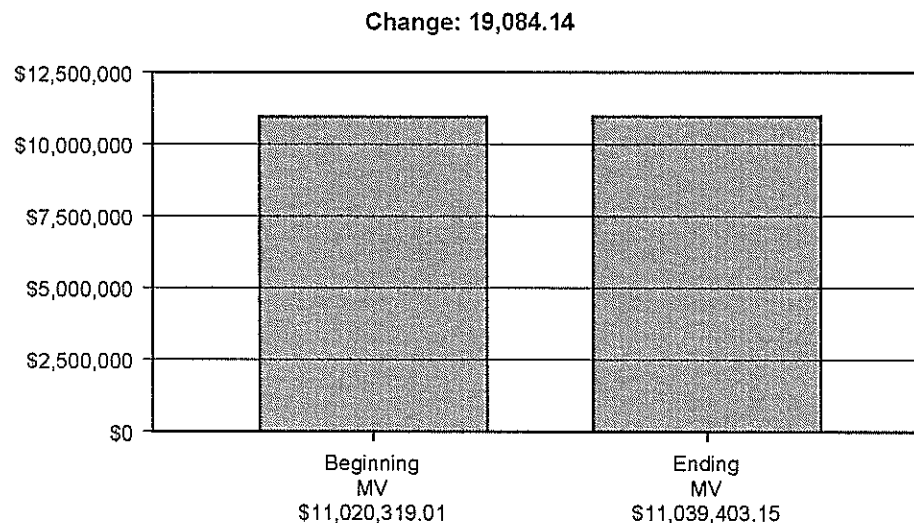


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 23
February 1, 2017 to February 28, 2017

MARKET VALUE SUMMARY

	Current Period 02/01/17 to 02/28/17
Beginning Market Value	\$11,020,319.01
Taxable Interest	12,894.97
Fees and Expenses	-1,209.03
Long Term Gains/Losses	38,162.47
Change in Investment Value	-30,764.27
Ending Market Value	\$11,039,403.15



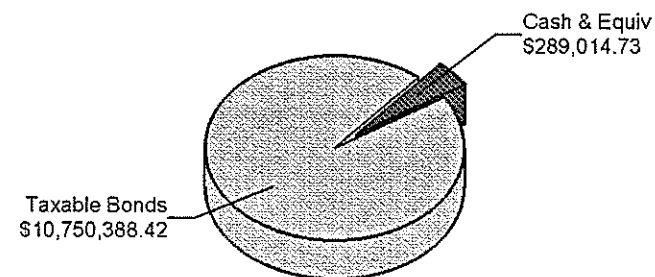


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

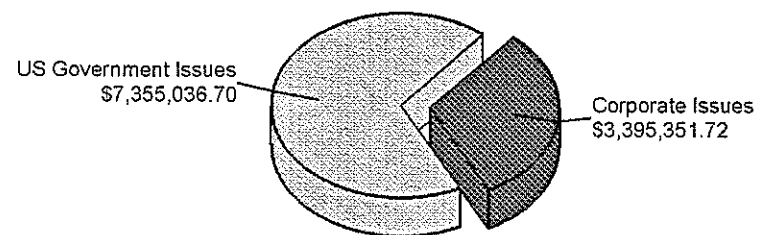
Page 2 of 23
February 1, 2017 to February 28, 2017

ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	289,014.73	2.60	2,484.16
Taxable Bonds	10,750,388.42	97.40	169,222.30
Total Market Value	\$11,039,403.15	100.00	\$171,706.46



Fixed Income Summary



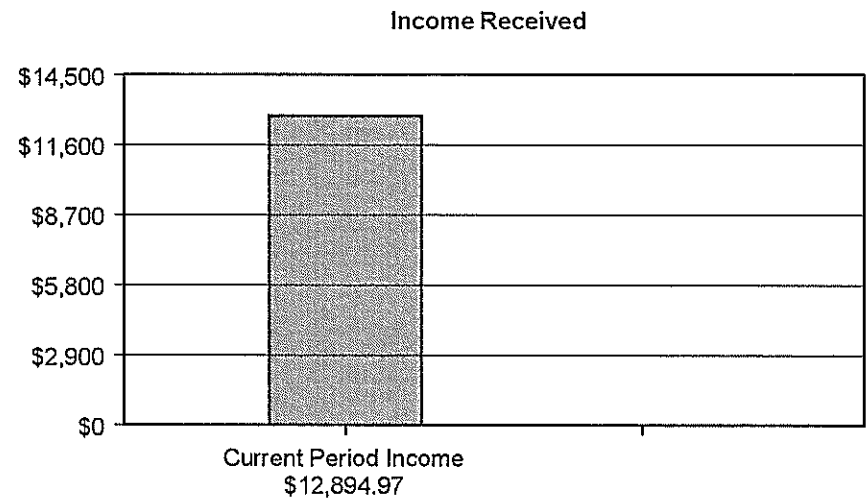


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 23
February 1, 2017 to February 28, 2017

INCOME SUMMARY

	Income Received Current Period
Taxable Interest	12,894.97
Total Current Period Income	\$12,894.97





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 4 of 23
February 1, 2017 to February 28, 2017

CASH SUMMARY

	Principal Cash	Income Cash	Total Cash
Beginning Cash 02/01/2017	-\$559,717.24	\$559,717.24	\$0.00
Taxable Interest		12,894.97	12,894.97
Fees and Expenses	-1,209.03		-1,209.03
Purchases	-300,302.61		-300,302.61
Sales	320,256.12		320,256.12
Net Money Market Activity	-31,639.45		-31,639.45
Ending Cash 02/28/2017	-\$572,612.21	\$572,612.21	\$0.00



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

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February 1, 2017 to February 28, 2017

SALE/MATURITY SUMMARY (continued)

Settlement Date	Description	Tax Cost	Proceeds	Estimated Gain/Loss
U S Treasury Note 1.500 08/31/2018 912828RE2				
02/23/17	Sold 25,000 Par Value Trade Date 2/22/17 Sold Through Rbc Capital Markets, LLC 25,000 Par Value At 100.655915 %	-24,772.55	25,163.98	391.43
Total Taxable Bonds		-\$282,093.65	\$320,256.12	\$38,162.47
Total Sales & Maturities		-\$282,093.65	\$320,256.12	\$38,162.47

SALE/MATURITY SUMMARY MESSAGES

Estimated Year-To-Date Long-Term Gain (Loss): \$38,708.33

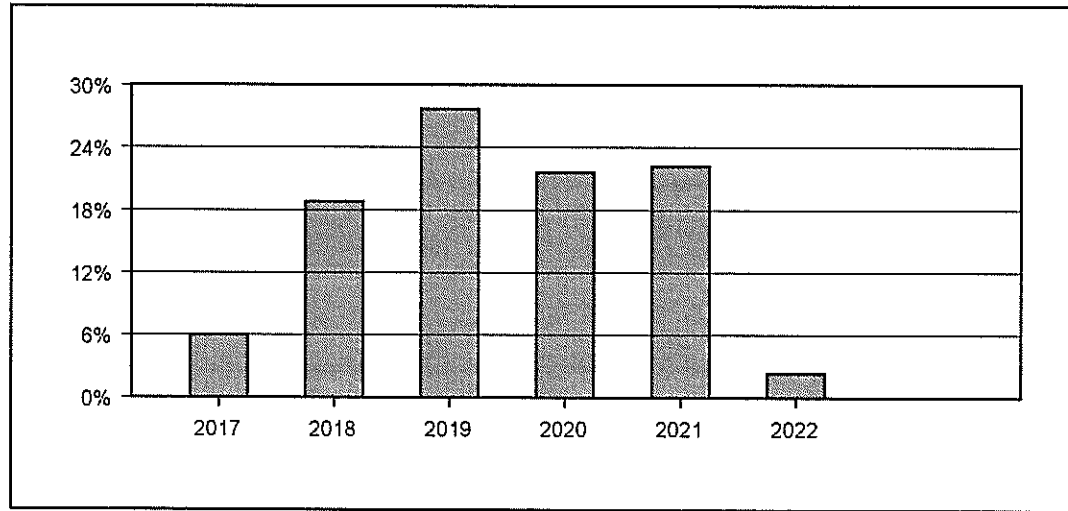
Estimates should not be used for tax purposes



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

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February 1, 2017 to February 28, 2017

BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2017	662,090.19	666,254.99	6.20
2018	2,040,219.13	2,047,035.79	19.05
2019	2,986,759.70	3,002,101.49	27.93
2020	2,355,000.00	2,348,297.70	21.84
2021	2,460,000.00	2,411,688.95	22.43
2022	275,000.00	275,009.50	2.55
Total of Category	\$10,779,069.02	\$10,750,388.42	100.00

MOODY'S RATING

Aaa	7,869,662.30	7,832,171.49	72.86
Aa1	135,000.00	134,586.90	1.26
Aa2	250,000.00	249,590.40	2.32
A1	1,135,000.00	1,142,693.50	10.63



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 23 of 23
February 1, 2017 to February 28, 2017

BOND SUMMARY (continued)

	Par Value	Market Value	Percentage of Category
A2	545,000.00	547,564.30	5.09
A3	285,000.00	286,389.75	2.66
N/A	559,406.72	557,392.08	5.18
Total of Category	\$10,779,069.02	\$10,750,388.42	100.00

S&P RATING

AAA	556,794.48	552,445.62	5.14
AA+	4,350,000.00	4,331,058.10	40.29
AA	105,000.00	105,161.70	0.98
AA-	550,000.00	555,749.25	5.17
A+	560,000.00	562,346.65	5.23
A	865,000.00	867,271.60	8.06
A-	135,000.00	135,708.75	1.26
N/A	3,657,274.54	3,640,646.75	33.87
Total of Category	\$10,779,069.02	\$10,750,388.42	100.00

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03/21/17

**Small Cities Organized Risk Effort
Check Detail
January 1 through March 21, 2017**

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Check	2812	01/25/2017	Gaia Hotel		100-01 · Scott Val...		-1,665.36
					605 · BOD Activities	-1,665.36	1,665.36
TOTAL						-1,665.36	1,665.36
Check	2813	02/06/2017	Liebert Cassidy ...		100-01 · Scott Val...		-1,950.00
					Grant Fund Program	-1,029.90	1,029.90
					610 · Member Con...	-920.10	920.10
TOTAL						-1,950.00	1,950.00
Check	2814	02/06/2017	Shelley Gray		100-01 · Scott Val...		-110.84
					610 · Member Con...	-110.84	110.84
TOTAL						-110.84	110.84
Check	2815	02/06/2017	Roger Frith		100-01 · Scott Val...		-93.41
					610 · Member Con...	-93.41	93.41
TOTAL						-93.41	93.41
Check	2816	02/06/2017	Wes Heathcock		100-01 · Scott Val...		-159.25
					610 · Member Con...	-159.25	159.25
TOTAL						-159.25	159.25
Check	2817	02/24/2017	CAJPA		100-01 · Scott Val...		-4,850.00
					0612 Accreditatio...	-4,850.00	4,850.00
TOTAL						-4,850.00	4,850.00
Check	2818	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,375.80
					721 · Claims Admi...	-8,375.80	8,375.80
TOTAL						-8,375.80	8,375.80
Check	2819	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,125.00
					722 · Claims Admi...	-8,125.00	8,125.00
TOTAL						-8,125.00	8,125.00
Check	2820	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,125.00
					722 · Claims Admi...	-8,125.00	8,125.00
TOTAL						-8,125.00	8,125.00
Check	2821	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,375.80
					721 · Claims Admi...	-8,375.80	8,375.80
TOTAL						-8,375.80	8,375.80
Check	2822	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,375.80
					721 · Claims Admi...	-8,375.80	8,375.80
TOTAL						-8,375.80	8,375.80

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03/21/17

**Small Cities Organized Risk Effort
Check Detail
January 1 through March 21, 2017**

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Check	2823	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,125.00
					722 · Claims Admi...	-8,125.00	8,125.00
TOTAL						-8,125.00	8,125.00
Check	2824	02/24/2017	York Insurance S...		100-01 · Scott Val...		-243.95
					721 · Claims Admi...	-243.95	243.95
TOTAL						-243.95	243.95
Check	2825	02/24/2017	York Insurance S...		100-01 · Scott Val...		-8,131.85
					721 · Claims Admi...	-8,131.85	8,131.85
TOTAL						-8,131.85	8,131.85
Check	2826	03/09/2017	City of Yreka		100-01 · Scott Val...		-13,411.61
					173 · Prepaid Risk ...	-112.20	112.20
					675 · Loss Control ...	-13,299.41	13,299.41
TOTAL						-13,411.61	13,411.61
Check	2827	03/09/2017	DKF Soutlions Gr...		100-01 · Scott Val...		-8,333.33
					675 · Loss Control ...	-8,333.33	8,333.33
TOTAL						-8,333.33	8,333.33
Check	2828	03/09/2017	Champion Awards		100-01 · Scott Val...		-83.31
					605 · BOD Activities	-83.31	83.31
TOTAL						-83.31	83.31
Bill Pmt -Check	2845	03/16/2017	City of Biggs		100-01 · Scott Val...		-11,611.00
Bill	2016-...	03/13/2017			950 · Dividends	-11,611.00	11,611.00
TOTAL						-11,611.00	11,611.00
Bill Pmt -Check	2846	03/16/2017	City of Colfax		100-01 · Scott Val...		-17,813.00
Bill	2016-...	03/13/2017			950 · Dividends	-17,813.00	17,813.00
TOTAL						-17,813.00	17,813.00
Bill Pmt -Check	2847	03/16/2017	City of Dorris		100-01 · Scott Val...		-5,968.00
Bill	2016-...	03/13/2017			950 · Dividends	-5,968.00	5,968.00
TOTAL						-5,968.00	5,968.00
Bill Pmt -Check	2848	03/16/2017	City of Etna		100-01 · Scott Val...		-8,089.00
Bill	2016-...	03/13/2017			950 · Dividends	-8,089.00	8,089.00
TOTAL						-8,089.00	8,089.00
Bill Pmt -Check	2849	03/16/2017	City of Ione		100-01 · Scott Val...		-15,646.00
Bill	2016-...	03/13/2017			950 · Dividends	-15,646.00	15,646.00
TOTAL						-15,646.00	15,646.00

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03/21/17

Small Cities Organized Risk Effort Check Detail January 1 through March 21, 2017

Type	Num	Date	Name	Item	Account	Paid Amount	Original Amount
Bill Pmt -Check	2850	03/16/2017	City of Live Oak		100-01 · Scott Val...		-48,239.00
Bill	2016-...	03/13/2017			950 · Dividends	-48,239.00	48,239.00
TOTAL						-48,239.00	48,239.00
Bill Pmt -Check	2851	03/16/2017	City of Montague		100-01 · Scott Val...		-6,760.00
Bill	2016-...	03/13/2017			950 · Dividends	-6,760.00	6,760.00
TOTAL						-6,760.00	6,760.00
Bill Pmt -Check	2852	03/16/2017	City of Portola		100-01 · Scott Val...		-27,899.00
Bill	2016-...	03/13/2017			950 · Dividends	-27,899.00	27,899.00
TOTAL						-27,899.00	27,899.00
Bill Pmt -Check	2853	03/16/2017	City of Rio Dell		100-01 · Scott Val...		-27,085.00
Bill	2016-...	03/13/2017			950 · Dividends	-27,085.00	27,085.00
TOTAL						-27,085.00	27,085.00
Bill Pmt -Check	2854	03/16/2017	City of Shasta Lake		100-01 · Scott Val...		-110,161.00
Bill	2016-...	03/13/2017			950 · Dividends	-110,161.00	110,161.00
TOTAL						-110,161.00	110,161.00
Bill Pmt -Check	2855	03/16/2017	City of Susanville		100-01 · Scott Val...		-99,799.00
Bill	2016-...	03/13/2017			950 · Dividends	-99,799.00	99,799.00
TOTAL						-99,799.00	99,799.00
Bill Pmt -Check	2856	03/16/2017	City of Weed		100-01 · Scott Val...		-39,587.00
Bill	2016-...	03/13/2017			950 · Dividends	-39,587.00	39,587.00
TOTAL						-39,587.00	39,587.00
Bill Pmt -Check	2857	03/16/2017	City of Yreka		100-01 · Scott Val...		-109,426.00
Bill	2016-...	03/13/2017			950 · Dividends	-109,426.00	109,426.00
TOTAL						-109,426.00	109,426.00
Bill Pmt -Check	2858	03/16/2017	Fort Jones, Town...		100-01 · Scott Val...		-8,935.00
Bill	2016-...	03/13/2017			950 · Dividends	-8,935.00	8,935.00
TOTAL						-8,935.00	8,935.00
Bill Pmt -Check	2859	03/16/2017	Loyalton, City of		100-01 · Scott Val...		-7,461.00
Bill	2016-...	03/13/2017			950 · Dividends	-7,461.00	7,461.00
TOTAL						-7,461.00	7,461.00
Bill Pmt -Check	2860	03/16/2017	Gilbert Associate...		100-01 · Scott Val...		-13,200.00
Bill	316445	02/28/2017			505 · Accounting S...	-13,200.00	13,200.00
TOTAL						-13,200.00	13,200.00

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03/21/17

Small Cities Organized Risk Effort
Check Detail
January 1 through March 21, 2017

<u>Type</u>	<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Item</u>	<u>Account</u>	<u>Paid Amount</u>	<u>Original Amount</u>
Bill Pmt -Check	2861	03/16/2017	York Insurance S...		100-01 - Scott Val...		-16,500.80
Bill	5000...	03/01/2017			722 - Claims Admi...	-8,125.00	8,125.00
Bill	5000...	03/01/2017			721 - Claims Admi...	-8,375.80	8,375.80
TOTAL						-16,500.80	16,500.80

Monthly Account Statement

Small Cities Organized Risk Effort

January 1, 2017 through January 31, 2017

Chandler Team

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

Custodian

US Bank
Christopher Isles
(503)-464-3685

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



PORTFOLIO CHARACTERISTICS

Average Duration	2.44
Average Coupon	1.52 %
Average Purchase YTM	1.53 %
Average Market YTM	1.51 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.64 yrs
Average Life	2.53 yrs

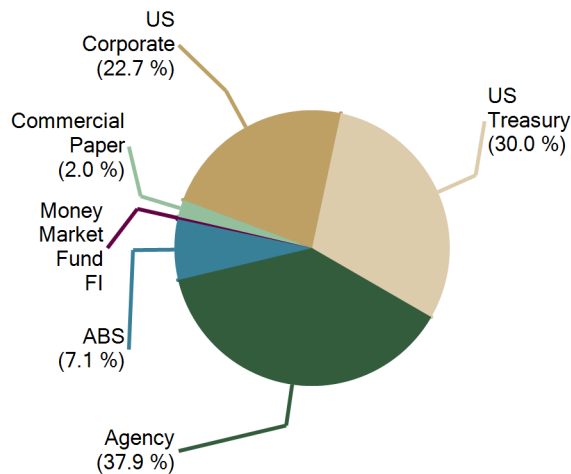
ACCOUNT SUMMARY

	Beg. Values as of 12/31/16	End Values as of 1/31/17
Market Value	11,001,324	11,019,665
Accrued Interest	37,887	38,285
Total Market Value	11,039,211	11,057,950
Income Earned	13,804	14,086
Cont/WD		-1,208
Par	11,043,757	11,056,505
Book Value	11,022,001	11,034,727
Cost Value	11,027,130	11,040,031

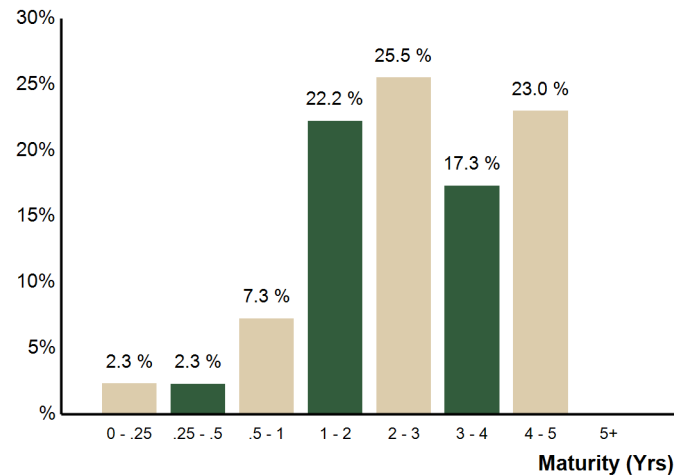
TOP ISSUERS

Issuer	% Portfolio
Government of United States	30.0 %
Federal National Mortgage Assoc	20.1 %
Federal Home Loan Bank	10.1 %
Federal Home Loan Mortgage Corp	6.3 %
Bank of Tokyo-Mit UFJ	2.0 %
John Deere ABS	1.9 %
Honda ABS	1.7 %
Toyota ABS	1.6 %
Total	73.7 %

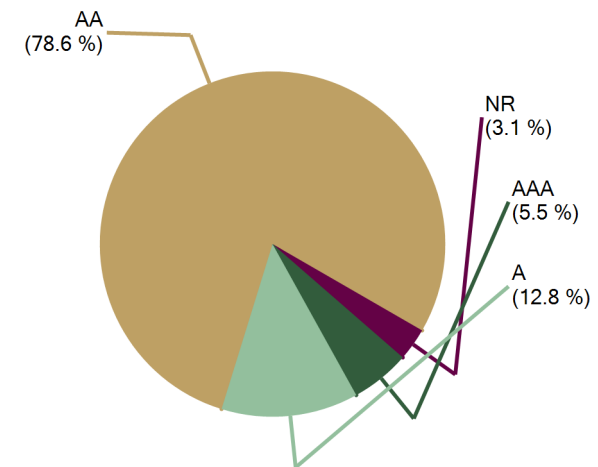
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 1/31/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs	
Small Cities Organized Risk Effort	0.18 %	-0.53 %	0.18 %	0.56 %	1.15 %	0.99 %	2.99 %	40.07 %
BAML 1-5 Yr US Treasury/Agency Index	0.17 %	-0.71 %	0.17 %	0.19 %	1.02 %	0.79 %	2.76 %	36.50 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.18 %	-0.68 %	0.18 %	0.41 %	1.12 %	0.97 %	2.81 %	37.43 %



Small Cities Organized Risk Effort
Joint Powers Authority
January 31, 2017

COMPLIANCE WITH INVESTMENT POLICY

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% (except US Government, Agencies, Supranationals, and LAIF)	Complies
Maximum maturity	5 years	Complies



Reconciliation Summary

As of 1/31/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$11,022,001.36
Acquisition	
+ Security Purchases	\$124,773.75
+ Money Market Fund Purchases	\$48,806.95
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$173,580.70
Dispositions	
- Security Sales	\$105,165.90
- Money Market Fund Sales	\$19,398.96
- MMF Withdrawals	\$1,207.78
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$35,452.52
Total Dispositions	\$161,225.16
Amortization/Accretion	
+/- Net Accretion	\$124.89
	\$124.89
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$245.25
	\$245.25
Ending Book Value	\$11,034,727.04

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$4,199.82
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$105,165.90
Accrued Interest Received	\$361.67
Interest Received	\$13,347.14
Dividend Received	\$7.29
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$35,452.52
Total Acquisitions	\$154,334.52
Disposition	
Withdrawals	\$1,207.78
Security Purchase	\$124,773.75
Accrued Interest Paid	\$152.78
Total Dispositions	\$126,134.31
Ending Book Value	\$32,400.03

Monthly Account Statement

Small Cities Organized Risk Effort

February 1, 2017 through February 28, 2017

Chandler Team

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

Custodian

US Bank
Christopher Isles
(503)-464-3685

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



PORTFOLIO CHARACTERISTICS

Average Duration	2.46
Average Coupon	1.55 %
Average Purchase YTM	1.56 %
Average Market YTM	1.52 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.66 yrs
Average Life	2.54 yrs

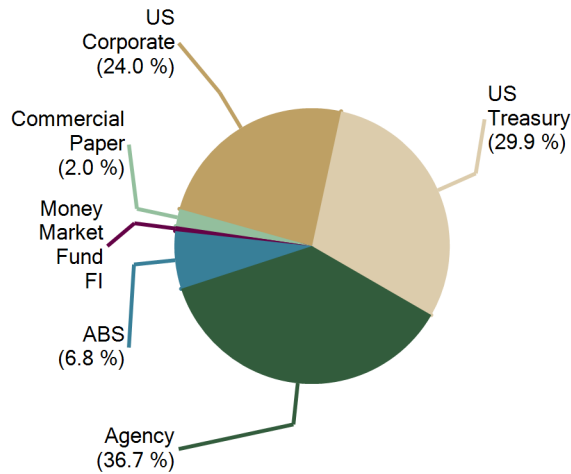
ACCOUNT SUMMARY

	Beg. Values as of 1/31/17	End Values as of 2/28/17
Market Value	11,019,665	11,038,582
Accrued Interest	38,285	39,151
Total Market Value	11,057,950	11,077,733
Income Earned	14,086	13,866
Cont/WD		-1,209
Par	11,056,505	11,068,109
Book Value	11,034,727	11,046,839
Cost Value	11,040,031	11,052,463

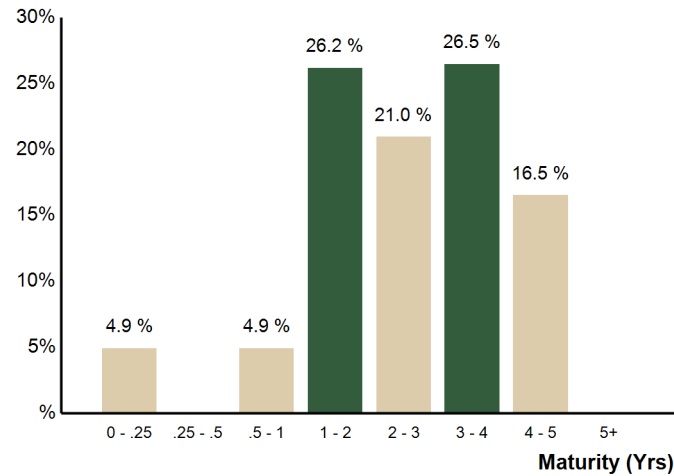
TOP ISSUERS

Issuer	% Portfolio
Government of United States	29.9 %
Federal National Mortgage Assoc	20.3 %
Federal Home Loan Bank	10.1 %
Federal Home Loan Mortgage Corp	6.3 %
Bank of Tokyo-Mit UFJ	2.0 %
John Deere ABS	1.8 %
Honda ABS	1.5 %
Toyota ABS	1.5 %
Total	73.5 %

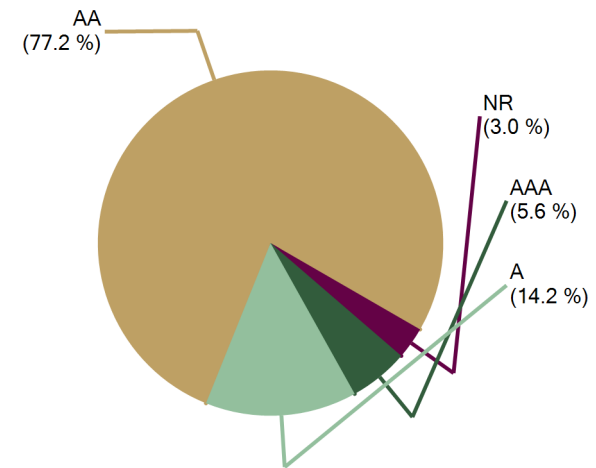
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2017	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.19 %	0.44 %	0.37 %	0.56 %	1.17 %	1.04 %	2.91 %	3.15 %	40.34 %
BAML 1-5 Yr US Treasury/Agency Index	0.15 %	0.34 %	0.32 %	0.10 %	1.02 %	0.87 %	2.67 %	2.91 %	36.71 %
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.19 %	0.41 %	0.37 %	0.38 %	1.13 %	1.04 %	2.73 %	2.97 %	37.69 %



**Small Cities Organized Risk Effort
Joint Powers Authority
February 28, 2017**

COMPLIANCE WITH INVESTMENT POLICY

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% (except US Government, Agencies, Supranationals, and LAIF)	Complies
Maximum maturity	5 years	Complies



Reconciliation Summary

As of 2/28/2017

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$11,034,727.04
Acquisition	
+ Security Purchases	\$300,302.61
+ Money Market Fund Purchases	\$209,430.81
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$509,733.42
Dispositions	
- Security Sales	\$285,220.21
- Money Market Fund Sales	\$176,582.33
- MMF Withdrawals	\$1,209.03
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$35,035.91
Total Dispositions	\$498,047.48
Amortization/Accretion	
+/- Net Accretion	\$105.20
	\$105.20
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$320.85
	\$320.85
Ending Book Value	\$11,046,839.03

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$32,400.03
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$285,220.21
Accrued Interest Received	\$713.52
Interest Received	\$13,406.25
Dividend Received	\$3.15
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$35,035.91
Total Acquisitions	\$334,379.04
Disposition	
Withdrawals	\$1,209.03
Security Purchase	\$300,302.61
Accrued Interest Paid	\$1,227.95
Total Dispositions	\$302,739.59
Ending Book Value	\$64,039.48

SCORE Target Solutions Usage from 11/01/2016 to 02/28/2017

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 Activity
City of Biggs	13	6	0	0	0	0
City of Colfax	14	9	0	0	0	0
City of Dunsmuir	32	24	68	8	0	0
City of Etna	45	25	46	3	1	1
City of Isleton	2	1	0	0	0	0
City of Live Oak	14	2	0	0	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	33	24	2	1	0	0
City of Mount Shasta	89	59	5	4	0	0
City of Portola	30	9	0	0	0	0
City of Rio Dell	3	3	0	0	0	0
City of Shasta Lake	29	13	8	3	0	0
City of Susanville	6	5	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	43	30	1	1	0	0
Fort Jones Volunteer Fire Department	34	29	47	10	61	21
Town of Fort Jones	6	4	25	3	0	0
Town of Loomis	21	9	3	3	0	0
Weed City Fire	34	13	0	0	0	0
GRAND TOTAL	473	275	205	36	62	22



**~ Proposal From DKF Solutions Group, LLC For Services To ~
~ Small Cities Organized Risk Effort (SCORE) ~
Proposal No. 031816-01**

This PROPOSAL is made on March 18, 2016 by and between DKF Solutions Group, LLC and the SCORE (hereafter referred to as SCORE). This PROPOSAL is valid until 12am, June 30, 2016.

SCOPE: SCORE has requested a proposal for risk control consulting services as described on Attachment 1.

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

SCORE RESPONSIBILITIES:

1. Each member will provide staff time to work with DKF SOLUTIONS GROUP to gather technical information and photos necessary to complete SCOPE. The staff provided by the CITY will have the technical knowledge, expertise, and/or written materials necessary for DKF SOLUTIONS GROUP to make technically correct evaluations.
2. All meetings or other work involving DKF SOLUTIONS GROUP, City, and City-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 Solutions Group, LLC 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 Solutions Group is available on or after July 1, 2016 to provide the services described in SCOPE.

TERMS: DKF Solutions Group shall retain all copyright, patent, trade secret and other intellectual property rights in all Content/products created pursuant to the services contracted-for and rendered under the Agreement. Subject to its receipt of all compensation due under the Agreement, DKF Solutions Group grants City a nonexclusive, nontransferable license, authorizing City to use the WORK for its own purposes once payment in full is received.

STANDARD OF CARE/WARRANTY: DKF SOLUTIONS GROUP will perform the work under this Agreement as an independent contractor and in accordance with generally accepted professional practices. DKF SOLUTIONS GROUP 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 SOLUTIONS GROUP must rely upon information derived from secondary sources and personal interviews. Except as specifically required in the scope of work, DKF SOLUTIONS GROUP will make no independent investigation as to the accuracy or 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 Solutions Group, LLC 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 SOLUTIONS GROUP 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.

Roger Carroll, Pres. [Signature]
Name and Title of SCORE Representative

4/1/16
Date

Attachment 1: Proposed Annual Risk Control Services for SCORE
Fiscal Years 16/17-18/19 with 2 One Year Optional Extensions

Item	Risk Control Service	16/17	17/18	18/19	19/20	20/21
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.	✓	✓	✓	✓	✓
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 • Subscription to DKF's monthly DID YOU KNOW e-publication 	✓	✓	✓	✓	✓
5	Risk Control Hotline services via phone and email	✓	✓	✓	✓	✓
6	Quarterly Risk Control Pulse: <ul style="list-style-type: none"> • Remind member of the risk control services available • Check on the status of the Risk Control Work Plan • Offer resources and other assistance on Risk Control Work Plan items and other items of concern to the member 	✓	✓	✓	✓	✓
7	Maintain a library of risk control resources, including sample policies/procedures, for member use.	✓	✓	✓	✓	✓
8	Risk Control Survey: update of existing data and new exposures		✓			✓
9	Workers' Compensation and General Liability Loss Analysis to guide development of new programs, training materials and resources.	✓			✓	
10	Sewer Overflow and Backup Response Plan update.		✓			✓
11	Fall/Winter/Spring Regional Training Workshops at 2 locations on topics targeting member losses/needs.	✓	✓	✓	✓	✓
12	Special risk control projects as directed by the Board to target new/emerging exposures and/or loss trends indicted from the Loss Analysis (NOTE: Supplemental risk control project budgets to be determined by the SCORE Board).	✓	✓	✓	✓	✓
Budget/Year		\$100k	\$105k	\$105k	\$105k	\$110k
Monthly Invoice from DKF Solutions Group, LLC to SCORE		\$8,333	\$8,750	\$8,750	\$8,750	\$9,166



FY 2017-18 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff BD = Board of Directors
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff

Tentative Dates	Activity	Completed by
JULY 2017		
07/03/2017	Send Program Invoices from ERMA, LAWCX, & CJPRMA to Gilbert Associates for payment	ALL
07/03/2017	Finalize June Board of Directors draft minutes	AS
07/07/2017	Send Members Binders for all coverages including: WC, GL, Property, Crime, etc via email	
07/07/2017	Update SCORE Website to include coverage information	AS
07/10/2017	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
07/11/2017	Request Proposal for either WC or LIAB Claims audit	AS
07/14/2017	Follow up with ACIP members regarding premium payments	AS
07/14/2017	Property Summary – send to Members	AS, GB
07/14/2017	Follow up on payments for ERMA, LAWCX, PEPIP, CJPRMA, etc	AS
07/18/2017	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
07/25/2017	Request Consent Calendar items from vendors for August Board of Directors Meeting	AS
07/25/2017	Begin Agenda for October Training Day for inclusion in the 8/25/2017 Agenda	AS
07/28/2017	Request RSVP by 08/18/2017 to members for Aug BOD Meeting on 08/25/2017 – Teleconference	AS, BD
07/31/2017	Send request to members for DE9 Reports for Q2 of 2017	AS, BD
07/31/2017	DE9 due to EDD by today	
AUGUST 2017		
08/03/2017	LAWCX sends renewal apps to members in Workers' Compensation	AS/BD
08/17/2017	Follow up with members to ensure they complete the LAWCX application due 09/15/2017	
08/18/2017	Post BOD Meeting Agenda on SCORE Website and email to members	AS
08/18/2017	Confirm Attendance for BOD Meeting (ensure quorum)	AS
08/22/2017	Collect Q2 2017 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2017	AS
08/22/2017	Begin Public Self/Insurers Report with the State of California (OSIP)	AS
08/25/2017	LAWCX Actual payroll Audit by class code –post to LAWCX website with DE9's for all members	AS
08/25/2017	Submit Fiscal Year Financial Information to Auditor – York and Gilbert as needed	AS

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Tentative Dates	Activity	Completed by
08/25/2017	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, 2017 – June 30, 2017	AS
Mtg	Quarterly Financials as of June 30, 2017	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 09/15/2017	BD
08/28/2017	Debrief from 08/25/2017 BOD meeting—determine action steps	AS
SEPTEMBER 2017		
09/01/2017	Finalize and email August Board Meeting draft minutes – due today	AS
09/05/2017	Select Training Material and Trainer to present at Training Day Meeting in October 2017	AS
09/05/2017	CAJPA Accreditation (2014 and every 3 years after)	AS
09/05/2017	Retrieve Loss Run data from York and determine if loss trends exist that can be addressed through training	AS
09/12/2017	Begin Agenda for October Board of Directors Meeting 10/26 - 10/27/17	AS
09/12/2017	Request Consent Calendar Items from Service Providers	GB
09/13/2017	Financial Audit - review status and determine if ready for BOD	BD/AS
09/13/2017-09/16/2017	2017 CAJPA Fall Conference and Training Seminar – South Lake Tahoe	BD/AS
09/14/2017	Final reminder email to all members to complete LAWCX application due 09/15/2017	AS
09/15/2017	LAWCX application deadline is today	BD
09/15/2017	OSIP Public Self Insurer's Annual Report for JPA & Members – due 10/01/2017	As
09/15/2017	Biennial Notice for JPA & Members-deadline 10/01/2017	AS/York
09/26/2017	Request RSVP by 10/20/2017 to members for October BOD Meeting on 10/26/2017-10/27/2017 in Anderson, California	AS
09/29/2017	Training and Board of Directors Agenda – Post BOD Meeting Agenda on SCORE Website and email to members	AS
OCTOBER 2017		
10/01/2017	Annual Report of Financial Transactions Report - Public Self Insurer's Annual Report for JPA & Members-deadline 10/01/2017	AS/York
10/01/2017	Biennial Notice for JPA & Members-deadline 10/01/2017	AS/York
10/01/2017	Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day	AS

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Tentative Dates	Activity	Completed by
10/01/2017	Draft Program Manuals – notify members via email that this will be posted to the website	AS
10/09/2017	Work with Board Members on finalizing October Training Day reservations and scheduling	AS
10/14/2017	Receive ACI Quarterly Utilization Reports	AS
10/14/2017	File Controllers Report with the State of California (filed with Controller)	GB
10/17/2017	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature and for 10/27/2018 Agenda	AS
10/19/2017	Annual Recertification Profile Report for RRE ID# 36464 (Medicare) – receive email and respond	AS
10/20/2017	Confirm Attendance for BOD Meeting (ensure quorum, catering and hotel accommodations)	AS
10/26/2017-10/27/2017	Training Day and Board of Directors Meeting in Anderson, California	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	
10/30/2017	Completed Program Manual sent to Members and posted to the website	AS
10/31/2017	Send request to members for DE9 Reports for Q3 of 2017	AS,BD
10/31/2017	DE9 due to EDD by today	
NOVEMBER 2017		
11/02/2017	Prepare Annual Report for members	AS
11/02/2017	Finalize and October Training Day and Board Meeting Draft Minutes for inclusion in the January 2018 Agenda	AS
11/02/2017	Follow up with Action Plan from Long Range Planning Meeting-debrief	AS
11/03/2017	Prepare FY 2018/19 Marketing Plan & Renewal Timeline - submit for approval	AS
11/10/2017	Collect Q3 2017 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2018	AS
11/10/2017	Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed	AS, BD
11/16/2017	Follow up with LAWCX regarding their W.C. Claims Audit	AS/GB
11/28/2017	Set up new year Budget file	AS
DECEMBER 2017		
12/03/2017	Request Agenda items for vendors to be included in the January 2018 Board of Directors Meeting including Excess Pool Partners	AS, BD

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Tentative Dates	Activity	Completed by
12/09/2017	Submit Audited Financials to County of Sacramento and State of California	AS, GB
12/12/2017	Mail out Christmas Cards to Board Members	AS
12/13/2017	Request RSVP by 01/19/2018 to members for January BOD Meeting on 01/26/2018 in Anderson, California	AS
12/15/2017	Prepare Statement of Facts – Roster of Public Agencies to be filed with the State and County – DUE 1/1/2018	AS
12/15/2017	Prepare 2018/19 Service Calendar – Prepare for January 2018 Board mtg.	BD
12/15/2017	Prepare FY 2018/19 Meeting Calendar – Include on agenda for January 2018 Board meeting	BD
12/15/2017	Begin preparing agenda for January Board meeting	AS
JANUARY 2018		
01/01/2018	Statement of Facts – Roster of Public Agencies to be filed with the State and County – due today	AS
01/05/2018	Determine WCIRB Class Code Rates - taken from WCIRB.com for member payroll allocations by class code	AS
01/05/2018	Request Electronic Loss Runs from York for Liability and Workers' Compensation and ask to separate 4850. Deadline 01/15/2018 for receipt from York	AS, York
01/05/2018	Begin working with Gilbert on next year's dividend calculations	AS, GB
01/05/2018	Review to do list from prior Board of Directors Meeting	AS
01/05/2018	Begin working on CSAC Pollution Renewal (currently 3 year policy 7/1/2015 – 7/1/2018)	AS
01/12/2018	Begin working on preliminary FY 2018/19 Budget – put loss data into the Budget Spreadsheet	BD, AS
01/12/2018	Form 700s - mail to BD and Committee members – deadline 03/21/2018	AS
01/12/2018	Request estimated payroll for next fiscal year	AS, BD
01/17/2018	Property Program – <u>Upon notification</u> send out Renewal items & Property Schedules/Vehicle Schedules to members and request update—deadline March 6, 2018 Update Oasys with member updates to property schedule as they come in	AS
01/17/2018	Request Audit of WC and Liability Programs (then alternate WC every odd year, Liab every even year)	AS
01/17/2018	Submit Loss Runs, Payroll data and any options requested to Actuary for studies in Liability/ WC	AS
01/17/2018	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
01/19/2018	Send Loss Runs to Gilbert Associates for review	AS
01/19/2018	Follow up with Gilbert Associates for dividend return calculations	GB
01/19/2018	Develop recommendation for dividend release for the Board	AS, GB

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01/19/2018	Confirm Attendance for BOD Meeting on 01/26/2018 in Anderson, California (ensure quorum, catering and hotel accommodations)	AS, BD
01/19/2018	Post January BOD Meeting Agenda on SCORE Website & Email to members	AS
01/19/2018	Upon receipt send PEPIP Policy to members and Post on SCORE website	BD
01/19/2018	Submit Incurred Loss Valued as of 12/31/2017 <i>OR</i> "No Known Loss" letter (from Tulelake, Weed) to send to ERMA	AS
01/26/2018	Board of Directors Meeting – in Anderson, California	BD/AS
Mtg	2018/19 Service Calendar - submit for approval	BD
Mtg	2018/19 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
01/29/2018	Debrief of 01/26/2018 BOD meeting – determine action steps	AS
01/29/2018	Send out renewal items for Property and Crime programs	AS
01/30/2018	Property (PEPIP) Policy Notebooks – prepare and send via email to Members and post to the website	AS
01/30/2018	Reminder to member that Property Schedules need to be reviewed – deadline March 6, 2018	AS
01/30/2018	Obtain Draft Quarterly Financials from Gilbert Associates–deadline 03/18/2018	GB
01/30/2018	Collect Q4 2017 DE9 from members and submit 2017 CY Payroll to: ERMA (all members) in Excel format – deadline 02/01/2018 CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2018	AS
01/31/2018	Reminder to member that Property Schedules need to be submitted – deadline TODAY	AS
01/31/2018	Send request to members for DE9 Reports for Q4 of 2017	AS
01/31/2018	DE9 due to EDD by today	
FEBRUARY 2018		
02/01/2018	Submit 2017 Calendar Year Payroll (for all members) to ERMA in Excel format – deadline 02/01/2018	AS
02/02/2018	Review Loss Runs for Common Loss Trends	AS
02/05/2018	Collect PEPIP Renewal Apps from Members and Submit to Alliant Underwriting	AS, BD

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Tentative Dates	Activity	Completed by
02/05/2018	Prepare January BOD Meeting Draft Minutes for inclusion in March Agenda	AS
02/05/2018	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2018	AS
02/06/2018	Receive Dividend Calculations and Info from CJPRMA	AS, BD
02/06/2018	PA to meet to discuss updates to Administrative Costs for Budget	AS
02/07/2018	Request consent calendar items for March Agenda	AS
02/12/2018-02/15/2018	PARMA Annual Risk Management Conference – Anaheim, California	BD/AS
02/13/2018	Crime Program – prepare and send applications to Members	AS, BD
02/13/2018	Submit CSAC Pollution Program Renewal Applications to Members – Confirm ACE policy (currently 3 year policy 7/1/2015 – 7/1/2018)	AS, BD
02/16/2018	Collect drafts of WC & Liability Actuarial Studies for March 2018 BOD meeting and send to Gilbert Associates for EX mods and credibility	AS, Actuary
02/20/2018	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2018 (2 weeks away)	AS
02/20/2018	Request RSVP by 03/09/2018 to members for March Board Meeting on 03/23/2018 in Anderson, California	AS, BD
02/20/2018	Reminder – Form 700s to Board and Alternate Members – due 04/01/2018	AS, BD
02/27/2018	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2018 (1 week away)	AS
MARCH 2018		
03/02/2018	Claims Audit – if any findings, request response from York and include in agenda packet.	AS, York
03/06/2018	Reminder to member that Property Schedules need to be submitted – deadline TODAY	AS
03/05/2018-03/09/2018	Begin work on Draft Budget and Member allocations for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA & PEPID draft members into budget)	AS
03/09/2018	Confirm Attendance for BOD Meeting	AS
03/16/2018	Post BOD Meeting Agenda on SCORE Website & send out to all members	AS
03/23/2018	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 2018/19 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

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 York = York Insurance Services Group Staff

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Tentative Dates	Activity	Completed by
03/26/2018	Debrief from 03/23/2018 BOD Meeting—determine action steps	AS
03/29/2018	Renewal Certificates List to members – Deadline 30 days	AS, BD
03/30/2018	Form 700s - receive from Board Members and Alternates – due 04/01/2018 (TODAY IS LAST DAY TO SUBMIT)	AS, BD
03/30/2018	Finalize March Board of Directors Draft Minutes for inclusion in June Agenda	AS
APRIL 2018		
04/01/2018	Form 700s - file with FPPC due today – submit before this day	AS
04/03/2018	Service Provider contract signing & submission for approval at June Board Mtg	AS
04/06/2018	Issue Payment for Treasurer’s Bond	AS
04/13/2018	Alliant begins contact with various contractors regarding renewal terms	AS
04/18/2018	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature for inclusion in the June Agenda	AS
04/20/2018	1 st Quarter Losses - receive from York (as of 03/31)	GB
04/23/2018	Banking Layer and Shared Risk Layer Member Allocation Calculations finalized	AS
04/27/2018	Update Draft Budget to include updates from the March BOD meeting	AS
04/27/2018	CJRPMA Certificate Renewal List Due	AS
04/27/2018	SCORE Certificate Renewal List Due	AS
04/27/2018	Crime Renewal App to ACIP	AS
04/30/2018	Send request to members for DE9 Reports for Q1 of 2018	AS
04/30/2018	DE9 due to EDD by today	
MAY 2018		
05/01/2018	Review Contracts and terms for next FY	AS
05/01/2018	Annual certificate of coverage renewal reminder to members	AS, BD
05/01/2018	Obtain PEPPI Renewal Proposals From Oasys	AS
05/01/2018	Obtain Quarterly Financials as of 3/31/2018	AS
05/05/2018	Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting	AS
05/11/2018	Collect Q1 2018 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2018	AS
05/15/2018	Request Agenda Items from Vendors	AS
05/15/2018	W.C. & Liability Memorandum of Coverage FY 2018/19 – submit for approval	AS
05/15/2018	Request RSVP by 06/08/2018 to members for June BOD Meeting on 06/15/2018 in Anderson, California, California	AS, BD
05/25/2018	Property Renewal Status Review	AS

FY 2017-18 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff

BD = Board of Directors

Tentative Dates	Activity	Completed by
05/30/2018	Request Employee Count (from all members) for ACI renewal and budget allocations- reminder about payroll by class code to ensure proper allocations	AS
JUNE 2018		
06/05/2018	Claims analysis (as of 12/31)	RM
06/08/2018	Post BOD Meeting Agenda on SCORE Website & email to all members	AS
06/08/2018	Confirm Attendance for BOD Meeting	AS
06/14/2018	Generate Auto ID Cards to Members	AS
06/14/2018	Generate Certificate Holder Renewal Insurance Certificates for next year	AS
06/15/2018	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 2018/19 Budget - submit final for approval	BD
Mtg	Liability and WC FY 2018/19 Banking & Shared Risk Layer Program Deposits - submit final for approval	BD
Mtg	Liability Memorandum of Coverage FY 2018/19 - submit for approval	BD
Mtg	WC Memorandum of Coverage FY 2018/19 - 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
06/27/2018	Debrief from 06/15/2018 BOD meeting – determine action steps	AS
06/27/2018	Send Bind Orders for PEPiP Program – BOD will vote at 6/15/2018 meeting	AS
06/29/2018	Send certificates to Certificate Holders and Members	AS



ADDITIONAL COMMISSION "OPT OUT"

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

RE: Additional Commission "Opt Out"

Please be advised that Small Cities Organized Risk Effort (SCORE) has elected to have the premium associated with the following policy(s) specified below for the indicated policy period(s) excluded from consideration in any and all:

- x Contingent income agreements
- x Supplemental income agreements

<u>Policy #</u>	<u>Policy Period</u>
017471589/03 (Dec 04) – 0041 (APIP)	July 1, 2016 to July 1, 2017
01-330-98-06 (ACIP)	July 1, 2016 to July 1, 2017

Sincerely,

Small Cities Organized Risk Effort (SCORE)
Company Name

By: Roger Carroll

Title: President

Dated: 2/8/17

INVESTMENT POLICY REVIEW AND APPROVAL

ACTION ITEM

ISSUE: The Board of Directors annually reviews and approves any recommended changes to the Investment Policy, or they reaffirm the Policy with no changes. This year changes are recommended to the schedule of Included Investments, including breaking out the descriptions of some investments, eliminating modifiers for credit quality, and changing the LAIF limit to “statutory”. In addition, Section XIII. Ethics and Conflicts of Interest is augmented to include a requirement for employees and investment officials to disclose any interests or personal financial/investment positions that could be related to the performance of the investment portfolio.

Attached is a *red-line* version of the recommended changes to the Investment Policy and a letter from Chandler Asset Management further summarizing the changes.

RECOMMENDATION: Review and approve the recommended changes.

FISCAL IMPACT: None

BACKGROUND: Every year, staff requests an Investment Policy review from the Investment Manager as well as the JPA Financial Accounting Services provider in order to determine if any changes should be made to the Investment Policy. The Investment Policy must be reviewed and approved annually, even if there are no changes.

ATTACHMENTS:

1. Investment Policy with *red-lined* changes
2. Chandler summary of recommended changes

**SMALL CITIES ORGANIZED RISK EFFORT
JOINT POWERS AUTHORITY (SCORE)**

Reviewed March ~~2016~~2017

INVESTMENT POLICY

ADOPTED 3-27-~~15~~

17

I. POLICY STATEMENT

The Policy of the Small Cities Organized Risk Effort Joint Powers Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

II. SCOPE OF POLICY

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

III. AUTHORITY

The Board of Directors hereby delegates its authority to invest funds of the Authority for a one-year period to the Treasurer who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the Board of Directors may renew the delegation of authority each year. The authorized officer may delegate the day-to-day placement of investments to an investment advisor, via written agreement with the Authority. The investment advisor shall make all investment decisions and transactions in strict accordance with state law and this investment policy. The authorized officer shall establish a system of written internal controls to regulate the Authority's investment activities, including the activities of any subordinate officials acting on behalf of the Authority.

The delegated investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

- A. Safety: The primary objective of this policy is to protect, preserve, and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.
- C. Yield: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.
- D. Market-Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return of a market-based index which has the same type of sector and

maturity requirements as the Authority's portfolio. This benchmark shall be determined by the Board.

- E. Diversification: The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.
- F. Prudence: Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (California Government Code 53600.3)
- G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

V. REPORTING

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with the Government Code.

The reports shall include the following information for each individual investment:

- Type of investment instrument (i.e., Treasury Bill, medium-term note)
- Issuer name (i.e., General Electric Credit Corp.)
- Yield to maturity at cost
- Purchase date (trade and settlement date)
- Maturity date
- Purchase price
- Par value
- Coupon rate
- Credit rating of each security
- Amortized cost
- Current market value for securities with maturity greater than 12 months
- Overall portfolio yield based on cost
- List of investment transactions

VI. INVESTMENT INSTRUMENTS AND MATURITIES

A. Included Investments:

Type	Minimum Credit Rating	Maximum Maturity**	Maximum Portfolio Percentage *	Maximum Individual Holding*
1. U.S. Treasury	N/A	5 years	100%	100%
2. Government <u>Federal</u> Agency	N/A	5 years	100%	100%
<u>3. Supranational Securities</u>	<u>AA</u>	<u>5 years</u>	<u>30%</u>	<u>10%</u>
<u>34. California</u> State and Municipal Obligations ***	A	5 years	20%	5%
<u>5. Notes and bonds of the other 49 states</u>	<u>A</u>	<u>5 years</u>	<u>20%</u>	<u>5%</u>
<u>4. Supranationals</u>	<u>AA</u>	<u>5 Years</u>	<u>30%</u>	<u>10%</u>
<u>56.</u> Negotiable Certificates of Deposit	A-1 or A	5 years	30%	5%
<u>67.</u> Bankers Acceptances	A-1	180 days	30%	5%
<u>78.</u> Commercial Paper	A-1	270 days	25%	5%
<u>9. Repurchase Agreements</u>	<u>N/A</u>	<u>1 year</u>	<u>25%</u>	<u>5%</u>
<u>8. Local Agency Investment Fund (LAIF)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$65 million</u>
<u>9. Repurchase Agreements</u>	<u>N/A</u>	<u>1 year</u>	<u>25%</u>	<u>5%</u>
<u>4010.</u> Medium Term Notes****	<u>A-A</u>	<u>5 years</u>	30%	5%
<u>11. Local Agency Investment Fund (LAIF)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Up to statutory limits</u>
<u>4412. Mutual and Money Market Funds</u>	AAA	N/A	20%	<u>N/A 10% for mutual funds, 20% for money market funds</u>
<u>4213.</u> Mortgage & Asset Backed Securities	AAA	5 years	20%	5%

* Excluding U.S. Government, agency securities, supranationals and LAIF no more than 5% of the portfolio may be invested in any one institution. The maximum percentages/amounts are determined at time of purchase. Amount refers to par value.

**Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval (Government Code ~~§~~ 53601)

***No investments are allowed in financial instruments of SCORE cities.

****California Government Code assumes minimum credit ratings without regard to modifiers.

B. **Prohibited Investments:** The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements
3. Financial Futures and financial options

Any security type or structure not specifically approved by this policy is hereby specifically prohibited.

C. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Federal Agency obligations.

3. Supranationals provided that they are unsubordinated obligations issued by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities must be rated "AA" or higher by a nationally recognized statistical rating organization. Purchases of Supranationals must not exceed 30% of the Authority's portfolio and no individual issuer shall exceed 10% of the Authority's portfolio. The maturity will not exceed 5 years.

4. Obligations issued by the State of California, any local agency within the state, ~~or authority of any of the other 49 states~~ which are rated "A" by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Purchases of Municipal securities may not exceed 5 years in maturity or 20% of the Authority's portfolio.

5. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California, which are rated "A" by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Purchases of this category may not exceed 5 years in maturity or 20% of the Authority's portfolio.

- 5-6. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of five years or less, issued by a nationally or state-chartered bank ~~or~~ a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better by at least one NRSRO.

Purchases of negotiable certificates of deposit may not exceed 30% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

~~6-7.~~ Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by at least one NRSRO.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30% of the Authority's investment portfolio. No more than 5% of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

~~7-8.~~ Commercial Paper rated in the highest short-term rating category, as provided by at least one NRSRO. The issuing corporation must be organized and operating within the United States, having total assets in excess of \$500 million, and having an "A" or higher rating for its long-term debt, if any, as provided by at least one NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

~~8-9.~~ Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity, and may not exceed 25% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

~~9-10.~~ Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less issued only by corporations operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "A-A" or its equivalent or better by at least one NRSROs.

Purchases or medium term corporate notes may not exceed five years in maturity or 30% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

~~10-11.~~ Local Agency Investment Fund (L.A.I.F.) - There are no limits on the dollar amount or percentage that the Authority may invest in LAIF, subject to ~~\$65 million deposit~~ statutory limits imposed by LAIF.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

~~11-12.~~ Mutual Funds and Money market Mutual Fund that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 provided that:

- a. Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria in paragraphs (i) or (ii):
 - i. Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
 - iii. No more than 10% of the total portfolio may be invested in shares of any one mutual fund.

- b. Such funds are Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria in paragraphs (i) or (ii):
 - i. Have attained and receive the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; and or
 - ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million. investing in the securities and obligations authorized by California Government code Section 53601 (a through j) and with assets under management in excess of \$500 million; and have
 - iii. No more than 20% of the investment portfolio may be held in Money Market Mutual Funds.

- a-c. No more than 20% of the total portfolio may be invested in these securities

12-13. Mortgage Pass-Through Securities and Asset-Backed Securities provided that:

Such securities shall have a maximum stated final maturity of five years; and shall be rate AAA at least one NRSRO; and issuers must be rated A or higher by at least one NRSRO; and purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

VII. INTERNAL CONTROLS

The system of internal control shall be established and maintained in written form, in a separate document. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

VIII. TRANSFER OF FUNDS

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations and shall notify the President prior to any transfer of funds in excess of \$1,000,000.

IX. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Authority funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

X. INVESTMENT RISKS

Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section VI are designed to mitigate credit risk in the portfolio;
2. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities, or Supranational securities;
3. The Authority may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the Authority's risk preferences; and
4. If securities owned by the Authority are downgraded ~~by either Moody's or S&P to a level~~ below the quality required by this Investment Policy, it shall be the Authority's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - a. If a security is downgraded two grades below the level required by the Authority, the security shall be sold immediately
 - b. If a security is downgraded one grade below the level required by this policy, the Authority's Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.
 - c. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Authority's Board.

Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The Authority recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Authority shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. The authority further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Authority, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy:

2. The Authority shall maintain a minimum of three months of budgeted operating expenditures in short term investments; and
3. The duration of the portfolio typically will be equal to the duration of an index of US Treasury and Federal Agency Securities with maturities which meet the Authority's needs for cash flow and level of risk tolerance (the Benchmark Index) plus or minus 10%.

XI. DELIVERY, SAFEKEEPING AND CUSTODY

All investment transactions shall be conducted on a delivery-versus-payment basis.

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account in the Authority's name except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of Depository. Collateral for time deposits in banks shall be handled as required by the California Government Code.

XII. REVIEW OF INVESTMENT POLICY

The Board of Directors will review the objectives and the performance of the portfolio and changes to the Investment Policy on an annual basis.

XIII. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the President any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

March 17, 2017

Marcus Beverly, CPCU, AIC, ARM-P
First Vice President
Public Entity group
Alliant Insurance Services, Inc.
2180 Harvard Street, Ste. 460
Sacramento, CA 95815

Dear Mr. Beverly,

We have reviewed the Authority's investment policy for compliance with the statutes of California Government Code ("Code") that govern the investment of public funds, as well as for inclusion of current industry best practices. The Authority's investment policy continues to be robust and effective. We do, however, recommend some minor modifications that enhance the clarity and readability of the policy.

Please find a brief summary of the recommended changes below:

Section VI—Investment Instruments and Maturities, A:

- Suggest inclusion of notes and bonds of the other 49 states in summary table as a separate item.
- Recommend change of minimum credit quality from A- to A, as California Government Code assumes no modifiers for minimum credit quality.
- Recommend changing \$65 million LAIF limit to "Up to statutory limits," as the allowable amount may change.
- Recommend reordering items and updating descriptions to reflect the list of permitted investments detailed in Section C.

Section VI—Investment Instruments and Maturities, C:

- Subsections 4 and 5: Recommend breaking out notes and bonds of any of the other 49 states as a separate section to provide more clarity. The new language makes it explicit that the Authority may purchase only bonds from the treasury or agencies of the other 49 states, and excludes political subdivisions of the 49 states.
- Subsection 6: Recommend including state or federal credit unions, as well as federally-licensed branch of a foreign bank to more accurately reflect Code language.
- Subsection 10: Suggest change of minimum credit quality from A- to A, as California Government Code assumes no modifiers for minimum credit quality.
- Subsection 11: Recommend changing \$65 million LAIF limit to "statutory limits," as the allowable amount may change.

- Subsection 12: Suggest changing this section to reflect language in Code by updating requirements and including mutual funds, in addition to money market mutual funds.

Section X—Investment Risks

- Subsection 4: Recommend removing “by either Moody’s or S&P,” as this statement contradicts other sections where the security need only be rated by one nationally-recognized statistical rating organization (NRSRO).

Section XI—Delivery, Safekeeping, and Custody

- Suggest including “Delivery” in section title
- Recommend including statement requiring that all transactions will be conducted on a delivery-versus-payment basis.

Section XIII—Ethics and Conflict of Interest

- Recommend augmenting section with language requiring persons with investment responsibility to disclose material interests in financial institutions with which they conduct business, as well as other material interests that may create a conflict of interest.

Please do not hesitate to contact us with any questions you may have, or if further review is needed.

Sincerely,

Carlos Oblites,
Senior Vice President/Portfolio Strategist
Chandler Asset Management



QUARTERLY FINANCIALS FOR QE DECEMBER 31, 2016

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, 2016 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 12/31/16 (*HANDOUT*)



**GILBERT & ASSOCIATES SERVICE AGREEMENT
FOR FY 17/18**

ACTION ITEM

ISSUE: Gilbert & Associates has offered to extend their agreement for accounting services for an additional year with no change in the current fee of \$13,200 per quarter (\$52,800 per year).

RECOMMENDATION: Approve amendment to the current Services Agreement to extend to FY 2017/18.

FISCAL IMPACT: No change to annual budget of \$52,800.

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.

ATTACHMENTS: Amendment to Gilbert Service Agreement for FY 2017/18

March 22, 2017

To the Board of Directors
Small Cities Organized Risk Effort
c/o Alliant Insurance Services
2180 Harvard Street, Suite 460
Sacramento, California 95815

Dear Members of the Board,

As you may recall, last year Gilbert Associates, Inc. entered into an agreement to provide financial statement preparation services for Small Cities Organized Risk Effort (SCORE). That agreement is set to expire on June 30, 2017. We have drafted the attached amendment to our contract dated March 9, 2016, to extend the term of our contract for another year, from July 1, 2017 through June 30, 2018 at the same rate (\$13,200 per quarter).

If you have any questions regarding this proposed amendment, please let me know. We appreciate the opportunity to serve SCORE and look forward to continuing to do so in this capacity.

Sincerely,

GILBERT ASSOCIATES, INC.
CPAs and Advisors



Kevin S. Wong, CPA
Shareholder

AMENDMENT TO AGREEMENT FOR PREPARATION OF FINANCIAL STATEMENTS

This is an amendment to the March 9, 2016 Fee Agreement between SCORE ("Client") and Gilbert Associates, Inc. ("Gilbert") for accounting services.

The term of the agreement shall be extended to cover our services from July 1, 2017 through June 30, 2018. The fees for the services shall be \$13,200 per quarter. All other responsibilities and scope of services shall remain the same.

Accepted and agreed:

Date: 3/22/17

By: 

Date: _____

By: _____



Agenda Item H.1.

ALLIANT CRIME PROGRAM (ACIP)

INFORMATION ITEM

ISSUE: Crime insurance is an important and relatively cheap line of coverage that protects the policy holder from their employee theft which could take many different forms. The Program Administrators would like to be sure all Members are aware of this coverage and encourage members to obtain a quote.

RECOMMENDATION: None.

FINANCIAL IMPACT: No fiscal impact for SCORE.

BACKGROUND: The Alliant Crime Insurance Program (ACIP) was created to bring the advantages of group purchase to California public entities seeking very broad coverage for illegal acts committed by their employees while on the job. The program currently includes more than 250 public entities who receive comprehensive employee crime coverage at a cost well below that available to individual public entities. Although there is no limit on the size of public entity members, the program is most competitive for organizations with fewer than 1,000 employees. Because of its size, and the very low overall loss ratio, the program rates historically have been stable regardless of fluctuations in the general insurance market. As a group purchase program, there is no risk sharing in the crime program and so there is no possibility of assessments.

Members	ACIP	Deductible	FY 16/17 \$1Mil Limits Premium	FY 16/17 \$5Mil Limits Premium
Biggs	X	\$2,500	\$950	
Colfax	X	\$2,500	\$950	
Dunmsuir	X	\$2,500	\$880 ⁽¹⁾	
Live Oak	X	\$2,500	\$950	
Loomis	X	\$2,500	\$950	
Loyalton	X	\$2,500	\$950	
Montague	X	\$2,500	\$950	
Rio Dell	X	\$2,500	\$950	
Shasta Lake	X	\$2,500	\$950	
Weed	X	\$25,000		\$3,700
Yreka	X	\$2,500		\$2,244 ⁽²⁾

The following do not purchase ACIP Crime Insurance: Etna, Fort Jones, Isleton, Portola, Susanville

⁽¹⁾Joined program 7/28/16; ⁽²⁾Joined program 8/8/16
Quoting-Tulelake & Mt. Shasta to join ACIP

ATTACHMENT:

1. ACIP Program Material
2. ACIP FY 17/18 Application

Alliant Crime Insurance Program (ACIP)

Alliant Insurance Services created the Alliant Crime Insurance Program (ACIP) to protect California's public entities from the scourge of crime. The program offers broad coverage for illegal acts committed by employees while on the job, offering valuable peace of mind and an iron-clad layer of protection against crime-related damages.



SIZE AND STABILITY

ACIP is among the state's largest programs of its kind and is comprised primarily of public entities with fewer than 1,000 employees. ACIP has a strong track record of results and a historically low loss ratio. This combination of size and stability empowers Alliant to offer competitive rates that are impervious to fluctuations in the general insurance market. Additionally, as a group purchase program, there is no risk sharing and, therefore, no possibility of assessments.

PROGRAM FEATURES

ACIP is a flexible insurance solution with a broad array of best-in-class features. It is customized to meet the wide-ranging needs of California's public entities, providing access to:

- Basic program limits of \$1 million with a \$25,000 deductible for each coverage
- The option to buy down the \$25,000 deductible to \$2,500
- Program limits up to \$10 million available
- Faithful performance of duty up to the full employee theft limit
- Coverage for the treasurer/tax collector and any employees required by statute to carry individual bonds
- Coverage for volunteers

ALLIANT INSURANCE SERVICES: THE PARTNER YOU DESERVE.

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant provides property and casualty, workers' compensation, employee benefits, surety, and financial products and services to more than 26,000 clients nationwide.

www.alliant.com

CONTACT

Tom E. Corbett
Senior Vice President
949 660 8132
tecorbett@alliant.com



**ALLIANT CRIME INSURANCE PROGRAM (ACIP)
 GOVERNMENT CRIME
 INSURANCE APPLICATION
 2017-2018**

For Agency Use Only Producer Name: _____ Producer Number: _____ Office: Newport Beach
--

Note: Please complete one questionnaire for each legal entity to be insured.

Applicant: _____

Complete Named Insured:	_____

IMPORTANT –REGARDING THE COMPLETE NAMED INSURED INFORMATION PROVIDED

ABOVE– If all entities listed (or attached to this application) are 100% owned, controlled, or operated by the first named insured, check here _____.

If not, please provide details for each listed entity that is not owned, controlled, or operated by the first named insured and they will be sent to the underwriter for approval.

Insured Address: _____
 For overnight mail _____
 (No P.O. Box) _____

Mailing Address: _____
 Same as above _____

Contact: _____ Title: _____
 Phone: () - Ext. _____ Fax: () - _____
 email: _____

CURRENT COVERAGE
 RENEW AS EXPIRING

Total Limit: \$ _____ Deductible: \$ _____ Policy Expiration Date: ____/____/____
 Current Annual Premium: \$ _____

OPTIONAL QUOTATIONS

Limits Requested:	\$ 1,000,000	<input type="checkbox"/>	Deductible:	\$ 2,500	<input type="checkbox"/>
	\$ 3,000,000	<input type="checkbox"/>		\$ 25,000	<input type="checkbox"/>
	\$ 5,000,000	<input type="checkbox"/>			
	\$ 10,000,000	<input type="checkbox"/>			

RENEWAL INFORMATION REQUIRED

Description of Operations:	_____	
Type of Entity to be Insured:	<input type="checkbox"/> Municipality <input type="checkbox"/> District Hospital <input type="checkbox"/> Special District	<input type="checkbox"/> Nonprofit Corporation <input type="checkbox"/> Other (please specify) _____
Total Number of Employees (Break down as follows):	Full Time: _____	Part Time: _____
Elected/Appointed Officials:	_____	Volunteers: _____
Number of Employees who actually handle, have access to or maintain records of money, securities or other property: _____		
Number of Locations where all employees are located: _____		
Total Revenues: \$ _____	Total Assets: \$ _____	Net Income or Revenue: \$ _____



ALLIANT CRIME INSURANCE PROGRAM (ACIP) GOVERNMENT CRIME INSURANCE APPLICATION 2017-2018

Total Fund Equity (Total Assets – Total Liabilities): \$ _____
Have any control recommendations been made by your CPA in the past 2 years? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, provide a list and explain): _____ _____
Have any control recommendations made by your CPA within the last 2 years NOT been implemented? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, explain _____ _____
Do you have separation of duties over wire fund transfer procedures (i.e. the same person does not authorize and execute the transfer?) <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain _____ _____
Are any bank deposits or accounts reconciled on a monthly basis by someone NOT authorized to deposit or withdraw? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain _____ _____
Do you have counter signature on all checks? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, describe alternate procedures: _____ _____
Is an authorized vendor list utilized? <input type="checkbox"/> Yes <input type="checkbox"/> No Are your procedures designed so that no single employee can control a transaction from beginning to end (i.e. approve a voucher, request and sign a check?) <input type="checkbox"/> Yes <input type="checkbox"/> No If no, explain _____ _____
Do you have any employees on staff who act as internal claims adjuster? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please attach an explanation of the internal controls over the establishment of claims files and issuance of claims settlement checks.
Please list any changes or revisions to your audit or internal control procedures during the last 12 months. _____ _____ _____
Has the Insured had any Commercial Crime losses in the last six (6) years? <input type="checkbox"/> Yes <input type="checkbox"/> No (If yes, please provide details): _____ _____

Please provide the latest annual financial statement and CPA Memorandum on Internal Controls if excess limits are being requested.

NOTICE TO APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes between the date of this application and the effective date of the insurance, he/she (undersigned) will, in order for the information to be accurate on the effective date of the insurance, immediately notify the insurer of such changes, and the insurer may withdraw or modify any outstanding quotations and/or authorizations or agreements to bind the insurance

Signing of this application does not bind the applicant or the insurer to complete the insurance, but it is agreed that this application shall be the basis of the contract should a policy be issued.

All written statements and materials furnished to the insurer in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Signed _____ Title _____
(Applicant)

Date _____



LOSS CONTROL GRANT FUND PROGRAM

INFORMATION 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 Fund Program* to continue in FY 17/18.

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

FISCAL IMPACT: TBD. A total of \$100,000 has previously been annually allocated; \$50,000 from each 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.

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 15 of every Fiscal Year.*

ATTACHMENTS:

1. Loss Control Grant Fund Policy and Procedure Document
2. SCORE FY 16/17 Loss Control Grant Fund Member Utilization as of 3-24-17
3. Proposed Allocation for FY 17/18 as of 3-24-17



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: April 1, 2016
Effective Date: April 1, 2016

SCORE Loss Control Grant Fund Member Utilization FY 2016/17 as of 3-24-17

Member Entity	TOTAL Grant Fund Allocation	Amount requested during FY 16-17	Remaining amount available	Notes
Biggs *	\$2,354.12			
Colfax *	\$2,675.84			
Dunsmuir	\$3,687.57			
Etna *	\$2,288.51			
Fort Jones *	\$2,109.51			
Isleton	\$1,029.90	\$1,029.90	\$0.00	*Request made to use fund for Libert Cassidy Whitmore Training
Live Oak	\$5,725.91			
Loomis *	\$4,232.20			
Loyalton *	\$2,000.00			
Montague *	\$2,162.80			
Mt. Shasta	\$11,086.83			
Portola *	\$3,920.17			
Rio Dell *	\$4,995.32			
Shasta Lake	\$12,421.76	\$12,421.76	\$0.00	*Request made 2/15/17 by Jessaca Lugo for ADA Bathroom improvements for full FY 16/17 allocation *NOTE: Amount requested indicated carryover into FY17/18 as project total is estimated at \$80,000
Susanville	\$15,801.33			
Tulelake*	\$2,197.13			
Weed	\$8,968.87			
Yreka	\$13,299.41	\$13,411.61	-\$112.20	*Request made 12/13/16 by Debbie Ramirez for purchase of office chairs, Public Works Chairs, Police Vests, Garage Bay Door & opener. *NOTE: Amount requested exceeded amount available - \$112.20 will be used from FY 17/18 Loss Control Grant Funds
Total:	\$100,957.18			

* Mini-Cities

SCORE Loss Control Grand Fund Program Allocation for FY 17/18 as of 3-24-17

Member Entity	Liability Program Contribution	Liability Program Percentage of Total Contribution	Worker's Compensation Contribution	Workers' Comp Percentage of Total Contribution	Liability Grant Fund Allocation	Work Comp Grant Fund Allocation	TOTAL Grant Fund Allocation
Biggs *	\$32,865	2.42%	\$38,326	2.00%	\$1,211	\$1,000	\$2,211
Colfax *	\$43,930	3.24%	\$54,902	2.86%	\$1,618	\$1,431	\$3,049
Dunsmuir	\$61,944	4.56%	\$62,575	3.26%	\$2,282	\$1,630	\$3,912
Etna *	\$31,283	2.30%	\$36,551	1.90%	\$1,152	\$1,000	\$2,152
Fort Jones *	\$28,402	2.09%	\$31,333	1.63%	\$1,046	\$1,000	\$2,046
Isleton	\$25,678	1.89%		0.00%	\$1,000		\$1,000
Live Oak	\$72,812	5.36%	\$97,860	5.10%	\$2,682	\$2,550	\$5,232
Loomis *	\$54,693	4.03%	\$60,779	3.17%	\$2,015	\$1,584	\$3,598
Loyalton *	\$19,020	1.40%	\$15,645	0.82%	\$1,000	\$1,000	\$2,000
Montague *	\$29,187	2.15%	\$31,937	1.66%	\$1,075	\$1,000	\$2,075
Mt. Shasta	\$137,574	10.14%	\$272,775	14.22%	\$5,068	\$7,108	\$12,175
Portola *	\$52,537	3.87%	\$83,538	4.35%	\$1,935	\$2,177	\$4,112
Rio Dell *	\$60,462	4.45%	\$79,805	4.16%	\$2,227	\$2,079	\$4,307
Shasta Lake	\$158,905	11.71%	\$224,517	11.70%	\$5,853	\$5,850	\$11,704
Susanville	\$213,132	15.70%	\$372,120	19.39%	\$7,851	\$9,696	\$17,547
Tulelake *	\$31,102	2.29%	\$35,686	1.86%	\$1,146	\$1,000	\$2,146
Weed	\$116,478	8.58%	\$142,611	7.43%	\$4,291	\$3,716	\$8,007
Yreka	\$187,362	13.80%	\$277,951	14.48%	\$6,902	\$7,242	\$14,144
Total:	\$1,357,366	100.00%	\$1,918,911	100.00%	\$50,353	\$51,063	\$101,416

* Mini-Cities

Liability Allocation	\$50,000
Workers' Compensation Allocation	\$50,000

These cells were not meeting the minimum of \$1,000 per member from each program.

LIABILITY ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Risk Services has prepared a *draft* of their annual actuarial review of SCORE's Liability Program, based on 12/31/16 loss data. The review estimates the ultimate cost of claims and expenses for the Banking and Shared Risk Layers for the 17/18 Program Year. This review also estimates the outstanding liabilities for the Banking and Shared Risk layers as of 6/30/17. *The liability losses have developed favorably resulting in an overall decrease in reserves and rate decreases flat rates for both layers.*

Rates for FY 17/18 at the recommended 70% Confidence Level (CL), discounted at 1.5%, are as follows:

- **Combined rates decreased 3.6%, from \$3.62 last year to \$3.49 this year.** The decrease is 4.9% in the Banking Layer and 2.8% in the Shared Layer.

Outstanding Liabilities (reserves) at the Expected Confidence Level as of 6/30/17, discounted at 1.5%, are:

- **Combined reserves have decreased 2.1%,** from \$1,135,000 to \$1,111,000, a total of \$24,000. *Banking Layer reserves increased \$44,000, from \$218,000 to \$262,000, while Shared Layer reserves decreased \$68,000, from \$917,000 to \$849,000.*

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

FISCAL IMPACT: Decrease of \$33,000 in FY 17/18 funding.

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 17, 2017.



Actuarial Review of the Self-Insured Liability Program

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

Presented to
Small Cities Organized Risk Effort

March 17, 2017



Friday, March 17, 2017

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 you 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% return on investment income, we estimate the ultimate cost of claims and expenses for claims incurred during the 2017-18 program year to be \$261,000 for the banking layer and \$377,000 for the shared layer for a total of \$638,000. For claims incurred during the 2017-18 program year, assuming a 1.0% return on investments per year, we estimate the ultimate cost of claims and expenses to be \$262,000 for the banking layer and \$382,000 for the shared layer for a total of \$644,000. These amounts include allocated loss adjustment expenses (ALAE), and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims. For budgeting purposes, the expected cost of 2017-18 claims assuming a 1.5% return on investment translates to rates of \$1.17, \$1.69 and \$2.87 per \$100 payroll for the banking layer, shared layer and in total respectively. For the 2017-18 claims, assuming a 1.0% return on investments per year, the expected cost translates to rates of \$1.18, \$1.72 and \$2.89 per \$100 payroll for the banking layer, shared layer and in total respectively.

In addition, we estimate the program's liability for outstanding claims including ALAE and discounted at 1.5% for anticipated investment income as of June 30, 2017 to be \$262,000 for the banking layer and \$849,000 for the shared layer for a total of \$1,111,000. As of June 30, 2017, assuming a 1.0% return on investments per year, we estimate the program's liability for outstanding claims to be \$262,000 for the banking layer and \$849,000 for the shared layer for a total of \$1,111,000, again including ALAE and discounted for anticipated investment income.

The \$849,000 estimate is the minimum liability to be booked by SCORE at June 30, 2017 for its liability program, 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.

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

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2017
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	\$266,000	\$302,000	\$318,000	\$336,000	\$359,000	\$390,000
Investment Income Offset	(4,000)	(5,000)	(5,000)	(5,000)	(5,000)	(6,000)
Discounted Loss and ALAE	\$262,000	\$298,000	\$313,000	\$331,000	\$354,000	\$384,000

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$875,000	\$1,034,000	\$1,114,000	\$1,208,000	\$1,326,000	\$1,484,000
Investment Income Offset	(26,000)	(31,000)	(33,000)	(36,000)	(39,000)	(44,000)
Discounted Loss and ALAE	\$849,000	\$1,003,000	\$1,081,000	\$1,172,000	\$1,287,000	\$1,440,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,141,000	\$1,336,000	\$1,432,000	\$1,544,000	\$1,685,000	\$1,874,000
Investment Income Offset	(30,000)	(35,000)	(38,000)	(41,000)	(44,000)	(49,000)
Discounted Loss and ALAE	\$1,111,000	\$1,301,000	\$1,394,000	\$1,503,000	\$1,641,000	\$1,824,000

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

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2017
1.0% 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	\$266,000	\$302,000	\$318,000	\$336,000	\$359,000	\$390,000
Investment Income Offset	(3,000)	(3,000)	(4,000)	(4,000)	(4,000)	(4,000)
Discounted Loss and ALAE	\$263,000	\$299,000	\$314,000	\$333,000	\$355,000	\$385,000

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$875,000	\$1,034,000	\$1,115,000	\$1,207,000	\$1,327,000	\$1,485,000
Investment Income Offset	(17,000)	(20,000)	(22,000)	(23,000)	(26,000)	(29,000)
Discounted Loss and ALAE	\$858,000	\$1,014,000	\$1,093,000	\$1,184,000	\$1,301,000	\$1,456,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,141,000	\$1,336,000	\$1,432,000	\$1,544,000	\$1,685,000	\$1,874,000
Investment Income Offset	(20,000)	(23,000)	(25,000)	(27,000)	(30,000)	(33,000)
Discounted Loss and ALAE	\$1,121,000	\$1,313,000	\$1,407,000	\$1,517,000	\$1,656,000	\$1,841,000

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 table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$500,000.

Small Cities Organized Risk Effort (SIR = \$500,000)
Self-Insured Liability Program
Loss and ALAE Funding Guidelines for 2017-18
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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(4,000)	(5,000)	(5,000)	(5,000)	(6,000)	(7,000)
Discounted Loss and ALAE	\$261,000	\$306,000	\$328,000	\$353,000	\$384,000	\$426,000
Rate per \$100 of 2017-18 Payroll	\$1.17	\$1.37	\$1.47	\$1.59	\$1.72	\$1.91

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$391,000	\$488,000	\$547,000	\$616,000	\$705,000	\$823,000
Investment Income Offset	(14,000)	(17,000)	(20,000)	(22,000)	(25,000)	(29,000)
Discounted Loss and ALAE	\$377,000	\$471,000	\$527,000	\$594,000	\$680,000	\$794,000
Rate per \$100 of 2017-18 Payroll	\$1.69	\$2.12	\$2.37	\$2.67	\$3.05	\$3.57

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$656,000	\$799,000	\$879,000	\$974,000	\$1,094,000	\$1,254,000
Investment Income Offset	(18,000)	(22,000)	(24,000)	(27,000)	(30,000)	(34,000)
Discounted Loss and ALAE	\$638,000	\$777,000	\$855,000	\$947,000	\$1,064,000	\$1,220,000
Rate per \$100 of 2017-18 Payroll	\$2.87	\$3.49	\$3.84	\$4.25	\$4.78	\$5.48

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$500,000.

Small Cities Organized Risk Effort (SIR = \$500,000)
 Self-Insured Liability Program
 Loss and ALAE Funding Guidelines for 2017-18
 1.0% 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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(3,000)	(4,000)	(4,000)	(4,000)	(4,000)	(5,000)
Discounted Loss and ALAE	\$262,000	\$307,000	\$329,000	\$354,000	\$385,000	\$428,000
Rate per \$100 of 2017-18 Payroll	\$1.18	\$1.38	\$1.48	\$1.59	\$1.73	\$1.92

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$391,000	\$488,000	\$547,000	\$616,000	\$705,000	\$822,000
Investment Income Offset	(9,000)	(11,000)	(13,000)	(14,000)	(16,000)	(19,000)
Discounted Loss and ALAE	\$382,000	\$477,000	\$534,000	\$602,000	\$689,000	\$803,000
Rate per \$100 of 2017-18 Payroll	\$1.72	\$2.14	\$2.40	\$2.70	\$3.10	\$3.61

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$656,000	\$799,000	\$879,000	\$974,000	\$1,094,000	\$1,254,000
Investment Income Offset	(12,000)	(15,000)	(16,000)	(18,000)	(20,000)	(23,000)
Discounted Loss and ALAE	\$644,000	\$784,000	\$863,000	\$956,000	\$1,074,000	\$1,231,000
Rate per \$100 of 2017-18 Payroll	\$2.89	\$3.52	\$3.88	\$4.29	\$4.82	\$5.53

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$750,000.

Small Cities Organized Risk Effort (SIR = \$750,000)
Self-Insured Liability Program
Loss and ALAE Funding Guidelines for 2017-18
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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(4,000)	(5,000)	(5,000)	(5,000)	(6,000)	(7,000)
Discounted Loss and ALAE	\$261,000	\$306,000	\$328,000	\$353,000	\$384,000	\$426,000
Rate per \$100 of 2017-18 Payroll	\$1.17	\$1.37	\$1.47	\$1.59	\$1.72	\$1.91

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$436,000	\$539,000	\$611,000	\$699,000	\$810,000	\$957,000
Investment Income Offset	(16,000)	(20,000)	(22,000)	(26,000)	(30,000)	(35,000)
Discounted Loss and ALAE	\$420,000	\$519,000	\$589,000	\$673,000	\$780,000	\$922,000
Rate per \$100 of 2017-18 Payroll	\$1.89	\$2.33	\$2.65	\$3.02	\$3.50	\$4.14

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$701,000	\$849,000	\$944,000	\$1,056,000	\$1,198,000	\$1,388,000
Investment Income Offset	(20,000)	(24,000)	(27,000)	(30,000)	(34,000)	(40,000)
Discounted Loss and ALAE	\$681,000	\$825,000	\$917,000	\$1,026,000	\$1,164,000	\$1,348,000
Rate per \$100 of 2017-18 Payroll	\$3.06	\$3.71	\$4.12	\$4.61	\$5.23	\$6.06

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$750,000.

Small Cities Organized Risk Effort (SIR = \$750,000)
Self-Insured Liability Program
Loss and ALAE Funding Guidelines for 2017-18
1.0% 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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(3,000)	(4,000)	(4,000)	(4,000)	(4,000)	(5,000)
Discounted Loss and ALAE	\$262,000	\$307,000	\$329,000	\$354,000	\$385,000	\$428,000
Rate per \$100 of 2017-18 Payroll	\$1.18	\$1.38	\$1.48	\$1.59	\$1.73	\$1.92

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$436,000	\$539,000	\$611,000	\$699,000	\$809,000	\$956,000
Investment Income Offset	(11,000)	(14,000)	(15,000)	(18,000)	(20,000)	(24,000)
Discounted Loss and ALAE	\$425,000	\$525,000	\$596,000	\$681,000	\$789,000	\$932,000
Rate per \$100 of 2017-18 Payroll	\$1.91	\$2.36	\$2.68	\$3.06	\$3.54	\$4.19

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$701,000	\$849,000	\$944,000	\$1,056,000	\$1,198,000	\$1,388,000
Investment Income Offset	(14,000)	(17,000)	(19,000)	(21,000)	(24,000)	(28,000)
Discounted Loss and ALAE	\$687,000	\$832,000	\$925,000	\$1,035,000	\$1,174,000	\$1,360,000
Rate per \$100 of 2017-18 Payroll	\$3.09	\$3.74	\$4.16	\$4.65	\$5.27	\$6.11

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$1,000,000.

Small Cities Organized Risk Effort (SIR = \$1,000,000)
 Self-Insured Liability Program
 Loss and ALAE Funding Guidelines for 2017-18
 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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(4,000)	(5,000)	(5,000)	(5,000)	(6,000)	(7,000)
Discounted Loss and ALAE	\$261,000	\$306,000	\$328,000	\$353,000	\$384,000	\$426,000
Rate per \$100 of 2017-18 Payroll	\$1.17	\$1.37	\$1.47	\$1.59	\$1.72	\$1.91

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$463,000	\$556,000	\$640,000	\$743,000	\$873,000	\$1,048,000
Investment Income Offset	(18,000)	(22,000)	(25,000)	(29,000)	(34,000)	(41,000)
Discounted Loss and ALAE	\$445,000	\$534,000	\$615,000	\$714,000	\$839,000	\$1,007,000
Rate per \$100 of 2017-18 Payroll	\$2.00	\$2.40	\$2.76	\$3.21	\$3.77	\$4.52

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$728,000	\$866,000	\$973,000	\$1,100,000	\$1,262,000	\$1,478,000
Investment Income Offset	(22,000)	(26,000)	(29,000)	(33,000)	(38,000)	(45,000)
Discounted Loss and ALAE	\$706,000	\$840,000	\$943,000	\$1,067,000	\$1,223,000	\$1,433,000
Rate per \$100 of 2017-18 Payroll	\$3.17	\$3.77	\$4.24	\$4.79	\$5.49	\$6.44

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$1,000,000.

Small Cities Organized Risk Effort (SIR = \$1,000,000)
 Self-Insured Liability Program
 Loss and ALAE Funding Guidelines for 2017-18
 1.0% 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	\$265,000	\$311,000	\$333,000	\$358,000	\$390,000	\$432,000
Investment Income Offset	(3,000)	(4,000)	(4,000)	(4,000)	(4,000)	(5,000)
Discounted Loss and ALAE	\$262,000	\$307,000	\$329,000	\$354,000	\$385,000	\$428,000
Rate per \$100 of 2017-18 Payroll	\$1.18	\$1.38	\$1.48	\$1.59	\$1.73	\$1.92

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$463,000	\$555,000	\$641,000	\$742,000	\$874,000	\$1,046,000
Investment Income Offset	(12,000)	(14,000)	(17,000)	(19,000)	(23,000)	(27,000)
Discounted Loss and ALAE	\$451,000	\$541,000	\$624,000	\$723,000	\$851,000	\$1,019,000
Rate per \$100 of 2017-18 Payroll	\$2.03	\$2.43	\$2.80	\$3.25	\$3.82	\$4.58

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$728,000	\$866,000	\$973,000	\$1,100,000	\$1,262,000	\$1,478,000
Investment Income Offset	(15,000)	(18,000)	(20,000)	(23,000)	(26,000)	(30,000)
Discounted Loss and ALAE	\$713,000	\$848,000	\$953,000	\$1,077,000	\$1,236,000	\$1,447,000
Rate per \$100 of 2017-18 Payroll	\$3.20	\$3.81	\$4.28	\$4.84	\$5.55	\$6.50

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

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for 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, Robin Davis at (916) 244-1133, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

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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. 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 to SCORE's self-insured retention. Claims administration services are provided by York Insurance Services. Additional background on the program is shown in Appendix K.

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, 2017, project ultimate loss costs for 2017-18, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

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

Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2017, is \$266,000 for the banking layer and \$875,000 for the shared layer for a total of \$1,141,000. These amounts include losses, allocated loss adjustment expenses (ALAE), 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 claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

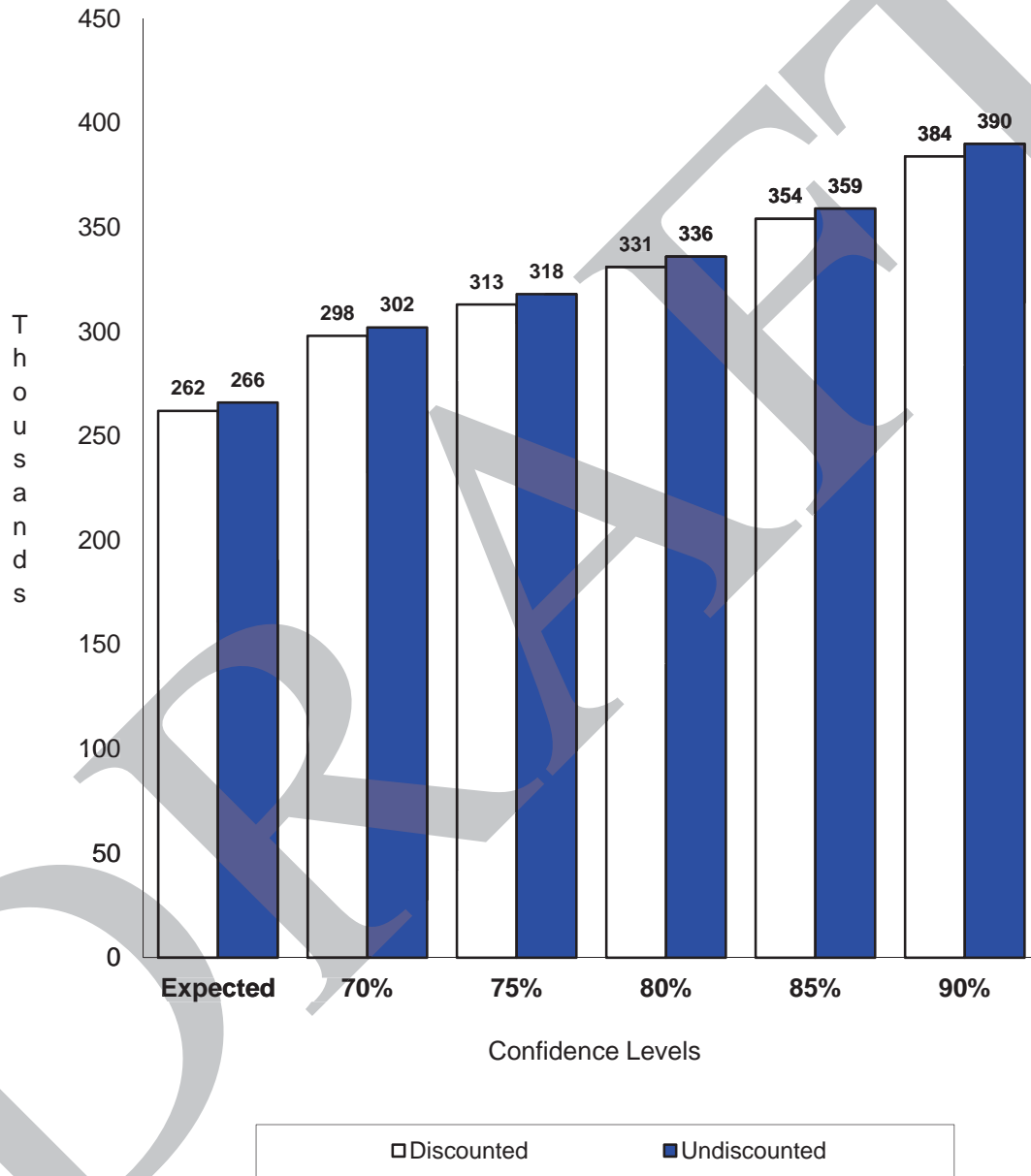
There is some measure of uncertainty associated with our best estimate because of the random nature of much of the process that determines ultimate claims costs. For this reason, we generally recommend that a program such as this include some funding margin for the possibility that actual loss costs 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 \$262,000 for the banking layer and \$849,000 for the shared layer for a total of \$1,111,000 as of June 30, 2017.

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

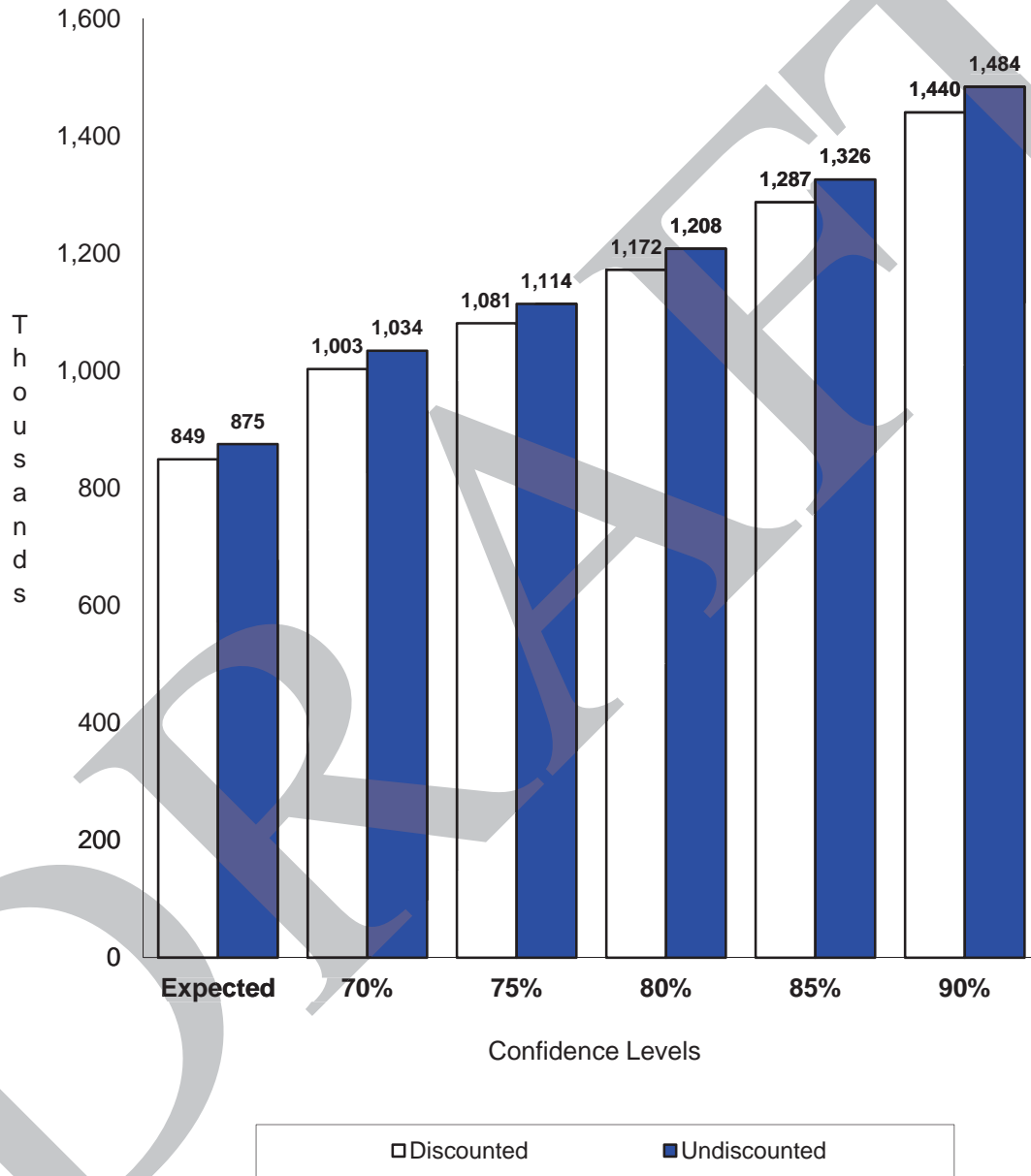
Graph 1a

SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2017
Banking Layer



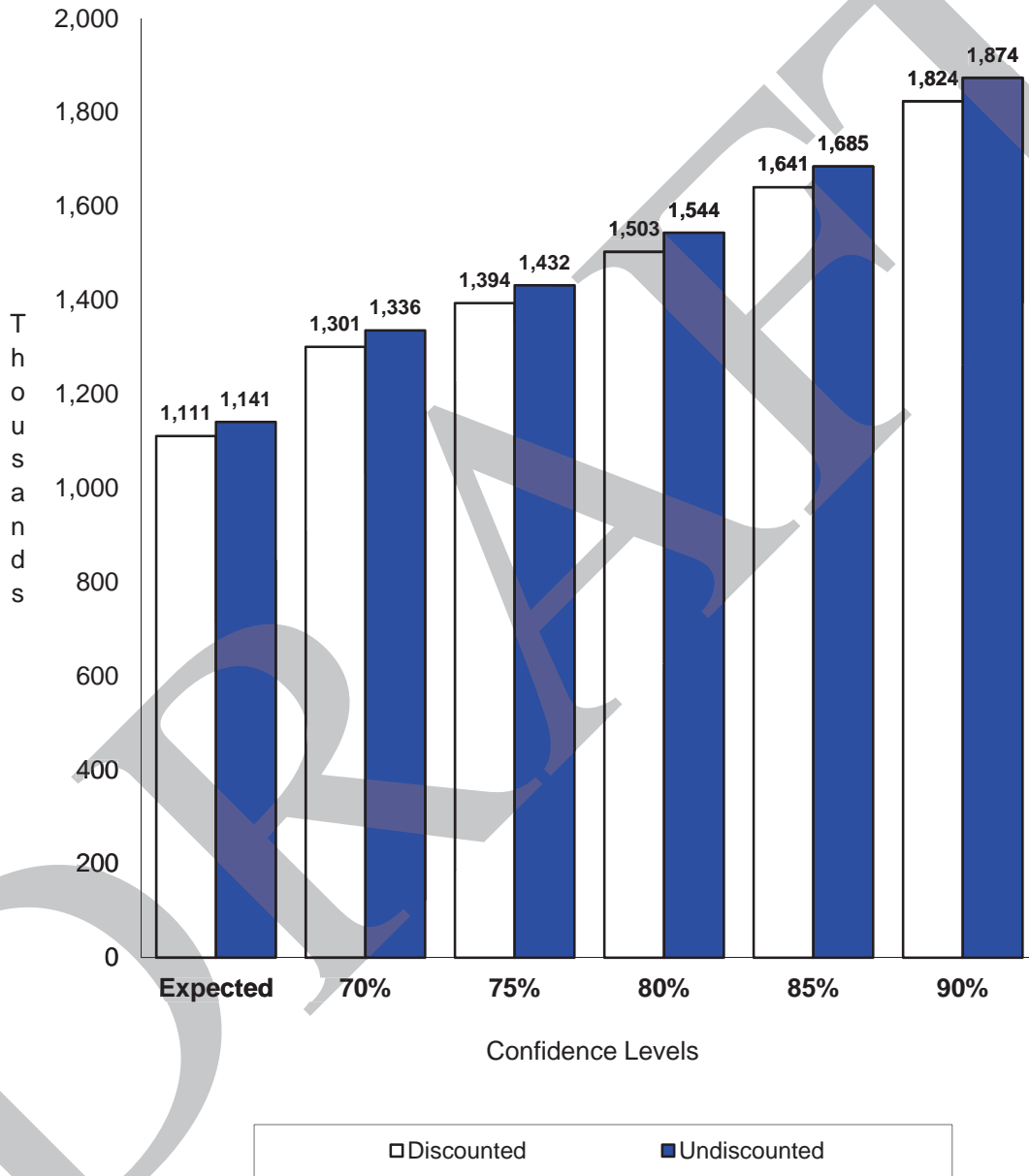
Graph 1b

SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2017
Shared Layer



Graph 1c

SCORE - Liability
Outstanding Liability (\$000's)
at June 30, 2017
Combined



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

Small Cities Organized Risk Effort
 Self-Insured Liability Program – Shared Layer
 Estimated Liability for Unpaid Loss and ALAE at June 30, 2017

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2014-15	146,093	64,885	210,979
2015-16	141,128	133,992	275,121
2016-17	101,886	287,235	389,121
Loss and ALAE	\$389,108	\$486,113	\$875,221

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.

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.

C. COMPARISON WITH PREVIOUS RESULTS

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

Actual Versus Expected Incurred Loss and ALAE Development – Shared Layer

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	0	0	0
1997-98	0	0	0
1998-99	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	1,000	0	(1,000)
2008-09	0	0	0
2009-10	0	(21,000)	(21,000)
2010-11	0	0	0
2011-12	12,000	(113,000)	(125,000)
2012-13	47,000	0	(47,000)
2013-14	47,000	(5,000)	(52,000)
2014-15	90,000	40,000	(50,000)
2015-16	195,000	142,000	(53,000)
Total	\$392,000	\$43,000	(\$349,000)

As shown, actual incurred development was lower than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$392,000 between the two evaluation dates. However, actual development was approximately \$43,000; or about \$349,000 less than expected. All program years developed less than anticipated.

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

Actual Versus Expected Paid Loss and ALAE Development – Shared Layer

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	0	0	0
1997-98	0	0	0
1998-99	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	1,000	0	(1,000)
2008-09	0	0	0
2009-10	15,000	5,000	(10,000)
2010-11	0	0	0
2011-12	111,000	104,000	(7,000)
2012-13	37,000	0	(37,000)
2013-14	41,000	0	(41,000)
2014-15	103,000	0	(103,000)
2015-16	66,000	0	(66,000)
Total	\$374,000	\$109,000	(\$265,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$374,000 between the two evaluation dates. However, actual development was approximately \$109,000; or about \$265,000 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 – Shared Layer

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$516,000	\$516,000	\$0
1995-96	60,000	60,000	0
1996-97	484,000	484,000	0
1997-98	42,000	42,000	0
1998-99	626,000	626,000	0
1999-00	197,000	197,000	0
2000-01	386,000	386,000	0
2001-02	873,000	873,000	0
2002-03	429,000	429,000	0
2003-04	125,000	125,000	0
2004-05	342,000	342,000	0
2005-06	516,000	516,000	0
2006-07	503,000	502,000	(1,000)
2007-08	98,000	98,000	0
2008-09	96,000	75,000	(21,000)
2009-10	309,000	309,000	0
2010-11	494,000	363,000	(131,000)
2011-12	550,000	475,000	(75,000)
2012-13	118,000	19,000	(99,000)
2013-14	551,000	513,000	(38,000)
2014-15	383,000	324,000	(59,000)
Total	\$7,698,000	\$7,274,000	(\$424,000)

As shown, overall we have decreased our estimated ultimate losses by \$424,000 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, 2016 to be \$917,000 at the discounted, expected level. Our current estimate as of June 30, 2017, is \$849,000, a decrease in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE – Shared Layer

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Case Reserves:	\$402,000	\$389,000	(\$13,000)
(B) IBNR Reserves:	541,000	486,000	(55,000)
(C) Total Reserves:	\$943,000	\$875,000	(\$68,000)
(D) Offset for Investment Income:	(26,000)	(26,000)	0
(E) Total Outstanding Claim Liabilities:	\$917,000	\$849,000	(\$68,000)

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

The decrease in claim reserves (case and IBNR) is driven primarily by lower than expected claims development, resulting in a \$68,000 decrease in total claim reserves. Investment income is expected to be same as prior. The net change due to the above factors is an overall decrease of \$68,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, our funding estimate for the 2016-17 year was \$367,000 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 2017-18 year is \$377,000 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 – Shared Layer

	Prior Report 2016-17 Shared Layer \$25K - \$500K	Current Report 2017-18 Shared Layer \$25K - \$500K	Change
(A) Ultimate Loss and ALAE:	\$381,000	\$391,000	\$10,000
(B) Offset for Investment Income:	(14,000)	(14,000)	0
(C) Total Recommended Funding:	\$367,000	\$377,000	\$10,000
(D) Funding per \$100 of Payroll:	\$1.78	\$1.69	(\$0.09)

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

Our estimates of ultimate loss and ALAE have increased by \$10,000, driven by an increase in the projected payroll exposure. Investment income is expected to be same as prior. The net change due to the above factors is an overall increase of \$10,000 in our annual funding estimate for loss and ALAE. However, on a funding rate per payroll basis, the current projection is less than the prior.

D. DATA PROVIDED FOR THE ANALYSIS

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

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2016-17 and 2017-18 (See Appendix K).
- We received loss data evaluated as of 12/31/2016 (See Appendix 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 2017-18 will be \$22,261,000, based upon information provided by SCORE (See Appendix 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.

- 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.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Paid Losses - Losses actually paid on all reported claims.

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

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

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

Severity - Average claim cost.

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

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

WORKERS' COMPENSATION - ACTUARIAL REVIEW

ACTION ITEM

ISSUE: Bickmore Risk Services has prepared a *draft* of their annual Workers' Compensation Program actuarial review, based on 12/31/16 loss data. The review estimates the ultimate cost of claims and expenses for the banking and shared risk layers for the FY 17/18 program year. This review also estimates the outstanding liabilities for the banking and shared risk layers as of 6/30/17. This year workers' compensation losses have developed unfavorably in both banking and pooling layers, resulting in an increase in reserves and rates for both layers.

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

-) **Combined Rates have increased 5.1%, from \$5.48 to \$5.76.** Last year the rates decreased 6% and the Board decided to increase the Confidence Level from 70% to 75%.

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

-) **Combined reserves have increased \$419,000, or 13%, from \$3,211,000 to \$3,630,000.** Liabilities decreased \$470,000, or 12.8%, last year, so the change this year represents a fallback to the liabilities at June 30, 2015.

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

FISCAL IMPACT: Using the 75% CL the combined rate will increase by 5.1%

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 20, 2017.



Monday, March 20, 2017

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 you 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% return on investment per year, we estimate the ultimate cost of claims and expenses for claims incurred during the 2017-18 program year to be \$292,000 for the banking layer and \$700,000 for the shared layer, for a total of \$992,000. For claims incurred during the 2017-18 program year, assuming a 1.0% return on investments per year, we estimate the ultimate cost of claims and expenses to be \$294,000 for the banking layer and \$724,000 for the shared layer, for a total of \$1,018,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims. For budgeting purposes, the expected cost of 2017-18 claims assuming a 1.5% return on investment per year translates to a rate of \$1.32, \$3.17 and \$4.50 per \$100 payroll for the banking layer, shared layer, and in total respectively. For the 2017-18 claims, assuming a 1.0% return on investments per year, the expected cost translates to rates of \$1.33, \$3.28 and \$4.61 per \$100 payroll for the banking layer, shared layer, and in total respectively.

In addition, we estimate the program's liability for outstanding claims including ALAE and discounted at 1.5% for anticipated investment income as of June 30, 2017 to be \$350,000 for the banking layer and \$3,280,000 for the shared layer, for a total of \$3,630,000. As of June 30, 2017, assuming a 1.0% return on investments per year, we estimate the program's liability for outstanding claims to be \$352,000 for the banking layer and \$3,389,000 for the shared layer, for a total of \$3,741,000, again including ALAE and discounted for anticipated investment income.

The \$3,280,000 estimate is the minimum liability to be booked by SCORE at June 30, 2017 for its workers' compensation program, 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.

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

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2017
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	\$358,000	\$401,000	\$419,000	\$441,000	\$467,000	\$503,000
Investment Income Offset	<u>(8,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(11,000)</u>
Discounted Loss and ALAE	\$350,000	\$392,000	\$410,000	\$431,000	\$457,000	\$491,000

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,627,000	\$4,034,000	\$4,206,000	\$4,412,000	\$4,661,000	\$4,993,000
Investment Income Offset	<u>(347,000)</u>	<u>(386,000)</u>	<u>(402,000)</u>	<u>(422,000)</u>	<u>(446,000)</u>	<u>(478,000)</u>
Discounted Loss and ALAE	\$3,280,000	\$3,648,000	\$3,804,000	\$3,990,000	\$4,215,000	\$4,515,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,985,000	\$4,435,000	\$4,627,000	\$4,854,000	\$5,129,000	\$5,495,000
Investment Income Offset	<u>(355,000)</u>	<u>(395,000)</u>	<u>(412,000)</u>	<u>(432,000)</u>	<u>(457,000)</u>	<u>(490,000)</u>
Discounted Loss and ALAE	\$3,630,000	\$4,040,000	\$4,214,000	\$4,421,000	\$4,672,000	\$5,006,000

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

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2017
1.0% 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	\$358,000	\$401,000	\$419,000	\$441,000	\$467,000	\$503,000
Investment Income Offset	<u>(6,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>
Discounted Loss and ALAE	\$352,000	\$394,000	\$412,000	\$433,000	\$459,000	\$494,000

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,627,000	\$4,035,000	\$4,207,000	\$4,414,000	\$4,662,000	\$4,993,000
Investment Income Offset	<u>(238,000)</u>	<u>(265,000)</u>	<u>(276,000)</u>	<u>(290,000)</u>	<u>(306,000)</u>	<u>(328,000)</u>
Discounted Loss and ALAE	\$3,389,000	\$3,770,000	\$3,931,000	\$4,124,000	\$4,356,000	\$4,665,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$3,985,000	\$4,435,000	\$4,627,000	\$4,854,000	\$5,129,000	\$5,495,000
Investment Income Offset	<u>(244,000)</u>	<u>(272,000)</u>	<u>(283,000)</u>	<u>(297,000)</u>	<u>(314,000)</u>	<u>(336,000)</u>
Discounted Loss and ALAE	\$3,741,000	\$4,164,000	\$4,343,000	\$4,557,000	\$4,815,000	\$5,159,000

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 table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$250,000.

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

Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2017-18

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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	(5,000)	(6,000)	(7,000)	(7,000)	(8,000)	(9,000)
Discounted Loss and ALAE	\$292,000	\$352,000	\$382,000	\$417,000	\$461,000	\$521,000
Rate per \$100 of 2017-18 Payroll	\$1.32	\$1.60	\$1.73	\$1.89	\$2.09	\$2.36

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$777,000	\$920,000	\$986,000	\$1,062,000	\$1,156,000	\$1,282,000
Investment Income Offset	(77,000)	(91,000)	(98,000)	(105,000)	(115,000)	(127,000)
Discounted Loss and ALAE	\$700,000	\$829,000	\$888,000	\$957,000	\$1,041,000	\$1,155,000
Rate per \$100 of 2017-18 Payroll	\$3.17	\$3.76	\$4.03	\$4.34	\$4.72	\$5.24

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,074,000	\$1,279,000	\$1,375,000	\$1,487,000	\$1,626,000	\$1,815,000
Investment Income Offset	(82,000)	(98,000)	(105,000)	(114,000)	(124,000)	(139,000)
Discounted Loss and ALAE	\$992,000	\$1,181,000	\$1,270,000	\$1,374,000	\$1,502,000	\$1,676,000
Rate per \$100 of 2017-18 Payroll	\$4.50	\$5.35	\$5.76	\$6.23	\$6.81	\$7.60

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$250,000.

Small Cities Organized Risk Effort (SIR = \$250,000)
 Self-Insured Workers' Compensation Program
 Loss and ALAE Funding Guidelines for 2017-18
 1.0% 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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	<u>(3,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Discounted Loss and ALAE	\$294,000	\$354,000	\$384,000	\$420,000	\$464,000	\$525,000
Rate per \$100 of 2017-18 Payroll	\$1.33	\$1.60	\$1.74	\$1.90	\$2.10	\$2.38

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$777,000	\$921,000	\$986,000	\$1,062,000	\$1,156,000	\$1,282,000
Investment Income Offset	<u>(53,000)</u>	<u>(63,000)</u>	<u>(67,000)</u>	<u>(72,000)</u>	<u>(79,000)</u>	<u>(87,000)</u>
Discounted Loss and ALAE	\$724,000	\$858,000	\$919,000	\$990,000	\$1,077,000	\$1,195,000
Rate per \$100 of 2017-18 Payroll	\$3.28	\$3.89	\$4.17	\$4.49	\$4.88	\$5.42

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,074,000	\$1,279,000	\$1,375,000	\$1,487,000	\$1,626,000	\$1,815,000
Investment Income Offset	<u>(56,000)</u>	<u>(67,000)</u>	<u>(72,000)</u>	<u>(78,000)</u>	<u>(85,000)</u>	<u>(95,000)</u>
Discounted Loss and ALAE	\$1,018,000	\$1,212,000	\$1,303,000	\$1,410,000	\$1,541,000	\$1,720,000
Rate per \$100 of 2017-18 Payroll	\$4.61	\$5.49	\$5.91	\$6.39	\$6.98	\$7.80

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$500,000.

Small Cities Organized Risk Effort (SIR = \$500,000)
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2017-18
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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	<u>(5,000)</u>	<u>(6,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,000)</u>	<u>(9,000)</u>
Discounted Loss and ALAE	\$292,000	\$352,000	\$382,000	\$417,000	\$461,000	\$521,000
Rate per \$100 of 2017-18 Payroll	\$1.32	\$1.60	\$1.73	\$1.89	\$2.09	\$2.36

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,025,000	\$1,230,000	\$1,325,000	\$1,440,000	\$1,582,000	\$1,774,000
Investment Income Offset	<u>(114,000)</u>	<u>(137,000)</u>	<u>(147,000)</u>	<u>(160,000)</u>	<u>(176,000)</u>	<u>(197,000)</u>
Discounted Loss and ALAE	\$911,000	\$1,093,000	\$1,178,000	\$1,280,000	\$1,406,000	\$1,577,000
Rate per \$100 of 2017-18 Payroll	\$4.13	\$4.95	\$5.34	\$5.80	\$6.37	\$7.15

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,322,000	\$1,588,000	\$1,715,000	\$1,865,000	\$2,052,000	\$2,306,000
Investment Income Offset	<u>(119,000)</u>	<u>(143,000)</u>	<u>(154,000)</u>	<u>(168,000)</u>	<u>(185,000)</u>	<u>(208,000)</u>
Discounted Loss and ALAE	\$1,203,000	\$1,445,000	\$1,560,000	\$1,697,000	\$1,867,000	\$2,098,000
Rate per \$100 of 2017-18 Payroll	\$5.45	\$6.55	\$7.07	\$7.69	\$8.46	\$9.51

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$500,000.

Small Cities Organized Risk Effort (SIR = \$500,000)
 Self-Insured Workers' Compensation Program
 Loss and ALAE Funding Guidelines for 2017-18
 1.0% 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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	<u>(3,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Discounted Loss and ALAE	\$294,000	\$354,000	\$384,000	\$420,000	\$464,000	\$525,000
Rate per \$100 of 2017-18 Payroll	\$1.33	\$1.60	\$1.74	\$1.90	\$2.10	\$2.38

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,025,000	\$1,230,000	\$1,326,000	\$1,441,000	\$1,582,000	\$1,775,000
Investment Income Offset	<u>(79,000)</u>	<u>(95,000)</u>	<u>(102,000)</u>	<u>(111,000)</u>	<u>(122,000)</u>	<u>(137,000)</u>
Discounted Loss and ALAE	\$946,000	\$1,135,000	\$1,224,000	\$1,330,000	\$1,460,000	\$1,638,000
Rate per \$100 of 2017-18 Payroll	\$4.29	\$5.14	\$5.55	\$6.03	\$6.62	\$7.42

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,322,000	\$1,588,000	\$1,715,000	\$1,865,000	\$2,052,000	\$2,306,000
Investment Income Offset	<u>(82,000)</u>	<u>(98,000)</u>	<u>(106,000)</u>	<u>(116,000)</u>	<u>(127,000)</u>	<u>(143,000)</u>
Discounted Loss and ALAE	\$1,240,000	\$1,489,000	\$1,608,000	\$1,750,000	\$1,924,000	\$2,163,000
Rate per \$100 of 2017-18 Payroll	\$5.62	\$6.75	\$7.29	\$7.93	\$8.72	\$9.80

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$1,000,000.

Small Cities Organized Risk Effort (SIR = \$1,000,000)
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2017-18
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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	<u>(5,000)</u>	<u>(6,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,000)</u>	<u>(9,000)</u>
Discounted Loss and ALAE	\$292,000	\$352,000	\$382,000	\$417,000	\$461,000	\$521,000
Rate per \$100 of 2017-18 Payroll	\$1.32	\$1.60	\$1.73	\$1.89	\$2.09	\$2.36

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,215,000	\$1,465,000	\$1,597,000	\$1,752,000	\$1,945,000	\$2,209,000
Investment Income Offset	<u>(143,000)</u>	<u>(172,000)</u>	<u>(188,000)</u>	<u>(206,000)</u>	<u>(229,000)</u>	<u>(260,000)</u>
Discounted Loss and ALAE	\$1,072,000	\$1,293,000	\$1,409,000	\$1,546,000	\$1,716,000	\$1,949,000
Rate per \$100 of 2017-18 Payroll	\$4.86	\$5.86	\$6.39	\$7.01	\$7.78	\$8.83

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,512,000	\$1,823,000	\$1,985,000	\$2,176,000	\$2,413,000	\$2,738,000
Investment Income Offset	<u>(148,000)</u>	<u>(178,000)</u>	<u>(194,000)</u>	<u>(213,000)</u>	<u>(236,000)</u>	<u>(268,000)</u>
Discounted Loss and ALAE	\$1,364,000	\$1,645,000	\$1,791,000	\$1,963,000	\$2,177,000	\$2,470,000
Rate per \$100 of 2017-18 Payroll	\$6.18	\$7.46	\$8.12	\$8.90	\$9.87	\$11.20

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

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2017-18 fiscal year, assuming the current SIR of \$1,000,000.

Small Cities Organized Risk Effort (SIR = \$1,000,000)
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2017-18
1.0% 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	\$297,000	\$358,000	\$388,000	\$424,000	\$469,000	\$530,000
Investment Income Offset	<u>(3,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Discounted Loss and ALAE	\$294,000	\$354,000	\$384,000	\$420,000	\$464,000	\$525,000
Rate per \$100 of 2017-18 Payroll	\$1.33	\$1.60	\$1.74	\$1.90	\$2.10	\$2.38

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,215,000	\$1,466,000	\$1,597,000	\$1,752,000	\$1,945,000	\$2,209,000
Investment Income Offset	<u>(100,000)</u>	<u>(121,000)</u>	<u>(131,000)</u>	<u>(144,000)</u>	<u>(160,000)</u>	<u>(182,000)</u>
Discounted Loss and ALAE	\$1,115,000	\$1,345,000	\$1,466,000	\$1,608,000	\$1,785,000	\$2,027,000
Rate per \$100 of 2017-18 Payroll	\$5.05	\$6.10	\$6.64	\$7.29	\$8.09	\$9.19

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,512,000	\$1,823,000	\$1,985,000	\$2,176,000	\$2,413,000	\$2,738,000
Investment Income Offset	<u>(103,000)</u>	<u>(124,000)</u>	<u>(135,000)</u>	<u>(148,000)</u>	<u>(164,000)</u>	<u>(187,000)</u>
Discounted Loss and ALAE	\$1,409,000	\$1,699,000	\$1,850,000	\$2,028,000	\$2,249,000	\$2,552,000
Rate per \$100 of 2017-18 Payroll	\$6.39	\$7.70	\$8.39	\$9.19	\$10.19	\$11.57

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

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

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

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

DRAFT

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, Robin Davis at (916) 244-1133, James Kim at (916) 290-4644 or Eric Small at (916) 244-1165 with any questions you may have concerning this report.

Sincerely,

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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 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 to SCORE's self-insured retention. Claims administration services are provided by York Insurance Services. Additional background on the program is given in Appendix K.

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, 2017, project ultimate loss costs for 2017-18, and provide funding guidelines to meet these liabilities and future costs.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS

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

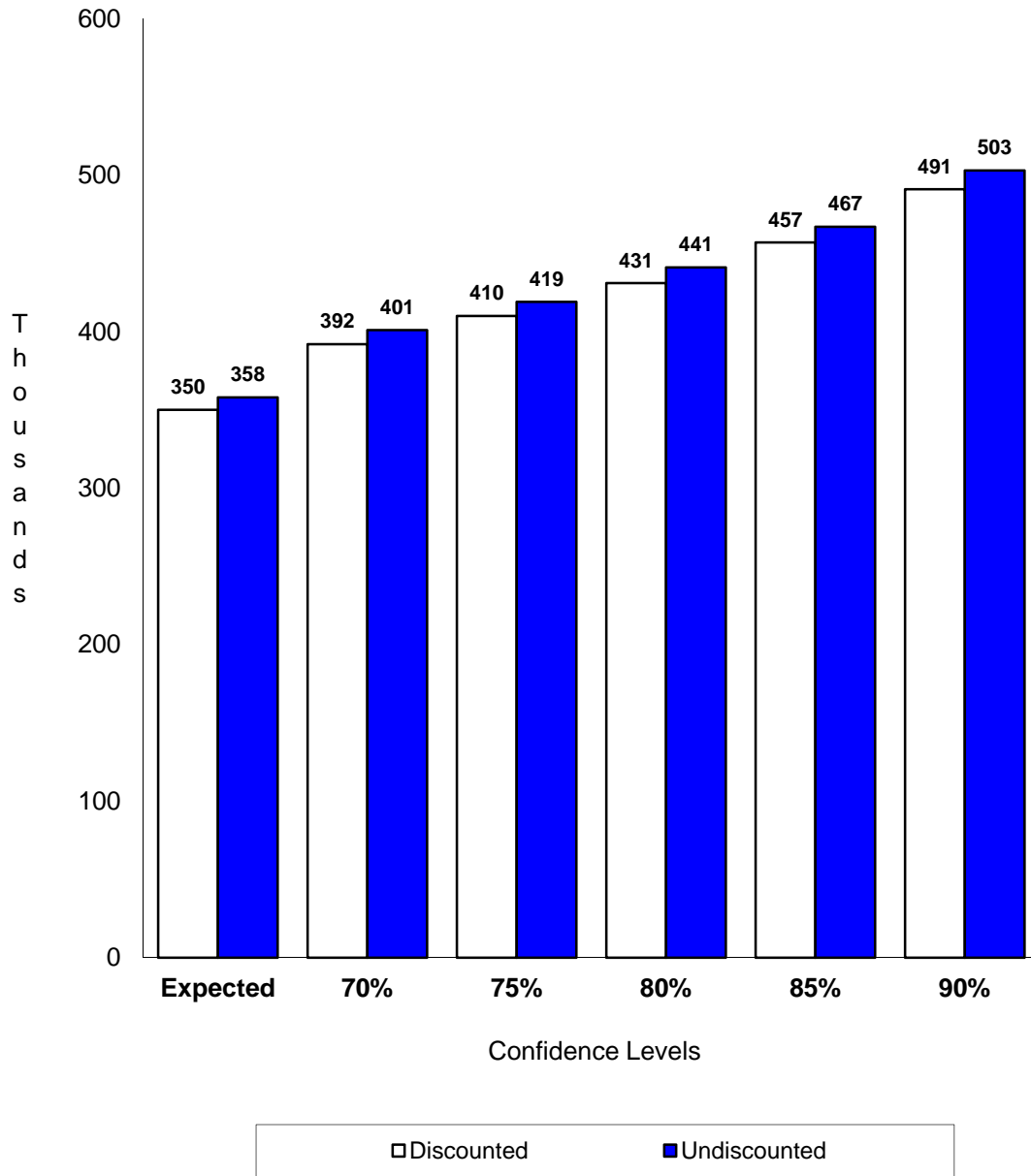
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2017 is \$358,000 for the banking layer and \$3,627,000 for the shared layer, for a total of \$3,985,000. This amount includes losses, allocated loss adjustment expenses (ALAE) 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 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.

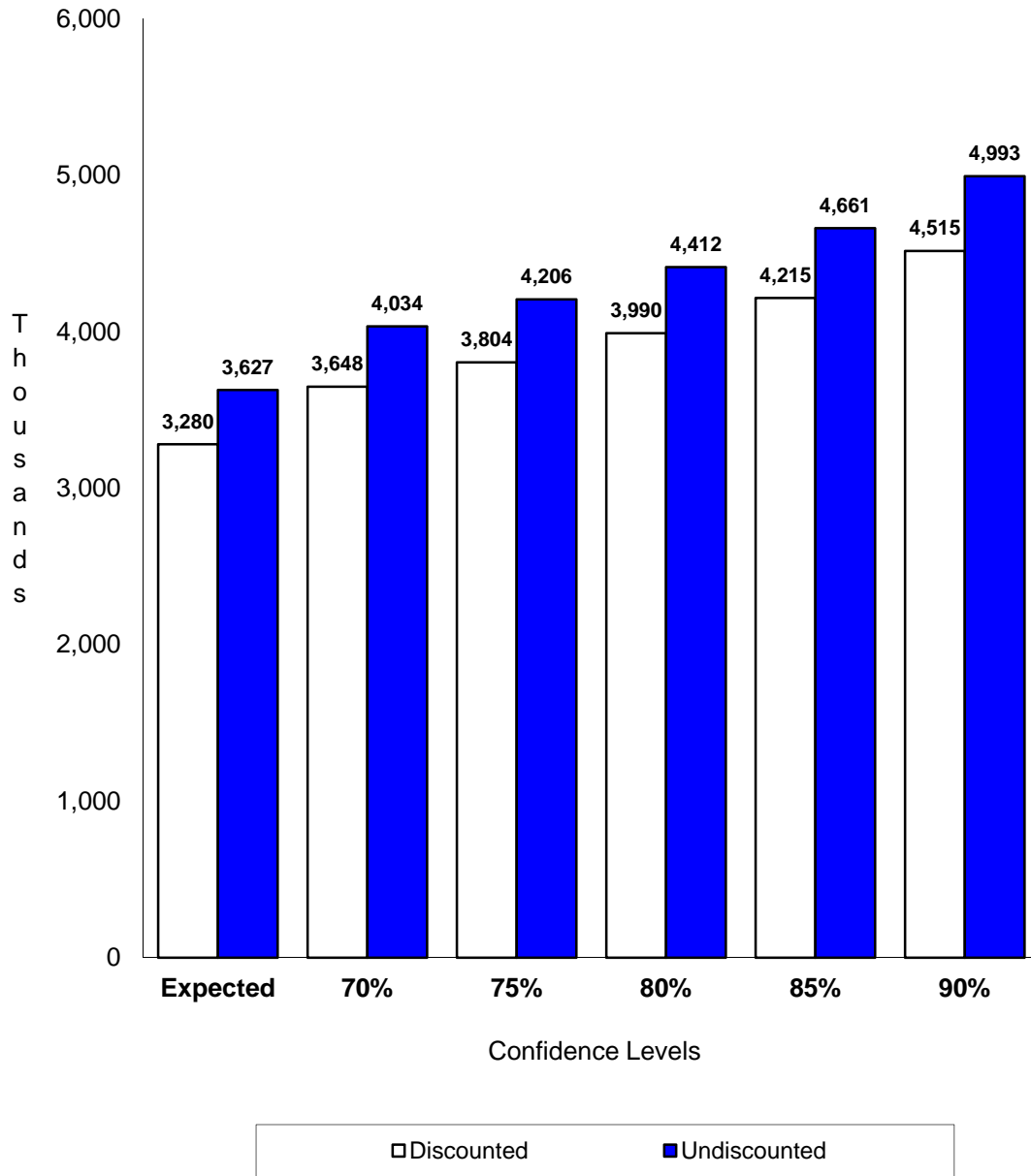
SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 8.9% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$350,000 for the banking layer and \$3,280,000 for the shared layer for a total of \$3,630,000 as of June 30, 2017.

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

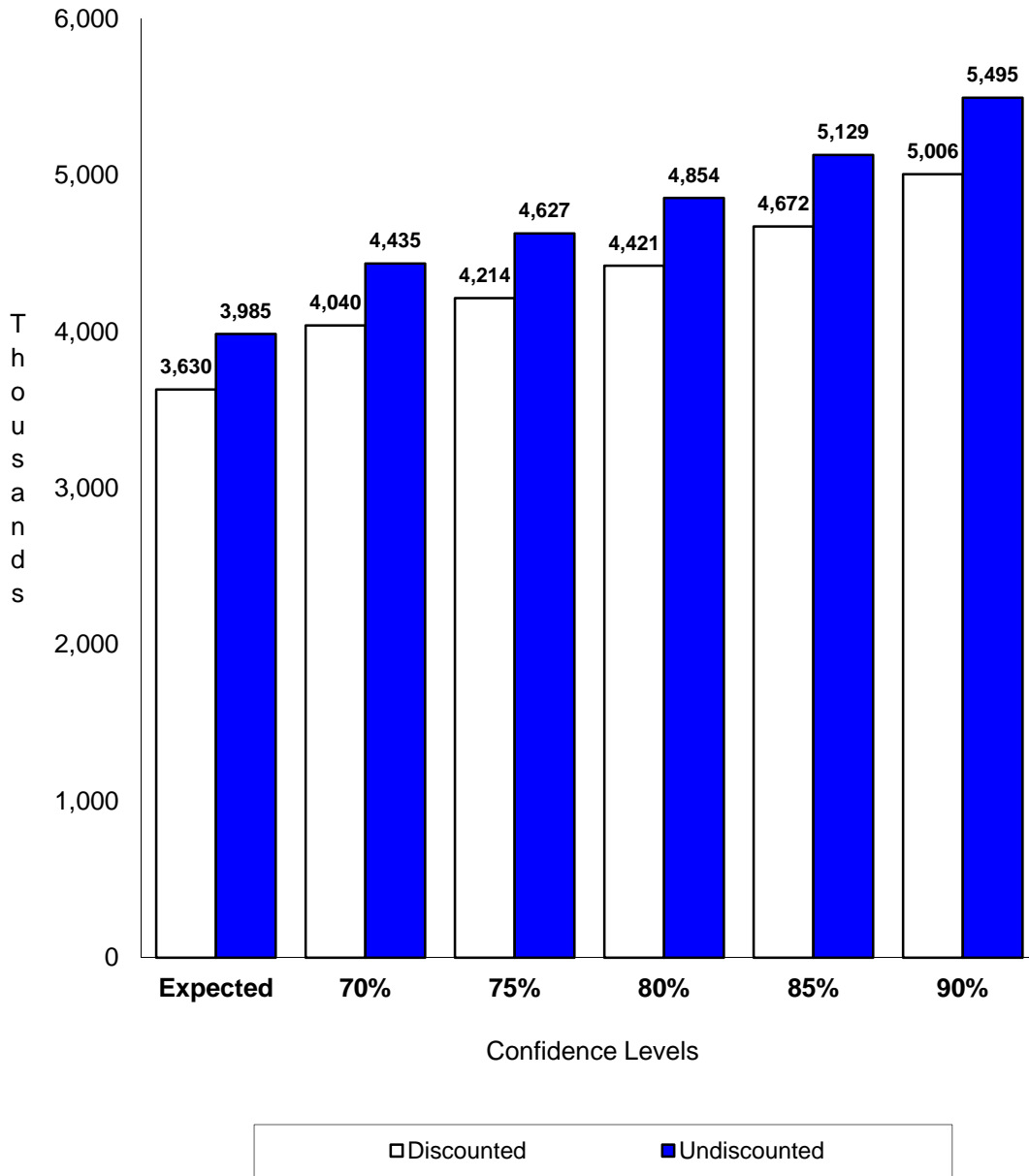
SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2017
Banking Layer



SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2017
Shared layer



SCORE - Workers' Compensation
Outstanding Liability (\$000's)
at June 30, 2017
Combined



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

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program – Shared layer
Estimated Liability for Unpaid Loss and ALAE at June 30, 2017

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$27,540	\$7,367	\$34,907
1997-98	58,889	4,189	63,078
1998-99	51,560	3,417	54,977
1999-00	61,985	8,883	70,868
2000-01	88,031	3,477	91,508
2001-02	36,723	25,557	62,280
2002-03	31,737	29,667	61,404
2003-04	0	0	0
2004-05	91,762	35,668	127,430
2005-06	32,750	12,539	45,289
2006-07	22,295	37,728	60,023
2007-08	41,676	55,520	97,196
2008-09	0	0	0
2009-10	28,834	80,127	108,961
2010-11	62,535	78,532	141,067
2011-12	86,116	99,524	185,640
2012-13	250,529	71,289	321,818
2013-14	329,101	127,550	456,651
2014-15	263,396	225,169	488,565
2015-16	55,858	375,823	431,681
2016-17	201,846	522,948	724,794
Loss and ALAE	\$1,823,163	\$1,804,974	\$3,628,137

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.

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.

C. COMPARISON WITH PREVIOUS RESULTS

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

Actual Versus Expected Incurred Loss and ALAE Development – Shared layer

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	2,000	5,000	3,000
1997-98	2,000	0	(2,000)
1998-99	1,000	9,000	8,000
1999-00	3,000	11,000	8,000
2000-01	2,000	80,000	78,000
2001-02	6,000	(14,000)	(20,000)
2002-03	6,000	(20,000)	(26,000)
2003-04	0	0	0
2004-05	8,000	29,000	21,000
2005-06	2,000	(15,000)	(17,000)
2006-07	7,000	(6,000)	(13,000)
2007-08	8,000	2,000	(6,000)
2008-09	10,000	(19,000)	(29,000)
2009-10	15,000	(27,000)	(42,000)
2010-11	18,000	(66,000)	(84,000)
2011-12	20,000	(3,000)	(23,000)
2012-13	13,000	(2,000)	(15,000)
2013-14	78,000	318,000	240,000
2014-15	61,000	150,000	89,000
2015-16	223,000	47,000	(176,000)
Total	\$485,000	\$479,000	(\$6,000)

As shown, actual incurred development was lower than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$485,000 between the two evaluation dates. However, actual development was approximately \$479,000; or about \$6,000 less than expected. Nearly all accident years have developed lower than expected. It should be noted that two of the three most recent accident years are developing greater than expected.

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

Actual Versus Expected Paid Loss and ALAE Development – Shared layer

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
1996-97	6,000	5,000	(1,000)
1997-98	11,000	4,000	(7,000)
1998-99	6,000	4,000	(2,000)
1999-00	7,000	1,000	(6,000)
2000-01	2,000	1,000	(1,000)
2001-02	9,000	0	(9,000)
2002-03	2,000	18,000	16,000
2003-04	0	0	0
2004-05	13,000	3,000	(10,000)
2005-06	7,000	2,000	(5,000)
2006-07	6,000	(22,000)	(28,000)
2007-08	13,000	23,000	10,000
2008-09	15,000	35,000	20,000
2009-10	15,000	10,000	(5,000)
2010-11	36,000	10,000	(26,000)
2011-12	41,000	26,000	(15,000)
2012-13	83,000	56,000	(27,000)
2013-14	123,000	120,000	(3,000)
2014-15	94,000	75,000	(19,000)
2015-16	63,000	0	(63,000)
Total	\$552,000	\$371,000	(\$181,000)

As shown, actual paid development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$552,000 between the two evaluation dates. However, actual development was approximately \$371,000; or about \$181,000 less than expected. Similar to the incurred loss development, nearly all accident years have developed lower than expected.

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

Change in Ultimate Loss and ALAE – Shared layer

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$998,000	\$999,000	\$1,000
1996-97	689,000	692,000	3,000
1997-98	457,000	455,000	(2,000)
1998-99	300,000	308,000	8,000
1999-00	348,000	357,000	9,000
2000-01	146,000	221,000	75,000
2001-02	790,000	770,000	(20,000)
2002-03	738,000	713,000	(25,000)
2003-04	343,000	343,000	0
2004-05	684,000	707,000	23,000
2005-06	124,000	109,000	(15,000)
2006-07	425,000	408,000	(17,000)
2007-08	617,000	618,000	1,000
2008-09	363,000	280,000	(83,000)
2009-10	663,000	622,000	(41,000)
2010-11	579,000	488,000	(91,000)
2011-12	636,000	620,000	(16,000)
2012-13	723,000	712,000	(11,000)
2013-14	467,000	759,000	292,000
2014-15	543,000	626,000	83,000
2015-16	604,000	461,000	(143,000)
Total	\$11,237,000	\$11,268,000	\$31,000

As shown, overall we have increased our estimated ultimate losses by \$31,000 since our prior report driven primarily by the 2013-14 and 2014-15 accident years.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2016 to be \$2,923,000 at the discounted, expected level. Our current estimate as of June 30, 2017, is \$3,280,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE – Shared layer

	Prior Report at June 30, 2016	Current Report at June 30, 2017	Change
(A) Case Reserves:	\$1,603,000	\$1,822,000	\$219,000
(B) IBNR Reserves:	1,633,000	1,805,000	172,000
(C) Total Reserves:	\$3,236,000	\$3,627,000	\$391,000
(D) Offset for Investment Income:	(313,000)	(347,000)	(34,000)
(E) Total Outstanding Claim Liabilities:	\$2,923,000	\$3,280,000	\$357,000

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

The increase in claim reserves (case and IBNR) is driven primarily by greater than anticipated loss development in two of the three most recent accident years as previously discussed, resulting in a \$391,000 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 \$357,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, our funding estimate for the 2016-17 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 2017-18 year is \$700,000 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 – Shared layer

	Prior Report 2016-17 Shared layer \$25K - \$250K	Current Report 2017-18 Shared layer \$25K - \$250K	Change
(A) Ultimate Loss and ALAE:	\$670,000	\$777,000	\$107,000
(B) Offset for Investment Income:	(66,000)	(77,000)	(11,000)
(C) Total Recommended Funding:	\$604,000	\$700,000	\$96,000
(D) Funding per \$100 of Payroll:	\$2.97	\$3.17	\$0.20

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

Our estimates of ultimate loss and ALAE have increased by \$107,000, driven by an increase in loss rate coupled with an increase in the projected payroll exposure. 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 \$96,000 in our annual funding estimate for loss and ALAE.

D. 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 2016-17 and 2017-18 (See Appendix K).
- We received loss data evaluated as of 12/31/2016 (See Appendix 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 2017-18 will be \$22,062,500 based upon information provided by SCORE (See Appendix 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 increases at 0.9% per year. We have assumed that claim severity increases at 3.0% 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.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Paid Losses - Losses actually paid on all reported claims.

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

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

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

Severity - Average claim cost.

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

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



RISK CONTROL SERVICE UPDATE – DKF
INFORMATION ITEM

ISSUE: David Patzer, with DKF Solutions will provide an update of his firm’s activities in providing ongoing risk management services to SCORE members, including on-site meetings, training, policy review and revision, and member progress in completion of SCORE’s Risk Management Best Practices.

RECOMMENDATION: None – Information Only

FISCAL IMPACT: None – DKF is under contract at an annual rate of \$100,000 this year, increasing to \$105,000 for each of the next three years, with an optional fifth year (FY 20/21) at \$110,000

BACKGROUND: SCORE initially contracted with DKF Solutions (and David Patzer) in FY 13/14 for risk management services related to sanitary sewer management and waste water treatment plant operations. The services provided by DKF were expanded in FY 14/15 under a new contract to continue sewer risk management services and provide additional services, including on-site risk assessments and training.

At the January 2015 Board meeting members approved a set of Best Practices and a Risk Management Scorecard to be used to conduct the risk assessments, provide an overview of member exposures, and track the progress of members in addressing their exposures. DKF has been working with members to complete the assessments, provide training and select policies, and keep track of member progress via the Scorecard. Last year members agreed to extend the DKF contract with an updated set of Risk Control Services for FY 16/17 and budgets through FY 18/19, with an option for two additional years.

ATTACHMENT(S): None



FY 17/18 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 selected rates per \$100 of payroll at the 70% Confidence Level (CL) are:

-) \$1.37 for the Banking Layer and
-) \$2.12 for the Shared Layer,

Generating a combined rate of \$3.49, **a decrease of 3.6%** from the current rate of \$3.62.

RECOMMENDATION: Approve the rates at the 70% Confidence Level as set by the actuary.

FISCAL IMPACT: Decrease of \$24,362 in total funding of the two layers.

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 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.

At the October 2012 Long Range Planning meeting, the Board decided to implement a 3% rate increase cap for the following 3 years. For 13/14 the recommended funding for the liability program was within the 3% cap set by the Board. For 14/15 the recommended rates exceeded the 3% funding cap by a total of \$40,280, and that amount was funded from the program's net position. For FY 16/17 the rates fell slightly so the cap was not needed. For FY 17/18 rates decreased again so capping is not needed.

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

ATTACHMENTS: DRAFT Proposed Liability Program Funding FY 17/18

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**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2017-18**

Proposed Funding

A	B	C	D	E	F	G	H	I	J	K
Formula/Allocation	CY 2016 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
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
Rate Per \$100 or Am	1.03	Calc		\$1.37	\$2.12	\$0.63	Calc		Calc	-\$39,870
Biggs	\$398,466	0.96	\$384,098	\$5,334	\$8,211	\$2,427	\$15,972	\$16,424	(\$452)	-\$721
Colfax	\$664,432	0.89	\$590,562	\$8,202	\$12,624	\$3,731	\$24,557	\$27,386	(\$2,830)	-\$1,202
Dunsmuir	\$655,259	1.57	\$1,025,846	\$14,247	\$21,929	\$6,481	\$42,657	\$27,008	\$15,648	-\$1,186
Etna	\$376,289	0.94	\$354,356	\$4,921	\$7,575	\$2,239	\$14,735	\$15,510	(\$775)	-\$681
Fort Jones	\$311,071	0.95	\$296,358	\$4,116	\$6,335	\$1,872	\$12,323	\$12,822	(\$499)	-\$563
Isleton	\$200,376	1.28	\$257,458	\$3,576	\$5,503	\$1,627	\$10,706	\$8,259	\$2,447	-\$363
Live Oak	\$1,398,545	0.80	\$1,120,563	\$15,562	\$23,953	\$7,080	\$46,595	\$57,645	(\$11,050)	-\$2,531
Loomis	\$758,021	1.09	\$828,426	\$11,505	\$17,709	\$5,234	\$34,448	\$31,244	\$3,204	-\$1,372
Loyalton	\$115,028	1.00	\$114,695	\$1,593	\$2,452	\$725	\$4,769	\$4,741	\$28	-\$208
Montague	\$318,623	0.98	\$313,548	\$4,354	\$6,702	\$1,981	\$13,038	\$13,133	(\$95)	-\$577
Mt. Shasta	\$2,002,042	1.27	\$2,542,708	\$35,313	\$54,354	\$16,064	\$105,731	\$82,520	\$23,211	-\$3,623
Portola	\$820,614	0.93	\$762,534	\$10,590	\$16,300	\$4,818	\$31,708	\$33,824	(\$2,116)	-\$1,485
Rio Dell	\$1,036,304	0.87	\$904,763	\$12,565	\$19,340	\$5,716	\$37,622	\$42,714	(\$5,092)	-\$1,875
Shasta Lake	\$3,695,370	0.72	\$2,676,013	\$37,164	\$57,203	\$16,907	\$111,274	\$152,315	(\$41,041)	-\$6,687
Susanville	\$4,091,391	0.95	\$3,891,319	\$54,042	\$83,182	\$24,585	\$161,808	\$168,638	(\$6,830)	-\$7,403
Tulelake	\$365,477	0.96	\$352,319	\$4,893	\$7,531	\$2,226	\$14,650	\$15,064	(\$414)	-\$661
Weed	\$1,750,507	1.19	\$2,091,765	\$29,050	\$44,714	\$13,215	\$86,980	\$72,152	\$14,827	-\$3,168
Yreka	\$3,075,943	1.15	\$3,526,429	\$48,974	\$75,382	\$22,279	\$146,636	\$126,784	\$19,852	-\$5,566
Grand Total	\$22,033,758	1.03	\$22,033,758	\$306,000	\$471,000	\$139,205	\$916,205	\$908,183	\$8,022	-\$39,870

Verification of Total	\$ 22,033,757		\$ 306,000	\$ 471,000	\$ 139,205	\$ 916,205		\$ 39,870
			\$0	\$0	\$0	\$0		
Off Balance Factors			0.9865	0.99				

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**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2017-18**

DRAFT

Proposed Funding

A	L	M	N	O	P	Q	R	S	U
Formula/Allocation	(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	CSAC/CPIEA Pollution Coverage	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed FY 17-18 Admin Total	Proposed FY 17-18 TOTAL FINAL DEPOSIT	FY 16-17 TOTAL DEPOSIT	\$ Change Overall	% Change Overall	% Payroll (%PP)
Rate Per \$100 or Am	\$0.03671248	\$237,208	\$237,208	\$474,417	70% CL	70% CL			
Biggs	\$146	\$13,178	\$4,290	\$17,468	\$32,865	\$33,168	(303)	-0.9%	1.81%
Colfax	\$244	\$13,178	\$7,153	\$20,331	\$43,930	\$37,054	6,875	18.6%	3.02%
Dunsmuir	\$241	\$13,178	\$7,054	\$20,233	\$61,944	\$50,678	11,266	22.2%	2.97%
Etna		\$13,178	\$4,051	\$17,229	\$31,283	\$32,115	(831)	-2.6%	1.71%
Fort Jones	\$114	\$13,178	\$3,349	\$16,527	\$28,402	\$29,086	(684)	-2.4%	1.41%
Isleton		\$13,178	\$2,157	\$15,335	\$25,678	\$26,999	(1,320)	-4.9%	0.91%
Live Oak	\$513	\$13,178	\$15,056	\$28,235	\$72,812	\$71,261	1,552	2.2%	6.35%
Loomis	\$278	\$13,178	\$8,161	\$21,339	\$54,693	\$57,160	(2,467)	-4.3%	3.44%
Loyalton	\$42	\$13,178	\$1,238	\$14,417	\$19,020	\$20,406	(1,386)	-6.8%	0.52%
Montague	\$117	\$13,178	\$3,430	\$16,608	\$29,187	\$30,482	(1,296)	-4.3%	1.45%
Mt. Shasta	\$735	\$13,178	\$21,553	\$34,732	\$137,574	\$134,209	3,365	2.5%	9.09%
Portola	\$301	\$13,178	\$8,834	\$22,013	\$52,537	\$50,194	2,343	4.7%	3.72%
Rio Dell	\$380	\$13,178	\$11,157	\$24,335	\$60,462	\$60,278	184	0.3%	4.70%
Shasta Lake	\$1,357	\$13,178	\$39,783	\$52,961	\$158,905	\$167,237	(8,332)	-5.0%	16.77%
Susanville	\$1,502	\$13,178	\$44,047	\$57,225	\$213,132	\$182,598	30,534	16.7%	18.57%
Tulelake		\$13,178	\$3,935	\$17,113	\$31,102	\$31,252	(151)	-0.5%	1.66%
Weed	\$643	\$13,178	\$18,845	\$32,024	\$116,478	\$128,603	(12,125)	-9.4%	7.94%
Yreka	\$0	\$13,178	\$33,115	\$46,293	\$187,362	\$167,957	19,406	11.6%	13.96%
Grand Total	\$6,614	\$237,208	\$237,208	\$474,417	\$1,357,366	\$1,310,736	46,629	3.6%	100.00%

Verification of Total

Yreka Already paid \$2,192 (required to pay 2 years up front so this is prorated)

SCORE
 Liability Experience Modification
 Calculation
 For FY 2017-18

FORMULA	Losses as of 12/31/16 Capped at \$50,000							DE-9 Payroll Fiscal Years Ending						
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total	% of Total Losses	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	Total	% Total Payroll
MEMBER ENTITY														
Biggs		\$0	\$11,247			\$11,247	0.7%	\$445,766	\$377,297	\$381,699	\$382,291	\$379,667	\$1,966,720	2.0%
Colfax	\$1,366	\$0		\$596		\$1,962	0.1%	\$395,698	\$482,475	\$466,454	\$431,629	\$553,415	\$2,329,671	2.4%
Dunsmuir	\$38,980	\$6,668	\$50,119	\$84,000	42557.71	\$222,325	12.9%	\$512,461	\$538,031	\$533,265	\$528,116	\$529,248	\$2,641,122	2.7%
Etna	\$1,017		\$0			\$1,017	0.1%	\$279,923	\$332,071	\$383,491	\$344,494	\$383,669	\$1,723,648	1.8%
Fort Jones							0.0%	\$188,617	\$217,023	\$296,837	\$267,933	\$275,881	\$1,246,291	1.3%
Isleton	\$135,670	\$2,558			2524.24	\$140,753	8.2%	\$327,778	\$228,795	\$242,609	\$254,161	\$200,387	\$1,253,730	1.3%
Live Oak	\$250	\$8,727	\$1,175	\$1,155	4605.75	\$15,914	0.9%	\$1,297,193	\$1,267,402	\$1,237,873	\$1,244,049	\$1,340,354	\$6,386,871	6.5%
Loomis	\$3,699	\$18,877	\$496	\$63,929	1587.22	\$88,588	5.2%	\$738,259	\$687,491	\$713,269	\$708,952	\$716,410	\$3,564,381	3.6%
Loyalton	\$0	\$0	\$0			\$0	0.0%	\$162,672	\$132,357	\$144,738	\$146,327	\$110,920	\$697,015	0.7%
Montague	\$2,022	\$0	\$5,093	\$1,834	3042.33	\$11,991	0.7%	\$286,650	\$295,950	\$317,465	\$319,406	\$321,124	\$1,540,594	1.6%
Mt. Shasta	\$57,353	\$19,914	\$61,015	\$64,216	48775.51	\$251,273	14.6%	\$1,581,096	\$1,609,249	\$1,621,731	\$1,729,437	\$1,786,692	\$8,328,205	8.5%
Portola	\$1,012	\$22,163		\$8	2703.89	\$25,887	1.5%	\$681,724	\$676,909	\$619,179	\$615,012	\$775,449	\$3,368,274	3.4%
Rio Dell	\$1,822	\$15,147	\$0	\$8	5454.92	\$22,432	1.3%	\$979,793	\$951,737	\$929,077	\$991,690	\$975,147	\$4,827,444	4.9%
Shasta Lake	\$22,682	\$9,434	\$17,920	\$56,072	2501	\$108,609	6.3%	\$3,214,474	\$3,140,551	\$3,212,992	\$3,291,793	\$3,444,570	\$16,304,380	16.6%
Susanville	\$60,263	\$20,117	\$30,692	\$80,000	78507	\$269,579	15.7%	\$3,636,006	\$3,417,528	\$3,510,972	\$3,553,392	\$3,919,587	\$18,037,485	18.3%
Tulelake	\$5,091			\$0	2876.79	\$7,968	0.5%	\$358,649	\$322,798	\$309,601	\$316,146	\$365,242	\$1,672,437	1.7%
Weed	\$57,184	\$50,000	\$39,183	\$64,435	2363.72	\$213,165	12.4%	\$1,547,554	\$1,529,535	\$1,542,690	\$1,669,833	\$1,568,849	\$7,858,462	8.0%
Yreka	\$211,462	\$1,186		\$29,535	82779.09	\$324,962	18.9%	\$2,912,309	\$2,860,588	\$3,047,983	\$2,881,778	\$2,878,897	\$14,581,554	14.8%
Grand Total	\$599,875	\$174,791	\$216,939	\$445,786	280279.17	\$1,717,670	100.0%	\$19,546,623	\$19,067,786	\$19,511,926	\$19,676,437	\$20,525,511	\$98,328,282	100.0%

SCORE
Liability Experience Modification
Calculation
For FY 2017-18

	P	Q	R	S	T		W	
FORMULA	(Total Member Losses/Total Member Payroll) x 100	Member LR/Total Pool LR	CY 2016 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)
MEMBER ENTITY			1.03				0.975479498	
Biggs	\$0.57	0.33	\$398,466	8.87%	0.94	\$374,679	0.96	\$384,098
Colfax	\$0.08	0.05	\$664,432	13.97%	0.87	\$576,081	0.89	\$590,562
Dunsmuir	\$8.42	4.82	\$655,259	13.80%	1.53	\$1,000,691	1.57	\$1,025,846
Etna	\$0.06	0.03	\$376,289	8.42%	0.92	\$345,667	0.94	\$354,356
Fort Jones	\$0.00	0.00	\$311,071	7.07%	0.93	\$289,091	0.95	\$296,358
Isleton	\$11.23	6.43	\$200,376	4.67%	1.25	\$251,145	1.28	\$257,458
Live Oak	\$0.25	0.14	\$1,398,545	25.47%	0.78	\$1,093,086	0.80	\$1,120,563
Loomis	\$2.49	1.42	\$758,021	15.63%	1.07	\$808,113	1.09	\$828,426
Loyalton	\$0.00	0.00	\$115,028	2.73%	0.97	\$111,882	1.00	\$114,695
Montague	\$0.78	0.45	\$318,623	7.22%	0.96	\$305,859	0.98	\$313,548
Mt. Shasta	\$3.02	1.73	\$2,002,042	32.86%	1.24	\$2,480,359	1.27	\$2,542,708
Portola	\$0.77	0.44	\$820,614	16.71%	0.91	\$743,836	0.93	\$762,534
Rio Dell	\$0.46	0.27	\$1,036,304	20.21%	0.85	\$882,578	0.87	\$904,763
Shasta Lake	\$0.67	0.38	\$3,695,370	47.46%	0.71	\$2,610,396	0.72	\$2,676,013
Susanville	\$1.49	0.86	\$4,091,391	50.00%	0.93	\$3,795,902	0.95	\$3,891,319
Tulelake	\$0.48	0.27	\$365,477	8.20%	0.94	\$343,680	0.96	\$352,319
Weed	\$2.71	1.55	\$1,750,507	29.96%	1.17	\$2,040,474	1.19	\$2,091,765
Yreka	\$2.23	1.28	\$3,075,943	42.92%	1.12	\$3,439,959	1.15	\$3,526,429
Grand Total	\$1.75	1.00	\$22,033,758		1.00	\$21,493,479	1.03	\$22,033,758



FY 17/18 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:

-) \$1.73 for the Banking Layer and
-) \$4.03 for the Shared Layer,

Generating a combined rate of \$5.76, a **5.1% increase** from the \$5.50 rate used for the current year.

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

FISCAL IMPACT: Increase of \$169,283 in the combined layer funding.

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 SCORE 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 15/16 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: DRAFT Proposed Workers' Compensation Program Funding FY 17/18

DRAFT

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
Fiscal Year 2017-18
Proposed Funding**

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2016 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)
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	Loss Funding	Unadjusted Loss Funding	Ex Mod Impact on Loss Funding Increase or (Decrease)
Rate/Amount	1.03	Calc		\$1.73	\$4.03	\$1.27	Calc	Calc	Calc
Colfax	\$664,432	0.85	\$585,179	\$9,985	\$23,210	\$7,432	\$40,627	\$44,450	(\$3,824)
Dunsmuir	\$655,259	1.03	\$697,103	\$11,894	\$27,649	\$8,853	\$48,397	\$43,837	\$4,560
Isleton (does not participate)									
Live Oak	\$1,398,545	0.75	\$1,079,431	\$18,418	\$42,814	\$13,709	\$74,940	\$93,563	(\$18,622)
Loomis	\$758,021	0.84	\$653,949	\$11,158	\$25,938	\$8,305	\$45,401	\$50,712	(\$5,311)
Mt. Shasta	\$2,002,042	1.69	\$3,494,134	\$59,618	\$138,589	\$44,375	\$242,583	\$133,937	\$108,647
Portola	\$820,614	1.15	\$970,824	\$16,565	\$38,506	\$12,329	\$67,400	\$54,899	\$12,501
Rio Dell	\$1,006,121	0.85	\$885,840	\$15,115	\$35,135	\$11,250	\$61,500	\$67,309	(\$5,809)
Shasta Lake	\$3,695,370	0.66	\$2,514,383	\$42,901	\$99,729	\$31,933	\$174,563	\$247,220	(\$72,657)
Susanville	\$4,091,391	1.08	\$4,571,132	\$77,995	\$181,307	\$58,053	\$317,355	\$273,714	\$43,641
Weed	\$1,750,507	0.92	\$1,663,908	\$28,390	\$65,996	\$21,132	\$115,518	\$117,109	(\$1,591)
Yreka	\$3,075,943	1.07	\$3,387,543	\$57,800	\$134,362	\$43,022	\$235,183	\$205,781	\$29,402
Subtotal Members	\$19,918,245	0.99	\$19,918,245	\$349,838	\$813,236	\$252,962	\$1,416,036	\$1,288,080	\$94,761
Biggs	\$398,466	1.15	\$398,466	\$6,799	\$15,805	\$5,061	\$27,664	\$26,657	\$1,006
Etna	\$376,289	1.15	\$376,289	\$6,420	\$14,925	\$4,779	\$26,124	\$25,174	\$950
Fort Jones	\$311,071	1.15	\$311,071	\$5,308	\$12,338	\$3,951	\$21,596	\$20,811	\$786
Loyalton	\$115,028	1.15	\$115,028	\$1,963	\$4,562	\$1,461	\$7,986	\$7,695	\$291
Montague	\$318,623	1.15	\$318,623	\$5,436	\$12,638	\$4,047	\$22,121	\$21,316	\$805
Tulelake	\$365,477	1.15	\$365,477	\$6,236	\$14,496	\$4,642	\$25,374	\$24,450	\$923
Subtotal Mini Cities	\$1,884,953	1.13	\$1,884,953	\$32,162	\$74,764	\$23,939	\$130,864	\$126,103	\$4,761
Grand Total	\$21,803,198	0.99	\$21,803,198	\$382,000	\$888,000	\$276,901	\$1,546,900	\$1,414,183	\$99,522

Verification of Total	\$20,353,300	\$21,803,198	\$382,000	\$888,000	\$ 276,901	\$ 1,546,901
Difference	\$1,449,898	\$0	\$0	\$0	\$0	-\$1
ExP Adjustment Factor		0.97	1.01	1.02		

DRAFT

SMALL CITIES ORGANIZED RISK EFFORT
 WORKERS' COMPENSATION PROGRAM
 Fiscal Year 2017-18
 Proposed Funding

DRAFT

A	K	L	M	N	Q	R	S	T
Formula/Allocation	Assessment x %PP	(Total Admin x .3)/ Number of Members	(Total Admin x .7)/ %PP	(L) + (M)	(H) + (K) + (N)			
MEMBER ENTITY	LAWCX ASSESSMENT	30% ADMIN FIXED EXPENSE	70% ADMIN % PAYROLL	Proposed Admin Total FY 17-18	Proposed FY 17-18 TOTAL DEPOSIT	Prior Year FY 16-17 DEPOSIT	\$ Change Overall	% Change Overall
Rate/Amount	\$0	\$109,439	\$255,357	\$364,796	75% CL	75% CL		
Colfax	\$0	\$6,438	\$7,782	\$14,219	\$54,846	\$43,478	\$11,368	26.1%
Dunsmuir	\$0	\$6,438	\$7,674	\$14,112	\$62,509	\$60,425	\$2,084	3.4%
Isleton (does not participate)								
Live Oak	\$0	\$6,438	\$16,380	\$22,817	\$97,758	\$103,586	(\$5,829)	-5.6%
Loomis	\$0	\$6,438	\$8,878	\$15,315	\$60,716	\$70,666	(\$9,950)	-14.1%
Mt. Shasta	\$0	\$6,438	\$23,448	\$29,885	\$272,468	\$205,522	\$66,946	32.6%
Portola	\$0	\$6,438	\$9,611	\$16,049	\$83,449	\$69,071	\$14,378	20.8%
Rio Dell	\$0	\$6,438	\$11,784	\$18,221	\$79,721	\$92,853	(\$13,132)	-14.1%
Shasta Lake	\$0	\$6,438	\$43,280	\$49,717	\$224,281	\$208,106	\$16,174	7.8%
Susanville	\$0	\$6,438	\$47,918	\$54,356	\$371,710	\$304,324	\$67,387	22.1%
Weed	\$0	\$6,438	\$20,502	\$26,939	\$142,458	\$139,942	\$2,516	1.8%
Yreka	\$0	\$6,438	\$36,025	\$42,463	\$277,646	\$237,389	\$40,257	17.0%
Subtotal Members	\$0	\$70,813	\$233,281	\$304,094	\$1,720,130	\$1,259,294	\$460,836	36.6%
Biggs	\$0	\$6,438	\$4,667	\$11,104	\$38,768	\$37,503	\$1,265	3.4%
Etna	\$0	\$6,438	\$4,407	\$10,845	\$36,969	\$36,627	\$341	0.9%
Fort Jones	\$0	\$6,438	\$3,643	\$10,081	\$31,677	\$30,672	\$1,005	3.3%
Loyalton	\$0	\$6,438	\$1,347	\$7,785	\$15,771	\$14,908	\$863	5.8%
Montague	\$0	\$6,438	\$3,732	\$10,169	\$32,290	\$32,410	(\$120)	-0.4%
Tulelake	\$0	\$6,438	\$4,280	\$10,718	\$36,092	\$34,613	\$1,479	4.3%
Subtotal Mini Cities	\$0	\$38,625	\$22,076	\$60,702	\$191,566	\$462,801	(\$271,235)	-58.6%
Grand Total	\$0	\$109,439	\$255,357	\$364,796	\$1,911,697	\$1,722,095	\$189,601	11.0%

Verification of Total
 Difference
 ExP Adjustment Factor

\$364,796 \$ 1,911,697
 -\$1

SCORE
 Work Comp Experience
 Modification Calculation
 For FY 2017-18

FORMULA	Incurred Losses, less 4850 SC, Capped at \$50,000 as of 12/31/16						DE9 Payroll Fiscal Years Ending					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total	% Total Losses	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	Total	% Total Payroll
Colfax			\$ 259	\$ -	\$ 259	0.0%	\$482,475	\$466,454	\$431,629	\$553,415	\$1,933,972	2.5%
Dunsmuir		\$ 2,535	\$ 48,196		\$ 50,731	3.5%	\$538,031	\$533,265	\$528,116	\$529,248	\$2,128,660	2.7%
Isleton (does not participate)												
Live Oak	\$ 565	\$ 1,314	\$ 829	\$ 813	\$ 3,520	0.2%	\$1,267,402	\$1,237,873	\$1,244,049	\$1,340,354	\$5,089,678	6.5%
Loomis					\$ -	0.0%	\$687,491	\$713,269	\$708,952	\$716,410	\$2,826,122	3.6%
Mt. Shasta	\$ 72,677	\$ 175,007	\$ 102,129	\$ 42,172	\$ 391,985	27.3%	\$1,609,249	\$1,621,731	\$1,729,437	\$1,786,692	\$6,747,109	8.7%
Portola	\$ 52,029	\$ 3,353		\$ 44,733	\$ 100,116	7.0%	\$676,909	\$619,179	\$615,012	\$775,449	\$2,686,550	3.5%
Rio Dell	\$ 279	\$ 1,730	\$ 15,732	\$ 4,421	\$ 22,162	1.5%	\$951,737	\$929,077	\$991,690	\$975,147	\$3,847,651	4.9%
Shasta Lake		\$ 41,855		\$ 29,330	\$ 71,185	5.0%	\$3,140,551	\$3,212,992	\$3,291,793	\$3,444,570	\$13,089,905	16.8%
Susanville	\$ 144,399	\$ 90,526	\$ 49,164	\$ 30,603	\$ 314,692	21.9%	\$3,417,528	\$3,510,972	\$3,553,392	\$3,919,587	\$14,401,480	18.5%
Weed	\$ 74,778	\$ 2,835	\$ 894	\$ 10,495	\$ 89,003	6.2%	\$1,529,535	\$1,542,690	\$1,669,833	\$1,568,849	\$6,310,907	8.1%
Yreka	\$ 56,636	\$ 14,421	\$ 71,549	\$ 111,140	\$ 253,746	17.7%	\$2,860,588	\$3,047,983	\$2,881,778	\$2,878,897	\$11,669,246	15.0%
Subtotal Members	\$ 401,363	\$ 333,577	\$ 288,752	\$ 273,708	\$ 1,297,400	90.4%	\$17,161,497	\$17,435,485	\$17,645,679	\$18,488,620	\$70,731,281	90.8%
Biggs			\$ 573		\$ 573	0.0%	\$377,297	\$381,699	\$382,291	\$379,667	\$1,520,954	2.0%
Etna			\$ 29,761		\$ 29,761	2.1%	\$332,071	\$383,491	\$344,494	\$383,669	\$1,443,725	1.9%
Fort Jones	\$ 50,000	\$ 490		\$ 4,377	\$ 54,867	3.8%	\$217,023	\$296,837	\$267,933	\$275,881	\$1,057,674	1.4%
Loyalton				\$ -	\$ -	0.0%	\$132,357	\$144,738	\$146,327	\$110,920	\$534,342	0.7%
Montague	\$ 2,607		\$ 50,000		\$ 52,607	3.7%	\$295,950	\$317,465	\$319,406	\$321,124	\$1,253,944	1.6%
Tulelake	\$ 50,000				\$ 50,000	3.5%	\$322,798	\$309,601	\$316,146	\$365,242	\$1,313,787	1.7%
Subtotal Mini Cities	\$ 102,607	\$ 490	\$ 80,334	\$ 4,377	\$ 187,808	13.1%	\$1,677,495	\$1,833,831	\$1,776,596	\$1,836,504	\$7,124,426	9.2%
Grand Total	\$ 453,970	\$ 334,209	\$ 369,085	\$ 278,086	\$ 1,435,350	100.0%	\$18,838,991	\$19,269,316	\$19,422,276	\$20,325,124	\$77,855,707	100.0%

SCORE
 Work Comp Experience
 Modification Calculation
 For FY 2017-18

FORMULA	FORMULA	Total Member losses/Total Member Payroll	Member LR/Total Pool LR	CY 2016 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)	FY16-17 Ex Mod	FY 17-18 Ex Mod
				1.03				1.00791154			
Colfax		\$0.01	\$0.01	\$664,432	0.14	0.86	\$572,280	0.85	\$567,788	1.25	0.85
Dunsmuir		\$2.38	\$1.29	\$655,259	0.14	1.04	\$681,736	1.03	\$676,384	1.03	1.03
Isleton (does not participate)											
Live Oak		\$0.07	\$0.04	\$1,398,545	0.25	0.75	\$1,055,636	0.75	\$1,047,350	0.81	0.75
Loomis		\$0.00	\$0.00	\$758,021	0.16	0.84	\$639,534	0.84	\$634,514	1.25	0.84
Mt. Shasta		\$5.81	\$3.15	\$2,002,042	0.33	1.71	\$3,417,109	1.69	\$3,390,287	1.42	1.69
Portola		\$3.73	\$2.02	\$742,971	0.15	1.16	\$859,592	1.15	\$852,845	1.25	1.15
Rio Dell		\$0.58	\$0.31	\$1,036,304	0.20	0.86	\$892,302	0.85	\$885,298	1.25	0.85
Shasta Lake		\$0.54	\$0.29	\$3,695,370	0.47	0.67	\$2,458,956	0.66	\$2,439,654	0.67	0.66
Susanville		\$2.19	\$1.19	\$4,091,391	0.50	1.09	\$4,470,366	1.08	\$4,435,277	1.01	1.08
Weed		\$1.41	\$0.76	\$1,750,507	0.30	0.93	\$1,627,229	0.92	\$1,614,456	1.00	0.92
Yreka		\$2.17	\$1.18	\$3,075,943	0.43	1.08	\$3,312,868	1.07	\$3,286,863	1.00	1.07
Subtotal Members		\$1.83	\$0.99	\$19,870,786	0.83	1.00	\$19,787,342	0.99	\$19,632,023	0.92	0.99
Biggs		\$0.04	\$0.02	\$398,466	0.09	1.19	\$474,175	1.13	\$450,267	1.25	1.13
Etna		\$2.06	\$1.12	\$376,289	0.08	1.19	\$447,783	1.13	\$425,206	1.25	1.13
Fort Jones		\$5.19	\$2.81	\$311,071	0.07	1.19	\$370,174	1.13	\$351,510	1.25	1.13
Loyalton		\$0.00	\$0.00	\$115,028	0.03	1.19	\$136,883	1.13	\$129,981	1.25	1.13
Montague		\$4.20	\$2.28	\$318,623	0.07	1.19	\$379,161	1.13	\$360,044	1.25	1.13
Tulelake		\$3.81	\$2.06	\$365,477	0.08	1.19	\$434,918	1.13	\$412,989	1.25	1.13
Subtotal Mini Cities		\$2.64	\$1.43	\$1,884,953	0.32	1.14	\$2,140,518	1.13	\$2,123,716	1.25	1.13
Grand Total		\$1.84	\$1.00	\$21,755,739	0.84	1.00	\$21,927,860	0.99	\$21,755,739	1.03	0.99

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

Former Mini-Cities Members

SCORE Payroll Average over prior 3 years

(any member with 3yr payroll average exceeding \$500,000 will be treated as a regular full member and will be removed from the MC pool)

A	B	C	D	E	F
Formula/Allocation					
MEMBER ENTITY	CY 2016	CY 2015	CY 2014	AVERAGE	3YR AVERAGE ABOVE \$500K
	Per DE-9 Form	Per DE-9 Form	Per DE-9 Form	(B+C+D)/3	
Biggs	\$386,860	\$380,549	\$383,261	\$383,557	MINI CITY MEMBER
Colfax	\$645,079	\$445,047	\$444,870	\$511,665	YES
Dunsmuir	\$636,173	\$486,927	\$557,832	\$560,311	YES
Etna	\$365,329	\$371,095	\$346,139	\$360,854	MINI CITY MEMBER
Fort Jones	\$302,011	\$306,808	\$301,682	\$303,500	MINI CITY MEMBER
Isleton	\$194,540	\$209,919	\$250,125	\$218,195	MINI CITY MEMBER
Live Oak	\$1,357,810	\$1,281,001	\$1,243,636	\$1,294,149	YES
Loomis	\$735,943	\$738,548	\$706,570	\$727,020	YES
Loyalton	\$111,677	\$136,627	\$135,613	\$127,972	MINI CITY MEMBER
Montague	\$309,342	\$325,569	\$312,076	\$315,662	MINI CITY MEMBER
Mt. Shasta	\$1,943,730	\$1,764,123	\$1,708,545	\$1,805,466	YES
Portola	\$796,713	\$721,331	\$618,406	\$712,150	YES
Rio Dell	\$1,006,121	\$978,061	\$962,896	\$982,359	YES
Shasta Lake	\$3,587,737	\$3,431,994	\$3,226,333	\$3,415,355	YES
Susanville	\$3,972,225	\$3,674,289	\$3,524,068	\$3,723,527	YES
Tulelake	\$354,832	\$349,348	\$310,702	\$338,294	MINI CITY MEMBER
Weed	\$1,699,522	\$1,541,803	\$1,658,551	\$1,633,292	YES
Yreka	\$2,986,353	\$2,827,360	\$3,014,230	\$2,942,648	YES
Grand Total	\$21,391,998	\$19,970,398	\$19,705,535	\$20,355,977	

YORK FEE PROPOSAL

ACTION ITEM

ISSUE: The contracts with York Risk Services for claims administration run through June 30, 2017, and York has provided the attached proposal for continuing their services with new contracts for an additional three years, with two optional years. The proposals are summarized as follows:

-) **Workers' Compensation:** the current fee since 7/1/2015 is \$100,509.67 – same as the first year of proposal – 2017/18. The four additional years are quoted at a 1% increase each year.

The annual fee is the same at \$1,000 per member, with Mini-Cities counting as one member. Medical case management fees are similar – with no increase in the fee per bill at \$9.50 but a 1% increase in the PPO savings each year, from current 22%. The case management is going up \$1 per hour, from \$98 to \$99. UR is increasing by \$2 per review, with \$1 increase each year after. Med Peer review is the most significant increase, from \$200 to \$235 per hour, with no change in the specialty review at \$400 per hour.

-) **Liability:** proposed is a 2% increase in the first year, from current \$97,500 to \$99,450. No increase in second year, then 2% increase in third year, no change for 4th year and 2% increase in 5th year. Other costs remain the same for extra services that are rarely used. Annual fee of \$1,000 per member unchanged.

RECOMMENDATION: Review and provide direction for finalizing a new contract.

FISCAL IMPACT: Increase of \$1,950 in first year of liability contract, no change in Workers' Compensation fee in first year, 1% increase in each of the following years.

BACKGROUND: York Risk Services (formally Bragg and Associates) has provided claims services for SCORE members since inception of the Liability and Workers' Compensation Programs. York was again chosen as the claims administrator after a Request for Proposal process in 2012.

ATTACHMENTS: York Fee Proposal, March 2017



***York Fee Proposal for
Small Cities Organized Risk Effort
March 2017***

York appreciates this opportunity to present its pricing for SCORE’s general liability and workers’ compensation administration services. We are thankful for our partnership over the past several years and look forward to many more years working with SCORE and the risk management program.

We are pleased to report that our five year closing ratio for the workers’ compensation program is 131% and 109% for the liability program! Our goal is to have at least a 100% closing ratio as the positive closing ratio results in decreased pending open claims and incurred reserves for SCORE. The litigation ratio also continues to drop for workers’ compensation showing a positive trend with no represented claims received during the last fiscal year. Lower litigation helps reduce costs and pending claims.

We are grateful for SCORE’s business and the trust you have put in us. Below are the proposed fees for years 2017/2018, 2018/2019, and 2019/2020 with an option for years four and five. We are happy to report that for workers’ compensation Year 1 there is again no increase for the fourth year in a row. We are however, proposing a slight annual increase for each of the following years.

WORKERS’ COMPENSATION CLAIMS ADMINISTRATION SERVICES	FLAT ANNUAL FEE
Year 1 (July 1, 2017-June 30, 2018)	\$100,509.67
Year 2 (July 1, 2018-June 30, 2019)	\$101,515.00
Year 3 (July 1, 2019-June 30, 2020)	\$102,530.00
Option Year 4 (July 1, 2020-June 30, 2021)	\$103,555.00
Option Year 5 (July 1, 2021-June 30, 2022)	\$104,590.00
Annual fee of \$1,000 per member per year	
PRICING NOTES	
<p>The annual flat fee proposed contemplates handling all claims activity in a 12-month period (claims already open at the beginning of the 12-month term and any new claims reported during the 12-month term). The pricing quoted includes all indemnity, future medical and medical only claims as listed. The flat annual fee includes all services detailed in this proposal, including, but not limited to, the ancillary services listed below.</p>	

Ancillary Services included in flat annual fee	
Excess Reporting Account Management Data Management Trust Account (Excluding Check and Bank Charges) Management Attendance at Claim Review Meetings	Monthly Computer Loss Information Special Quarterly and Annual Reports Claim Reporting (fax, telephonic) On-Line 5020 Reporting Preparation of 1099's Annual Stewardship Report Standard Reporting Requirements

Managed Care Fees:

DETAIL	FEE		
MEDICAL BILL REVIEW – WORKERS COMPENSATION			
	Year 1	Year 2	Year 3
Fee Per Bill	\$9.50	\$9.50	\$9.50
PPO	23%	24%	26%
Negotiated Savings			
CASE MANAGEMENT		FEE	
	Year 1	Year 2	Year 3
Telephonic Nurse Case Management – Per hour	\$99	\$99	\$99
Field Nurse Case Management - Per hour	\$99	\$99	\$99
Mileage	IRS Rate	IRS Rate	IRS Rate
UTILIZATION REVIEW		FEE	
	Year 1	Year 2	Year 3
Medical Coordinate/Nurse Review	\$67/\$147/\$147	\$68/\$148/\$148	\$69/\$149/\$149
Medical Director/Peer Review	\$235	\$250	\$250
Specialty Review/Appeals	\$400	\$400	\$400

Optional Medicare Reporting & Medicare Set Asides (MSAs)	
Medicare Reporting	No charge
Standard MSA with or without submission to CMS for approval	\$2,750.00 flat rate
Final Settlement Document Submission	\$75.00 flat rate
SSA and SSDI Checks	\$125.00 per hour
Medicare Check	\$50.00 flat rate
Conditional Payment Investigation	\$150.00 flat rate
Conditional Payment Resolution	\$125.00 per hour

GENERAL LIABILITY CLAIMS ADMINISTRATION SERVICES	FLAT ANNUAL FEE
Year 1 (July 1, 2017-June 30, 2018)	\$99,450.00
Year 2 (July 1, 2018-June 30, 2019)	\$99,450.00
Year 3 (July 1, 2019-June 30, 2020)	\$101,440.00
Option Year 4 (July 1, 2020-June 30, 2021)	\$101,440.00
Option Year 5 (July 1, 2021-June 30, 2022)	\$103,468.00
Annual fee of \$1,000 per member per year	

Optional Investigation Services

York charges \$80.00 per hour plus expenses at the rates outlined below:

Allocated Expenses for Investigation Services

<i>Expenses</i>	<i>Rates</i>
Miles	Prevailing IRS rate
Photographs	\$2.50 per color print
Photocopying	\$.25 per page
Telephone Charges	Included
Secretarial Services	\$6.00 per page
File Set Up	\$25.00 per file
Audio Cassettes	\$3.00 per cassette
Video Cassettes	\$15.00 per cassette
Other Expenses	At cost

Allocated Loss Adjustment Expense (ALAE)	
)	Fees of outside counsel for claims in suit, coverage opinions and litigation and for representation at hearings or pretrial conferences.
)	Fees of court reporters and all court costs, court fees and court expenses
)	Fees for service of process
)	Costs of undercover operatives and detectives
)	Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, diagrams
)	Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceedings
)	Costs for independent medical examination or evaluation for rehabilitation
)	Costs for copies of any public records or medical records
)	Costs of depositions and court reported or recorded statements
)	Costs and expenses of subrogation
)	Costs of engineers, handwriting experts or any other type of expert used
)	Witness fees and travel expenses
)	Costs of photographers and photocopy services
)	Costs of appraisal fees and expenses
)	Costs of outside investigation, signed or recorded statements



FY 17/18 SCORE PRELIMINARY BUDGET

INFORMATION ITEM

ISSUE: The Program Administrators will present the FY 17/18 Preliminary Budget Calculations which will allow members to obtain an estimated deposit Premium due for the FY 17/18 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 17/18 SCORE Program Budget – Administrative Funding

	Category	Work Comp	Liability	Total FY 17-18	Prior Year FY 16-17	% Change
Revenues						
	400 Program Administration	\$65,261	\$179,584	\$244,845	\$238,873	2.5%
	400 Claims Administration	\$108,510	\$117,450	\$225,960	\$224,010	0.9%
	400 Other Expenses	\$191,226	\$177,383	\$368,608	\$376,160	-2.0%
	400 Banking Layer Deposit	\$382,000	\$306,000	\$688,000	\$633,866	8.5%
	400 Shared Risk Layer Deposit	\$888,000	\$471,000	\$1,358,999	\$1,167,596	16.4%
	400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$283,916	\$139,205	\$423,121	\$322,794	31.1%
	400 Group Purchase Coverage			\$374,103.00	\$391,445	-4.4%
	499 Reimbursement from CJPRMA for Liability Safety Training				\$0	
	Total Revenues	\$1,918,911	\$1,390,622	\$3,683,636	\$3,354,744	9.8%

FY 2017/18 SCORE General Administration Budget

DRAFT

	Category	Work Comp	Liability	Total FY 17-18	Prior Year FY 16-17	% Change
Expenses						
	710 Program Administration	\$ 65,261	\$ 179,584	\$ 244,845	\$ 238,873	2.5%
	720 Claims Administration (ULAE) Per Member Annual Fee	\$ 8,000	\$ 18,000	\$ 26,000	\$26,000	0.0%
	721 Claims Administration WC (Unallocated Claims Expense)	\$ 100,510		\$ 100,510	\$100,510	0.0%
	722 Claims Administration GL (Unallocated Claims Expense)		\$ 99,450	\$ 99,450	\$97,500	2.0%
	Other Expenses					
	505 Accounting Services	\$ 26,400	\$ 26,400	\$ 52,800	\$52,800	0.0%
	506 Financial Audit	\$ 10,150	\$ 10,150	\$ 20,300	\$20,300	0.0%
	507 Actuarial Review and Studies	\$ 5,000	\$ 5,000	\$ 10,000	\$10,000	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	\$13,000	11.5%
	511 Claims Audit (WC in Fall 2017, GL in Fall 2018)	\$ 8,000	\$ -	\$ 8,000	\$11,200	-28.6%
	512 Custodial Account Bank Fees	\$ 125	\$ 125	\$ 250	\$1,100	-77.3%
	601 Checking Account Bank Fees	\$ 125	\$ 125	\$ 250	\$500	-50.0%
	605 Board Meeting Expenses	\$ 4,365	\$ 4,365	\$ 10,250	\$5,000	105.0%
	606 LRP and Training Day Meeting Expenses	\$ 9,000	\$ 9,000	\$ 18,000	\$20,000	-10.0%
	607 Company Nurse	\$ -	\$ -	\$ -	\$1,000	-100.0%
	608 Treasury Services (provided by Fort Jones)	\$ 500	\$ 500	\$ 1,000	\$1,000	0.0%
	609 Website	\$ -	\$ -	\$ -	\$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	\$ 288	\$ 288	\$ 575	\$575	0.0%
	626 ID Fraud Coverage	\$ -	\$ 3,105	\$ 3,105	\$3,028	2.5%
	670 CAJPA Accreditation (2017)	\$ -	\$ -	\$ -	\$0	
	675 Loss Control Services DKF	\$ 52,500	\$ 52,500	\$ 105,000	\$100,000	5.0%
	676 Lexipol Law Enforcement Policy Manual	\$ 5,000	\$ 18,000	\$ 23,000	\$22,000	4.5%
	677 Target Solutions	\$ 12,575	\$ 12,575	\$ 25,150	\$25,000	0.6%
	678 Property Appraisals (every 6 Years)	\$ -	\$ -	\$ -	\$0	
	699 CA DIR OSIP Self Insurance Assesment	\$ 24,948	\$ -	\$ 24,948	\$24,948	0.0%
	999 Miscellaneous Expenses	\$ 500	\$ 500	\$ 1,000	\$1,000	0.0%
	Total Administration Expenses	\$ 364,996	\$ 474,417	\$ 839,412	\$827,259	1.5%

Proposed
Proposed

Red text are numbers that need to be updated



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 31, 2017**

Agenda Item H.8.

SCORE TRAINING DAY

ACTION 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 26, 2017 followed by the Board of Directors Meeting on October 27, 2017.

The Program Administrators suggest a discussion of the rules for admission to the Mini-Cities Pool and a review of how the Workers' Compensation funding is allocated. 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 31, 2017**

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. Liability

a. Marquez v. Biggs

2. Workers' Compensation

a. SCWA-65667 v. Susanville*

b. SCWA-555866, SCWA-540951, SCWA-268050 v. Susanville*

FISCAL IMPACT: Unknown.

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

BACKGROUND: Confidential.

ATTACHMENTS: None.



Agenda Item K.

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 16/17 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 2016/17

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 2016/17

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: right;"><u>Liability Claims</u></p> <p style="text-align: center;"><u>Workers’ Compensation Claims</u></p> <p style="text-align: right;"><u>Subrogation</u></p>	<p style="text-align: center;">Cameron Dewey, Claims Manager Craig Nunn</p> <p style="text-align: center;">Ariel Leonhard, Claims Examiner Kristina Patterson, Unit Manager</p> <p style="text-align: center;">D’Ana Seivert, Subrogation Manager</p>	<p>(530) 243-3249 (925) 349-3891</p> <p>(916) 960-0974 (916) 746-6302</p> <p>(916) 960-0980</p>	<p>Cameron.Dewey@yorkrsg.com Craig.Nunn@yorkrsg.com</p> <p>ariel.leonhard@yorkrsg.com kristina.patterson@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</p>	<p>(916) 960-1017</p>	<p>dorienne.zumwalt@yorkrsg.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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>Carl Herman, Enrollment Services Manager</p>	<p>(480) 374-2441</p>	<p>info@companynurse.com</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>Kevin Wong</p> <p>Cindy Conklin</p>	<p>(916) 646-6464</p>	<p>kswong@gilbertcpa.com</p> <p>Cindy.Conklin@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>			

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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 style="text-align: right;">info@ermajpa.org</p> <p style="text-align: right;">jduckett@cityofshastalake.org</p> <p style="text-align: right;">rcarrol@loomis.ca.gov</p> <p style="text-align: right;">rkramer@bickmore.net</p> <p style="text-align: right;">gpreciado@bickmore.net</p>
	<p>Rob Kramer, President</p> <p>Gerry Preciado, Director of Litigation Management</p>	<p>(530) 275-7427</p> <p>(916) 652-1840</p> <p>(916) 244-1117</p> <p>(916) 244-1139</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 - Ron Stock</p> <p style="text-align: right;">Alternate - John Duckett</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 style="text-align: right;">rstock@ci.weed.ca.us</p> <p style="text-align: right;">jduckett@cityofshastalake.org</p> <p style="text-align: right;">administrator@lawcx.org</p> <p style="text-align: right;">claims@lawcx.org</p>
	<p>Beth Lyons, ARM-P Executive Director</p> <p>Tammy Vitali, Claims Manager</p>	<p>(530) 938-5027</p> <p>(530) 275-7427</p> <p>(800) 541-4591 Ext. 8529</p> <p>(800) 541-4591 Ext. 1114</p>	

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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: right;">Board Member - Roger Carroll</p> <p style="text-align: right;">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 David J. Clovis General Manager or Craig Schweikhard) <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>Craig Schweikhard, Claim Administrator</p> <p>David J. Clovis, General Manager</p>	<p>(916) 652-1840</p> <p>(530) 275-7427</p> <p>(925) 290-1315</p> <p>(925) 290-1316</p>	<p>rcarrol@loomis.ca.gov</p> <p>jduckett@cityofshastalake.org</p> <p>craig@cjprma.org</p> <p>david@cjprma.org</p>

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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>David Patzer</p> <p>John Balestrini</p> <p>Katie Frassinelli</p>	<p>(707) 373-9709</p> <p>(916) 532-5802</p>	<p>dpatzer@dkfsolutions.com</p> <p>john@dkfsolutions.com</p> <p>Kfrassinelli@dkfsolutions.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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>Kathryn Mullis</p>	<p>(858) 736-0031</p>	<p>kmullis@acieap.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2016/17

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 	Jennifer Jones , Account Manager	(858) 376-1632	jennifer.jones.@targetsolutions.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

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
Adhesion	When one party has greater power over the other party in drafting the contract (i.e. the provisions of the contract are prepared by one party—the insurer. The other party the insured does not take part in the preparation of the contract)
ATD (Aerosol Transmissible Diseases)	An epidemiologically significant disease that is transmitted via droplet or airborne route
Aggregate	The term used to describe the cumulative amount of all losses for a period of time.
Aggregate Stop Loss	A financial arrangement with a JPA’s excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would “drop down” and pay losses within the JPIA’s SIR, or pooled layer
AME (Agreed Upon Medical Examiner)	A medical provider who has been certified by the Division of Workers’ Compensation by passing an administrative exam. An AME is selected (or agreed upon) by two parties in order to help resolve a dispute about a WC claim.
Aleatory	An insurance contract is aleatory meaning it is contingent on an uncertain event (a loss) that provides for unequal transfer of value between the parties
ACIP (Alliant Crime Insurance Program)	Program offered by Alliant that created to bring the advantages of group purchase to public entities seeking very broad coverage for illegal acts committed by their employees while on the job.
APIP (Alliant Property Insurance Program)	The largest single property insurance placement in the world. Formed by Alliant Insurance Services in 1993 to meet the unique property insurance needs faced by public entities
ADA (American Disability Act)	A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. For the U.S. Equal Employment Opportunity Commission office (EEOC office) in your area, call 1-800-669-4000 or 1-800-669-6820 (TTY).
Assessment company	Providing primarily fire and windstorm insurance for small towns and farmers (charge members a pro rata share of losses at the end of each policy period)
AIS (Associate in Insurance Services)	Professional designation awarded by the Insurance Institute of America (IIA) upon successful completion of four national exams, one specifically designed for this program and the three examinations in the IIA Program in General Insurance
AGRIP (Association of Governmental Risk Pools)	A national organization of JPA’s and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes. Affiliated with PRIMA
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).

GLOSSARY OF TERMS

ARM (Associate in Risk Management)	A nationally recognized educational program for dedicated risk management professionals, developed by the Insurance Institute of America.
Attachment Point	The dollar amount of a loss where the next layer of insurance begins to pay for the loss
Automobile Liability	Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles. May include medical payments, uninsured/underinsured motorists' liability coverages
Automobile Physical Damage	Usually a first party coverage; however, some entities have "Bailment" or "care, custody and control" liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots
Best's Rating	A rating system that indicates the operating and financial condition of insurance companies. Information is developed and published annually by the A. M. Best company. Generally one looks for a company with a rating of A VII or better
BOD/BD (Board of Directors)	body of elected or appointed members who jointly oversee the activities of a company or organization
BI (Business Interruption)	A form of insurance coverage that replaces business income lost as a result of an event that interrupts the operations of the business, such as fire or a natural disaster.
CAJPA (California Association of Joint Powers Authorities)	Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs
CIPRA (California Institute for Public Risk Analysis)	Organized to develop, analyze and disseminate information on risk management in California's public sector, especially self-insured entities and Joint Powers Authorities
CJPRMA (California Joint Powers Risk Management Authority)	CJPRMA provides the excess coverage to 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
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
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

GLOSSARY OF TERMS

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 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	A specialized property insurance policy written to provide coverage for perils

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(DIC)	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
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)

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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
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

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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 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 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

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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
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

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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)
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

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Severability of Interests Clause	An insurance policy provision clarifying that the word “insured,” as it appears within various parts of a policy, applies severally and not collectively. When there is more than one insured, the effect is as though a separate policy is issued to each insured. Thus, a policy containing such a clause will cover a cross liability claim – a claim made by one insured against another insured. The one exception to the separate application to each insured of a policy containing a severability of interest clause is that the limits are not cumulative; that is, one set of limits applies to all insureds collectively
Special Events	Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies’ loss integrity. Another type of special event coverage, known as a “tenants and permittees” policy, can be issued for third parties who rent or use your owned facilities.
Speculative Risk	risks in which there exists both the possibility of gain and the possibility of loss (i.e. poker game)
Spread of Risk	the greater the spread of risk the less likely that there will be a catastrophic loss for the insurance company (i.e. NOT insuring every person in a single town that could be hit by a fire which destroys the town= catastrophic loss for the insurance company vs. insuring several people in MANY towns to spread out the risk of a catastrophic loss)
Stock company	sells stock to stockholders to raise the money necessary to operate the business (profits attributed to the operation of the company are returned as dividends to the stockholders, not the insureds)
Subrogation	The insurer’s right to proceed against a third person if that third person was responsible for a claim paid by the insurer. Employee dishonesty can be subrogated by the insurance company against a dishonest employee
Surety	Is usually a corporation which determines if an applicant (principal) is qualified to be bonded for the performance of some act or service. If so, the surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages
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 2017 IRS Rate (\$0.535 *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 _____