



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 30, 2018
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.
- Time Certain 10:05a* **E. CAJPA ACCREDITATION PRESENTATION** I 4
David Clovis will present the Board with the CAJPA Accreditation with Excellence Certification.
- Pg. 5* **F. SCORE PROGRAM COVERAGE REVIEW** I 2
The Board will receive a review of the coverage documents and will be provided with a summary of coverage.
- 10:15a* **1. Alliant Property Insurance Program (APIP)**
- Pg. 6* **G. 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. 7* 1. Board of Directors Meeting Draft Minutes – January 19, 2018
 - Pg. 14* 2. US Bank Custodial Account Statement – January – February 2018
 - Pg. 28* 3. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2017
 - Pg. 29* 4. Treasurer’s Report as of December 31, 2017
 - Pg. 30* 5. SCORE Checking Account Transaction List – January – February, 2018
 - Pg. 33* 6. Investment Statements from Chandler Asset Management – January – February 2018
 - Pg. 41* 7. Target Solutions Monthly Utilization Report – October – February 2018
 - Pg. 42* 8. FY 18/19 Service Calendar Final – Draft Approved by Board on January 19, 2018
 - Pg. 50* 9. Alliant Additional Commission Opt Out – signed March 16, 2018

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.



H. ADMINISTRATIVE REPORTS

- 1. President’s Report** I 4
Roger Carroll will address the Board on items pertaining to SCORE.
- 2. Excess Pool Reports** I 4
The Board will receive updates from the Excess Representative of each Pool.
 - a) CJPRMA (Rep. Roger Carroll) Minutes of the last meeting can be found at www.cjprma.org.**
 - b) ERMA Update (Rep. John Duckett) Minutes of the last meeting can be found at www.ermajpa.org.**
 - c) LAWCX Update (Rep. Steve Baker) Minutes of the last meeting can be found at lawcx.org.**
 - i. LAWCX Electronic Fund Transfers (EFT)**
- 3. Alliant Update** I 4
Alliant will update the Board on matters pertinent to SCORE.
 - a) Form 700 – Last Day to File April 2, 2018**
 - b) APIP Property FY 18/19 Renewal Update**
- 4. York Update** I 4
The Board will receive an update from Cameron Dewey regarding staffing changes.

I. FINANCIAL

- Pg. 51* **1. Quarterly Financials for Period Ending December 31, 2017** A 1
Board members will review the December 31, 2017 Quarterly Financials report presented by Gilbert & Associates, Inc. and may take action to Accept and File.
- Pg. 68* **2. Investment Policy Review and Approval** A 1
Annually the Board reviews and amends and/or approves the SCORE Investment Policy.
- 11:45a-12:45p* **LUNCHTIME SPEAKER** I 2
Steve Horan will present the Board with information about Inverse Condemnation and Dangerous Conditions
- Pg. 79* **3. Crowe Horwath Proposed Financial Audit for YE June 30, 2018** A 1
The Board will be presented with the proposed engagement letter from Crowe Horwath for a Financial Audit Services for the year ending June 30, 2018.
- Pg. 93* **4. Actuarial Studies** A 1
Mike Harrington will present the Board with the actuarial studies completed by Bickmore Risk Services for the Board to review and accept.
 - a. Liability – Actuarial Review**
 - b. Workers’ Compensation – Actuarial Review**
- Pg. 125*

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- Pg. 155 **5. Dividend & Assessment Plan (DAP)** A 1
The Board will be presented with the DAP and may consider approving the release of dividends.

- Pg. 159 **6. Bill.com – Account Payable Service** A 1
The Board will receive information about an electronic payment service – bill.com and may approve use of an electronic payment service.

- Pg. 161 **7. Gilbert & Associates Service Agreement FY 18/19** A 1
The Board will review and consider approval of the agreement for accounting services for FY 18/19.

J. JPA BUSINESS

- Pg. 167 **1. Creation of Nomination Committee for Election of SCORE Officer Positions** A 1
The Board will be asked to form a committee to nominate persons for the following positions: President, Vice President, Secretary, Treasurer and Executive Committee Member-At-Large.

- Pg. 168 **2. SCORE Workers’ Compensation Claims Audit** A 1
The Board of Directors will receive the Workers’ Compensation Claims Audit conducted by Farley Consulting Services and may consider accepting & filing the report.

- Pg. 183 **3. Loss Control Grant Fund Program** A 1
The Board of Directors will receive status of funds used in FY 17/18 and will consider the FY 18/19 funding.

- 4. FY 18/19 Funding Rates** A 1
The Board will use the information provided by the Program Administrators and Actuary to establish the funding rates used in the FY 18/19 Budget deposit calculations.
- Pg. 188 **a. Liability Program**
- Pg. 195 **b. Workers’ Compensation Program**

- Pg. 200 **5. FY 18/19 SCORE Preliminary Budget** I 1
Staff will provide the Board with a Preliminary Budget and the Board will be asked provide staff with direction as necessary.

- Pg. 203 **6. SCORE Training Day** I 1
The Board of Directors will receive information about training topics for the November 1-2, 2018 training meeting.

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

- 1. Workers' Compensation** A 4
 - a. SCWA-556013 v. Susanville*

L. REPORT FROM CLOSED SESSION

M. INFORMATION ITEMS I 1

- Pg. 206 1. FY 17/18 Resource Contact Guide
- Pg. 214 2. Glossary of Terms
- Pg. 224 3. SCORE Travel Reimbursement Form

N. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES I 4

O. CLOSING COMMENTS

P. ADJOURNMENT

UPCOMING MEETING
Board of Directors Meeting – June 15, 2018, 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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ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

INFORMATION ITEM

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

RECOMMENDATION: None – information only.

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

BACKGROUND: SCORE members have participated in the APIP program since 2000. Over time it has evolved to include coverage enhancements including Pollution and Cyber coverages. Not all SCORE Members participate in this program, and those that do not should make sure that they are purchasing similar quality coverage from their local agents, or consider joining this program to obtain it.

ATTACHMENT: Handout of presentation at the meeting



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item G.

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 19, 2018
2. US Bank Custodial Account Statement – January – February 2018
3. SCORE Checking Account Transaction List – January – February, 2018
4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2017
5. Treasurer’s Report as of December 31, 2017
6. Investment Statements from Chandler Asset Management – January – February 2018
7. Target Solutions Monthly Utilization Report – November – February 2018
8. FY 18/19 Service Calendar Final – Draft Approved by Board on January 19, 2018
9. Alliant Additional Commission Opt Out – signed March 16, 2018



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
January 19, 2018**

Member Cities Present:

Roger Frith, City of Biggs
Wes Heathcock, City of Colfax
Mark Brannigan, City of Dunsmuir
Robert Jankovitz, City of Isleton
Sandra Wadley, Town of Fort Jones
Jim Goodwin, City of Live Oak
Roger Carroll, Town of Loomis

Muriel Howarth Terrell, City of Mt. Shasta
Robert Meacher, City of Portola
Brooke Woodcox, City of Rio Dell
Laura Redwine, City of Shasta Lake
Jenny Coelho, City of Tulelake
Diana Howard, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

Sarah Griggs, City of Etna
David Dunn, City of Montague

Kathy LeBlanc, City of Loyalton
Deborah Savage, City of Susanville

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Melissa Klunby, City of Portola
Lorraine Cassidy, City of Colfax

Jennifer Zraick, Gilbert Associates, Inc.
Dorienne Zumwalt, York Risk Services
Cameron Dewey, York Risk Services
Renee Hoisington, City of Yreka

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:03 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Etna, City of Loyalton, City of Montague, and the City of Susanville.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Robert Meacher

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments.

E. SCORE PROGRAM COVERAGE REVIEW

E.1. Pollution

Marcus Beverly provided the Board with a review of the current APIP Pollution vs. CSAC EIA Pollution Coverage. He noted that SCORE is currently in a 3 year policy with CSAC EIA and we have started marketing this policy which is why there was a more detailed application required for renewal this year. He clarified that all SCORE members have Pollution Coverage as part of the APIP Property Program (APIP has a \$2 Million limit and \$50k deductible as compared to the \$10 million limit and \$75k deductible in CSAC EIA) but some members require Third Party Liability coverage for airports and former landfills which is why they opt to purchase the CSAC EIA Pollution policy as well.

E.2. Excess Workers' Compensation

Jim Elledge from LAWCX provide the Board with information about the Excess Workers' Compensation carrier. He mentioned LAWCX is a member-driven service which provides greater control of claims through cooperative claims management. A biennial claims audit for each member is included as part of the membership. Jim noted that LAWCX approved the rates for FY 18/19 and members could see an increase of approximately 10-15%. He highlighted that contributions are determined by payroll, chosen SIR, actuarially determined rates for both safety and non-safety exposure and then adjusted for loss experience (using an ex-mod). Excess insurance costs as well as General and Administrative expenses are allocated to members based on payroll. Members were encouraged to reach out to Terrie Norris for help with Job Analysis or other loss control needs.

F. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – October 26-27, 2017
2. US Bank Custodial Account Statement – October – December 2017
3. SCORE Checking Register as of December 31, 2017
4. Investment Statements from Chandler Asset Management – October – December 2017
5. ACI Specialty Quarterly Utilization Report – October – December 2017

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

MOTION: Wes Heathcock
Abstain: Roger Frith

SECOND: Jenny Coelho

MOTION CARRIED

G. ADMINISTRATIVE REPORTS

G1. President's Report

Mr. Roger Carroll had no issues to report for SCORE but he encouraged people to attend PARMA in Monterey, CA in February.



G.2.A. CJPRMA Update

Mr. Roger Carroll noted that CJPRMA had a Board Meeting as well as an Executive Committee meeting and have adopted rates with a 12.5% increase – he also mentioned there will be no dividends released this year.

G.2.B. ERMA Update

Marcus Beverly noted ERMA has been reviewing personnel manuals and all applicable SCORE members have responded. ERMA sent out a request to complete a survey last year and members confirmed that ERMA responded with suggestions and recommendations – it was noted these recommendations can be made by each member at the city level or ERMA will help update your policies for a cost. At the next meeting John Duckett will provide a more detailed update as he was not present for this meeting.

G.2.C. LAWCX Update

There was no discussion of this item.

G.3. Alliant Update

G.3.A. Member Interest in Wellness Program

Marcus Beverly noted there was a recent request from a member to explore options for a Wellness program – it was noted that members will receive an email asking if they are interested in a Wellness program.

G.3.B. Member Interest in APIP Property Renewal Packet

Michelle Minnick informed the members that the APIP Property Renewal Packet has just been released and we will be sending out the packet for member review soon. Members seemed generally interested in a Tutorial Webinar for help with completing the packet.

H. FINANCIAL

H.1. Quarterly Financial Report – Period Ended September 30, 2017

Jennifer Zraick was present via telephone and provided the Board with a review of the Quarterly Financial Report. It was noted there was a revised version of the Quarterly Financial Report – Period Ended September 30, 2017 that will be sent to members and was projected for all attending to review. She noted that current liabilities are down slightly and revenues are as expected for the first quarter.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended September 30, 2017.

MOTION: Steve Baker

SECOND: Mark Brannigan

**MOTION CARRIED
UNANIMOUSLY**



G.4. Discussion of Long Range Work Plan Updates

Marcus Beverly noted that we have been working on items from the last planning meetings – he noted this document is meant to show the directions the Board provided to the Program Administration and when those items have been completed.

LUNCHTIME PRESENTATION – NEW DIRECTIONS IN CRISIS MANAGEMENT

Dr. Bob May from Mainstream Unlimited presented the Board with a Training regarding New Directions in Crisis Management. He noted that a successful crisis management and media response plan incorporates organizational programs such as emergency response, event recovery, risk management, communications and business continuity, among others. In addition, crisis management and media response is about developing an organization’s capability to react flexibly and thus be able to make the prompt and necessary decisions when a crisis happens.

G.3. Outstanding Assessment Payment Plan – City of Isleton

Marcus Beverly noted that the City of Isleton has been on a payment plan for their outstanding Assessments. Isleton agreed to a payment plan for outstanding assessments and the total is \$81k (banking layer \$60k and the rest is in the shared layer) they had three claims that led to a large assessment in March of 2016. City manager has indicated that he doesn’t have any issues with the payment plan but their loss experience is showing a good trend. Things are more stable in the city as compared to the past – Gilbert has set up automatic invoices so moving forward there should be no backlog.

A motion was made to accept the payment plan as presented in the agenda packet.

MOTION: Steve Baker

**SECOND: Muriel Howarth
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

I. JPA BUSINESS

I.1. SCORE Service Provider Survey Results

Marcus Beverly presented an overview of the results and noted that due to the survey being sent in separate parts there was a dramatic increase of responses from last year (only 7 responses compared to 14 this year). Roger Carroll mentioned there were general positive results from this survey.

There was no motion made on this item.

I.2. FY 18/19 Renewal Marketing Plan

Marcus Beverly noted that the Board was presented with the State of the Insurance Market presentation in October and mentioned that we are not anticipating any change to programs that SCORE participates in. It was mentioned the Excess Workers’ Compensation Carrier (LAWCX) indicates that funding may go up 13% but highlighted that due to a members’ loss history it may not translate directly to a 13% increase in the WC program. SCORE Liability losses have been decreasing and we are hopeful for a flat renewal. The Property program may see an increase as a result of recent weather events and bad loss history. The ACIP Crime program doesn’t anticipate any change but members were encouraged to consider a quote for a higher limit.



This was an information item.

I.3. Alliant Program Administration Agreement

Roger Carroll provided a review of the EC meeting held to discuss the proposed contract. Marcus Beverly noted some of the key changes as listed in the agenda. First year increase to re-set the fee and then subsequent years at less than 3% each year. The fee credit was buried in the body of the current agreement and uses total compensation as the measure or cap. We have broken that out and put the fee in the compensation section to compare to just the commissions alone to make it easier to calculate (a fee credit owed of \$4,650 has been included in the analysis).

A motion was made approve the Alliant Program Administration agreement as presented.

MOTION: Robert Meacher

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**

I.4. Risk Management Scorecard Updates

John Balestrini presented the board with information about the Scorecard questions that will be included in the survey. David Patzer noted the Scorecard survey will be sent to SCORE members electronically and encouraged members to share their credentials internally so multiple people can help to complete the survey – as members update the survey it will compare the pool’s responses and will also show compliance with SCORE’s Best Practices. It was also mentioned that while CalOSHA has decreased the number of criminal prosecutions referrals the percentage of successfully prosecuted has dramatically increased. Essentially this means that CalOSHA is picking the right cases to hand over to District Attorney for prosecution. The My Safety Officer software will be increasing the number of available courses for Park Employee Training with a total of 660 new online training modules – of which 18 modules will focus on skills for Public Works Employees.

I.5. Loss Control Grant Fund Program

Michelle Minnick provided the Board with an update regarding usage of the FY 17/18 Loss Control Grant Funds. It was noted there have only been 4 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.). It was also suggested that members consider using these funds to share services – for example Sidewalk Cutting, Arborists, etc.

I.6. Form 700 Reporting Protocol Changes

Michelle Minnick informed the Board that the FPPC required Form 700 can now be completed online. It was noted that members should have received a welcome email from the FPPC indicating this change and if not they should reach out to Alliant for assistance. If there has been a change to the Board Representative or Board Alternate please let the Program Staff know as soon as possible to ensure the Form 700 is completed within 30 days of assuming or leaving a position. Members were reminded that failure to complete the Form 700 by the April 2, 2018 deadline may result in a penalty of \$10 for every day it is late up to a maximum fine of \$100. It was also noted that some members have already completed their Form 700 and provided feedback to the Board indicating the website was very easy to use and took very little time to complete.



This was provided as an information item only.

K. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

Cameron Dewey extended gratitude towards Michelle Minnick for her efforts for the SCORE membership. Dori Zumwalt noted that CalOSHA logs are due on Feb 1st, 2018 and she will be following up with members soon.

L. CLOSING COMMENTS

Roger Carrol encouraged members to attend the PARMA Conference in Monterey, CA to gain useful information to take back to their cities.

M. AJOURNMENT

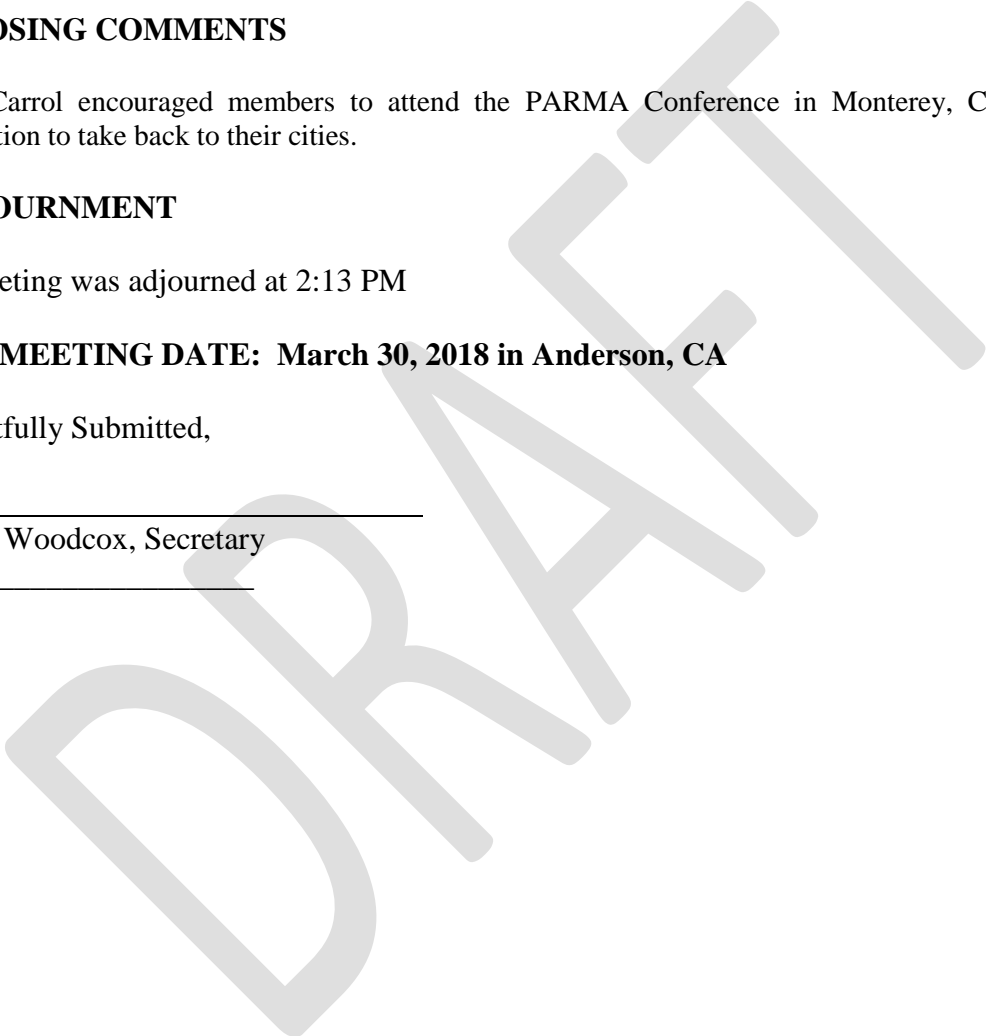
The meeting was adjourned at 2:13 PM

NEXT MEETING DATE: March 30, 2018 in Anderson, CA

Respectfully Submitted,

Brooke Woodcox, Secretary

Date



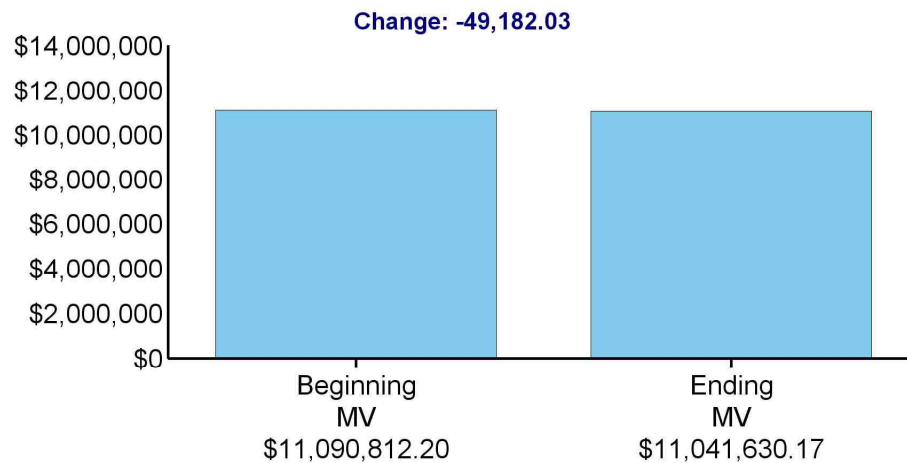


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

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MARKET VALUE SUMMARY

	Current Period 01/01/18 to 01/31/18
Beginning Market Value	\$11,090,812.20
Taxable Interest	19,745.41
Fees and Expenses	-1,217.75
Long Term Gains/Losses	66.43
Short Term Gains/Losses	0.17
Change in Investment Value	-67,776.29
Ending Market Value	\$11,041,630.17



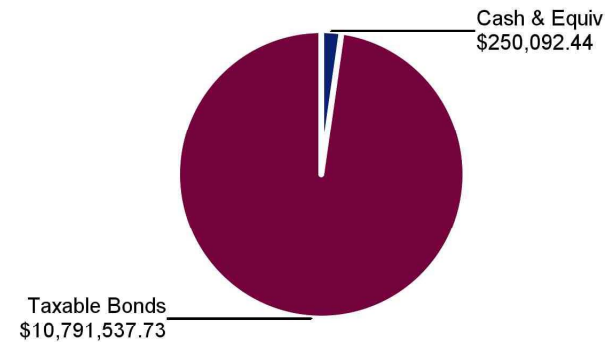


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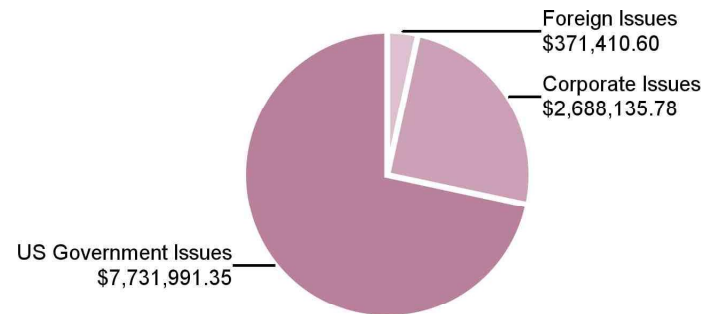
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ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	250,092.44	2.30	3,545.43
Taxable Bonds	10,791,537.73	97.70	183,485.21
Total Market Value	\$11,041,630.17	100.00	\$187,030.64



Fixed Income Summary





SMALL CITIES ORGANIZED
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INCOME SUMMARY

	Income Received Current Period
Taxable Interest	19,745.41
Total Current Period Income	\$19,745.41

SMALL CITIES ORGANIZED
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January 1, 2018 to January 31, 2018**CASH SUMMARY**

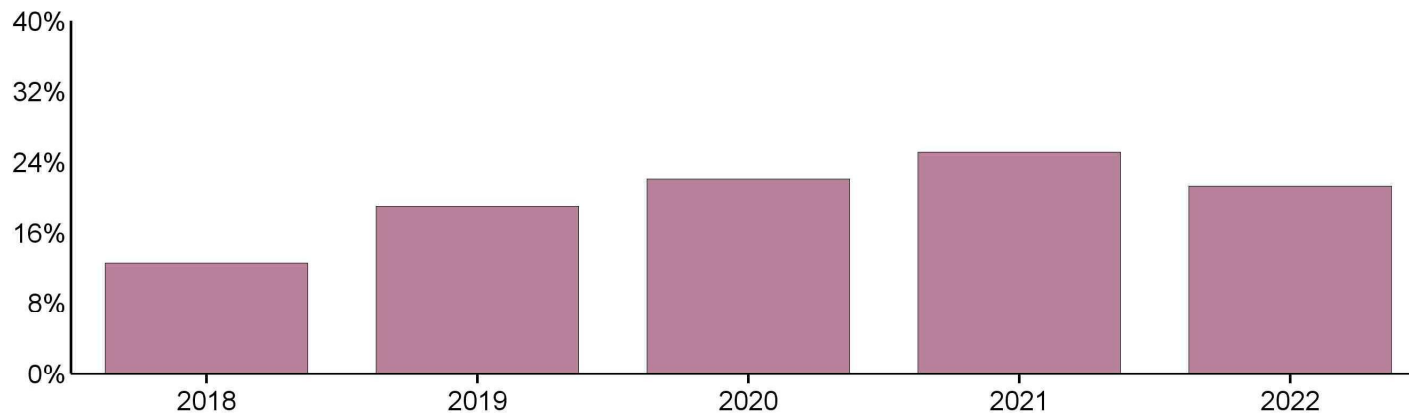
	Principal Cash	Income Cash	Total Cash
Beginning Cash 01/01/2018	-\$714,948.96	\$714,948.96	\$0.00
Taxable Interest		19,745.41	19,745.41
Fees and Expenses	-1,217.75		-1,217.75
Purchases	-317,086.43		-317,086.43
Sales	306,562.66		306,562.66
Net Money Market Activity	-8,003.89		-8,003.89
Ending Cash 01/31/2018	-\$734,694.37	\$734,694.37	\$0.00



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BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2018	1,350,000.00	1,348,604.70	12.50
2019	2,053,760.10	2,045,613.97	18.96
2020	2,423,343.99	2,390,382.16	22.15
2021	2,790,000.00	2,706,682.40	25.08
2022	2,360,000.00	2,300,254.50	21.31
Total of Category	\$10,977,104.09	\$10,791,537.73	100.00

MOODY'S RATING

Aaa	8,560,980.64	8,395,542.48	77.81
Aa1	135,000.00	134,785.35	1.25
Aa2	145,000.00	142,627.80	1.32
A1	730,000.00	724,280.30	6.71
A2	555,000.00	553,974.75	5.13
A3	285,000.00	283,134.00	2.62



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January 1, 2018 to January 31, 2018

BOND SUMMARY (continued)

	Par Value	Market Value	Percentage of Category
N/A	566,123.45	557,193.05	5.16
Total of Category	\$10,977,104.09	\$10,791,537.73	100.00

S&P RATING			
AAA	230,957.13	225,991.78	2.09
AA+	4,450,000.00	4,379,883.70	40.59
AA-	430,000.00	427,071.00	3.96
A+	380,000.00	377,369.25	3.50
A	770,000.00	765,319.10	7.09
A-	135,000.00	134,257.50	1.24
N/A	4,581,146.96	4,481,645.40	41.53
Total of Category	\$10,977,104.09	\$10,791,537.73	100.00

BOND SUMMARY MESSAGES

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

Glossary

Accretion - The accumulation of the value of a discounted bond until maturity.

Adjusted Prior Market Realized Gain/Loss - The difference between the proceeds and the Prior Market Value of the transaction.

Adjusted Prior Market Unrealized Gain/Loss - The difference between the Market Value and the Adjusted Prior Market Value.

Adjusted Prior Market Value - A figure calculated using the beginning Market Value for the fiscal year, adjusted for all asset related transactions during the period, employing an average cost methodology.

Amortization - The decrease in value of a premium bond until maturity.

Asset - Anything owned that has commercial exchange value. Assets may consist of specific property or of claims against others, in contrast to obligations due to others (liabilities).

Bond Rating - A measurement of a bond's quality based upon the issuer's financial condition. Ratings are assigned by independent rating services, such as Moody's, or S&P, and reflect their opinion of the issuer's ability to meet the scheduled interest and principal repayments for the bond.

Cash - Cash activity that includes both income and principal cash categories.

Change in Unrealized Gain/Loss - Also reported as Gain/Loss in Period in the Asset Detail section. This figure shows the market appreciation (depreciation) for the current period.

Cost Basis (Book Value) - The original price of an asset, normally the purchase price or appraised value at the time of acquisition. Book Value method maintains an average cost for each asset.

Cost Basis (Tax Basis) - The original price of an asset, normally the purchase price or appraised value at the time of acquisition. Tax Basis uses client determined methods such as Last-In-First-Out (LIFO), First-In-First-Out (FIFO), Average, Minimum Gain, and Maximum Gain.

Ending Accrual - (Also reported as Accrued Income) Income earned but not yet received, or expenses incurred but not yet paid, as of the end of the reporting period.

Estimated Annual Income - The amount of income a particular asset is anticipated to earn over the next year. The shares multiplied by annual income rate.

Estimated Current Yield - The annual rate of return on an investment expressed as a percentage. For stocks, yield is calculated by taking the annual dividend payments divided by the stock's current share price. For bonds, yield is calculated by the coupon rate divided by the bond's market price.

Ex-Dividend Date - (Also reported as Ex-Date) For stock trades, the person who owns the security on the ex-dividend date will earn the dividend, regardless of who currently owns the stock.

Income Cash - A category of cash comprised of ordinary earnings derived from investments, usually dividends and interest.

Market Value - The price per unit multiplied by the number of units.

Maturity Date - The date on which an obligation or note matures.

Payable Date - The date on which a dividend, mutual fund distribution, or interest on a bond will be made.

Principal Cash - A category of cash comprised of cash, deposits, cash withdrawals and the cash flows generated from purchases or sales of investments.

Realized Gain/Loss Calculation - The Proceeds less the Cost Basis of a transaction.

Settlement Date - The date on which a trade settles and cash or securities are credited or debited to the account.

Trade Date - The date a trade is legally entered into.

Unrealized Gain/Loss - The difference between the Market Value and Cost Basis at the end of the current period.

Yield on/at Market - The annual rate of return on an investment expressed as a percentage. For stocks, yield is calculated by the annual dividend payments divided by the stock's current share price. For bonds, yield is calculated by the coupon rate divided by the bond's market price.

The terms defined in this glossary are only for use when reviewing your account statement. Please contact your Relationship Manager with any questions.

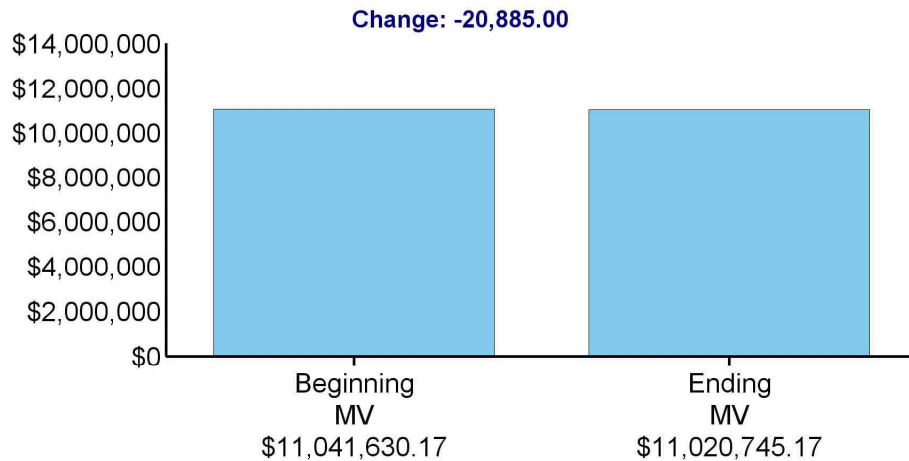


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 1 of 24
February 1, 2018 to February 28, 2018

MARKET VALUE SUMMARY

	Current Period 02/01/18 to 02/28/18
Beginning Market Value	\$11,041,630.17
Taxable Interest	13,499.47
Fees and Expenses	-1,215.14
Long Term Gains/Losses	1,046.96
Short Term Gains/Losses	0.18
Change in Investment Value	-34,216.47
Ending Market Value	\$11,020,745.17



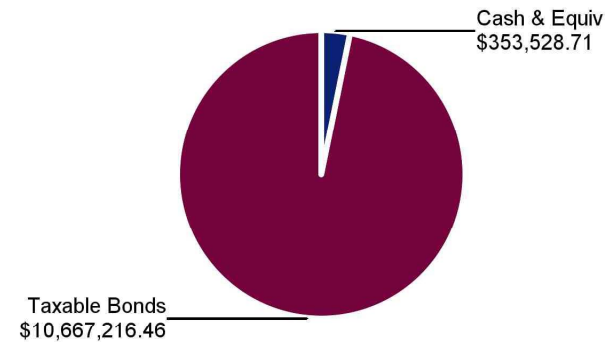


SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

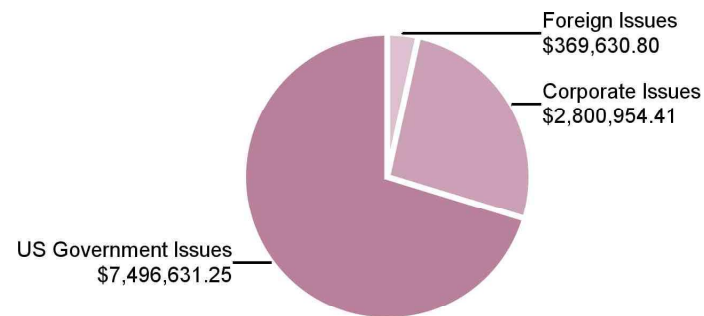
Page 2 of 24
February 1, 2018 to February 28, 2018

ASSET SUMMARY

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash & Equivalents	353,528.71	3.20	4,563.92
Taxable Bonds	10,667,216.46	96.80	185,217.41
Total Market Value	\$11,020,745.17	100.00	\$189,781.33



Fixed Income Summary





SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 3 of 24
February 1, 2018 to February 28, 2018

INCOME SUMMARY

	Income Received Current Period
Taxable Interest	13,499.47
Total Current Period Income	\$13,499.47

SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308Page 4 of 24
February 1, 2018 to February 28, 2018**CASH SUMMARY**

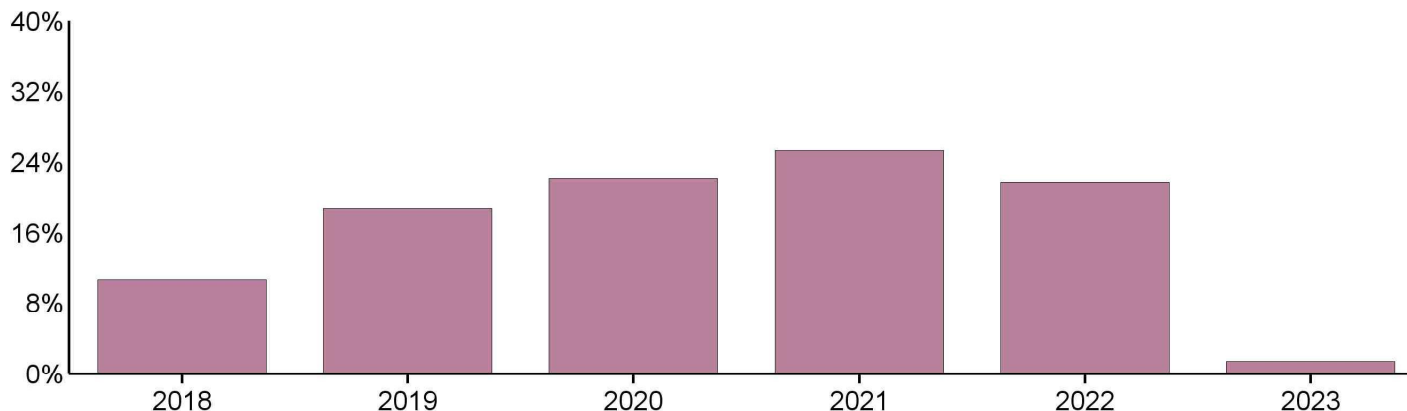
	Principal Cash	Income Cash	Total Cash
Beginning Cash 02/01/2018	-\$734,694.37	\$734,694.37	\$0.00
Taxable Interest		13,499.47	13,499.47
Fees and Expenses	-1,215.14		-1,215.14
Purchases	-184,347.98		-184,347.98
Sales	275,209.67		275,209.67
Net Money Market Activity	-103,146.02		-103,146.02
Ending Cash 02/28/2018	-\$748,193.84	\$748,193.84	\$0.00



SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308

Page 23 of 24
February 1, 2018 to February 28, 2018

BOND SUMMARY



	Par Value	Market Value	Percentage of Category
MATURITY			
2018	1,135,000.00	1,132,928.70	10.63
2019	2,009,411.59	1,997,172.12	18.73
2020	2,407,495.73	2,368,283.74	22.20
2021	2,790,000.00	2,696,171.65	25.27
2022	2,395,000.00	2,324,101.75	21.78
2023	150,000.00	148,558.50	1.39
Total of Category	\$10,886,907.32	\$10,667,216.46	100.00

MOODY'S RATING

Aaa	8,431,256.85	8,242,192.06	77.26
Aa1	135,000.00	134,759.70	1.26
Aa2	145,000.00	141,627.30	1.33
A1	880,000.00	868,981.45	8.15
A2	555,000.00	552,045.75	5.18
A3	285,000.00	282,015.90	2.64

SMALL CITIES ORGANIZED
ACCOUNT NUMBER: 001050986308Page 24 of 24
February 1, 2018 to February 28, 2018**BOND SUMMARY (continued)**

	Par Value	Market Value	Percentage of Category
N/A	455,650.47	445,594.30	4.18
Total of Category	\$10,886,907.32	\$10,667,216.46	100.00

S&P RATING			
	Par Value	Market Value	Percentage of Category
AAA	354,824.70	348,364.49	3.27
AA+	4,235,000.00	4,154,392.45	38.95
AA-	430,000.00	425,430.75	3.99
A+	530,000.00	524,048.45	4.91
A	635,000.00	626,912.45	5.87
A-	270,000.00	268,278.75	2.51
N/A	4,432,082.62	4,319,789.12	40.50
Total of Category	\$10,886,907.32	\$10,667,216.46	100.00

BOND SUMMARY MESSAGES

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

Glossary

Accretion - The accumulation of the value of a discounted bond until maturity.

Adjusted Prior Market Realized Gain/Loss - The difference between the proceeds and the Prior Market Value of the transaction.

Adjusted Prior Market Unrealized Gain/Loss - The difference between the Market Value and the Adjusted Prior Market Value.

Adjusted Prior Market Value - A figure calculated using the beginning Market Value for the fiscal year, adjusted for all asset related transactions during the period, employing an average cost methodology.

Amortization - The decrease in value of a premium bond until maturity.

Asset - Anything owned that has commercial exchange value. Assets may consist of specific property or of claims against others, in contrast to obligations due to others (liabilities).

Bond Rating - A measurement of a bond's quality based upon the issuer's financial condition. Ratings are assigned by independent rating services, such as Moody's, or S&P, and reflect their opinion of the issuer's ability to meet the scheduled interest and principal repayments for the bond.

Cash - Cash activity that includes both income and principal cash categories.

Change in Unrealized Gain/Loss - Also reported as Gain/Loss in Period in the Asset Detail section. This figure shows the market appreciation (depreciation) for the current period.

Cost Basis (Book Value) - The original price of an asset, normally the purchase price or appraised value at the time of acquisition. Book Value method maintains an average cost for each asset.

Cost Basis (Tax Basis) - The original price of an asset, normally the purchase price or appraised value at the time of acquisition. Tax Basis uses client determined methods such as Last-In-First-Out (LIFO), First-In-First-Out (FIFO), Average, Minimum Gain, and Maximum Gain.

Ending Accrual - (Also reported as Accrued Income) Income earned but not yet received, or expenses incurred but not yet paid, as of the end of the reporting period.

Estimated Annual Income - The amount of income a particular asset is anticipated to earn over the next year. The shares multiplied by annual income rate.

Estimated Current Yield - The annual rate of return on an investment expressed as a percentage. For stocks, yield is calculated by taking the annual dividend payments divided by the stock's current share price. For bonds, yield is calculated by the coupon rate divided by the bond's market price.

Ex-Dividend Date - (Also reported as Ex-Date) For stock trades, the person who owns the security on the ex-dividend date will earn the dividend, regardless of who currently owns the stock.

Income Cash - A category of cash comprised of ordinary earnings derived from investments, usually dividends and interest.

Market Value - The price per unit multiplied by the number of units.

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BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name

S.C.O.R.E.

Account Number

40-04-001

As of 01/12/2018, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2017.

Earnings Ratio		.00003301121703481
Interest Rate		1.20%
Dollar Day Total	\$	37,571,950.32
Quarter End Principal Balance	\$	408,534.60
Quarterly Interest Earned	\$	1,240.30



Small Cities Organized Risk Effort
A Joint Powers Authority

**SCORE TREASURER INVESTMENT REPORT
FOR THE QUARTER ENDING DECEMBER 31, 2017**

CASH:	MARKET VALUE
(1) Scott Valley Bank Checking	\$1,579,410.17
(2) Local Agency Inv Fund (LAIF)	\$408,534.60
TOTAL CASH	\$1,987,944.77
INVESTMENTS (Unrestricted):	
(3) Chandler Investments Account no. 590	\$11,181,282.68
TOTAL UNRESTRICTED INVESTMENTS	\$11,181,282.68
TOTAL CASH AND INVESTMENTS	\$13,169,227.45

- (1) This consists of one checking account and two pass-thru accounts (Liability and Workers' Compensation claims).
- (2) The LAIF rate of return as of quarter ended December 31, 2017 1.20%
- (3) See attached Investment Activity Reports.

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

Linda Romaine, SCORE Treasurer

3-21-18

Date

Small Cities Organized Risk Effort
Check Detail - Scotts Valley Bank 100-01
 January 1 through March 16, 2018

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	2966	01/08/2018	City of Shasta Lake	100-01 - Scott Valley Bank		-24,124.73
Bill	Grant Reimb.	01/08/2018		Account Payable	-12,421.76	12,421.76
				Grant Fund Program	-11,702.97	11,702.97
TOTAL					-24,124.73	24,124.73
Bill Pmt -Check	2967	01/08/2018	DKF Soutions Group, LLC	100-01 - Scott Valley Bank		-8,750.00
Bill	Invoice 13681	01/08/2018		675 - Loss Control Services - DKF	-8,750.00	8,750.00
TOTAL					-8,750.00	8,750.00
Bill Pmt -Check	2968	01/08/2018	Loyalton, City of	100-01 - Scott Valley Bank		-275.38
Bill	Loss Control Reimb.	01/08/2018		Grant Fund Program	-275.38	275.38
TOTAL					-275.38	275.38
Bill Pmt -Check	2969	01/17/2018	Gaia Hotel	100-01 - Scott Valley Bank		-1,779.17
Bill	BEO 371572	01/16/2018		605 - BOD Activities	-1,779.17	1,779.17
TOTAL					-1,779.17	1,779.17
Bill Pmt -Check	2970	01/22/2018	York Insurance Services Group, Inc-CA	100-01 - Scott Valley Bank		-16,663.31
Bill	Inv 500016917	01/22/2018		722 - Claims Admin - GL	-8,287.50	8,287.50
Bill	Inv 500016916	01/22/2018		721 - Claims Admin - WC	-8,375.81	8,375.81
TOTAL					-16,663.31	16,663.31
Bill Pmt -Check	2971	02/05/2018	Brooke Woodcox	100-01 - Scott Valley Bank		0.00
TOTAL					0.00	0.00
Bill Pmt -Check	2972	02/05/2018	Champion Awards	100-01 - Scott Valley Bank		-42.46
Bill	Invoice 43181	02/05/2018		605 - BOD Activities	-42.46	42.46
TOTAL					-42.46	42.46
Bill Pmt -Check	2973	02/05/2018	City of Weed	100-01 - Scott Valley Bank		-85.02
Bill	BOD Meeting 1/19/18	01/23/2018		605 - BOD Activities	-85.02	85.02
TOTAL					-85.02	85.02
Bill Pmt -Check	2974	02/05/2018	DKF Soutions Group, LLC	100-01 - Scott Valley Bank		-8,750.00
Bill	Invoice 13725	02/05/2018		675 - Loss Control Services - DKF	-8,750.00	8,750.00
TOTAL					-8,750.00	8,750.00
Bill Pmt -Check	2975	02/05/2018	Muriel Terrell	100-01 - Scott Valley Bank		-77.39
Bill	BOD 1/19/18	01/23/2018		605 - BOD Activities	-77.39	77.39
TOTAL					-77.39	77.39
Bill Pmt -Check	2976	02/05/2018	Roger Frith	100-01 - Scott Valley Bank		-95.16
Bill	BOD 1/19/18	01/23/2018		605 - BOD Activities	-95.16	95.16
TOTAL					-95.16	95.16
Bill Pmt -Check	2977	02/05/2018	TargetSolutions.Com, Inc.	100-01 - Scott Valley Bank		-22,657.00
Bill	Inv 21031-2	02/05/2018		677 - Target Solutions	-22,657.00	22,657.00
TOTAL					-22,657.00	22,657.00

Small Cities Organized Risk Effort
Check Detail - Scotts Valley Bank 100-01
 January 1 through March 16, 2018

<u>Type</u>	<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>	<u>Original Amount</u>
Bill Pmt -Check	2978	02/05/2018	Brooke Woodcox	100-01 - Scott Valley Bank		-195.81
Bill	BOD 10/26/17	01/23/2018		605 - BOD Activities	-195.81	195.81
TOTAL					-195.81	195.81
Bill Pmt -Check	2979	02/05/2018	City of Rio Dell	100-01 - Scott Valley Bank		-357.83
Bill	BOD 1/19/18	01/23/2018		605 - BOD Activities	-357.83	357.83
TOTAL					-357.83	357.83
Bill Pmt -Check	2980	02/19/2018	City of Colfax	100-01 - Scott Valley Bank		-391.11
Bill	BOD Meeting 1/19/18	02/14/2018		640 - Meeting Expense	-391.11	391.11
TOTAL					-391.11	391.11
Bill Pmt -Check	2981	02/19/2018	City of Live Oak	100-01 - Scott Valley Bank		-1,000.00
Bill	Reimb. Clerk Trainin	02/14/2018		610 - Member Conference Reimbursement	-1,000.00	1,000.00
TOTAL					-1,000.00	1,000.00
Bill Pmt -Check	2982	02/19/2018	City of Portola	100-01 - Scott Valley Bank		-414.97
Bill	BOD 1/19/18	02/14/2018		640 - Meeting Expense	-414.97	414.97
TOTAL					-414.97	414.97
Bill Pmt -Check	2983	02/19/2018	Gaia Hotel	100-01 - Scott Valley Bank		-500.00
Bill	2/9/18 Contract Depo	02/14/2018		174 - Prepaid Expenses	-500.00	500.00
TOTAL					-500.00	500.00
Bill Pmt -Check	2984	02/19/2018	York Insurance Services Group, Inc-CA	100-01 - Scott Valley Bank		-16,663.31
Bill	Inv 500017025	02/14/2018		722 - Claims Admin - GL	-8,287.50	8,287.50
Bill	Inv 500017024	02/14/2018		721 - Claims Admin - WC	-8,375.81	8,375.81
TOTAL					-16,663.31	16,663.31
Bill Pmt -Check	2985	03/01/2018	City of Shasta Lake	100-01 - Scott Valley Bank		-1,000.00
Bill	PARMA Reimb - L Redw	02/27/2018		610 - Member Conference Reimbursement	-1,000.00	1,000.00
TOTAL					-1,000.00	1,000.00
Bill Pmt -Check	2986	03/01/2018	DKF Soutlions Group, LLC	100-01 - Scott Valley Bank		-8,750.00
Bill	Invoice 13776	03/01/2018		675 - Loss Control Services - DKF	-8,750.00	8,750.00
TOTAL					-8,750.00	8,750.00
Bill Pmt -Check	2987	03/01/2018	Farley Consulting Services	100-01 - Scott Valley Bank		-7,500.00
Bill	Invoice 1554	03/01/2018		511 - Claims Audit	-7,500.00	7,500.00
TOTAL					-7,500.00	7,500.00
Bill Pmt -Check	2988	03/01/2018	Robert Meacher	100-01 - Scott Valley Bank		0.00
TOTAL					0.00	0.00
Bill Pmt -Check	2989	03/01/2018	Robert Meacher	100-01 - Scott Valley Bank		0.00
TOTAL					0.00	0.00

Small Cities Organized Risk Effort
Check Detail - Scotts Valley Bank 100-01
 January 1 through March 16, 2018

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	2990	03/01/2018	York Insurance Services Group, Inc-CA	100-01 - Scott Valley Bank		-16,500.80
General Journal	JLZ9	06/30/2017	York Insurance Services Group, Inc-CA	200 - Accounts Payable	-16,500.80	-16,500.80
TOTAL					-16,500.80	-16,500.80
Bill Pmt -Check	2991	03/01/2018	Robert Meacher	100-01 - Scott Valley Bank		-1,162.64
Bill	Reimb. PARMA	02/26/2018		610 - Member Conference Reimbursement	-1,000.00	1,000.00
				Grant Fund Program	-162.64	162.64
TOTAL					-1,162.64	1,162.64
Bill Pmt -Check	2992	03/01/2018	CAJPA	100-01 - Scott Valley Bank		-450.00
Bill	CAJPA 18/19	07/01/2017		615 - Dues & Subs - CAJPA & PARMA	-450.00	450.00
TOTAL					-450.00	450.00
Bill Pmt -Check	2993	03/16/2018	Jackson Lewis	100-01 - Scott Valley Bank		-2,137.50
Bill	Invoice 7083900	03/16/2018		606 - LRP & Training Day Mtg Expenses	-2,137.50	2,137.50
TOTAL					-2,137.50	2,137.50
Bill Pmt -Check	2994	03/16/2018	York Insurance Services Group, Inc-CA	100-01 - Scott Valley Bank		-16,663.31
Bill	Inv 500017264	03/16/2018		722 - Claims Admin - GL	-8,287.50	8,287.50
Bill	Inv 500017263	03/16/2018		721 - Claims Admin - WC	-8,375.81	8,375.81
TOTAL					-16,663.31	16,663.31
Bill Pmt -Check	2995	03/16/2018	City of Tulelake	100-01 - Scott Valley Bank		-458.50
Bill	BOD Reimb 10/26/17	03/16/2018		605 - BOD Activities	-165.85	165.85
Bill	BOD Meeting 1-19-18	03/16/2018		605 - BOD Activities	-292.65	292.65
TOTAL					-458.50	458.50

Monthly Account Statement

Small Cities Organized Risk Effort

January 1, 2018 through January 31, 2018

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. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.



PORTFOLIO CHARACTERISTICS

Average Duration	2.39
Average Coupon	1.67 %
Average Purchase YTM	1.74 %
Average Market YTM	2.25 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.56 yrs
Average Life	2.48 yrs

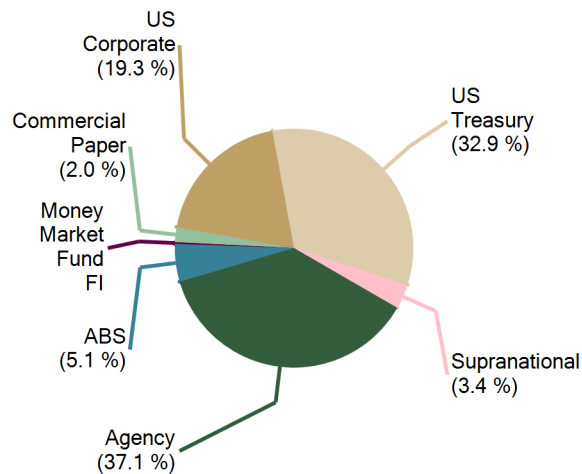
ACCOUNT SUMMARY

	Beg. Values as of 12/31/17	End Values as of 1/31/18
Market Value	11,091,710	11,040,902
Accrued Interest	44,826	41,890
Total Market Value	11,136,536	11,082,792
Income Earned	15,739	16,077
Cont/WD		-1,218
Par	11,207,598	11,227,608
Book Value	11,181,279	11,199,073
Cost Value	11,171,532	11,188,813

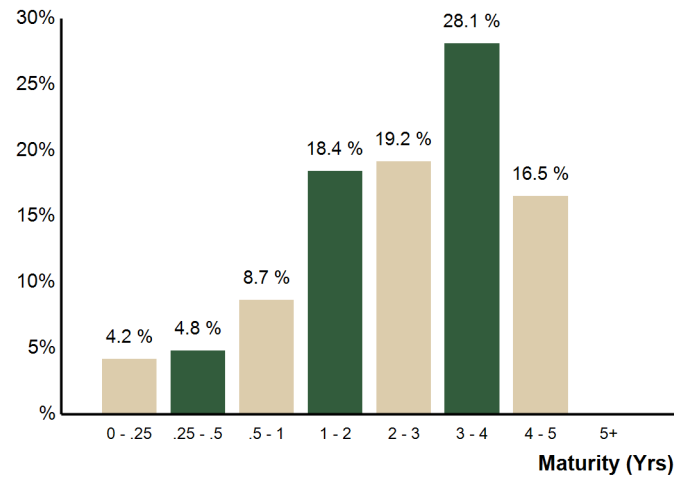
TOP ISSUERS

Issuer	% Portfolio
Government of United States	32.9 %
Federal National Mortgage Assoc	20.3 %
Federal Home Loan Bank	13.3 %
Federal Home Loan Mortgage Corp	3.5 %
Bank of Tokyo-Mit UFJ	2.0 %
Intl Bank Recon and Development	1.8 %
John Deere ABS	1.7 %
Toyota ABS	1.7 %
Total	77.2 %

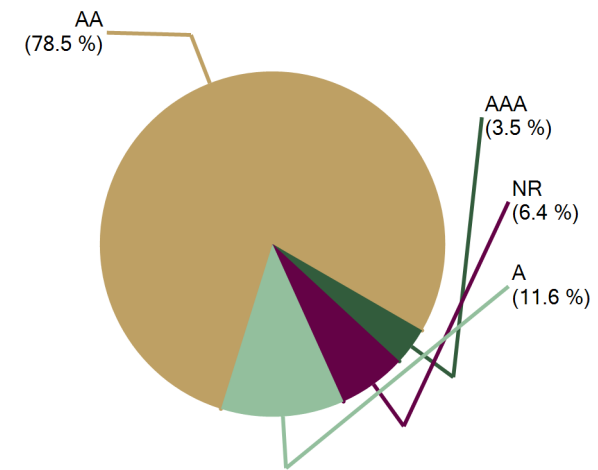
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 1/31/2018	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	-0.47 %	-0.71 %	-0.47 %	0.36 %	0.67 %	0.86 %	2.11 %	40.57 %
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.56 %	-0.84 %	-0.56 %	-0.07 %	0.39 %	0.67 %	1.78 %	36.41 %
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	-0.55 %	-0.82 %	-0.55 %	0.12 %	0.53 %	0.81 %	1.90 %	37.59 %



**Small Cities Organized Risk Effort
Joint Powers Authority
January 31, 2018**

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



Reconciliation Summary

As of 1/31/2018

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$11,181,278.80
Acquisition	
+ Security Purchases	\$317,086.43
+ Money Market Fund Purchases	\$325,472.09
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$642,558.52
Dispositions	
- Security Sales	\$0.00
- Money Market Fund Sales	\$317,562.95
- MMF Withdrawals	\$1,217.75
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$249,881.41
- Calls	\$0.00
- Principal Paydowns	\$56,681.25
Total Dispositions	\$625,343.36
Amortization/Accretion	
+/- Net Accretion	\$579.43
	\$579.43
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$0.00
	\$0.00
Ending Book Value	\$11,199,073.39

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$18,812.80
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$0.00
Accrued Interest Received	\$0.00
Interest Received	\$18,652.81
Dividend Received	\$138.03
Principal on Maturities	\$249,881.41
Interest on Maturities	\$118.59
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$56,681.25
Total Acquisitions	\$325,472.09
Disposition	
Withdrawals	\$1,217.75
Security Purchase	\$317,086.43
Accrued Interest Paid	\$476.52
Total Dispositions	\$318,780.70
Ending Book Value	\$25,504.19

Monthly Account Statement

Small Cities Organized Risk Effort

February 1, 2018 through February 28, 2018

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. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.



PORTFOLIO CHARACTERISTICS

Average Duration	2.37
Average Coupon	1.69 %
Average Purchase YTM	1.76 %
Average Market YTM	2.42 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.55 yrs
Average Life	2.47 yrs

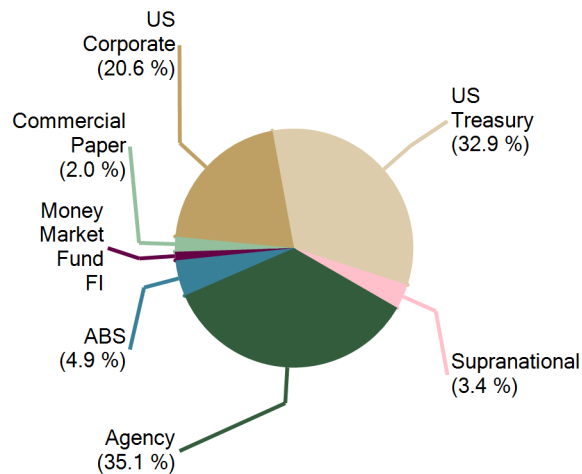
ACCOUNT SUMMARY

	Beg. Values as of 1/31/18	End Values as of 2/28/18
Market Value	11,040,902	11,019,734
Accrued Interest	41,890	43,648
Total Market Value	11,082,792	11,063,382
Income Earned	16,077	15,826
Cont/WD		-1,215
Par	11,227,608	11,240,558
Book Value	11,199,073	11,211,945
Cost Value	11,188,813	11,202,145

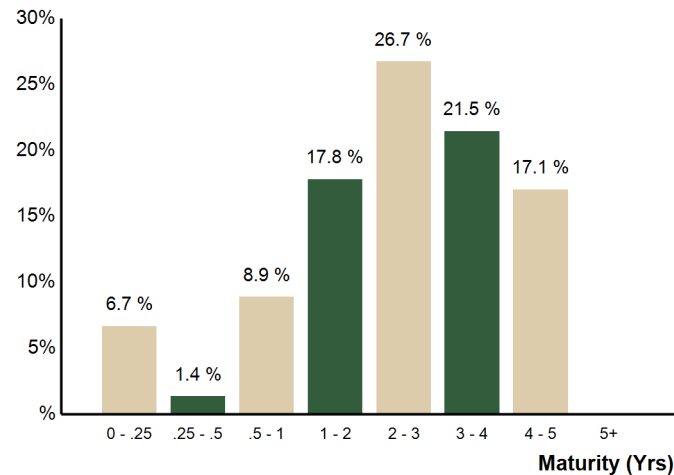
TOP ISSUERS

Issuer	% Portfolio
Government of United States	32.9 %
Federal National Mortgage Assoc	20.2 %
Federal Home Loan Bank	11.4 %
Federal Home Loan Mortgage Corp	3.5 %
Bank of Tokyo-Mit UFJ	2.0 %
Intl Bank Recon and Development	1.8 %
John Deere ABS	1.8 %
Toyota ABS	1.6 %
Total	75.1 %

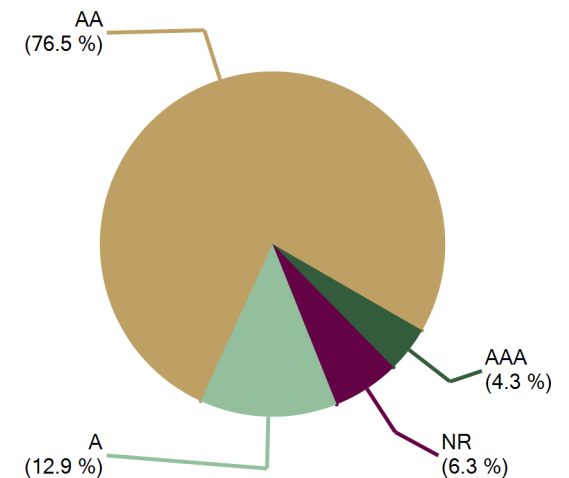
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	-0.16 %	-0.61 %	-0.64 %	0.00 %	0.74 %	0.79 %	2.00 %	2.88 %	40.34 %
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.12 %	-0.69 %	-0.68 %	-0.34 %	0.51 %	0.60 %	1.66 %	2.63 %	36.24 %
ICE BAML 1-5 Yr US Issuers Corp/Govt Rtd AAA-A Idx	-0.16 %	-0.69 %	-0.70 %	-0.23 %	0.63 %	0.73 %	1.78 %	2.70 %	37.38 %



**Small Cities Organized Risk Effort
Joint Powers Authority
February 28, 2018**

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



Reconciliation Summary

As of 2/28/2018

BOOK VALUE RECONCILIATION		
Beginning Book Value		\$11,199,073.39
Acquisition		
+ Security Purchases	\$184,347.98	
+ Money Market Fund Purchases	\$288,984.14	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$473,332.12
Dispositions		
- Security Sales	\$215,012.90	
- Money Market Fund Sales	\$184,622.98	
- MMF Withdrawals	\$1,215.14	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$60,196.77	
Total Dispositions		\$461,047.79
Amortization/Accretion		
+/- Net Accretion	\$568.61	
		\$568.61
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$19.05	
		\$19.05
Ending Book Value		\$11,211,945.38

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$25,504.19
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$215,012.90	
Accrued Interest Received	\$1,379.58	
Interest Received	\$12,299.97	
Dividend Received	\$94.92	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$60,196.77	
Total Acquisitions	\$288,984.14	
Disposition		
Withdrawals	\$1,215.14	
Security Purchase	\$184,347.98	
Accrued Interest Paid	\$275.00	
Total Dispositions	\$185,838.12	
Ending Book Value		\$128,650.21

SCORE - TargetSolutions FY 17/18 Utilization Report Summary 10/1/17 - 2/28/18

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	11	8	0	0	0	0
City of Dunsmuir	41	30	19	7	0	0
City of Etna	37	23	12	2	0	0
City of Isleton	2	1	0	0	0	0
City of Live Oak	21	4	1	1	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	34	26	6	5	0	0
City of Mount Shasta	105	79	29	28	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	32	17	20	4	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	50	30	8	3	0	0
Fort Jones Volunteer Fire Department	25	21	51	6	2	2
SCORE - Small Cities Organized Risk Effort	7	7	0	0	0	0
Town of Fort Jones	6	4	12	1	0	0
Town of Loomis	25	16	8	7	0	0
Weed City Fire	25	14	12	6	0	0
Total	492	307	178	70	2	2



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Orange denotes request for information from member	Purple denotes Conference Dates	Light Blue indicates a SCORE Board Meeting Date
Tentative Dates	Activity	Completed by
JULY 2018		
07/03/2018	Send Program Invoices from ERMA, LAWCX, & CJPRMA to Gilbert Associates for payment	ALL
07/03/2018	Finalize June Board of Directors draft minutes	AS
07/06/2018	Send Members Binders for all coverages including: WC, GL, Property, Crime, etc via email	
07/06/2018	Update SCORE Website to include coverage information	AS
07/10/2018	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
07/11/2018	Begin Agenda for October Board of Directors Meeting 10/25 - 10/26/18 (it will be presented as a DRAFT at Aug Teleconference Meeting)	AS
07/11/2018	Request Proposal for either WC or LIAB Claims audit	AS
07/13/2018	Follow up with ACIP members regarding premium payments	AS
07/13/2018	Property Summary – send to Members	AS, GB
07/13/2018	Follow up on payments for ERMA, LAWCX, PEPPI, CJPRMA, etc	AS
07/18/2018	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
07/25/2018	Request Consent Calendar items from vendors for August Board of Directors Meeting	AS
07/25/2018	Begin Agenda for October Training Day for inclusion in the 8/25/2018 Agenda	AS
07/27/2018	Request RSVP by 08/18/2018 to members for Aug BOD Meeting on 08/24/2018 – Teleconference	AS, BD
07/31/2018	DE9 due to EDD by today	
AUGUST 2018		
08/03/2018	Send request to members for DE9 Reports for Q2 of 2018	AS, BD
08/03/2018	Begin work on November Training and Board of Directors Agenda	AS
08/03/2018	LAWCX sends renewal apps to members in Workers' Compensation	AS/BD
08/17/2018	Follow up with members to ensure they complete the LAWCX application on RiskConsole Website (Payroll Audit) due 09/15/2018	AS/BD
08/17/2018	Post BOD Meeting Agenda on SCORE Website and email to members	AS
08/17/2018	Confirm Attendance for BOD Meeting (ensure quorum)	AS
08/22/2018	Collect Q2 2018 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2018	BD/AS
08/22/2018	Begin Public Self/Insurers Report with the State of California (OSIP)	AS

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Tentative Dates	Activity	Completed by
08/24/2018	LAWCX Actual payroll Audit by class code –receive from members and post to LAWCX website with DE9’s for all members	AS
08/24/2018	Submit Fiscal Year Financial Information to Auditor – York and Gilbert as needed	AS
08/24/2018	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, 2018 – June 30, 2018	AS
Mtg	Quarterly Financials as of June 30 , 2018	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 09/15/2018	BD
Mtg	Select Training Material and Potential Trainer to present at Training Day Meeting in October 2018	AS/BD
08/28/2018	Debrief from 08/24/2018 BOD meeting—determine action steps	AS
SEPTEMBER 2018		
09/05/2018	Finalize and email August Board Meeting draft minutes – due today	AS
09/05/2018	CAJPA Accreditation (2017 and every 3 years after)	AS
09/05/2018	Retrieve Loss Run data from York and determine if loss trends exist that can be addressed through training	AS
09/12/2018	Request Consent Calendar Items from Service Providers	GB
09/13/2018	Financial Audit - review status and determine if ready for BOD	BD/AS
09/11/2018-09/14/2018	2018 CAJPA Fall Conference and Training Seminar – South Lake Tahoe	BD/AS
09/14/2018	Final reminder email to all members to complete LAWCX application on RiskConsole Website (Payroll Audit) due 09/15/2018	AS
09/14/2018	LAWCX application deadline is today	BD
09/14/2018	OSIP Public Self Insurer's Annual Report for JPA & Members – due 10/01/2018	As
09/14/2018	Biennial Notice for JPA & Members-deadline 10/01/2018	AS/York
OCTOBER 2018		
10/01/2018	Annual Report of Financial Transactions Report -deadline 10/01/2018	GS, AS/York
10/01/2018	Biennial Notice for JPA & Members-deadline 10/01/2018	AS/York
10/01/2018	Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day	AS
10/01/2018	Draft Program Manuals – notify members via email that this will be posted to the website	AS

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Tentative Dates	Activity	Completed by
10/02/2018	Prepare Annual Report for members	AS
10/02/2018	Request RSVP by 10/20/2018 to members for November BOD Meeting on 11/1/2018-11/2/2018 in Anderson, California	BD/AS
10/02/2018	Begin working on CSAC Pollution Renewal (currently 3 year policy 7/1/2018 – 7/1/2021) – may request additional application from members	AS
10/09/2018	Work with Board Members on finalizing November Training Day reservations and scheduling	AS
10/15/2018	Receive ACI Quarterly Utilization Reports	AS
10/15/2018	File Controllers Report with the State of California (filed with Controller)	GB
10/17/2018	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature and for November Agenda	AS
10/19/2018	Annual Recertification Profile Report for RRE ID# 36464 (Medicare) – receive email and respond	AS
10/19/2018	Prepare FY 2019/20 Marketing Plan & Renewal Timeline - submit for approval	AS
10/19/2018	Reminder email RSVP by 10/20/2018 to members for November BOD Meeting on 11/1/2018-11/2/2018 in Anderson, California	BD/AS
10/20/2018	Confirm Attendance for BOD Meeting (ensure quorum, catering and hotel accommodations)	AS
10/30/2018	Completed Program Manual sent to Members and posted to the website	AS
10/31/2018	Send request to members for DE9 Reports for Q3 of 2018	AS, BD
10/31/2018	DE9 due to EDD by today	
NOVEMBER 2018		
11/01/2018-11/02/2018	Training Day and Board of Directors Meeting – Anderson, CA	BD
Mtg	Present Loss Analysis Data to Board for review	BD
Mtg	Investment Policy - submit for approval (annually)	BD
Mtg	Annual Survey Members – Vendor Performance – Announce & Send after	AS
Mtg	List PARMA Conference on Board/Training Day agenda	
11/02/2018	Finalize and November Training Day and Board Meeting Draft Minutes for inclusion in the January 2019 Agenda	AS
11/02/2018	Follow up with Action Plan from Long Range Planning Meeting-debrief	AS
11/09/2018	Collect Q3 2017 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2019	AS
11/09/2018	Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed	AS, BD

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Tentative Dates	Activity	Completed by
11/16/2018	Follow up with LAWCX regarding their W.C. Claims Audit	AS/GB
11/28/2018	Set up new year Budget file	AS
DECEMBER 2018		
12/03/2018	Request Agenda items for vendors to be included in the January 2019 Board of Directors Meeting including Excess Pool Partners	AS, BD
12/10/2018	Submit Audited Financials to County of Sacramento and State of California	AS, GB
12/12/2018	Mail out Christmas Cards to Board Members	AS
12/13/2018	Request RSVP by 01/19/2019 to members for January BOD Meeting on 01/26/2019 in Anderson, California	AS
12/14/2018	Prepare Statement of Facts – Roster of Public Agencies to be filed with the State and County – DUE 1/1/2019	AS
12/14/2018	Prepare 2019/20 Service Calendar – Prepare for January 2019 Board mtg.	BD
12/14/2018	Prepare FY 2019/20 Meeting Calendar – Include on agenda for January 2019 Board meeting	BD
12/14/2018	Begin preparing agenda for January Board meeting	AS
JANUARY 2018		
01/01/2019	Statement of Facts – Roster of Public Agencies to be filed with the State and County – due today	AS
01/04/2019	Determine WCIRB Class Code Rates - taken from WCIRB.com for member payroll allocations by class code	AS
01/04/2019	Request Electronic Loss Runs from York for Liability and Workers' Compensation and ask to separate 4850. Deadline 01/15/2019 for receipt from York	AS, York
01/04/2019	Begin working with Gilbert on next year's dividend calculations	AS, GB
01/04/2019	Review to do list from prior Board of Directors Meeting	AS
01/11/2019	Begin working on preliminary FY 2019/20 Budget – put loss data & payroll into the Budget Spreadsheet	BD, AS
01/11/2019	Form 700s – FPPC will email BOD Representatives and Alternates to complete online – deadline 04/1/2019	BD/AS
01/17/2019	Request Audit of WC and Liability Programs (then alternate WC every even year, Liab every odd year)	AS
01/17/2019	Property Program – <u>Upon notification</u> send out Renewal items & Property Schedules/Vehicle Schedules to members and request update—deadline March 6, 2019 Update Oasys with member updates to property schedule as they come in	AS
01/17/2019	Submit Loss Runs, Payroll data and any options requested to Actuary for studies in Liability/ WC	AS

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Tentative Dates	Activity	Completed by
01/17/2019	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature	AS
01/18/2019	Send Loss Runs to Gilbert Associates for review	AS
01/18/2019	Follow up with Gilbert Associates for dividend return calculations	GB
01/18/2019	Develop recommendation for dividend release for the Board	AS, GB
01/18/2019	Confirm Attendance for BOD Meeting on 01/26/2019 in Anderson, California (ensure quorum, catering and hotel accommodations)	AS, BD
01/18/2019	Post January BOD Meeting Agenda on SCORE Website & Email to members	AS
01/18/2019	Upon receipt send PEPIP Policy to members and Post on SCORE website	BD
01/18/2019	Submit Incurred Loss Valued as of 12/31/2018 OR "No Known Loss" letter to send to ERMA	AS
01/25/2019	Board of Directors Meeting – in Anderson, California	BD/AS
Mtg	2019/20 Service Calendar - submit for approval	BD
Mtg	2019/20 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
01/29/2019	Debrief of 01/26/2019 BOD meeting – determine action steps	AS
01/29/2019	Send out renewal items for Property and Crime programs	AS
01/30/2019	Property (PEPIP) Policy Notebooks – prepare and send via email to Members and post to the website	AS
01/30/2019	Reminder to member that Property Schedules need to be reviewed and returned – deadline March 6, 2019	AS/BD
01/30/2019	Obtain Draft Quarterly Financials from Gilbert Associates–deadline 03/18/2019	GB
01/30/2019	Collect Q4 2018 DE9 from members and submit 2018 CY Payroll to: ERMA (all members) in Excel format – deadline 02/01/2019 CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2019	AS
01/31/2019	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2019	AS
01/31/2019	Send request to members for DE9 Reports for Q4 of 2018	AS



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Tentative Dates	Activity	Completed by
01/31/2019	DE9 due to EDD by today	
FEBRUARY 2019		
02/01/2019	Submit 2018 Calendar Year Payroll (for all members) to ERMA in Excel format – deadline 02/01/2019	AS
02/01/2019	Review Loss Runs for Common Loss Trends	AS
02/05/2019	Collect APIP Renewal information from Members and Submit to Alliant Underwriting	AS, BD
02/05/2019	Prepare January BOD Meeting Draft Minutes for inclusion in March Agenda	AS
02/05/2019	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2019	AS
02/06/2019	Receive Dividend Calculations and Info from CJPRMA	AS, BD
02/06/2019	PA to meet to discuss updates to Administrative Costs for Budget	AS
02/07/2019	Request consent calendar items for March Agenda	AS
02/10/2019-02/13/2019	PARMA Annual Risk Management Conference – Anaheim, California	BD/AS
02/13/2019	Crime Program – prepare and send applications to Members	AS, BD
02/13/2019	Submit CSAC Pollution Program Renewal Applications to Members – Confirm ACE policy (currently 3 year policy 7/1/2018 – 7/1/2021)	AS, BD
02/15/2019	Collect drafts of WC & Liability Actuarial Studies for March 2018 BOD meeting and send to Gilbert Associates for EX mods and credibility	AS, Actuary
02/20/2019	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2019 (2 weeks away)	AS
02/20/2019	Request RSVP by 03/19/2019 to members for March Board Meeting on 03/29/2019 in Anderson, California	AS, BD
02/20/2019	Reminder – Form 700s to Board and Alternate Members – due 04/01/2019	AS, BD
02/27/2019	Reminder to member that Property Schedules need to be submitted – deadline March 6, 2019 (1 week away)	AS
MARCH 2019		
03/01/2019	Claims Audit – if any findings, request response from York and include in agenda packet.	AS, York
03/06/2019	Reminder to member that Property Schedules need to be submitted – deadline TODAY	AS
03/05/2019-03/08/2019	Begin work on Draft Budget and Member allocations for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA & PEPID draft members into budget)	AS
03/08/2019	Confirm Attendance for BOD Meeting	AS
03/15/2019	Post BOD Meeting Agenda on SCORE Website & send out to all members	AS

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Tentative Dates	Activity	Completed by
03/29/2019	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 2019/20 Budget - submit for review	BD
Mtg	Liability & WC Banking & Shared Layer – preliminary deposit calculation for review	BD
Mtg	Claims Auditor – Receive audit results for Both Liability and Worker’s Compensation and present to Board for review and approval	BD
03/26/2019	Debrief from 03/23/2019 BOD Meeting–determine action steps	AS
03/29/2019	Renewal Certificates List sent to members for review – Deadline 30 days	AS, BD
03/29/2019	Form 700s - receive from Board Members and Alternates – due 04/01/19	AS, BD
03/29/2019	Finalize March Board of Directors Draft Minutes for inclusion in June Agenda	AS
APRIL 2019		
04/01/2019	Form 700s - file with FPPC due today – – due 04/01/2019 (TODAY IS LAST DAY TO SUBMIT)	AS
04/03/2019	Service Provider contract signing & submission for approval at June Board Mtg	AS
04/05/2019	Issue Payment for Treasurer’s Bond	AS
04/12/2019	Alliant begins contact with various contractors regarding renewal terms	AS
04/18/2019	Obtain LAIF Quarterly Report from State Controller Website & send Treasurer Report for signature for inclusion in the June Agenda	AS
04/19/2019	1 st Quarter Losses - receive from York (as of 03/31)	GB
04/23/2019	Banking Layer and Shared Risk Layer Member Allocation Calculations finalized	AS
04/26/2019	Update Draft Budget to include updates from the March BOD meeting	AS
04/26/2019	CJRPMA Certificate Renewal List Due	AS
04/26/2019	SCORE Certificate Renewal List Due	AS
04/26/2019	Crime Renewal Apps received – send to ACIP	AS
04/30/2019	Send request to members for DE9 Reports for Q1 of 2019	AS
04/30/2019	DE9 due to EDD by today	
MAY 2019		
05/01/2019	Review Contracts and terms for next FY	AS
05/01/2019	Annual Certificate Renewal reminder to members – all submitted?	AS, BD
05/01/2019	Obtain PEPIP Renewal Proposals From Oasys	AS
05/01/2019	Obtain Quarterly Financials as of 3/31/2019	AS

FY 2018-19 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

Orange denotes request for information from member	Purple denotes Conference Dates	Light Blue indicates a SCORE Board Meeting Date
Tentative Dates	Activity	Completed by
05/06/2019	Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting	AS
05/10/2019	Collect Q1 2019 DE9 from members and submit to: CJPRMA – deadline quarterly send to Saima via email LAWCX – deadline for all quarters 09/15/2019	AS
05/15/2019	Request Agenda Items from Vendors	AS
05/15/2019	W.C. & Liability Memorandum of Coverage FY 2019/20 – submit for approval	AS
05/15/2019	Request RSVP by 06/08/2019 to members for June BOD Meeting on 06/15/2019 in Anderson, California, California	AS, BD
05/24/2019	Property Renewal Status Review	AS
05/30/2019	Request Employee Count (from all members) for ACI renewal and budget allocations- reminder about payroll by class code to ensure proper allocations	AS, BD
JUNE 2019		
06/05/2019	Claims analysis (as of 12/31)	RM
06/07/2019	Post BOD Meeting Agenda on SCORE Website & email to all members	AS
06/07/2019	Confirm Attendance for BOD Meeting	AS
06/14/2019	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 2019/20 Budget - submit final for approval	BD
Mtg	Liability and WC FY 2019/20 Banking & Shared Risk Layer Program Deposits - submit final for approval	BD
Mtg	Liability Memorandum of Coverage FY 2019/20 - submit for approval	BD
Mtg	WC Memorandum of Coverage FY 2019/20 - 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
06/17/2019	Send Bind Orders for PEPPI Program – BOD will vote at 6/14/2019 meeting	AS
06/17/2019	Debrief from 06/15/2019 BOD meeting – determine action steps	AS
06/30/2019	Generate Certificate Holder Renewal Insurance Certificates for next year	AS
06/30/2019	Send certificates to Certificate Holders and Members	AS
06/30/2019	Generate Auto ID Cards for Members – send out	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:

- Contingent income agreements
- Supplemental income agreements

<u>Policy #</u>	<u>Policy Period</u>
01-606-08-20 (ACIP)	July 1, 2017 to July 1, 2018
017471589/04 (DEC 04) (APIP)	July 1, 2017 to July 1, 2018
_____	_____
_____	_____
_____	_____

Sincerely,

SMALL CITIES ORGANIZED RISK EFFORT (SCORE)

Company Name

By: *[Signature]*

Title: President

Dated: 3/16/18



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item I.1.

QUARTERLY FINANCIALS FOR QE DECEMBER 31, 2017

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, 2017 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 12/31/17

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2017 and December 31, 2016

	Dec 31, '17	Dec 31, '16
ASSETS		
Current Assets		
Checking/Savings		
Scott Valley Bank - General	\$ 1,576,952.51	\$ 588,424.03
Scott Valley Bank Claims Accounts		
Scott Valley Bank - Liability	37,594.94	32,971.00
Scott Valley Bank - Workers' Comp	36,922.29	20,670.83
LAIF		
LAIF	408,534.60	405,029.66
Total LAIF	408,534.60	405,029.66
Petty Cash		
Total Checking/Savings	2,060,004.34	1,047,095.52
Other Current Assets		
Chandler Investments		
Chandler - Investments	10,928,850.26	10,798,766.64
Chandler - Unrealized Gain (Loss)	(79,821.22)	(25,805.45)
US Bank	242,679.99	228,362.95
Total Chandler - Investment Account	11,091,709.03	11,001,324.14
Due from Members - Adj Premiums	5,274.06	-
Interest Receivable	46,066.13	38,576.73
Member Accounts Receivable	372,533.48	1,067,188.71
Claim Recovery Receivable	86,986.72	208,817.77
Prepaid Insurance	454,735.35	392,012.21
Prepaid Administration	135,172.50	136,936.50
Prepaid Expenses	35,600.17	31,900.67
Total Other Current Assets	12,228,077.44	12,876,756.73
Total Current Assets	14,288,081.78	13,923,852.25
TOTAL ASSETS	\$ 14,288,081.78	\$ 13,923,852.25

Small Cities Organied Risk Effort
Statement of Net Position
As of December 31, 2017 and December 31, 2016

LIABILITIES

Current Liabilities

Accounts Payable	38,741.76	34,507.75
Deferred Income	889,291.61	835,141.49
Dividend Payable to Members	5,835.00	148,417.00

Claims Reserves - Current

Claims Reserves - W/C	799,607.00	339,233.00
Claims Reserves - Liability	201,817.59	165,204.00
Total Claims Payable - Current	<u>1,001,424.59</u>	<u>504,437.00</u>

IBNR - Current

IBNR Reserves - W/C	-	-
IBNR Reserves - Liability	260,820.41	-
Total IBNR	<u>260,820.41</u>	<u>-</u>

Total Current Liabilities

<u>2,196,113.37</u>	<u>1,522,503.24</u>
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Long Term Liabilities

Claims Reserves - Non-Current

Claims Reserves - W/C	1,447,322.56	1,537,361.00
Claims Reserves - Liability	-	411,228.05
Total Claims Payable - Non-Current	<u>1,447,322.56</u>	<u>1,948,589.05</u>

IBNR

IBNR Reserves - W/C	1,924,410.00	1,343,641.00
IBNR Reserves - Liability	362,088.59	851,118.00
Total IBNR	<u>2,286,498.59</u>	<u>2,194,759.00</u>

ULAE

ULAE - W/C	303,000.00	170,640.00
ULAE - Liability	69,000.00	63,050.00
Total ULAE	<u>372,000.00</u>	<u>233,690.00</u>

Total Long Term Liabilities

<u>4,105,821.15</u>	<u>4,377,038.05</u>
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Total Liabilities

<u>6,301,934.52</u>	<u>5,899,541.29</u>
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NET POSITION

Net Position - Workers' Compensation

Board Designated - W/C	1,250,000.00	1,250,000.00
Workers' Compensation Banking Layer	1,023,332.15	1,116,807.23

Net Position - Liability

Board Designated - Liability	2,500,000.00	2,500,000.00
Liability Banking Layer	971,749.50	751,188.37

Undesignated Net Position

Unrestricted 393-02	1,708,928.40	2,152,296.21
Net Revenues Over (Under) Expenditures	532,137.21	254,019.15

Total Net Position

<u>\$ 7,986,147.26</u>	<u>\$ 8,024,310.96</u>
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Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2017 and December 31, 2016

	<u>Oct '17 - Dec '17</u>	<u>Jul '17 - Dec '17</u>	<u>Jul '16 - Dec '16</u>
Ordinary Revenue			
Revenue			
Member Contributions	\$ 934,557.18	\$ 1,874,813.42	\$ 1,711,834.97
Member Assessment/Refunds	-	-	-
Bank/LAIF Interest	1,520.72	2,875.06	1,713.97
Managed Portfolio	46,199.58	91,292.47	84,452.15
Miscellaneous Income	-	57,631.00	405.00
Total Operating Revenue	<u>982,277.48</u>	<u>2,026,611.95</u>	<u>1,798,406.09</u>
Operating Expenses			
General and Administrative Expenses			
Bank Service Charges	-	-	-
Bookkeeping Services	-	-	-
Cash Over/Short	-	-	-
Conference	-	-	-
Dues & Subscriptions	-	450.00	-
ID Fraud Coverage	906.66	1,813.32	4,687.36
Insurance	-	-	-
Meeting Expense	7,740.25	9,037.81	10,063.92
Member Conference Reimbursement	1,887.55	1,887.55	2,052.17
Miscellaneous Expenses	-	-	-
Office Supplies	-	-	-
Safety Services	35,000.00	52,500.00	49,999.98
Safety Training	17,035.33	25,553.00	26,065.09
Treasury Services (Fort Jones)	-	-	-
User Funding Assessment (WC)	22,100.75	22,100.75	17,240.50
Total Administration	<u>84,670.54</u>	<u>113,342.43</u>	<u>110,109.02</u>
Board Meeting/Travel			
Consulting Services			
Accounting Services	13,200.00	26,400.00	26,400.00
Actuarial Study	2,500.00	2,500.00	-
Administration Costs	61,211.25	122,422.50	119,436.50
Appraisal Services			
Audit Services			
Claims Audit	-	-	-
Audit - Financial	20,900.00	20,900.00	20,300.00
Total Audit Services	<u>20,900.00</u>	<u>20,900.00</u>	<u>20,300.00</u>
Claims Services			
Claims Management -WC	25,127.43	50,254.84	50,254.80
Claims Management - Liability	24,862.50	49,725.00	40,625.00
Consulting Services	-	-	-
TPA - Annual Fees	6,375.00	12,750.00	17,500.00
Total Claims Services	<u>56,364.93</u>	<u>112,729.84</u>	<u>108,379.80</u>
Contract Services			
Investment Fees	3,662.94	7,322.27	7,193.17
Legal	-	-	-
Total Consulting Services	<u>157,839.12</u>	<u>292,274.61</u>	<u>281,709.47</u>
Total General and Administrative Expenses	<u>242,509.66</u>	<u>405,617.04</u>	<u>391,818.49</u>
Insurance Expenses			
Workers' Compensation			
Combined GL/AL Excess			
Property Coverage			
Crime Policy			
Insurance Premiums	226,586.93	453,263.86	388,969.28
Total Insurance Expenses	<u>226,586.93</u>	<u>453,263.86</u>	<u>388,969.28</u>
Claims Expenses			
Claims Payments			
Claim Payments - WC	159,646.21	443,073.28	471,150.84
Claim Payments - Liability	170.18	43,476.97	103,694.04
Total Claim Payments	<u>159,816.39</u>	<u>486,550.25</u>	<u>574,844.88</u>
Changes in Claims Liabilities			
Change in Reserves	1,096.50	7,770.83	(26,023.96)
Changes in IBNR	-	-	-

Small Cities Organied Risk Effort
Statement of Revenue, Expenses and Changes in Net Position
For the Quarter and Year to Date Ended December 31, 2017 and December 31, 2016

	<u>Oct '17 - Dec '17</u>	<u>Jul '17 - Dec '17</u>	<u>Jul '16 - Dec '16</u>
Changes in ULAE	-	-	-
Total Change in Claims Liabilities	<u>1,096.50</u>	<u>7,770.83</u>	<u>(26,023.96)</u>
Total Claims Expenses	<u>160,912.89</u>	<u>494,321.08</u>	<u>548,820.92</u>
Grant Fund Program	-	3,614.46	1,755.15
Dividends	-	-	-
General Contingency	-	-	-
Total Expenses	<u>630,009.48</u>	<u>1,356,816.44</u>	<u>1,331,363.84</u>
Net Operating Revenue	<u>352,268.00</u>	<u>669,795.51</u>	<u>467,042.25</u>
Other Revenue (Expense)			
ERMA Dividend Exp	(57,632.00)	(57,632.00)	(30,325.00)
Investment Gain/Loss	(77,759.52)	(80,026.30)	(182,698.10)
Net Revenue Over (Under) Expenses	<u>\$ 216,876.48</u>	<u>\$ 532,137.21</u>	<u>\$ 254,019.15</u>
		<u>\$ 7,454,010.05</u>	<u>\$ 7,770,291.81</u>
Net Position, Beginning			
		<u>\$ 7,986,147.26</u>	<u>\$ 8,024,310.96</u>
Net Position Ending			

Small Cities Organized Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2017

	<u>Jul '17 - Dec '17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Revenue				
Revenue				
Member Contributions	\$ 1,874,813.42	\$ 1,839,714.00	\$ 35,099.42	101.9%
Bank/LAIF Interest	2,875.06	-	2,875.06	100.0%
Managed Portfolio	91,292.47	-	91,292.47	100.0%
Miscellaneous Income	57,631.00	-	57,631.00	100.0%
Total Operating Revenue	<u>2,026,611.95</u>	<u>1,839,714.00</u>	<u>186,897.95</u>	<u>110.2%</u>
Operating Expenses				
Accreditation Fee	-	-	-	0.0%
Bank Service Charges	-	250.00	(250.00)	0.0%
Conference	-	-	-	0.0%
Contingency Reserve	-	12,500.00	(12,500.00)	0.0%
Dues & Subscriptions	450.00	500.00	(50.00)	90.0%
Insurance	1,813.32	1,850.00	(36.68)	98.0%
Member Conference Reimbursemen	1,887.55	9,500.00	(7,612.45)	19.9%
Meeting Expense	9,037.81	13,365.00	(4,327.19)	67.6%
Miscellaneous Expenses	-	500.00	(500.00)	0.0%
Office Supplies	-	-	-	0.0%
Safety Services	52,500.00	52,500.00	-	100.0%
Safety Training	25,553.00	25,417.50	135.50	100.5%
Treasury Services (Fort Jones)	-	500.00	(500.00)	0.0%
User Funding Assessment (WC)	22,100.75	12,474.00	9,626.75	177.2%
Total Administration	<u>113,342.43</u>	<u>129,356.50</u>	<u>(16,014.07)</u>	<u>87.6%</u>
Board Meeting/Travel				0.0%
Consulting Services				
Accounting Services	26,400.00	26,400.00	-	100.0%
Actuarial Study	2,500.00	5,300.00	(2,800.00)	47.2%
Administration Costs	122,422.50	122,422.50	-	100.0%
Appraisal Services	-	-	-	0.0%
Audit Services	-	-	-	0.0%
Claims Audit	-	4,000.00	(4,000.00)	0.0%
Audit - Financial	20,900.00	10,150.00	10,750.00	205.9%
Total Audit Services	<u>20,900.00</u>	<u>14,150.00</u>	<u>6,750.00</u>	<u>147.7%</u>
Bookkeeping Services	-	-	-	0.0%
Claims Services	-	-	-	0.0%
Claims Management -WC	50,254.84	50,255.00	(0.16)	100.0%
Claims Management - Liability	49,725.00	49,725.00	-	100.0%
TPA - Annual Fees	12,750.00	13,000.00	(250.00)	98.1%
Total Claims Services	<u>112,729.84</u>	<u>112,980.00</u>	<u>(250.16)</u>	<u>99.8%</u>
Contract Services	-	-	-	0.0%
Investment Fees	7,322.27	7,250.00	72.27	101.0%
Legal	-	3,500.00	(3,500.00)	0.0%
Total Consulting Services	<u>292,274.61</u>	<u>292,002.50</u>	<u>272.11</u>	<u>100.1%</u>
Total General and Administrative Expense	<u>405,617.04</u>	<u>421,359.00</u>	<u>(15,741.96)</u>	<u>96.3%</u>

Small Cities Organied Risk Effort
Statement of Revenue, Expenses Budget to Actual
For the Year to Date Ended December 31, 2017

	<u>Jul '17 - Dec '17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Insurance Expenses				
Workers' Compensation			-	0.0%
Combined GL/AL Excess			-	0.0%
Property Coverage			-	0.0%
Crime Policy			-	0.0%
Insurance Premiums	453,263.86	432,589.00	20,674.86	104.8%
Total Insurance Expenses	<u>453,263.86</u>	<u>432,589.00</u>	<u>20,674.86</u>	<u>104.8%</u>
Claims Expenses				
Claims Payments				
Claim Payments - WC	443,073.28		443,073.28	100.0%
Claim Payments - Liability	43,476.97		43,476.97	100.0%
Total Claim Payments	<u>486,550.25</u>	<u>-</u>	<u>486,550.25</u>	<u>100.0%</u>
Changes in Claims Liabilities				
Change in Reserves	7,770.83	-	7,770.83	100.0%
Changes in IBNR		-	-	0.0%
Changes in ULAE		-	-	0.0%
Total Change in Claims Liabilities	<u>7,770.83</u>	<u>-</u>	<u>7,770.83</u>	<u>100.0%</u>
Change in IBNR	-	-	-	0.0%
Change in ULAE	-	-	-	0.0%
Total Claims Expenses	<u>494,321.08</u>	<u>-</u>	<u>494,321.08</u>	<u>100.0%</u>
Grant Fund Program	3,614.46	-	3,614.46	100.0%
Dividends	-	-	-	0.0%
General Contingency				
Total Expenses	<u>1,356,816.44</u>	<u>853,948.00</u>	<u>502,868.44</u>	<u>158.9%</u>
Net Operating Revenue	669,795.51	985,766.00	(315,970.49)	
Other Revenue (Expense)				
ERMA Dividend Exp	(57,632.00)	-	(57,632.00)	100.0%
Investment Gain/Loss	(80,026.30)	-	(80,026.30)	100.0%
: Revenue Over (Under) Expenses	<u>\$ 532,137.21</u>	<u>\$ 985,766.00</u>	<u>\$ (453,628.79)</u>	

Small Cities Organized Risk Effort
Combining Statement of Revenues, Expenses, and Changes in Net Position
For The Quarter To Date Ended December 31, 2017

REVENUES:	Liability	Workers' Compensation	EPLI, EAP, & Property (Other Programs)	Total
Contributions	681,149	955,805	237,860	1,874,814
Other Income (ERMA Refund)	57,631			57,631
Member Assessments	-	-	-	-
Other Income	-	-	-	-
Investment Income	39,142	55,026	-	94,168
Miscellaneous Income	-	-	-	-
Total Revenues	<u>777,922</u>	<u>1,010,831</u>	<u>237,860</u>	<u>2,026,613</u>
EXPENSES:				
Operating				
Claims Expense	(129,860)	624,181	-	494,321
Excess Insurance	79,314	137,730	236,221	453,265
Program Administration	50,886	71,536	-	122,422
Claims Administration	55,025	57,705	-	112,730
Retro Dividends	-		-	-
General and Administrative	70,101	98,550	5,427	174,078
Total operating expenses	<u>125,466</u>	<u>989,702</u>	<u>241,648</u>	<u>1,356,816</u>
Operating Income (Loss)	652,456	21,129	(3,788)	669,797
Nonoperating Income (Loss)				
ERMA Dividend Exp	(57,632)			(57,632)
Investment income	(33,264)	(46,762)	-	(80,026)
Net Income (Loss)	561,560	(25,633)	(3,788)	532,139
Beginning Net Position	<u>5,035,914</u>	<u>2,395,496</u>	<u>22,599</u>	<u>7,454,009</u>
Ending Net Position	<u>5,597,474</u>	<u>2,369,863</u>	<u>18,811</u>	<u>7,986,148</u>

Small Cities Organized Risk Effort
Combining Statement of Net Position
As Of December 31, 2017

ASSETS	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Total</u>
Current Assets				
Cash & Equivalents	1,153,615	1,149,070	-	2,302,685
Accrued Interest	23,073	22,993	-	46,066
Contributions Receivable	361,617	10,842	5,348	377,807
Investments	5,433,944	5,415,085	-	10,849,029
Other Receivable	31,192	55,794	-	86,986
Prepaid Assets	161,825	225,992	237,692	625,509
Total Current Assets	<u>7,165,266</u>	<u>6,879,776</u>	<u>243,040</u>	<u>14,288,082</u>
Total Assets	7,165,266	6,879,776	243,040	14,288,082
LIABILITIES				
Current Liabilities				
Accounts Payable	9,973	28,769	-	38,742
Dividend Payable	5,835	-	-	5,835
Deferred Revenue	651,432	-	237,860	889,292
Claims Reserves	462,638	799,607	-	1,262,245
Total Current Liabilities	<u>1,129,878</u>	<u>828,376</u>	<u>237,860</u>	<u>2,196,114</u>
Noncurrent Liabilities				
Unpaid Claims and Claims Adjustments	431,089	3,674,733	-	4,105,822
Total Noncurrent Liabilities	<u>431,089</u>	<u>3,674,733</u>	<u>-</u>	<u>4,105,822</u>
Total Liabilities	<u>1,560,967</u>	<u>4,503,109</u>	<u>237,860</u>	<u>6,301,936</u>
NET POSITION	<u>5,597,474</u>	<u>2,369,863</u>	<u>18,811</u>	<u>7,986,148</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	<u>*Biggs*</u>	<u>*Colfax*</u>	<u>Crescent City</u>	<u>*Dorris*</u>	<u>Dunsmuir</u>	<u>*Etna*</u>	<u>*Fort Jones*</u>
Member Contributions							
Banking Layer Work Comp Contributions	3,345.00	\$ 4,999.50	\$ -	\$ -	\$ 5,955.50	\$ 3,159.00	\$ 2,611.50
Shared Layer Distributions to Banking							
Total Member Contributions	<u>3,345.00</u>	<u>4,999.50</u>	<u>-</u>	<u>-</u>	<u>5,955.50</u>	<u>3,159.00</u>	<u>2,611.50</u>
Total Contributions	<u>3,345.00</u>	<u>4,999.50</u>	<u>-</u>	<u>-</u>	<u>5,955.50</u>	<u>3,159.00</u>	<u>2,611.50</u>
Claims Cost							
Banking Layer Incurred Expense	-	126.85	-	-	25,058.81	-	-
Total Expenses	<u>-</u>	<u>126.85</u>	<u>-</u>	<u>-</u>	<u>25,058.81</u>	<u>-</u>	<u>-</u>
Net Contributions over Expenses	<u><u>3,345.00</u></u>	<u><u>4,872.65</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(19,103.31)</u></u>	<u><u>3,159.00</u></u>	<u><u>2,611.50</u></u>
Beginning Banking Layer Equity: July 1, 2017	34,915.00	33,267.97	25,000.00	4,753.21	18,027.61	12,842.00	(4,068.94)
Distribution (from)/to Banking							
Transfers from (to) Liability Banking Layer							
Ending Banking Layer Equity: December 31, 2017	<u><u>\$ 38,260.00</u></u>	<u><u>\$ 38,140.62</u></u>	<u><u>\$ 25,000.00</u></u>	<u><u>\$ 4,753.21</u></u>	<u><u>\$ (1,075.70)</u></u>	<u><u>\$ 16,001.00</u></u>	<u><u>\$ (1,457.44)</u></u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	<u>Ione</u>	<u>Live Oak</u>	<u>*Loomis*</u>	<u>*Loyalton*</u>	<u>*Montague*</u>	<u>Mt. Shasta</u>	<u>*Portola*</u>
Member Contributions							
Banking Layer Work Comp Contributions	\$ -	\$ 9,222.00	\$ 5,587.00	\$ 965.50	\$ 2,702.50	\$ 29,852.00	\$ 8,294.00
Shared Layer Distributions to Banking							
Total Member Contributions	<u>-</u>	<u>9,222.00</u>	<u>5,587.00</u>	<u>965.50</u>	<u>2,702.50</u>	<u>29,852.00</u>	<u>8,294.00</u>
Total Contributions	<u>-</u>	<u>9,222.00</u>	<u>5,587.00</u>	<u>965.50</u>	<u>2,702.50</u>	<u>29,852.00</u>	<u>8,294.00</u>
Claims Cost							
Banking Layer Incurred Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,278.21</u>	<u>5,084.88</u>
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,278.21</u>	<u>5,084.88</u>
Net Contributions over Expenses	<u>-</u>	<u>9,222.00</u>	<u>5,587.00</u>	<u>965.50</u>	<u>2,702.50</u>	<u>21,573.79</u>	<u>3,209.12</u>
Beginning Banking Layer Equity: July 1, 2017	13,869.67	123,049.78	63,486.00	10,898.92	(12,525.50)	(17,986.07)	(6,928.80)
Distribution (from)/to Banking							
Transfers from (to) Liability Banking Layer							
Ending Banking Layer Equity: December 31, 2017	<u>\$ 13,869.67</u>	<u>\$ 132,271.78</u>	<u>\$ 69,073.00</u>	<u>\$ 11,864.42</u>	<u>\$ (9,823.00)</u>	<u>\$ 3,587.72</u>	<u>\$ (3,719.68)</u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	<u>*Rio Dell*</u>	<u>Shasta Lake</u>	<u>Susanville</u>	<u>*Tulelake*</u>	<u>Weed</u>	<u>Williams</u>	<u>Yreka</u>
Member Contributions							
Banking Layer Work Comp Contributions	\$ 7,568.00	\$ 21,481.50	\$ 39,053.00	\$ 3,068.00	\$ 14,215.50	\$ -	\$ 28,941.50
Shared Layer Distributions to Banking							
Total Member Contributions	<u>7,568.00</u>	<u>21,481.50</u>	<u>39,053.00</u>	<u>3,068.00</u>	<u>14,215.50</u>	<u>-</u>	<u>28,941.50</u>
Total Contributions	<u>7,568.00</u>	<u>21,481.50</u>	<u>39,053.00</u>	<u>3,068.00</u>	<u>14,215.50</u>	<u>-</u>	<u>28,941.50</u>
Claims Cost							
Banking Layer Incurred Expense	<u>(3,254.32)</u>	<u>11,697.75</u>	<u>76,844.01</u>	<u>-</u>	<u>50,329.11</u>	<u>-</u>	<u>121,623.81</u>
Total Expenses	<u>(3,254.32)</u>	<u>11,697.75</u>	<u>76,844.01</u>	<u>-</u>	<u>50,329.11</u>	<u>-</u>	<u>121,623.81</u>
Net Contributions over Expenses	<u><u>10,822.32</u></u>	<u><u>9,783.75</u></u>	<u><u>(37,791.01)</u></u>	<u><u>3,068.00</u></u>	<u><u>(36,113.61)</u></u>	<u><u>-</u></u>	<u><u>(92,682.31)</u></u>
Beginning Banking Layer Equity: July 1, 2017	27,123.44	259,259.74	190,501.59	12,823.00	103,043.22	25,000.00	211,748.42
Distribution (from)/to Banking							
Transfers from (to) Liability Banking Layer							
Ending Banking Layer Equity: December 31, 2017	<u><u>\$ 37,945.76</u></u>	<u><u>\$ 269,043.49</u></u>	<u><u>\$ 152,710.58</u></u>	<u><u>\$ 15,891.00</u></u>	<u><u>\$ 66,929.61</u></u>	<u><u>\$ 25,000.00</u></u>	<u><u>\$ 119,066.11</u></u>

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Workers' Compensation Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	Total W/C Banking Layer
Member Contributions	
Banking Layer Work Comp Contributions	\$ 191,021.00
Shared Layer Distributions to Banking	\$ -
Total Member Contributions	191,021.00
Total Contributions	191,021.00
Claims Cost	
Banking Layer Incurred Expense	295,789.11
Total Expenses	295,789.11
Net Contributions over Expenses	(104,768.11)
Beginning Banking Layer Equity: July 1, 2017	1,128,100.26
Distribution (from)/to Banking	-
Transfers from (to) Liability Banking Layer	-
Ending Banking Layer Equity: December 31, 2017	\$ 1,023,332.15

Mini Cities

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	Biggs	Colfax	Dorris	Dunsmuir	Etna	Fort Jones
Member Contributions						
Banking Layer Liability Contributions	2,667.00	4,101.00	-	7,123.50	2,460.50	2,058.00
Shared Layer Distributions to Banking						
Total Member Contributions	<u>2,667.00</u>	<u>4,101.00</u>	<u>-</u>	<u>7,123.50</u>	<u>2,460.50</u>	<u>2,058.00</u>
Total Contributions	<u>2,667.00</u>	<u>4,101.00</u>	<u>-</u>	<u>7,123.50</u>	<u>2,460.50</u>	<u>2,058.00</u>
Claims Cost						
Banking Layer Incurred Expense		5,000.00		34,984.00	(5,000.25)	
Total Claims Cost	<u>-</u>	<u>5,000.00</u>	<u>-</u>	<u>34,984.00</u>	<u>(5,000.25)</u>	<u>-</u>
Net Contributions over Expenses	<u>2,667.00</u>	<u>(899.00)</u>	<u>-</u>	<u>(27,860.50)</u>	<u>7,460.75</u>	<u>2,058.00</u>
Beginning Banking Layer Equity: July 1, 2017	(7,231.85)	37,218.18	12,727.00	2,022.23	13,708.00	24,159.00
Distributions (from)/to Banking Layer						
Transfers from/(to) WC Banking Layer						
Beginning Banking Layer Equity: December 31, 2017	<u>\$ (4,564.85)</u>	<u>\$ 36,319.18</u>	<u>\$ 12,727.00</u>	<u>\$ (25,838.27)</u>	<u>\$ 21,168.75</u>	<u>\$ 26,217.00</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	Ione	Isleton	Live Oak	Loomis	Loyalton	Montague
Member Contributions						
Banking Layer Liability Contributions	-	1,788.00	7,781.00	5,752.50	796.50	2,199.00
Shared Layer Distributions to Banking						
Total Member Contributions	<u>-</u>	<u>1,788.00</u>	<u>7,781.00</u>	<u>5,752.50</u>	<u>796.50</u>	<u>2,199.00</u>
Total Contributions	<u>-</u>	<u>1,788.00</u>	<u>7,781.00</u>	<u>5,752.50</u>	<u>796.50</u>	<u>2,199.00</u>
Claims Cost						
Banking Layer Incurred Expense		(20,555.04)	(485.00)	3,041.00		1,009.00
Total Claims Cost	<u>-</u>	<u>(20,555.04)</u>	<u>(485.00)</u>	<u>3,041.00</u>	<u>-</u>	<u>1,009.00</u>
Net Contributions over Expenses	<u>-</u>	<u>22,343.04</u>	<u>8,266.00</u>	<u>2,711.50</u>	<u>796.50</u>	<u>1,190.00</u>
Beginning Banking Layer Equity: July 1, 2017	33,543.00	(56,953.94)	93,207.13	9,368.06	20,651.50	16,955.83
Distributions (from)/to Banking Layer						
Transfers from/(to) WC Banking Layer						
Beginning Banking Layer Equity: December 31, 2017	<u>\$ 33,543.00</u>	<u>\$ (34,610.90)</u>	<u>\$ 101,473.13</u>	<u>\$ 12,079.56</u>	<u>\$ 21,448.00</u>	<u>\$ 18,145.83</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	Mt. Shasta	Portola	Rio Dell	Shasta Lake	Susanville	Tulelake
Member Contributions						
Banking Layer Liability Contributions	17,656.50	5,295.00	6,282.50	18,582.00	27,021.00	2,446.50
Shared Layer Distributions to Banking						
Total Member Contributions	<u>17,656.50</u>	<u>5,295.00</u>	<u>6,282.50</u>	<u>18,582.00</u>	<u>27,021.00</u>	<u>2,446.50</u>
Total Contributions	<u>17,656.50</u>	<u>5,295.00</u>	<u>6,282.50</u>	<u>18,582.00</u>	<u>27,021.00</u>	<u>2,446.50</u>
Claims Cost						
Banking Layer Incurred Expense	2,064.00	109.37		1,784.93	5,013.00	
Total Claims Cost	<u>2,064.00</u>	<u>109.37</u>	-	<u>1,784.93</u>	<u>5,013.00</u>	-
Net Contributions over Expenses	<u>15,592.50</u>	<u>5,185.63</u>	<u>6,282.50</u>	<u>16,797.07</u>	<u>22,008.00</u>	<u>2,446.50</u>
Beginning Banking Layer Equity: July 1, 2017	(14,237.81)	64,884.52	59,447.03	177,630.72	120,115.51	22,550.96
Distributions (from)/to Banking Layer						
Transfers from/(to) WC Banking Layer						
Beginning Banking Layer Equity: December 31, 2017	<u>\$ 1,354.69</u>	<u>\$ 70,070.15</u>	<u>\$ 65,729.53</u>	<u>\$ 194,427.79</u>	<u>\$ 142,123.51</u>	<u>\$ 24,997.46</u>

Small Cities Organized Risk Effort
 Supplemental Schedule
 Liability Banking Layer Equity by Member
 July 1, 2017 through December 30, 2017

	Weed	Yreka	Total Liability Banking Layer
Member Contributions			
Banking Layer Liability Contributions	14,525.00	24,487.50	153,023.00
Shared Layer Distributions to Banking			-
Total Member Contributions	<u>14,525.00</u>	<u>24,487.50</u>	<u>153,023.00</u>
Total Contributions	<u>14,525.00</u>	<u>24,487.50</u>	<u>153,023.00</u>
Claims Cost			
Banking Layer Incurred Expense	<u>33,556.00</u>	<u>(22,703.22)</u>	<u>37,817.79</u>
Total Claims Cost	<u>33,556.00</u>	<u>(22,703.22)</u>	<u>37,817.79</u>
Net Contributions over Expenses	<u>(19,031.00)</u>	<u>47,190.72</u>	<u>115,205.21</u>
Beginning Banking Layer Equity: July 1, 2017	57,314.13	169,465.09	856,544.29
Distributions (from)/to Banking Layer			
Transfers from/(to) WC Banking Layer			
Beginning Banking Layer Equity: December 31, 2017	<u><u>\$ 38,283.13</u></u>	<u><u>\$ 216,655.81</u></u>	<u><u>\$ 971,749.50</u></u>



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item I.2.

INVESTMENT POLICY REVIEW AND APPROVAL

ACTION ITEM

ISSUE: The Board annually reviews and approves any recommended changes to the Investment Policy, or they reaffirm the Policy with no changes. This year neither SCORE's accountant or investment manager are suggesting any changes to the Policy.

Attached is a red-line version of the Investment Policy with *the only change being to the dates of review and adoption*, along with a letter from Chandler Asset Management indicating no changes are recommended at this time.

RECOMMENDATION: Review and approve the recommended changes.

FISCAL IMPACT: None

BACKGROUND: Each 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 Review of Investment Policy letter dated March 16, 2018

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

Reviewed March 201~~8~~⁷

INVESTMENT POLICY

ADOPTED 3-30~~1~~⁴-1~~8~~⁷

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. Federal Agency	N/A	5 years	100%	100%
3. Supranational Securities	AA	5 years	30%	10%
4. California State and Municipal Obligations ***	A	5 years	20%	5%
5. Notes and bonds of the other 49 states	A	5 years	20%	5%
6. Negotiable Certificates of Deposit	A-1 or A	5 years	30%	5%
7. Bankers Acceptances	A-1	180 days	30%	5%
8. Commercial Paper	A-1	270 days	25%	5%
9. Repurchase Agreements	N/A	1 year	25%	5%
10. Medium Term Notes****	A	5 years	30%	5%
11. Local Agency Investment Fund (LAIF)	N/A	N/A	N/A	Up to statutory limits
12. Mutual and Money Market Funds	AAA	N/A	20%	10% for mutual funds, 20% for money market funds
13. 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 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, 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.

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, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or 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.

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.

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.

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.

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" or its equivalent or better by at least one NRSRO.

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.

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 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.

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. 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 the highest ranking or the highest letter and numberica 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 managing money market mutual funds with assets under management in excess of \$500 million.
 - iii. No more than 20% of the investment portfolio may be held in Money Market Mutual Funds.
- c. No more than 20% of the total portfolio may be invested in these securities

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 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 16, 2018

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 Marcus,

We have completed our annual review the Small Cities Organized Risk Effort (“SCORE”) 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. SCORE’s policy is well written, continues to effective, and does not need to be amended at this time.

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



LUNCHTIME SPEAKER

INFORMATION ITEM

ISSUE: Steve Horan, an attorney with SCORE approved law firm Porter Scott, will present information regarding the typical Inverse Condemnation and Dangerous Conditions exposures faced by member cities.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: SCORE Members previously expressed interest in a training session regarding Inverse Condemnation and Dangerous Conditions claims and exposures.

ATTACHMENTS: *Handout at the meeting*



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item I.3.

**SCORE PROPOSED FINANCIAL AUDIT FOR YE JUNE 30, 2018 –
CROWE HORWATH**

ACTION ITEM

ISSUE: The annual Financial Audit is completed for SCORE by Crowe Horwath. Their engagement letter for the audit of the year ending June 30, 2018 is included for review and approval.

RECOMMENDATION: Approve the engagement letter from Crowe Horwath.

FISCAL IMPACT: \$21,500 representing an increase of 5.9% to annual budget from the prior year (\$20,300).

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

ATTACHMENTS: Crowe Horwath Engagement Letter dated January 29, 2018

January 29, 2018

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

This letter confirms the arrangements for Crowe Horwath LLP (“Crowe” or “us” or “we” or “our”) to provide the professional services discussed in this letter to Small Cities Organized Risk Effort (“the Authority” or “you”, “your” or “Authority” or “Client”) for the year ending June 30, 2018. The attached Crowe Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

Our Responsibilities

We will audit and report on the financial statements of the Authority for the period indicated.

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

- Combining Statements of Net Position
- Combining Statements of Revenue, Expenses and Change in Net Position

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment including the assessment of the risks that the financial statements could be misstated by an amount we believe would influence the

financial statement users. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

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

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

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

Government Auditing Standards require that we provide you with a copy of our most recent peer review report, which accompanies this letter along with the related letter of comment and response thereto.

The Authority's Responsibilities

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

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

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

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

Management is responsible for the preparation of the supplementary information identified above in accordance with the applicable criteria. As part of our audit process, we will request from management certain written representations regarding management's responsibilities in relation to the supplementary

information presented, including but not limited to its fair presentation in accordance with the applicable criteria, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information. In addition, it is management's responsibility to include the auditor's report on supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. It is also management's responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Authority of the supplementary information and the auditor's report thereon.

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

OTHER SERVICES

Financial Statement Preparation

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

Recordkeeping Assistance

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

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

FEES

Our fees, including out-of-pocket expenses, are outlined below. Our invoices are due and payable upon receipt. Invoices that are not paid within 30 days of receipt are subject to a monthly interest charge of one percent per month or the highest interest rate allowed by law, whichever is less, which we may elect to waive at our sole discretion, plus costs of collection including reasonable attorneys' fees. If any amounts invoiced remain unpaid 30 days after the invoice date, you agree that Crowe may, in its sole discretion, cease work until all such amounts are paid or terminate this engagement.

Audit of Authority's financial statements for the year ending June 30, 2018	\$ 21,500
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Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services. Examples of such circumstances include, but are not limited to:

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

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

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

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

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

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

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

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

* * * * *

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

This engagement letter agreement (the "Agreement") reflects the entire agreement between us relating to the services (or any deliverables or other work product) covered by this Agreement. The engagement letter and any attachments are to be construed as a single document, with the provisions of each section applicable throughout. This Agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter, and each party agrees that in entering this Agreement, it has not relied on any oral or written statements or other information not contained or incorporated in this Agreement. Any non-disclosure or other confidentiality agreement is replaced and superseded by this Agreement. The agreements of you and Crowe contained in this Agreement will survive the completion or termination of this Agreement. If any phrase, sentence, provision or other term of this Agreement is found unenforceable or invalid, this will not affect the other phrases, sentences, provisions or other terms, all of which will continue in effect as if the stricken term had not been included. This Agreement may be executed in two or more actual, scanned, emailed, or electronically copied counterparts, each and all of which together are one and the same instrument. Accurate transmitted copies (transmitted copies are reproduced documents that are sent via mail, delivery, scanning, email, photocopy, facsimile or other process) will be considered and accepted by each party as documents equivalent to original documents and will be deemed valid, binding and enforceable by and against all parties. This agreement must be construed, governed, and interpreted under the laws of the State of Illinois, without regard for choice of law principles.

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

ACCEPTANCE

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

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

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

Small Cities Organized Risk Effort

Crowe Horwath LLP

Signature



Signature

Printed Name

Matthew Nethaway

Printed Name

Title

Partner

Title

Date

January 29, 2018

Date

Crowe Engagement Terms

Crowe wants Client to understand the terms under which Crowe provides its services to Client and the basis under which Crowe determines its fees. These terms are part of the Agreement and apply to all services described in the Agreement as well as all other services provided to Client (collectively, the "Services"), unless and until a separate written agreement is executed by the parties for separate services. Crowe specifically notes that no advice Crowe provides should be construed to be investment advice.

CLIENT'S ASSISTANCE – For Crowe to provide its Services effectively and efficiently, Client agrees to provide Crowe timely with the information it requests and to make Client's employees available for Crowe's questions. The availability of Client's personnel and the timetable for their assistance are key elements in the successful completion of Crowe's Services and in the determination of Crowe's fees. Completion of Crowe's work depends on appropriate and timely cooperation from Client's personnel; complete, accurate, and timely responses to Crowe's inquiries; and timely communication by Client of all significant tax, accounting and financial reporting matters of which Client is aware. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by Crowe will be mutually agreed upon, and Client agrees to hold Crowe harmless against all matters that arise in whole or in part from any resulting delay.

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

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

THIRD PARTY PROVIDER – Crowe may use a third-party service provider in providing Services to Client which may require Crowe's sharing Client's confidential information with the provider. If Crowe uses a third-party service provider, Crowe will enter into a confidentiality agreement with the provider to require them to maintain the confidentiality of Client's confidential information, and Crowe will be responsible to Client for maintaining its confidentiality. The terms of Crowe's engagement letter and these engagement terms will apply to any third party provider.

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

CLIENT-REQUIRED CLOUD USAGE – If Client requests that Crowe access files, documents or other information in a cloud-based or web-accessed hosting service or other third-party system accessed via the internet, including, without limitation iCloud, Dropbox, Google Docs, Google Drive, a data room hosted by a third-party, or a similar service or website (collectively, "Cloud Storage"), Client will confirm with any third-parties assisting with or hosting the Cloud Storage that either such third-party or Client (and not Crowe) is responsible for ensuring the confidentiality of all information while utilizing the Cloud Storage, complying with all applicable laws relating to the Cloud Storage and any information contained in the Cloud Storage, providing Crowe access to the information in the Cloud Storage, and protecting the information in the Cloud Storage from any unauthorized access to the information, including without limitation unauthorized access to the information when in transit to or from the Cloud Storage. Client warrants that it has authority to provide Crowe access to information in the Cloud Storage and that providing Crowe with access to information in the Cloud Storage complies with all applicable laws, regulations, or duties owed to third-parties, and Client agrees to hold Crowe harmless from and against any matters relating to or arising from Crowe's use of the Cloud Storage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARBITRATION – If any court rules or finds that the JURY TRIAL WAIVER section above is not enforceable, then any dispute between the parties relating to or arising from this engagement or the parties' relationship generally will be settled by binding arbitration in Chicago, Illinois (or a location agreed in writing by the parties). Any dispute between the parties will be arbitrated by the arbitrator(s) in accordance with this section, including without limitation any dispute relating to whether a dispute is subject to arbitration or any issue concerning the applicability, interpretation or enforceability of this section or any of its procedures. The arbitration will be governed by the Federal Arbitration Act and resolved by the arbitrator(s). The parties will use the International Institute for Conflict Prevention & Resolution (the "CPR Institute") Global Rules for Accelerated Commercial Arbitration (the "Accelerated Rules") then in effect, or such other rules or procedures as the parties may agree. In the event of a conflict between those rules and this Agreement, this Agreement will control. If a party has a basis for injunctive relief, this paragraph will not preclude a party seeking and obtaining injunctive relief in a court of proper jurisdiction. The parties will agree within a reasonable period of time after notice is made of instituting the arbitration process whether to use one or three arbitrators, and if the parties cannot agree within fifteen (15) business days, the parties will use a single arbitrator. In any event the arbitrator(s) must be retired federal judges or attorneys with at least 15 years commercial law experience and no arbitrator may be appointed unless he or she has agreed to these procedures. If the parties cannot agree upon arbitrator(s) within an additional fifteen (15) business days, the arbitrator(s) will be selected by the CPR Institute. The arbitrator(s) may authorize only limited discovery upon a showing of substantial need by the party seeking discovery. The arbitrator(s) may rule on a summary basis, including without limitation on a motion to dismiss basis or on a summary judgment basis. The arbitrator(s) may enter such prehearing orders as may be appropriate to ensure a fair hearing. The hearing will be held within one year of the

demand or less and must be concluded within ten business days absent written agreement by the parties to the contrary, but these time limits are not jurisdictional. The arbitrator(s) will apply substantive law and may award injunctive relief or any other remedy available from a judge. The arbitrator(s) may award attorney fees and costs to the prevailing party, and in the event of a split or partial award, the arbitrator(s) may award costs or attorney fees in an equitable manner. Any award by the arbitrator(s) will be accompanied by a reasoned opinion describing the basis of the award. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. All aspects of the arbitration will be treated by the parties and the arbitrator(s) as confidential.

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

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

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

System Review Report

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

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

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

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

Cherry Bekaert LLP

Cherry Bekaert LLP
August 23, 2016



Peer Review Program

Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

October 31, 2016

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

Dear Mr. Powers:

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

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

Sincerely,

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

cc: Samuel Edward Johnson; Scot D Ivey

Firm Number: 10014904

Review Number 446067

Letter ID: 1122915A



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 12/31/17 loss data. The review estimates the ultimate cost of claims and expenses for the Banking and Shared Risk Layers for the 2018/19 Program Year. This review also estimates the outstanding liabilities for the Banking and Shared Risk layers as of 6/30/18. The liability losses have developed favorably resulting in an overall decrease in reserves and rate decreases for both layers.

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

- **Combined rates decreased 10.6%, from \$3.49 last year to \$3.12 this year.** Note the rate at the 75% CL is \$3.44, or \$0.05 less than the current rate at the 70% CL, so this may be a good time to increase the Confidence Level to 75% (same as the Workers' Compensation Program) without much of an impact.

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

- **Combined reserves have decreased 10.3%,** from \$1,111,000 to \$997,000, a total of \$114,000. *Banking Layer reserves decreased \$13,000, from \$262,000 to \$249,000, while Shared Layer reserves decreased \$101,000, from \$849,000 to \$748,000.*

RECOMMENDATION: Accept and request a final report.

FISCAL IMPACT: Decrease of \$40,000 in FY 2018/19 funding at the 70% CL.

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

ATTACHMENTS: Draft Actuarial Review of the Self-Insured Liability Program, *without Exhibits or Appendices*, dated March 14, 2018.



Actuarial Review of the Self-Insured Liability Program

*Outstanding Liabilities as of June 30, 2018
Forecast for Program Year 2018-19*

Presented to
Small Cities Organized Risk Effort

March 14, 2018

Wednesday, March 14, 2018

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

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

Assuming an SIR of \$500,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$251,000 for the banking layer and \$353,000 for the shared layer for a total of \$604,000. For budgeting purposes, these costs translate to rates of \$1.06, \$1.49 and \$2.56 per \$100 payroll for the banking layer, shared layer, and in total respectively.

Assuming an SIR of \$500,000 per occurrence and a 1.0% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$252,000 for the banking layer and \$358,000 for the shared layer for a total of \$610,000. For budgeting purposes, these costs translate to rates of \$1.07, \$1.52 and \$2.58 per \$100 payroll for the banking layer, shared layer, and in total respectively.

These amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims.

Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2018 to be \$249,000 for the banking layer and \$748,000 for the shared layer for a total of \$997,000. Given estimated program assets of \$5,989,000 as of June 30, 2018, the program is expected to be funded above the 90% confidence level on a combined basis.

Assuming a 1.0% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2018 to be \$250,000 for the banking layer and \$756,000 for the shared layer for a total of \$1,006,000. Given estimated program assets of \$5,989,000 as of June 30, 2018, the program is expected to be funded above the 90% confidence level on a combined basis.

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

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2018 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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

Our conclusions regarding SCORE's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2018 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2018
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	\$220,000	\$252,000	\$266,000	\$282,000	\$302,000	\$328,000
ULAE	33,000	38,000	40,000	42,000	45,000	49,000
Investment Income Offset	(4,000)	(5,000)	(5,000)	(5,000)	(6,000)	(5,000)
Discounted Loss and LAE	\$249,000	\$285,000	\$301,000	\$319,000	\$341,000	\$372,000

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$655,000	\$784,000	\$852,000	\$933,000	\$1,036,000	\$1,172,000
ULAE	116,000	139,000	151,000	166,000	183,000	207,000
Investment Income Offset	(23,000)	(28,000)	(30,000)	(33,000)	(36,000)	(41,000)
Discounted Loss and LAE	\$748,000	\$895,000	\$973,000	\$1,066,000	\$1,183,000	\$1,338,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$875,000	\$1,036,000	\$1,118,000	\$1,215,000	\$1,338,000	\$1,501,000
ULAE	149,000	176,000	190,000	207,000	228,000	256,000
Investment Income Offset	(27,000)	(32,000)	(34,000)	(37,000)	(42,000)	(47,000)
Discounted Loss and LAE	\$997,000	\$1,180,000	\$1,274,000	\$1,385,000	\$1,524,000	\$1,710,000
Assets	\$5,989,000	\$5,989,000	\$5,989,000	\$5,989,000	\$5,989,000	\$5,989,000
Surplus or (Deficit)	\$4,992,000	\$4,809,000	\$4,715,000	\$4,604,000	\$4,465,000	\$4,279,000

The table below shows our funding recommendations for the Small Cities Organized Risk Effort for the 2018-19 fiscal year, assuming the current SIR of \$500,000.

**Small Cities Organized Risk Effort (SIR = \$500,000)
Self-Insured Liability Program**

Loss and LAE Funding Guidelines for 2018-19

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	\$255,000	\$299,000	\$320,000	\$345,000	\$376,000	\$417,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(4,000)	(4,000)	(5,000)	(5,000)	(6,000)	(6,000)
Discounted Loss and LAE	\$251,000	\$295,000	\$315,000	\$340,000	\$370,000	\$411,000
Rate per \$100 of 2018-19 Payroll	\$1.06	\$1.25	\$1.33	\$1.44	\$1.57	\$1.74

Shared Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$367,000	\$460,000	\$517,000	\$583,000	\$670,000	\$784,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(14,000)	(18,000)	(20,000)	(22,000)	(26,000)	(30,000)
Discounted Loss and LAE	\$353,000	\$442,000	\$497,000	\$561,000	\$644,000	\$754,000
Rate per \$100 of 2018-19 Payroll	\$1.49	\$1.87	\$2.10	\$2.37	\$2.73	\$3.19

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$622,000	\$759,000	\$836,000	\$928,000	\$1,044,000	\$1,200,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(18,000)	(22,000)	(24,000)	(27,000)	(30,000)	(35,000)
Discounted Loss and LAE	\$604,000	\$737,000	\$812,000	\$901,000	\$1,014,000	\$1,165,000
Rate per \$100 of 2018-19 Payroll	\$2.56	\$3.12	\$3.44	\$3.81	\$4.29	\$4.93

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2018. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

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

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

Sincerely,

Bickmore

DRAFT

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

DRAFT

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

DRAFT

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

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I. BACKGROUND

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

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2018, project ultimate loss costs for 2018-19, 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, 2018. 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.

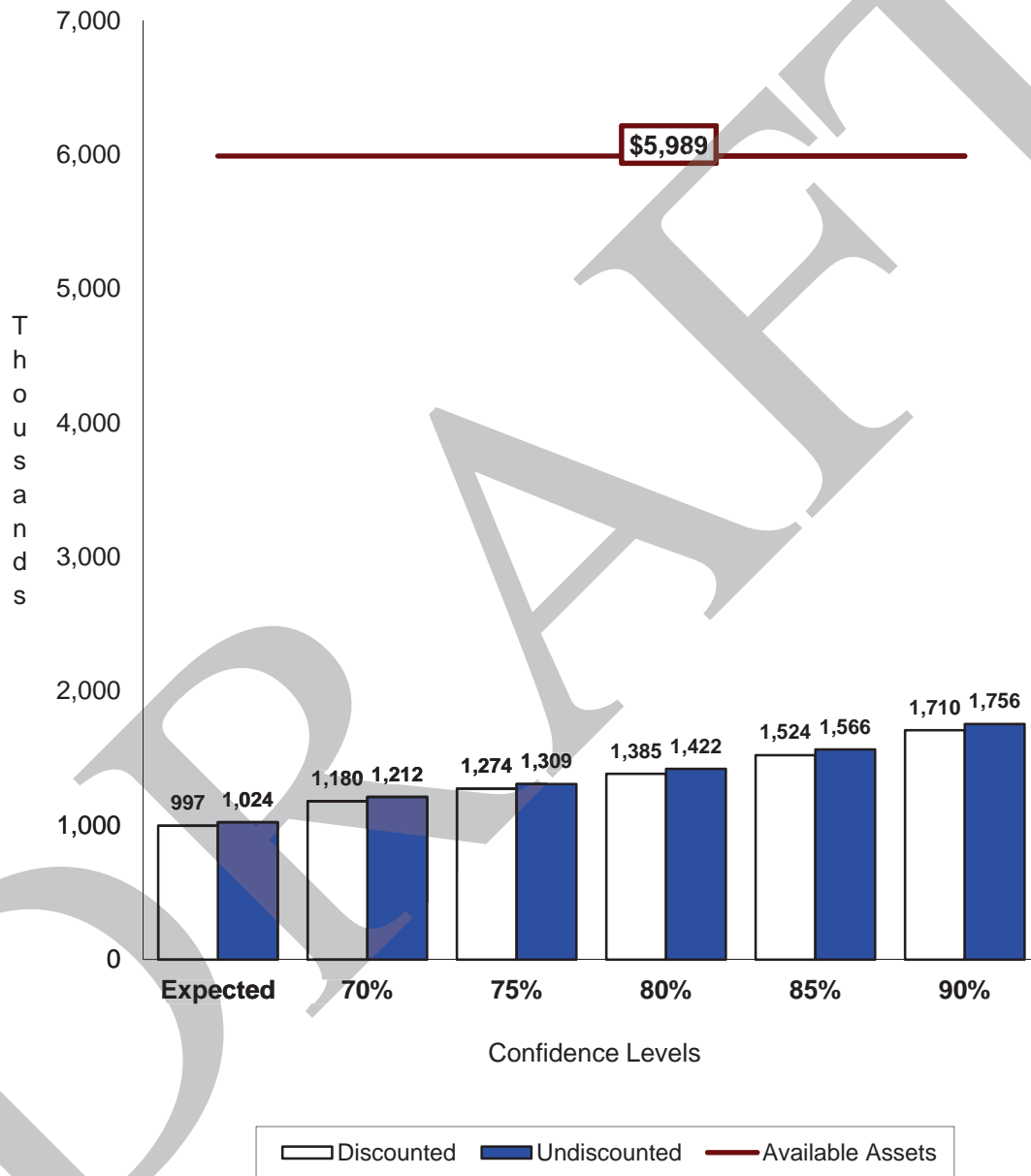
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2018, is \$253,000 for the banking layer and \$771,000 for the shared layer for a total of \$1,024,000. These amounts include losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

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

SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 2.6% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$249,000 for the banking layer and \$748,000 for the shared layer for a total of \$997,000 as of June 30, 2018.

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

SCORE - Liability
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2018
 Combined



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2018, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Liability Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2018

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$0	\$0	\$0
2014-15	42,974	27,699	70,673
2015-16	30,863	65,044	95,907
2016-17	69,851	171,861	241,712
2017-18	118,721	347,981	466,702
Loss and ALAE	\$262,409	\$612,585	\$874,994
ULAE		149,000	149,000
Total	\$262,409	\$761,585	\$1,023,994

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.

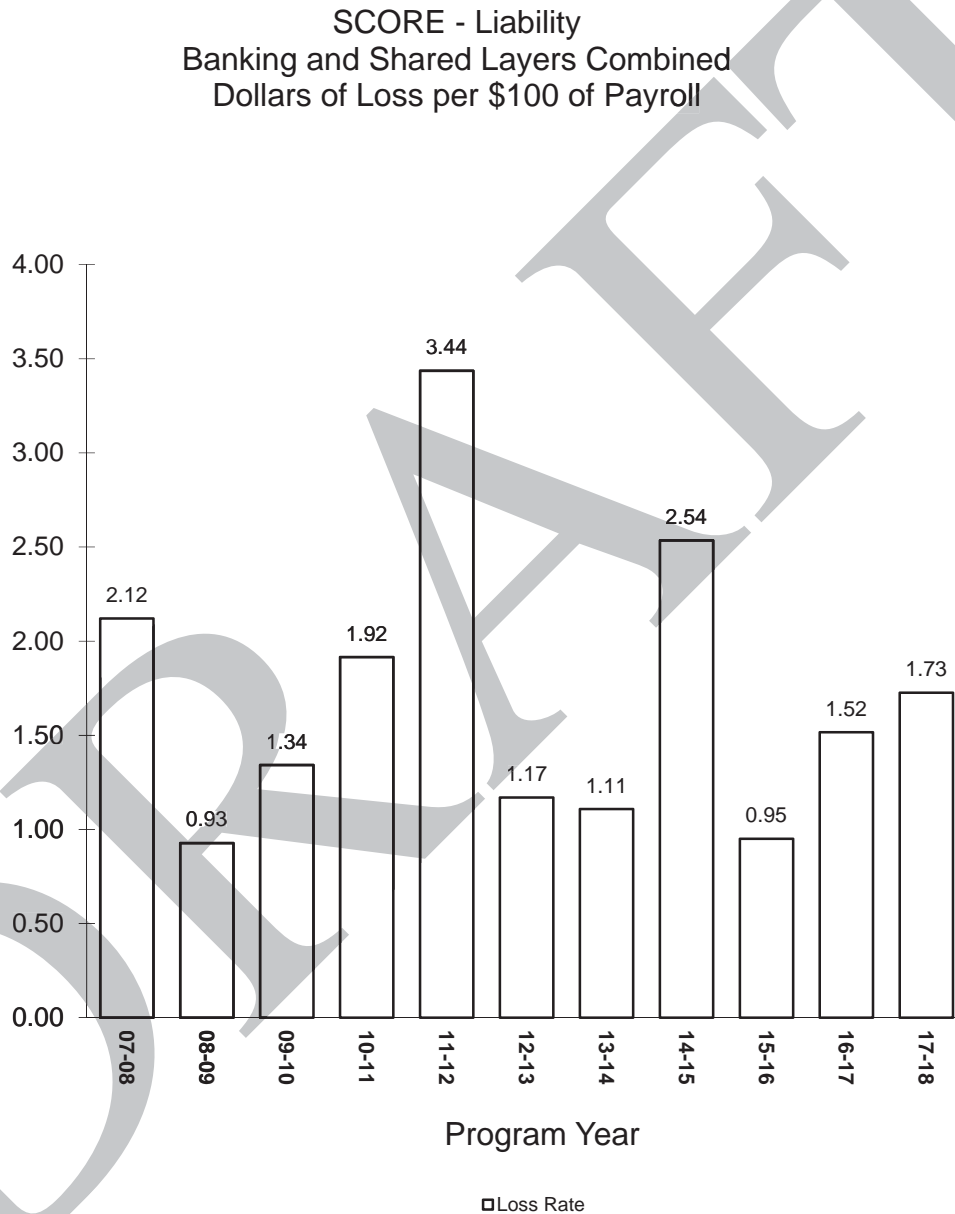
In general, we recommend funding each year's claims costs in that year. When surpluses or deficits have developed on outstanding liabilities and funding adjustments are necessary, they should be clearly identified as such so that the habit of funding each year's claims costs that year is maintained.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

It is estimated that program assets will be \$5,989,000 at June 30, 2018, resulting in the program being funded above the 90% confidence level on a combined basis.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year, but followed a generally decreasing trend. We selected a loss rate of \$1.73 per \$100 of payroll for the 2017-18 program year based on the assumption that this trend will continue. See Graph 2a below.

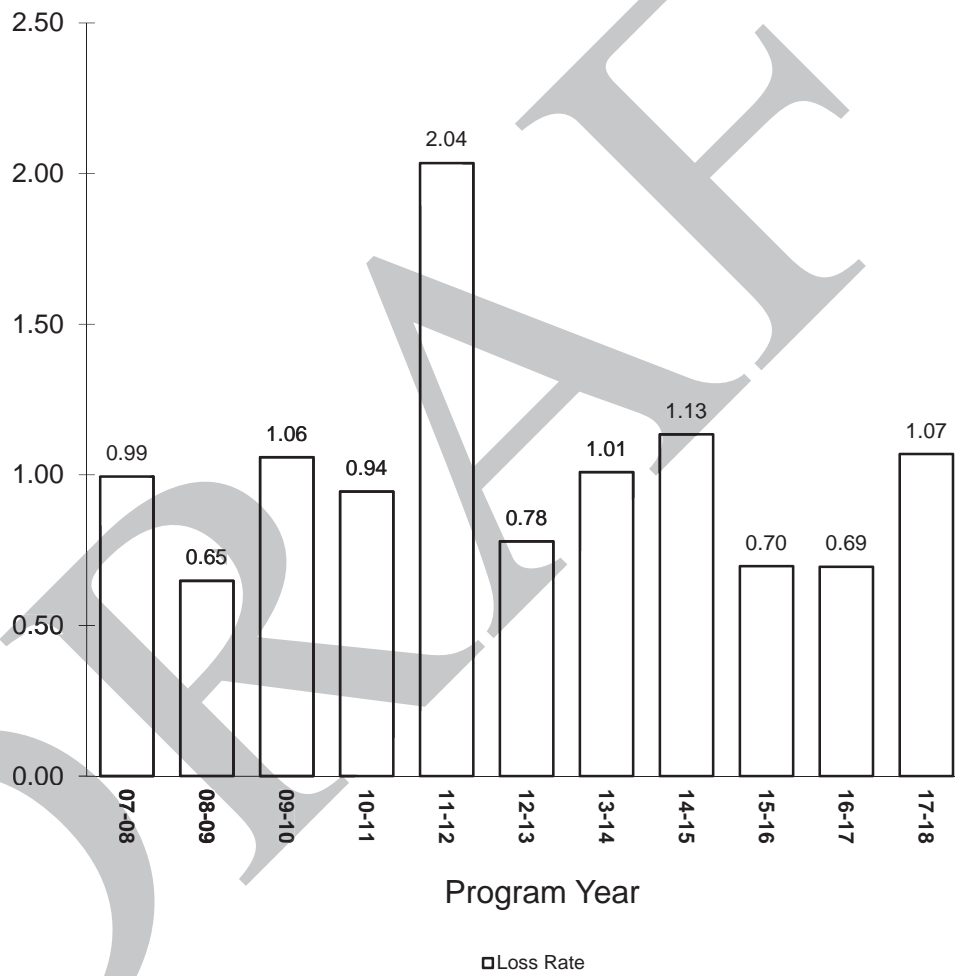
Graph 2a



The banking layer loss rate per \$100 payroll has also varied over the past ten years but has followed a generally decreasing trend. Our projected 2017-18 loss rate of \$1.07 per \$100 of payroll reflects this trend. See Graph 2b below.

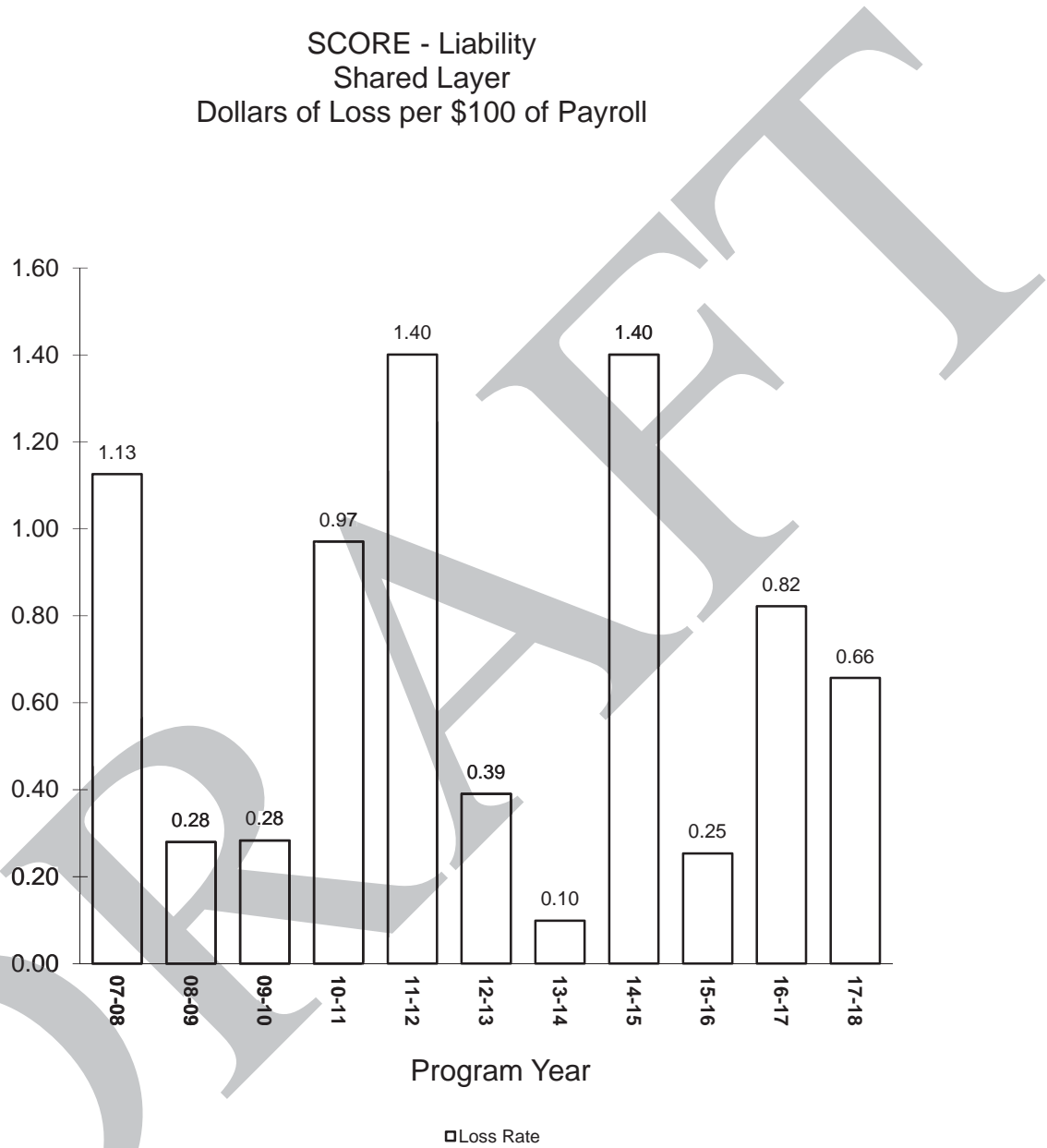
Graph 2b

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



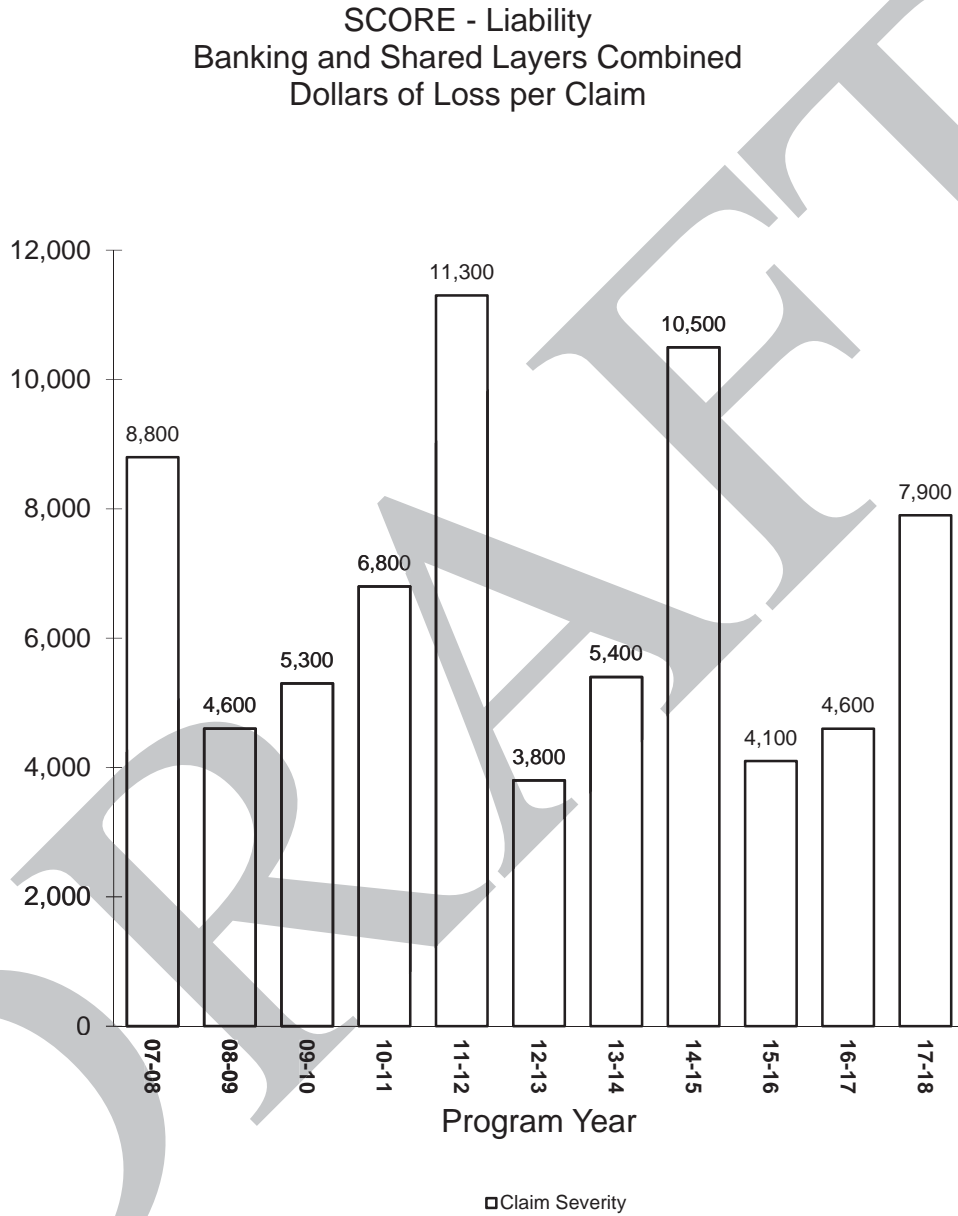
The shared layer loss rate has varied over the last ten years, typical for excess layers losses, with no apparent trend. See Graph 2c below.

Graph 2c



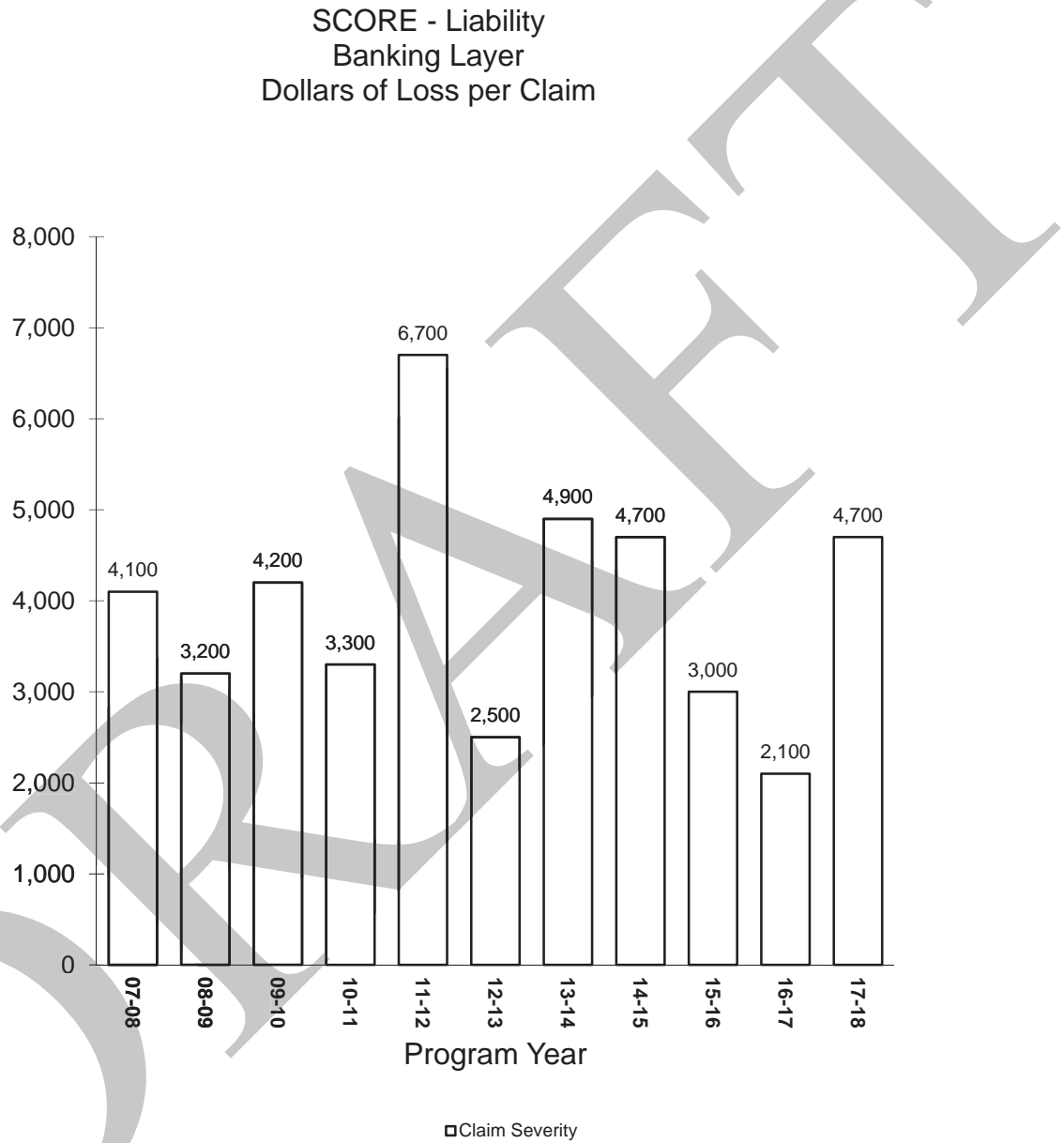
The program's average cost per claim, or severity, has been volatile over the past ten years, with the 2011-12 and 2014-15 years coming in particularly high. Our projected 2017-18 average cost is \$7,900 per claim. See Graph 3a below.

Graph 3a



The banking layer average cost per claim, or severity, has followed a generally decreasing trend over the past ten years. Our projected 2017-18 average cost is \$4,700. See Graph 3b below.

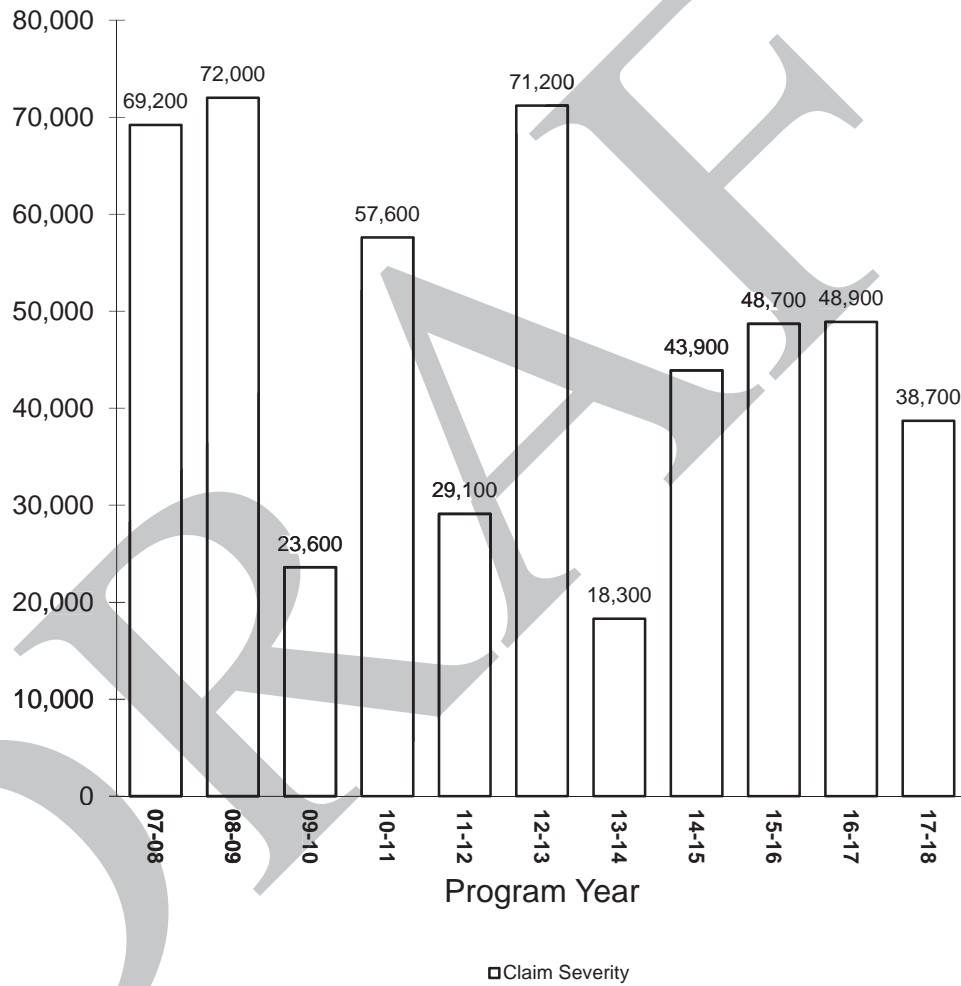
Graph 3b



The shared layer average cost per claim has been volatile over the period shown below. We project the 2017-18 shared layer severity to be \$38,700 per claim. See Graph 3c below.

Graph 3c

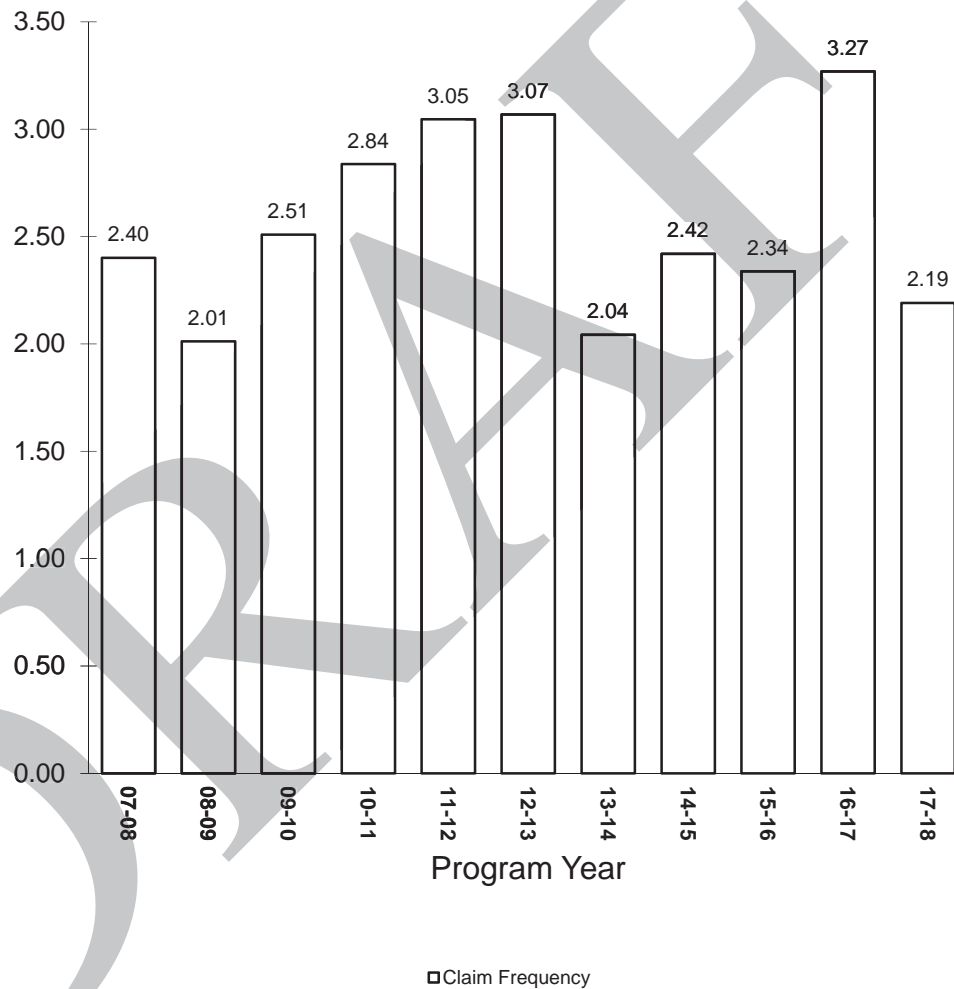
SCORE - Liability
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll had been generally increasing until 2012-13. Since then, the frequency has been relatively flat. The projected 2017-18 frequency is based on the latest four years. See Graph 4a below. (Note that shared and banking layers' frequency is the same as shown below for the program.)

Graph 4a

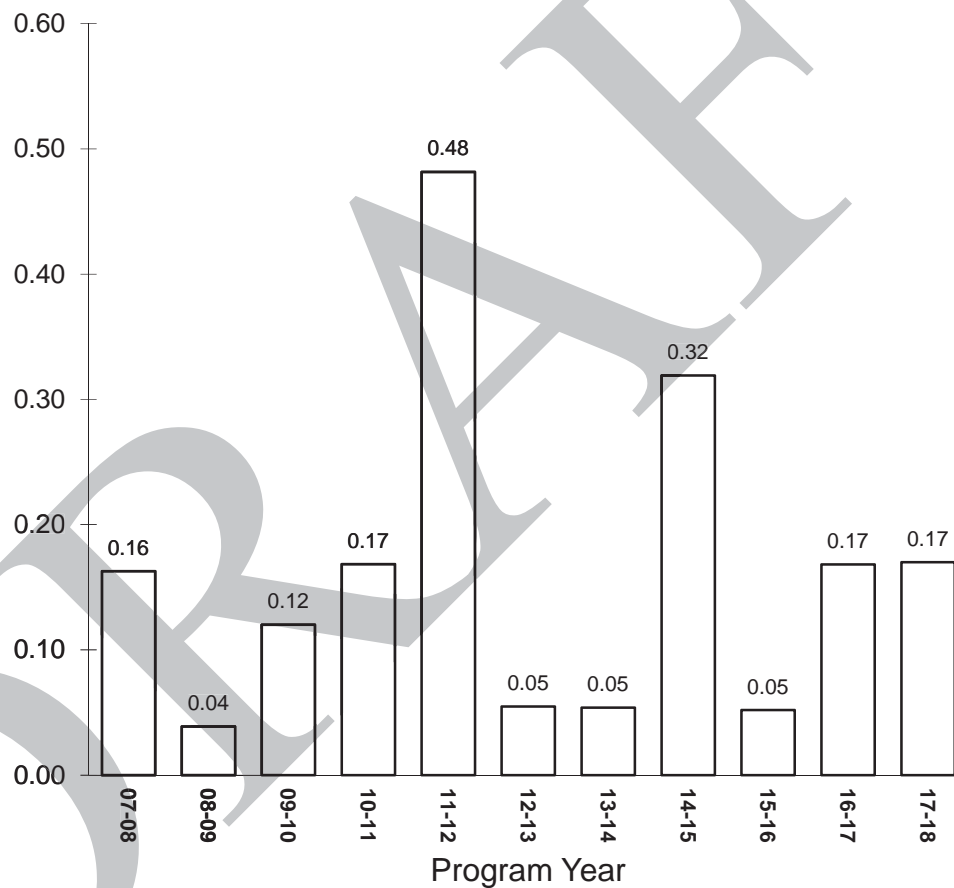
SCORE - Liability
Banking and Shared Layers Combined
Number of Claims per \$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2017-18 shared layer frequency to be 0.17 claims per \$1M payroll. See Graph 4b below.

Graph 4b

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



□ Claim Frequency

D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 17, 2017. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2016 evaluation date of the prior report and the 12/31/2017 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development – Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$0	\$0	\$0
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	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	51,000	(99,000)	(150,000)
2015-16	105,000	(170,000)	(275,000)
2016-17	347,000	67,000	(280,000)
2017-18	100,000	54,000	(46,000)
Total	\$603,000	(\$148,000)	(\$751,000)

As shown, actual incurred development was less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$603,000 between the two evaluation dates. However, actual development was a decrease of approximately \$148,000; or about \$751,000 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 12/31/2016 evaluation date of the prior report and the 12/31/2017 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$0	\$0	\$0
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	0	0	0
2008-09	0	0	0
2009-10	0	0	0
2010-11	0	0	0
2011-12	0	0	0
2012-13	0	0	0
2013-14	0	0	0
2014-15	143,000	49,000	(94,000)
2015-16	188,000	54,000	(134,000)
2016-17	206,000	109,000	(97,000)
2017-18	36,000	14,000	(22,000)
Total	\$573,000	\$226,000	(\$347,000)

As shown, actual paid development was also less than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$573,000 between the two evaluation dates. However, actual development was approximately \$226,000; or about \$347,000 less than expected. Similar to the incurred loss development, all program years developed less than anticipated.

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

Change in Ultimate Loss and ALAE – Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
1996-97	\$322,000	\$322,000	\$0
1997-98	768,000	768,000	0
1998-99	224,000	224,000	0
1999-00	999,000	999,000	0
2000-01	502,000	502,000	0
2001-02	744,000	744,000	0
2002-03	1,215,000	1,215,000	0
2003-04	775,000	775,000	0
2004-05	370,000	370,000	0
2005-06	645,000	645,000	0
2006-07	836,000	836,000	0
2007-08	755,000	755,000	0
2008-09	272,000	272,000	0
2009-10	353,000	353,000	0
2010-11	545,000	545,000	0
2011-12	764,000	764,000	0
2012-13	625,000	625,000	0
2013-14	217,000	217,000	0
2014-15	749,000	594,000	(155,000)
2015-16	541,000	263,000	(278,000)
2016-17	718,000	477,000	(241,000)
2017-18	656,000	568,000	(88,000)
Total	\$13,595,000	\$12,833,000	(\$762,000)

As shown, overall we have decreased our estimated ultimate losses by \$762,000 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, 2017 to be \$1,111,000 at the discounted, expected level. Our current estimate as of June 30, 2018, is \$997,000, a decrease in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

	Prior Report at June 30, 2017	Current Report at June 30, 2018	Change
Case Reserves:	\$559,000	\$262,000	(\$297,000)
IBNR Reserves:	582,000	613,000	31,000
Claims Administration (ULAE):	0	149,000	149,000
Total Reserves:	\$1,141,000	\$1,024,000	(\$117,000)
Offset for Investment Income:	(30,000)	(27,000)	3,000
Total Outstanding Claim Liabilities:	\$1,111,000	\$997,000	(\$114,000)

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has decreased between June 30, 2017 and June 30, 2018 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 \$266,000 decrease in total claim reserves. This decrease is partially off-set by the inclusion of ULAE which was not included in the prior report. This decrease in reserves leads to a smaller offset for investment income. The net change due to the above factors is an overall decrease of \$114,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, our funding estimate for the 2017-18 year was \$638,000 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 2018-19 year is \$604,000 at the discounted, expected level, a decrease in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Combined

	Prior Report 2017-18 SIR = \$250,000	Current Report 2018-19 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$656,000	\$622,000	(\$34,000)
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$656,000	\$622,000	(\$34,000)
(D) Offset for Investment Income:	(18,000)	(18,000)	0
(E) Total Recommended Funding:	\$638,000	\$604,000	(\$34,000)
(F) Funding per \$100 of Payroll:	\$2.87	\$2.56	(\$0.31)

As you can see, our funding recommendations at the discounted, expected level have decreased between 2017-18 and 2018-19, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have decreased by \$34,000, driven primarily by lower than expected claims experience as previously discussed. Investment income is expected to be consistent with our prior estimate. The net change due to the above factors is an overall decrease of \$34,000 in our annual funding estimate for loss and ALAE.

E. DATA PROVIDED FOR THE ANALYSIS

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

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$500,000 per occurrence for 2017-18 and 2018-19 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2018 asset balance by beginning with the June 30, 2017 asset balance, and adjusting for anticipated revenue and expense for 2017-18 (see Appendix SIR-K).
- We received loss data evaluated as of 12/31/2017 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2018-19 will be \$23,627,000, based upon information provided by SCORE (See Appendix BL-M or SIR-M).

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

III. ASSUMPTIONS AND LIMITATIONS

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

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us by SCORE. We have accepted all of this information without audit.
- We have also made use of loss statistics that have been developed from the information gathered and compiled from other California public entity liability programs.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of development of such losses in the recent past. We have also assumed that the historical development patterns for similar liability programs in the aggregate form a reasonable basis of comparison to the patterns from the Small Cities Organized Risk Effort's data.
- We have made use of cost relationships for claims of various sizes derived from the most recent actuarial review of other California public entities with self-insured liability programs in the aggregate.
- We have assumed that there is a continuing relationship between past and future loss costs.
- It is not possible to predict future claim costs precisely. Most of the costs of liability claims arise from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- We have assumed that the loss rate trend associated with claim costs increases at 0.5% per year. We have assumed that claim severity increases at 2.0% per year, and that claim frequency decreases at 1.5% per year.
- We have assumed that payroll and other inflation-sensitive exposure measures increase 2.5% annually due to inflation.

- We have assumed that assets held for investment will generate an average annual return of 1.5% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for excess insurance contributions and other expenses associated with the program based upon information provided by SCORE.
- Our funding recommendations do not include provisions for catastrophic events not in SCORE's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.
- Our estimates assume that all excess insurance is valid and collectible. Further, our funding recommendations do not include a provision for losses greater than SCORE's excess coverage.
- SCORE's assets available for the program are estimated to be \$5,989,000 as of June 30, 2018 for use in this report. This is shown in further detail in Appendix SIR-J.

IV. GLOSSARY OF ACTUARIAL TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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 12/31/17 loss data. The review estimates the ultimate cost of claims and expenses for the banking and shared risk layers for the FY 2018/19 program year. This review also estimates the outstanding liabilities for the banking and shared risk layers as of 6/30/18. *This year workers' compensation losses have again 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 1.5%, from \$5.76 to \$5.85.** Last year the rates increased 5.1% and the Board decided to maintain the Confidence Level at 75%.

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

) **Combined reserves have increased \$748,000, or 20%, from \$3,630,000 to \$4,378,000.** Liabilities increased 13% last year.

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

FISCAL IMPACT: Using the 75% CL the combined rate will increase by 1.5%

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 14, 2018.



Actuarial Review of the Self-Insured Workers' Compensation Program

*Outstanding Liabilities as of June 30, 2018
Forecast for Program Year 2018-19*

Presented to
Small Cities Organized Risk Effort

March 14, 2018

Wednesday, March 14, 2018

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

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

Dear Mr. Beverly:

As requested, we have completed our review of the Small Cities Organized Risk Effort's self-insured workers' compensation program.

Assuming an SIR of \$250,000 per occurrence and a 1.5% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$310,000 for the banking layer and \$761,000 for the shared layer, for a total of \$1,071,000. For budgeting purposes, these costs translate to rates of \$1.33, \$3.26 and \$4.59 per \$100 payroll for the banking layer, shared layer, and in total respectively.

Assuming an SIR of \$250,000 per occurrence and a 1.0% annual return on investment, we estimate the ultimate cost of claims and expenses for claims incurred during the 2018-19 program year to be \$311,000 for the banking layer and \$788,000 for the shared layer, for a total of \$1,099,000. For budgeting purposes, these costs translate to rates of \$1.33, \$3.37 and \$4.71 per \$100 payroll for the banking layer, shared layer, and in total respectively.

These amounts include allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims.

Assuming a 1.5% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2018 to be \$364,000 for the banking layer and \$4,014,000 for the shared layer, for a total of \$4,378,000. Given estimated program assets of \$6,136,000 as of June 30, 2018, the program is expected to be funded at the 90% confidence level on a combined basis.

Assuming a 1.0% annual return on investment, we estimate the program's liability for outstanding claims as of June 30, 2018 to be \$367,000 for the banking layer and \$4,141,000 for the shared layer, for a total of \$4,508,000. Given estimated program assets of \$6,136,000 as of June 30, 2018, the program is expected to be funded at the 90% confidence level on a combined basis.

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

These estimates are the minimum liabilities to be booked by SCORE at June 30, 2018 for its liability program for each layer, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

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

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

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

Our conclusions regarding SCORE's liability for unpaid loss and loss adjustment expenses (LAE) at June 30, 2018 are summarized in the following tables.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2018
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	\$349,000	\$391,000	\$409,000	\$430,000	\$456,000	\$491,000
ULAE	24,000	27,000	28,000	30,000	31,000	34,000
Investment Income Offset	(9,000)	(10,000)	(10,000)	(11,000)	(11,000)	(12,000)
Discounted Loss and LAE	\$364,000	\$408,000	\$427,000	\$449,000	\$476,000	\$513,000

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,110,000	\$4,567,000	\$4,762,000	\$4,986,000	\$5,268,000	\$5,639,000
ULAE	310,000	344,000	359,000	377,000	397,000	425,000
Investment Income Offset	(406,000)	(451,000)	(470,000)	(493,000)	(520,000)	(557,000)
Discounted Loss and LAE	\$4,014,000	\$4,460,000	\$4,651,000	\$4,870,000	\$5,145,000	\$5,507,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$4,459,000	\$4,958,000	\$5,172,000	\$5,418,000	\$5,725,000	\$6,131,000
ULAE	334,000	371,000	387,000	406,000	429,000	459,000
Investment Income Offset	(415,000)	(461,000)	(481,000)	(505,000)	(533,000)	(570,000)
Discounted Loss and LAE	\$4,378,000	\$4,868,000	\$5,078,000	\$5,319,000	\$5,621,000	\$6,020,000
Assets	\$6,136,000	\$6,136,000	\$6,136,000	\$6,136,000	\$6,136,000	\$6,136,000
Surplus or (Deficit)	\$1,758,000	\$1,268,000	\$1,058,000	\$817,000	\$515,000	\$116,000

The following tables show our funding recommendations for the Small Cities Organized Risk Effort for the 2018-19 fiscal year, assuming the current SIR of \$250,000.

**Small Cities Organized Risk Effort (SIR = \$250,000)
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for 2018-19**

**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	\$315,000	\$368,000	\$393,000	\$422,000	\$458,000	\$507,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(5,000)	(6,000)	(6,000)	(7,000)	(7,000)	(8,000)
Discounted Loss and LAE	\$310,000	\$362,000	\$387,000	\$415,000	\$451,000	\$499,000
Rate per \$100 of 2018-19 Payroll	\$1.33	\$1.55	\$1.66	\$1.78	\$1.93	\$2.14

Shared layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$845,000	\$1,012,000	\$1,088,000	\$1,178,000	\$1,289,000	\$1,441,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(84,000)	(101,000)	(108,000)	(117,000)	(128,000)	(143,000)
Discounted Loss and LAE	\$761,000	\$911,000	\$980,000	\$1,061,000	\$1,161,000	\$1,298,000
Rate per \$100 of 2018-19 Payroll	\$3.26	\$3.90	\$4.20	\$4.54	\$4.97	\$5.56

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,160,000	\$1,379,000	\$1,480,000	\$1,598,000	\$1,746,000	\$1,946,000
ULAE	0	0	0	0	0	0
Investment Income Offset	(89,000)	(106,000)	(113,000)	(122,000)	(134,000)	(149,000)
Discounted Loss and LAE	\$1,071,000	\$1,273,000	\$1,367,000	\$1,476,000	\$1,612,000	\$1,797,000
Rate per \$100 of 2018-19 Payroll	\$4.59	\$5.45	\$5.85	\$6.32	\$6.90	\$7.69

The funding recommendations shown in the tables above do not include any recognition of the existing funding margin at June 30, 2018. They are for losses and allocated loss adjustment expenses only, and do not include a provision for claims administration, loss control, overhead, excess insurance premiums, and other expenses associated with the program.

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

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

Sincerely,

Bickmore

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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 (LAWCX) Joint Powers Authority. SCORE has a banking layer to \$25,000 per occurrence. Each member is directly responsible for its own losses within the banking layer. Losses above \$25,000 are shared up to SCORE's self-insured retention. Claims administration services are provided by York Risk Services. Additional background on the program is given in Appendix BL-J or SIR-J.

The purpose of this review is to provide a guide to SCORE to determine reasonable funding levels for its self-insurance program according to the funding policy SCORE has adopted and to comply with Governmental Accounting Standards Board Statements #10 and #30. The specific objectives of the study are to estimate SCORE's liability for outstanding claims as of June 30, 2018, project ultimate loss costs for 2018-19, 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, 2018. 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.

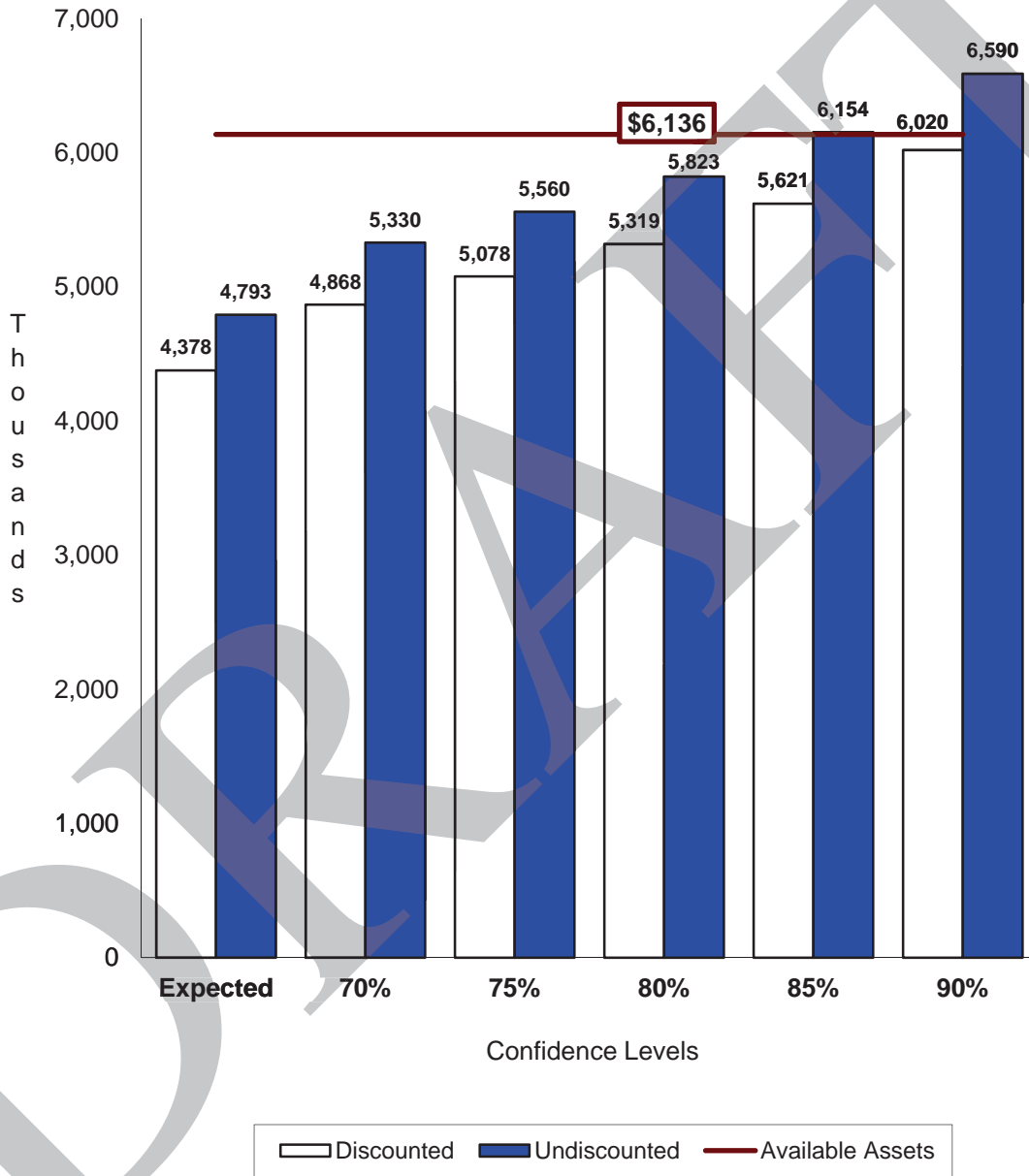
Our best estimate of the full value of SCORE's liability for outstanding claims within its self-insured retention (SIR) as of June 30, 2018 is \$373,000 for the banking layer and \$4,420,000 for the shared layer, for a total of \$4,793,000. This amount includes losses, allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes).

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

SCORE can earn investment income on the assets it holds until claims payments come due. Assuming a long-term average annual return on investments of 1.5%, we estimate the impact of investment income earnings to be about 8.7% if the program is funded within the range indicated in the graphs, resulting in a discounted liability for outstanding claims of \$364,000 for the banking layer and \$4,014,000 for the shared layer for a total of \$4,378,000 as of June 30, 2018.

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
 Available Assets vs Outstanding Liability (\$000's)
 at June 30, 2018
 Combined



The table below displays a breakdown of the program's outstanding loss and LAE liabilities into case reserves and incurred but not reported (IBNR) reserves at June 30, 2018, before recognition of investment income.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program – Combined
Estimated Liability for Unpaid Loss and LAE at June 30, 2018

Year	Case Reserves	IBNR Reserves	Total Outstanding
Prior	\$93,560	\$18,357	\$111,917
1997-98	57,444	3,189	60,633
1998-99	46,159	3,417	49,576
1999-00	59,581	5,883	65,464
2000-01	86,889	2,477	89,366
2001-02	33,577	21,557	55,134
2002-03	33,264	25,306	58,570
2003-04	61,592	16,915	78,507
2004-05	73,185	29,332	102,517
2005-06	81,805	10,084	91,889
2006-07	22,843	30,728	53,571
2007-08	22,213	47,520	69,733
2008-09	11,074	43,736	54,810
2009-10	28,742	68,069	96,811
2010-11	38,669	72,004	110,673
2011-12	88,254	92,282	180,536
2012-13	171,075	66,851	237,926
2013-14	35,023	169,348	204,371
2014-15	307,469	180,639	488,108
2015-16	170,312	260,526	430,838
2016-17	479,506	387,970	867,476
2017-18	232,225	668,640	900,865
Loss and ALAE	\$2,234,461	\$2,224,830	\$4,459,291
ULAE		334,000	334,000
Total	\$2,234,461	\$2,558,830	\$4,793,291

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.

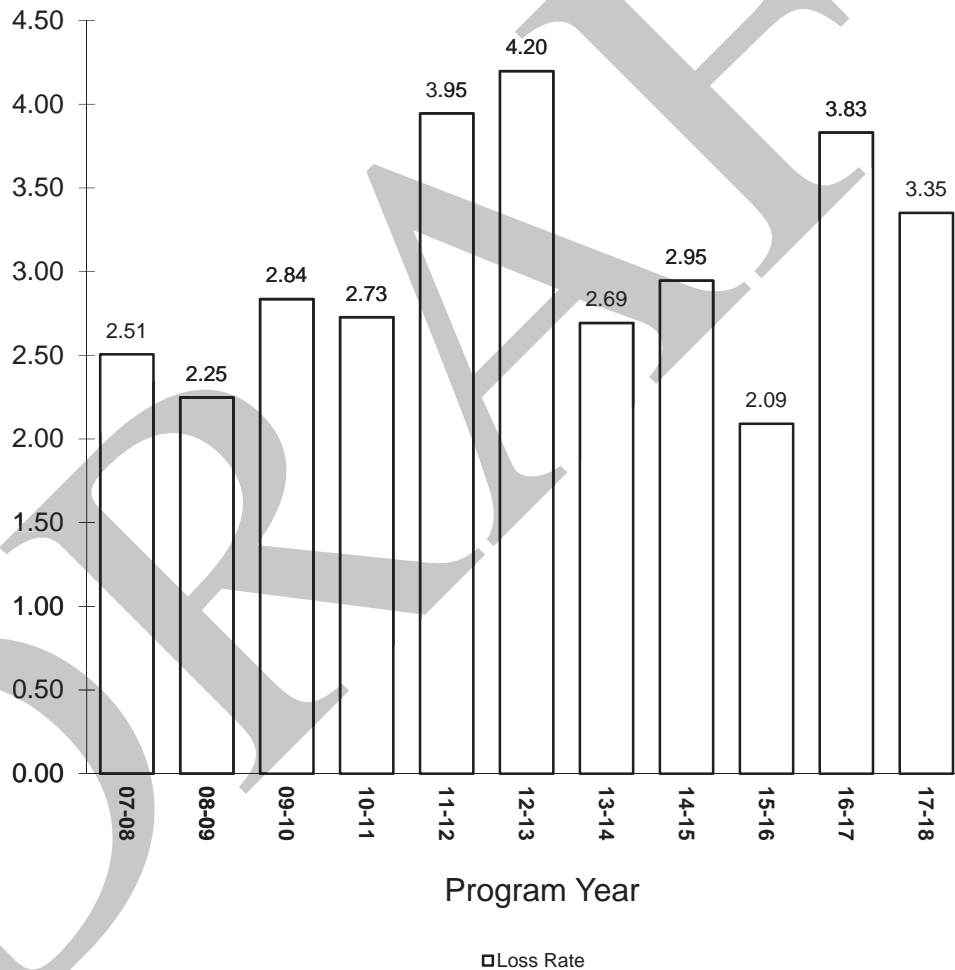
It is estimated that program assets will be \$6,136,000 at June 30, 2018, resulting in the program being funded above the 90% confidence level on a combined basis.

C. HISTORICAL TRENDS IN THE SELF-INSURANCE PROGRAM

The program's loss rate per \$100 payroll has varied substantially from year to year, but followed a generally increasing trend. We selected a loss rate of \$3.35 per \$100 of payroll for the 2017-18 program year based on the assumption that this trend will continue. See Graph 2a below.

Graph 2a

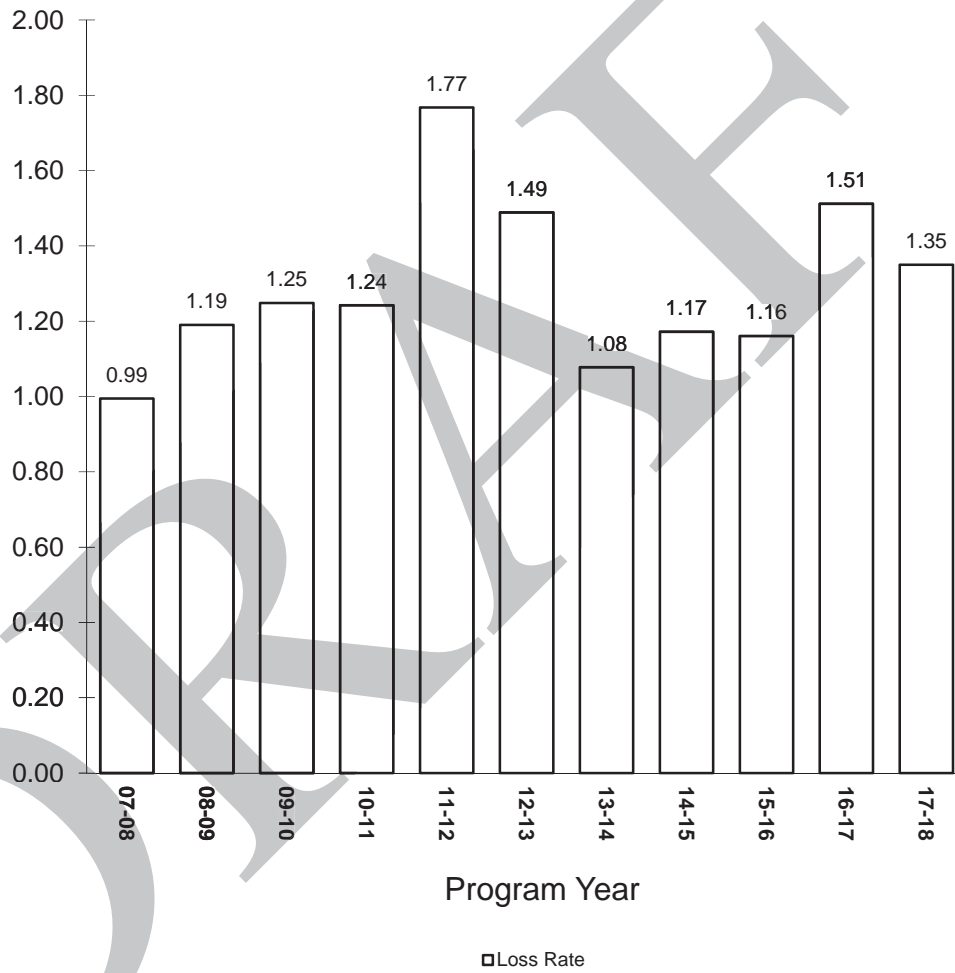
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Dollars of Loss per
\$100 of Payroll



The banking layer loss rate per \$100 payroll has also been trending upward during most recent ten years. Our projected 2017-18 loss rate of \$1.35 per \$100 of payroll reflects this trend. See Graph 2b below.

Graph 2b

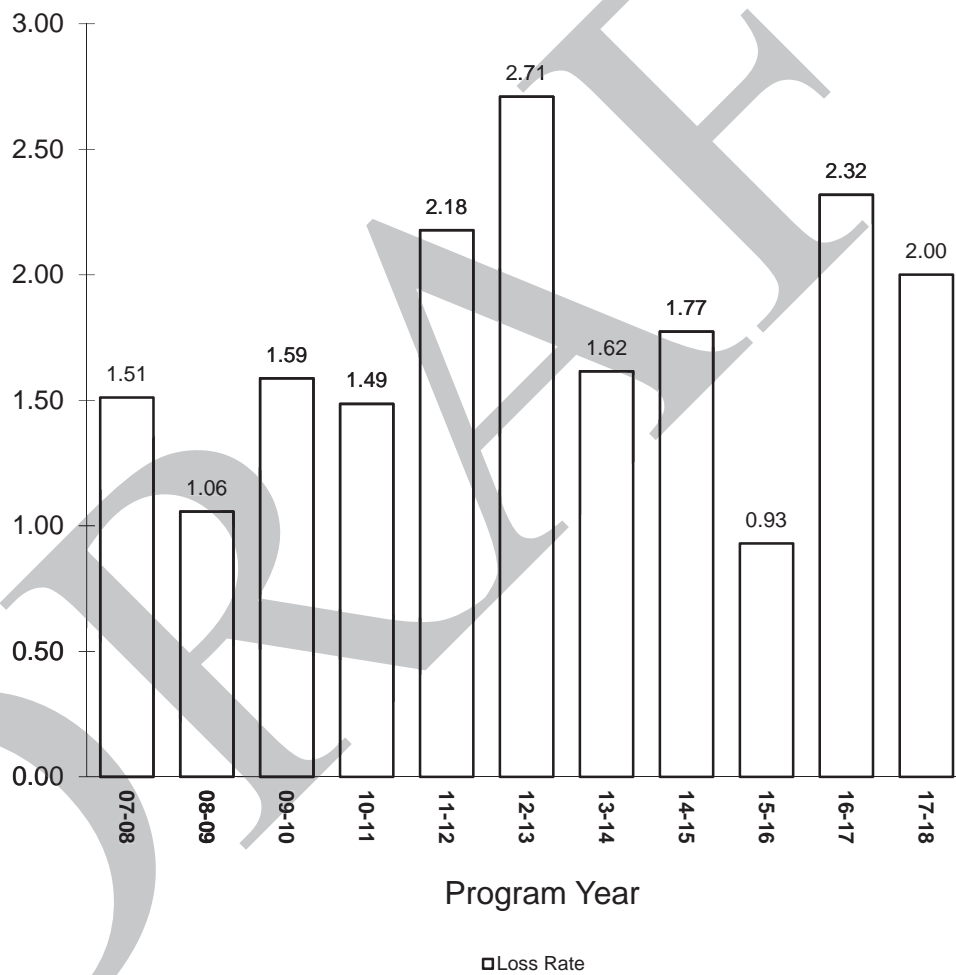
SCORE - Workers' Compensation
Banking Layer
Dollars of Loss per
\$100 of Payroll



The shared layer loss rate has varied over the last ten years, typical for excess layers losses. Overall rates appear to follow an increasing trend in the most recent ten years. We projected 2017-18 loss rate of \$2.00 based on this recent trend. See Graph 2c below.

Graph 2c

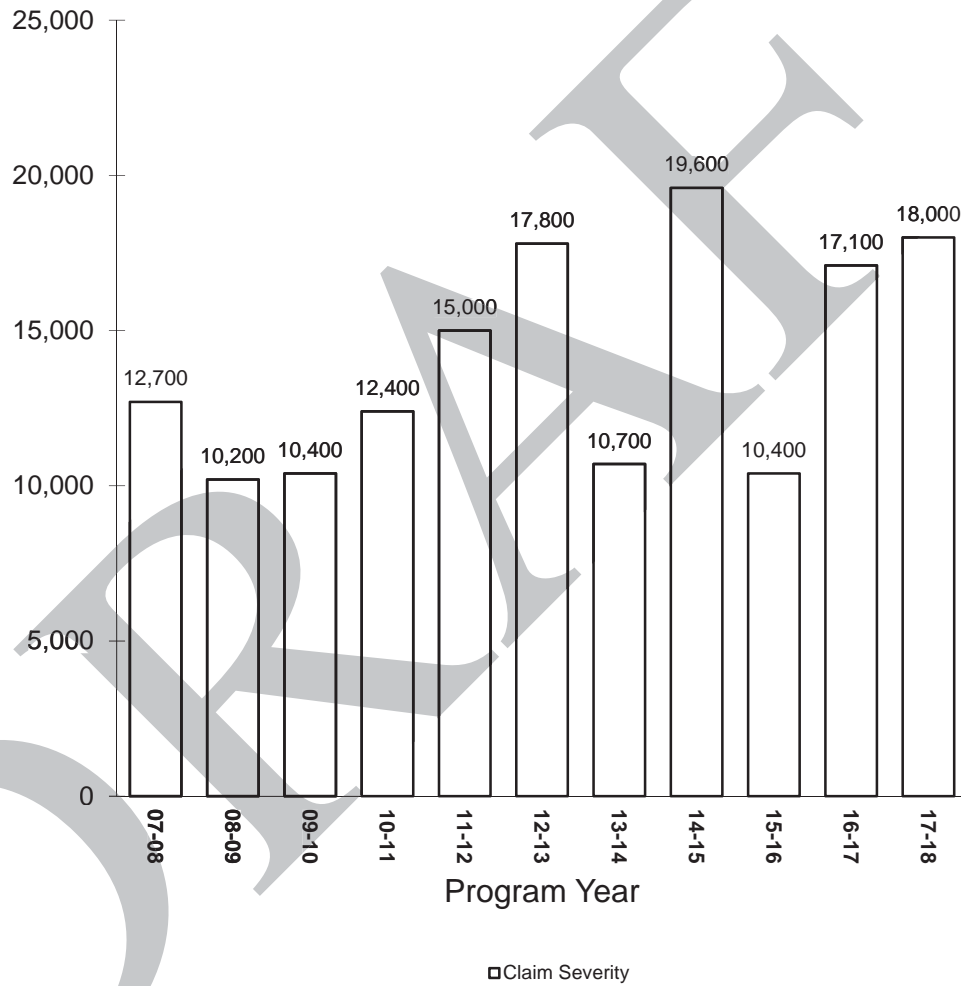
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per
\$100 of Payroll



The program's average cost per claim has been following a generally increasing trend over the past ten years. Our projected 2017-18 average cost of \$18,000 per claim reflects this trend. See Graph 3a below.

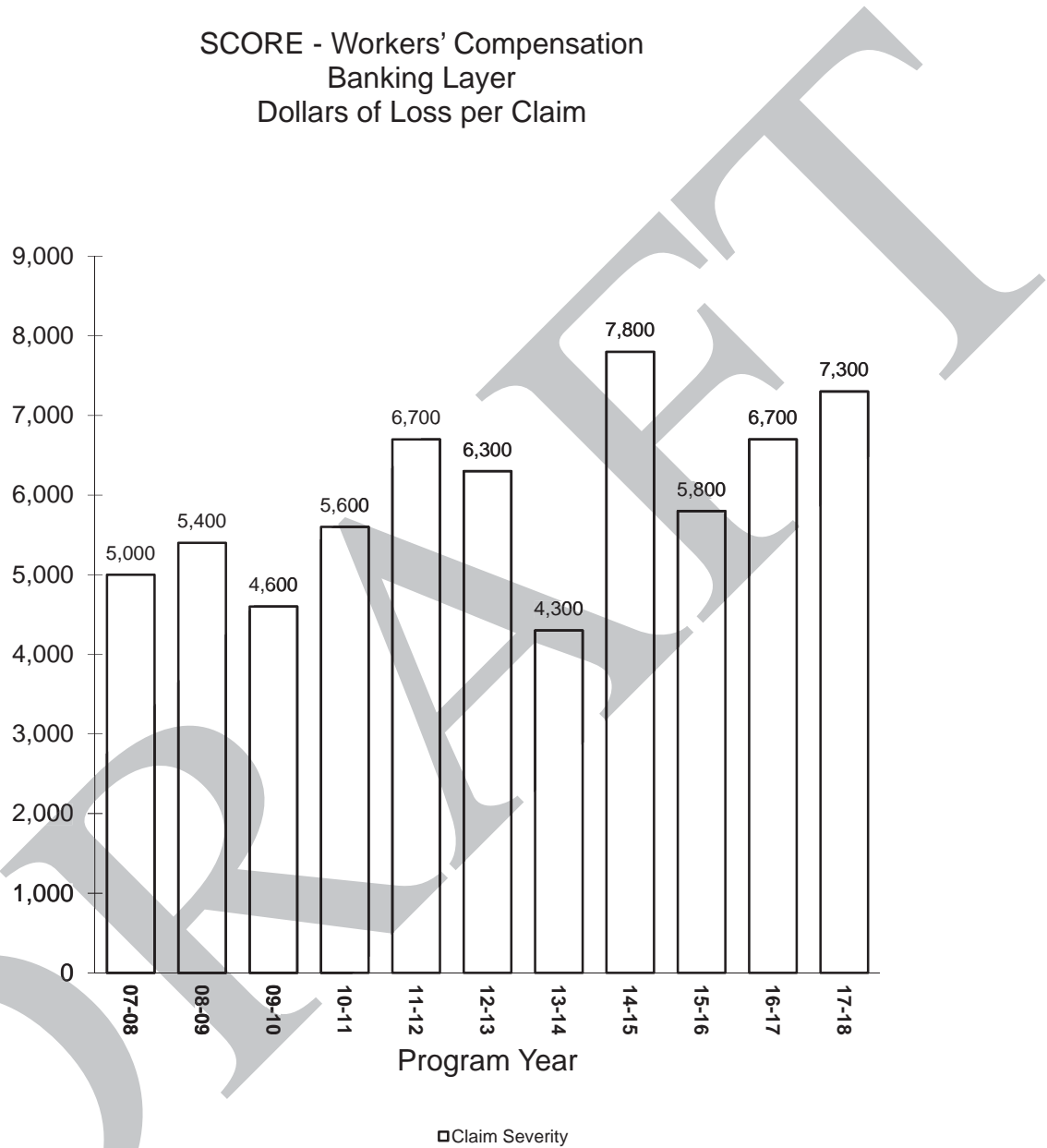
Graph 3a

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



The banking layer's average cost per claim has been increasing overall since 2009-10. Our projected 2017-18 average cost is \$7,300. See Graph 3b below.

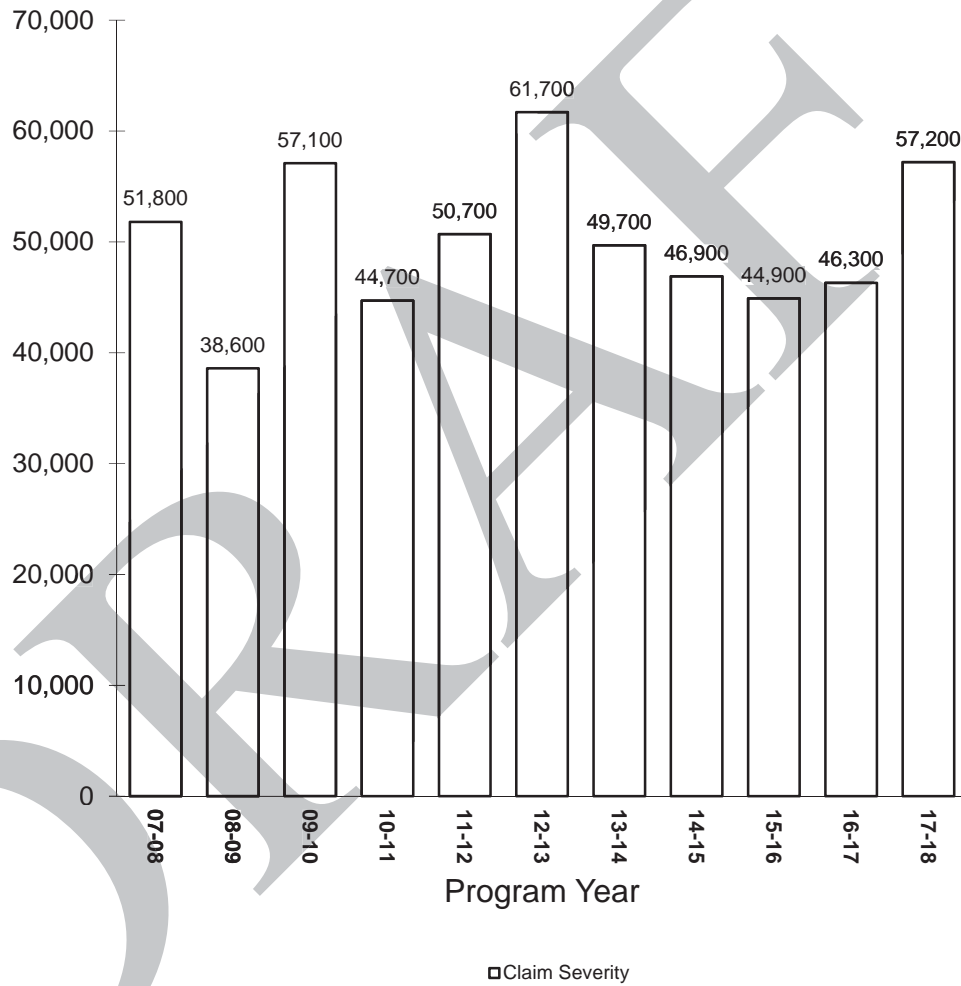
Graph 3b



The shared layer average cost per claim has been volatile over the period shown below but has been generally increasing. We project the 2017-18 shared layer severity to be \$57,200 per claim. See Graph 3c Below.

Graph 3c

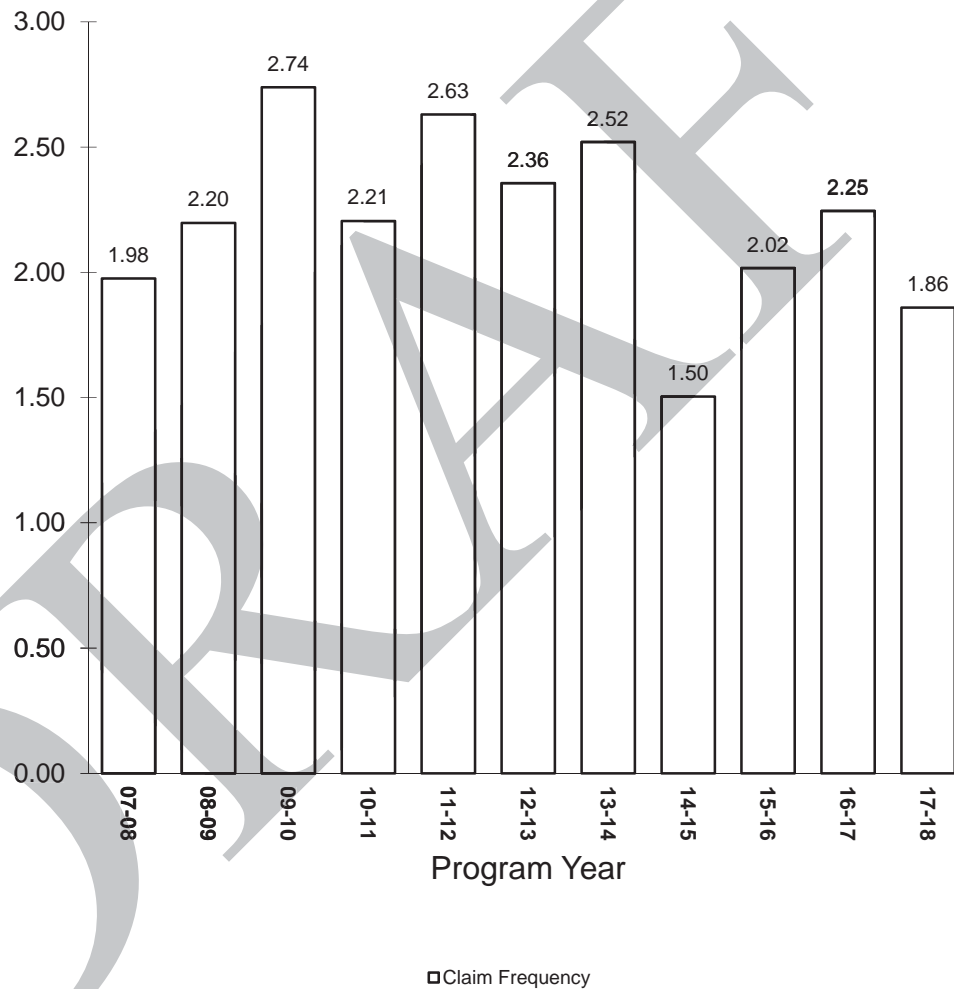
SCORE - Workers' Compensation
Shared Layer
Dollars of Loss per Claim



The program's frequency of claims per \$1 million payroll has been generally trending downward. The projected 2017-18 frequency of 1.86 is based on that decreasing trend. See Graph 4a below. (Note that banking layer frequency is the same as shown below for the program.)

Graph 4a

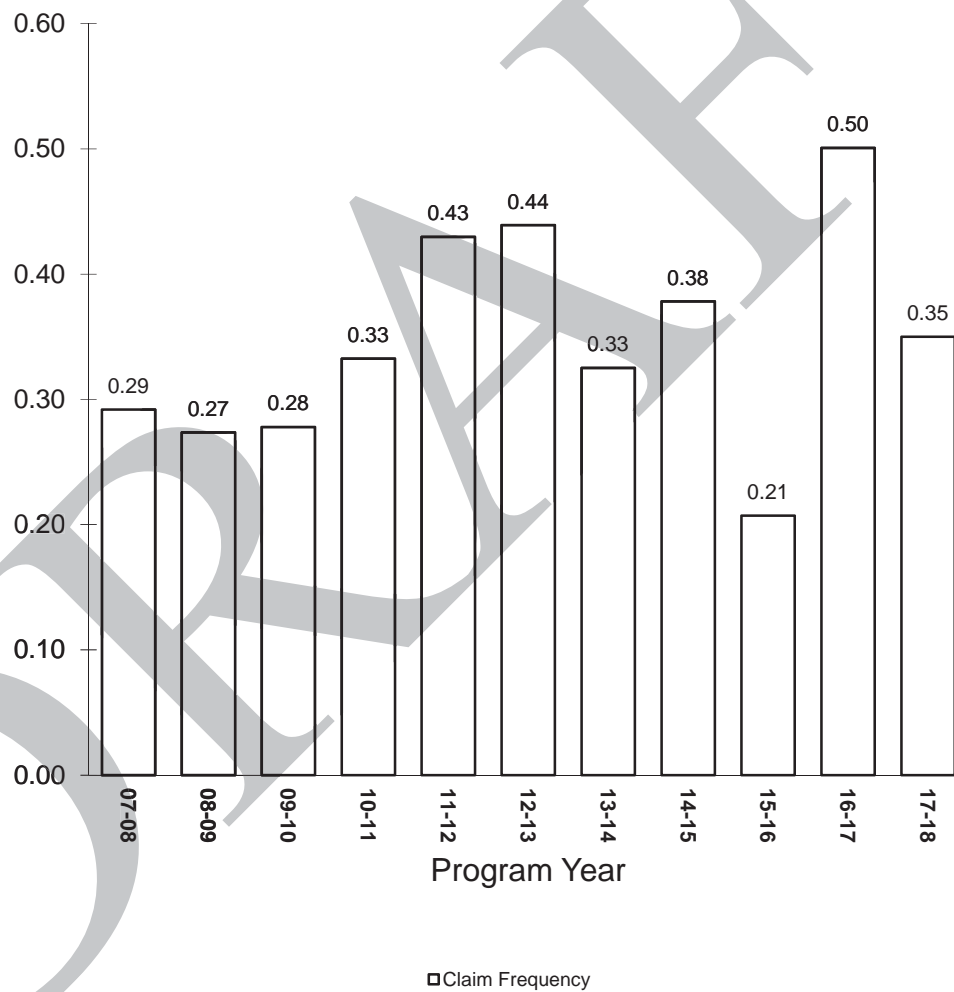
SCORE - Workers' Compensation
Banking and Shared Layers Combined
Number of Claims per
\$1 Million of Payroll



The shared layer frequency of claims per \$1 million payroll has been quite volatile, following no discernable pattern. Such volatility is not unexpected since the program receives very few claims per year. Thus even one additional claim can have a significant impact. We project the 2017-18 shared layer frequency to be 0.35 claims per \$1M payroll. See Graph 4b below.

Graph 4b

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



D. COMPARISON WITH PREVIOUS RESULTS

The prior report for the Small Cities Organized Risk Effort was dated March 17, 2017. In the table below we display actual versus expected development of incurred losses and ALAE by accident year between the 12/31/2016 evaluation date of the prior report and the 12/31/2017 evaluation date of the current report.

Actual Versus Expected Incurred Loss and ALAE Development – Combined

Accident Year	Expected Incurred Development	Actual Incurred Development	Actual Minus Expected
Prior	\$1,000	\$423,000	\$422,000
1997-98	1,000	0	(1,000)
1998-99	1,000	0	(1,000)
1999-00	2,000	0	(2,000)
2000-01	1,000	0	(1,000)
2001-02	6,000	0	(6,000)
2002-03	5,000	10,000	5,000
2003-04	0	73,000	73,000
2004-05	7,000	(12,000)	(19,000)
2005-06	2,000	53,000	51,000
2006-07	6,000	0	(6,000)
2007-08	9,000	0	(9,000)
2008-09	0	20,000	20,000
2009-10	13,000	(24,000)	(37,000)
2010-11	13,000	50,000	37,000
2011-12	19,000	(1,000)	(20,000)
2012-13	14,000	(20,000)	(34,000)
2013-14	68,000	(283,000)	(351,000)
2014-15	51,000	154,000	103,000
2015-16	84,000	64,000	(20,000)
2016-17	384,000	603,000	219,000
2017-18	215,000	232,000	17,000
Total	\$902,000	\$1,342,000	\$440,000

As shown, actual incurred development was greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that incurred losses would increase by \$902,000 between the two evaluation dates. However, actual development was approximately \$1,342,000; or about \$440,000 more than expected. Although most accident years have developed lower than expected, this favorable experience is off-set by greater than expected development for the accident years prior to 1997-98 and three of the four most recent accident years.

In the table below we display actual versus expected development of paid losses and ALAE by accident year between the 12/31/2016 evaluation date of the prior report and the 12/31/2017 evaluation date of the current report.

Actual Versus Expected Paid Loss and ALAE Development – Combined

Accident Year	Expected Paid Development	Actual Paid Development	Actual Minus Expected
Prior	\$5,000	\$350,000	\$345,000
1997-98	10,000	3,000	(7,000)
1998-99	8,000	4,000	(4,000)
1999-00	8,000	2,000	(6,000)
2000-01	9,000	1,000	(8,000)
2001-02	7,000	3,000	(4,000)
2002-03	7,000	8,000	1,000
2003-04	0	10,000	10,000
2004-05	14,000	9,000	(5,000)
2005-06	6,000	2,000	(4,000)
2006-07	7,000	(1,000)	(8,000)
2007-08	11,000	21,000	10,000
2008-09	0	10,000	10,000
2009-10	14,000	(24,000)	(38,000)
2010-11	18,000	74,000	56,000
2011-12	30,000	5,000	(25,000)
2012-13	66,000	80,000	14,000
2013-14	206,000	80,000	(126,000)
2014-15	107,000	163,000	56,000
2015-16	138,000	54,000	(84,000)
2016-17	247,000	278,000	31,000
2017-18	31,000	78,000	47,000
Total	\$949,000	\$1,210,000	\$261,000

As shown, actual paid development was also greater than anticipated since the prior report. Based on the assumptions from the prior report, it was expected that paid losses would increase by \$949,000 between the two evaluation dates. However, actual development was approximately \$1,210,000; or about \$261,000 more than expected. Similar to the incurred loss development, most accident years have developed lower than expected. However, this favorable experience is off-set by greater than expected development for the accident years prior to 1997-98 and five of the eight most recent accident years.

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

Change in Ultimate Loss and ALAE – Combined

Accident Year	Prior Report	Current Report	Change In Ultimate
Prior	\$3,169,000	\$3,602,000	\$433,000
1997-98	720,000	719,000	(1,000)
1998-99	519,000	518,000	(1,000)
1999-00	714,000	711,000	(3,000)
2000-01	403,000	402,000	(1,000)
2001-02	1,169,000	1,164,000	(5,000)
2002-03	1,106,000	1,111,000	5,000
2003-04	642,000	734,000	92,000
2004-05	1,018,000	1,000,000	(18,000)
2005-06	294,000	345,000	51,000
2006-07	674,000	667,000	(7,000)
2007-08	860,000	852,000	(8,000)
2008-09	589,000	657,000	68,000
2009-10	941,000	903,000	(38,000)
2010-11	792,000	834,000	42,000
2011-12	939,000	927,000	(12,000)
2012-13	991,000	963,000	(28,000)
2013-14	973,000	738,000	(235,000)
2014-15	854,000	949,000	95,000
2015-16	707,000	631,000	(76,000)
2016-17	1,066,000	1,297,000	231,000
2017-18	1,074,000	1,102,000	28,000
Total	\$20,214,000	\$20,826,000	\$612,000

As shown, overall we have increased our estimated ultimate losses by \$612,000 since our prior report. The changes in our estimates of ultimate losses take into account both the incurred and paid development listed on the previous two pages.

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2017 to be \$3,630,000 at the discounted, expected level. Our current estimate as of June 30, 2018, is \$4,378,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE – Combined

	Prior Report at June 30, 2017	Current Report at June 30, 2018	Change
Case Reserves:	\$2,062,000	\$2,234,000	\$172,000
IBNR Reserves:	1,923,000	2,225,000	302,000
Claims Administration (ULAE):	0	334,000	334,000
Total Reserves:	\$3,985,000	\$4,793,000	\$808,000
Offset for Investment Income:	(355,000)	(415,000)	(60,000)
Total Outstanding Claim Liabilities:	\$3,630,000	\$4,378,000	\$748,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2017 and June 30, 2018 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 the most recent accident years as previously discussed. In addition, ULAE was not included in the prior report. The result is an \$808,000 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 \$748,000 in our estimate of outstanding claim liabilities for loss and LAE.

At the time of the prior report, our funding estimate for the 2017-18 year was \$992,000 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 2018-19 year is \$1,071,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Combined

	Prior Report 2017-18 SIR = \$250,000	Current Report 2018-19 SIR = \$250,000	Change
(A) Ultimate Loss and ALAE:	\$1,074,000	\$1,160,000	\$86,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	\$1,074,000	\$1,160,000	\$86,000
(D) Offset for Investment Income:	(82,000)	(89,000)	(7,000)
(E) Total Recommended Funding:	\$992,000	\$1,071,000	\$79,000
(F) Funding per \$100 of Payroll:	\$4.50	\$4.59	\$0.09

As you can see, our funding recommendations at the discounted, expected level have increased between 2017-18 and 2018-19, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by \$86,000, 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 \$79,000 in our annual funding estimate for loss and ALAE. It should be noted that our estimated loss and ALAE rate per \$100 of payroll has increased when compared to the estimated rate in our prior report.

E. DATA PROVIDED FOR THE ANALYSIS

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

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at \$250,000 per occurrence for 2017-18 and 2018-19 (See Appendix BL-J or SIR-J).
- We estimated the June 30, 2018 asset balance by beginning with the June 30, 2017 asset balance, and adjusting for anticipated revenue and expense for 2017-18 (see Appendix SIR-K).
- We received loss data evaluated as of 12/31/2017 (See Appendix BL-L or SIR-L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2018-19 will be \$23,357,800 based upon information provided by SCORE (See Appendix BL-M or SIR-M).

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

III. ASSUMPTIONS AND LIMITATIONS

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

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

- 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.
- SCORE's assets available for the program are estimated to be \$6,136,000 as of June 30, 2018 for use in this report. This is shown in further detail in Appendix SIR-K.

DIVIDEND & ASSESSMENT ANALYSIS

ACTION ITEM

ISSUE: The Board will review Gilbert Associates' *draft* calculations and consider the release of dividends and/or the collection of assessments based on the process described in SCORE's Dividend and Assessment Plan (DAP). The data is derived from the June 30, 2017 Audited Financial Statements.

RECOMMENDATION: The attached use the following *recommended distributions*:

-) **Work Comp:** *no distribution* from the Shared Layer, \$95,977 *paid* from the Banking Layer.
-) **Liability:** \$300,000 *distributed* from the Shared Layer, \$288,773 *paid* from the Banking Layer.
-) **Assessments:** Three current members are subject to assessments of 50% of their total deficit.

FISCAL IMPACT: The recommended distributions will reduce SCORE's overall Net Position by \$350,458, but each program will retain enough reserves to remain above the funding benchmarks. The Liability Banking Layer will retain \$744,470 and the Work Comp Banking Layer will retain \$814,967 above SCORE's minimum funding benchmarks.

BACKGROUND: SCORE Members annually review the DAP calculations and make a decision regarding payment to or collection from members. The calculation proceeds as follows:

Member Allocations: Each member's *percentage of any distribution from the Shared Risk Layer* equals their pro-rata share of the amount remaining after claims and dividends are subtracted from premiums and assessments. The DAP analysis uses a rolling 10-yr average model that totals member premiums, incurred claims capped at \$100,000, and dividends or assessments paid. Members in a negative position (more claims and dividends than premiums and assessments) receive no allocation.

Shared Layer Distribution: Funds are available from the Shared Risk Layer only to the extent the Shared Risk Layer Net Position is above five times the current SIR (\$1,125,000 for Work Comp, \$2,375,000 for Liability), an additional reserve to cover liabilities at a 70% confidence level, and a reserve for Safety Grants. Available funds are *distributed to member Banking Layers* based on their allocation percentage.

Banking Layer Distribution: The DAP requires a *minimum Banking Layer balance* of at least 10 times the Banking Layer SIR of \$25,000, plus a reserve to cover liabilities at a 70% confidence level. Each Member must maintain a minimum balance equal to their annual average incurred claims over the last 5 years or \$12,500, whichever is greater (and \$25,000 for the Mini-Cities). Member Banking Layer funds in excess of the minimum requirement are available to be released to Members with Board discretion.

- ATTACHMENTS:**
1. Work Comp Dividend Spreadsheet
 2. Liability Dividend Spreadsheet
 3. 2017-18 Combined Dividend Calculations

SCORE WC PROGRAM
2017-18 Dividend Calculation Spreadsheet

SHARED LAYER

BANKING LAYER

CITY	STARTING POINT			DATA INPUTS																		
	6/30/2017	6/30/2017	6/30/2017	(1)	(2)	(3)	(4)	(5)	(6)	(4)	(5)	(6)	(7)	(7.5)	(8)	(9)	(10)	(11)	(12)	(13)		
	BANKING LAYER	SHARED RISK	PLAN	(1)/10	(2)/10	(3)/10	[(1)+(2)-{(3)}/10	(4)/Total	(5)*Total				"Waterfall"									
	BALANCE	BALANCE	TOTAL	Premiums	Last 10 years Assess/(Div)	Claims	10 year Avg Prem	10 year Avg A/(D)	10 year Avg Claims	Combined 10 Yr Avg	Alloc %	Distrib.	To Banking	CITY	BANKING BALANCE	Prior Banking Assessments PY	SHARED RISK DISTRIB	BANKING BALANCE TOTAL	Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
CRESCENT CITY	25,000			359,660	-	330,119	35,966	-	33,012	2,954	1.23%	-	CRESCENT CITY	25,000	12,337	-	37,337	3.09%	3,093	12,500	3,093	
DUNSMUIR	18,028			143,650	(10,158)	123,196	14,365	(1,016)	12,320	1,030	0.43%	-	DUNSMUIR	18,028	-	-	18,028	1.49%	1,494	13,564	1,494	
IONE	13,870			79,938	(3,582)	100,000	7,994	(358)	10,000	(2,364)	0.00%	-	IONE	13,870	-	-	13,870	1.15%	1,149	12,500	1,149	
LIVE OAK	123,050			289,782	(27,225)	-	28,978	(2,723)	-	26,256	10.93%	-	LIVE OAK	123,050	-	-	123,050	10.19%	10,195	12,500	10,195	
MOUNT SHASTA	(17,986)			623,251	15,331	915,952	62,325	1,533	91,595	(27,737)	0.00%	-	MOUNT SHASTA	(17,986)	66,530	-	48,544	4.02%	4,022	51,237	-	
SHASTA LAKE	259,260			639,263	(59,023)	53,009	63,926	(5,902)	5,301	52,723	21.95%	-	SHASTA LAKE	259,260	-	-	259,260	21.48%	21,480	17,638	21,480	
SUSANVILLE	190,502			1,117,523	(61,290)	575,970	111,752	(6,129)	57,597	48,026	20.00%	-	SUSANVILLE	190,502	-	-	190,502	15.78%	15,783	69,392	15,783	
WEED	103,043			477,383	(19,847)	266,505	47,738	(1,985)	26,651	19,103	7.95%	-	WEED	103,043	-	-	103,043	8.54%	8,537	16,092	8,537	
WILLIAMS	25,000			169,333	(2,560)	201,528	16,933	(256)	20,153	(3,476)	0.00%	-	WILLIAMS	25,000	-	-	25,000	2.07%	2,071	12,500	2,071	
YREKA	211,748			944,265	(59,241)	516,038	94,427	(5,924)	51,604	36,899	15.36%	-	YREKA	211,748	-	-	211,748	17.54%	17,544	40,958	17,544	
MINICITIES	176,586			1,131,948	-	599,999	113,195	-	60,000	53,195	22.15%	-	MINICITIES	176,586	-	-	176,586	14.63%	14,631	46,085	14,631	
	<u>1,128,100</u>	<u>1,267,399</u>	<u>2,395,499</u>	<u>5,975,996</u>	<u>(227,596)</u>	<u>3,682,316</u>			<u>Total</u>	<u>206,608</u>	<u>Total</u>	<u>-</u>		<u>1,128,100</u>	<u>78,867</u>	<u>-</u>	<u>1,206,967</u>		<u>99,999</u>		<u>95,977</u>	
Sum of Positive Values	1,146,086								Total w/out negative balances	240,185				Total w/out negative balances	1,206,967							

Amount available for shared

MINICITIES	Alloc %	Distrib
BIGGS	9.63%	1,409
COLFAX	12.45%	1,821
DORRIS	2.63%	384
ETNA	7.33%	1,073
FORT JONES	4.40%	644
LOOMIS	17.96%	2,627
LOYALTON	2.05%	300
MONTAGUE	6.52%	954
PORTOLA	15.61%	2,284
RIO DELL	20.02%	2,929
TULELAKE	1.41%	206
		<u>14,631</u>

Amount available for

banking distribution:	
Banking Net Position + Shared Distribution Available:	1,206,967
Min Banking Reserve (example 10 x \$25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(42,000)
Banking Net Position in Excess of Designations	<u>914,967</u>
Distribution:	100,000

*Avg of last 5 years claims or \$12.5k, (Minicities \$25k) whichever is higher.

SCORE LIAB PROGRAM
2017-18 Dividend Calculation Spreadsheet

SHARED LAYER **BANKING LAYER**

CITY	STARTING POINT			DATA INPUTS										"Waterfall" To Banking	CITY	6/30/2017 BANKING BALANCE	Prior Banking Assessments PY	SHARED RISK DISTRIB	BANKING BALANCE TOTAL	Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
	6/30/2017 BANKING LAYER BALANCE	6/30/2017 SHARED RISK BALANCE	AUDITED 6/30/2017 PLAN TOTAL	(1)	(2)	(3)	(4)	(5)	(6)	(4)	(5)	(6)											
				Premiums	Last 10 years Assess/Div	Claims	10 year Avg Prem	10 year Avg A/(D)	10 year Avg Claims	Net	Alloc %	Distrib.											
BIGGS	(7,232)			102,946	(21,844)	39,683	10,295	(2,184)	3,968	4,142	1.35%	4,045	----->	BIGGS	(7,232)	-	4,045	(3,187)	0.00%	-	12,500	-	
COLFAX	3,218			134,955	(21,996)	-	13,496	(2,200)	-	11,296	3.68%	11,032	----->	COLFAX	3,218	-	11,032	14,250	1.07%	3,206	12,500	1,750	
CRESCENT CITY	-			312,960	(45,463)	237,479	31,296	(4,546)	23,748	3,002	0.98%	2,932	----->	CRESCENT CITY	-	-	2,932	2,932	0.22%	659	12,500	-	
DORRIS	12,727			27,971	(7,385)	-	2,797	(739)	-	2,059	0.67%	2,011	----->	DORRIS	12,727	-	2,011	14,738	1.11%	3,315	12,500	2,238	
DUNSMUIR	2,022			159,270	6,625	168,675	15,927	663	16,868	(278)	0.00%	-	----->	DUNSMUIR	2,022	82,458	-	84,480	6.33%	19,003	21,066	19,003	
ETNA	13,708			76,736	(16,657)	-	7,674	(1,666)	-	6,008	1.96%	5,868	----->	ETNA	13,708	-	5,868	19,576	1.47%	4,403	12,500	4,403	
FORT JONES	24,159			46,685	(8,510)	-	4,669	(851)	-	3,818	1.24%	3,728	----->	FORT JONES	24,159	-	3,728	27,887	2.09%	6,273	12,500	6,273	
IONE	33,543			98,787	(29,950)	-	9,879	(2,995)	-	6,884	2.24%	6,723	----->	IONE	33,543	-	6,723	40,266	3.02%	9,058	12,500	9,058	
ISLETON	(56,954)			117,530	-	287,486	11,753	-	28,749	(16,996)	0.00%	-	----->	ISLETON	(56,954)	94,405	-	37,451	2.81%	8,424	12,500	8,424	
LIVE OAK	93,207			286,183	(44,329)	70,883	28,618	(4,433)	7,088	17,097	5.57%	16,698	----->	LIVE OAK	93,207	-	16,698	109,905	8.24%	24,723	12,500	24,723	
LOOMIS	9,368			184,283	(30,994)	7,663	18,428	(3,099)	766	14,563	4.74%	14,222	----->	LOOMIS	9,368	10,079	14,222	33,669	2.52%	7,574	15,446	7,574	
LOYALTON	20,652			49,524	(11,162)	-	4,952	(1,116)	-	3,836	1.25%	3,747	----->	LOYALTON	20,652	7,794	-	28,447	2.41%	7,241	12,500	7,241	
MONTAGUE	16,956			70,060	(14,284)	-	7,006	(1,428)	-	5,578	1.82%	5,447	----->	MONTAGUE	16,956	-	5,447	22,403	1.68%	5,039	12,500	5,039	
MOUNT SHASTA	(14,238)			546,762	(55,483)	242,638	54,676	(5,548)	24,264	24,864	8.09%	24,283	----->	MOUNT SHASTA	(14,238)	13,190	24,283	23,236	1.74%	5,227	42,445	-	
PORTOLA	64,885			156,766	(32,236)	-	15,677	(3,224)	-	12,453	4.05%	12,162	----->	PORTOLA	64,885	-	12,162	77,047	5.78%	17,331	12,500	17,331	
RIO DELL	59,447			188,120	(36,116)	-	18,812	(3,612)	-	15,200	4.95%	14,845	----->	RIO DELL	59,447	-	14,845	74,292	5.57%	16,712	12,500	16,712	
SHASTA LAKE	177,631			750,543	(165,712)	55,000	75,054	(16,571)	5,500	52,983	17.25%	51,745	----->	SHASTA LAKE	177,631	-	51,745	229,376	17.20%	51,597	12,687	51,597	
SUSANVILLE	120,116			762,780	(125,414)	235,290	76,278	(12,541)	23,529	40,208	13.09%	39,268	----->	SUSANVILLE	120,116	-	39,268	159,384	11.95%	35,853	22,930	35,853	
Tule Lake	22,551			59,764	(9,012)	-	5,976	(901)	-	5,075	1.65%	4,957	----->	Tule Lake	22,551	-	4,957	27,508	2.06%	6,188	12,500	6,188	
WEED	57,314			503,474	(13,093)	304,174	50,347	(1,309)	30,417	18,621	6.06%	18,186	----->	WEED	57,314	-	18,186	75,500	5.66%	16,983	25,559	16,983	
WILLIAMS	-			160,896	(33,117)	-	16,090	(3,312)	-	12,778	4.16%	12,479	----->	WILLIAMS	-	-	12,479	12,479	0.94%	2,807	12,500	-	
YREKA	169,465			744,200	(125,382)	151,690	74,420	(12,538)	15,169	46,713	15.21%	45,622	----->	YREKA	169,465	-	45,622	215,087	16.13%	48,383	20,407	48,383	
	822,544	4,213,368	5,035,912							289,902		300,000			822,544	207,926	300,000	1,330,470		300,000		288,773	

Sum of Positive Values 900,968

Sum of Positive Values 307,176

Sum of Positive Values 1,333,657

Amount available for shared layer distribution:

Share Risk Layer Net Position:	\$ 4,213,368
Min Equity Reserve (\$475,000 x 5):	(2,375,000)
70% Confidence Level Adjustment for Claims Liabilities:	(154,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets:	<u>1,634,368</u>
Example Distribution:	\$ 300,000

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	1,330,470
Min Banking Reserve (example 10 x \$25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(36,000)
Net Assets Subject to Distribution:	<u>1,044,470</u>
Example Distribution:	300,000

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

SCORE 2017-18 Dividend Distribution (Assessment) Calculation

CITY	LIABILITY PROGRAM				W/C PROGRAM				Net Combined DISTRIBUTION/ (ASSESSMENT)
	(A)	(B)	(C)	(A)+(B)+(C)	(a)	(b)	(c)	(a)+(b)+(c)	
	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	
BIGGS*	-	-	(3,187)	(3,187)	1,409	-	-	1,409	(889)
COLFAX*	1,750	-	-	1,750	1,821	-	-	1,821	3,571
CRESCENT CITY	-	-	-	-	3,093	-	-	3,093	3,093
DORRIS*	2,238	-	-	2,238	384	-	-	384	2,622
DUNSMUIR	19,003	(278)	-	18,725	1,494	-	-	1,494	20,219
ETNA*	4,403	-	-	4,403	1,073	-	-	1,073	5,476
FORT JONES*	6,273	-	-	6,273	644	-	-	644	6,917
IONE	9,058	-	-	9,058	1,149	(2,364)	-	(1,215)	7,843
ISLETON	8,424	(16,996)	-	(8,572)					(4,286)
LIVE OAK	24,723	-	-	24,723	10,195	-	-	10,195	34,918
LOOMIS*	7,574	-	-	7,574	2,627	-	-	2,627	10,201
LOYALTON*	7,241	-	-	7,241	300	-	-	300	7,541
MONTAGUE*	5,039	-	-	5,039	954	-	-	954	5,993
MOUNT SHASTA	-	-	-	-	-	(27,737)	-	(27,737)	(13,869)
PORTOLA*	17,331	-	-	17,331	2,284	-	-	2,284	19,615
RIO DELL*	16,712	-	-	16,712	2,929	-	-	2,929	19,641
SHASTA LAKE	51,597	-	-	51,597	21,480	-	-	21,480	73,077
SUSANVILLE	35,853	-	-	35,853	15,783	-	-	15,783	51,636
TULE LAKE*	6,188	-	-	6,188	206	-	-	206	6,394
WEED	16,983	-	-	16,983	8,537	-	-	8,537	25,520
WILLIAMS	-	-	-	-	2,071	(3,476)	-	(1,405)	(702)
YREKA	48,383	-	-	48,383	17,544	-	-	17,544	65,927
	<u>288,773</u>	<u>(17,274)</u>	<u>(3,187)</u>	<u>268,312</u>	<u>95,977</u>	<u>(33,577)</u>	<u>-</u>	<u>62,400</u>	<u>350,458</u>

*Minicities W/C Allocation

Notes:

Banking activity - per banking balances at 6/30/17

Shared layer - Audited program balance at 6/30/17 less total of all Banking Layer balances

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

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

Minimum assessment due: 50%



BILL.COM ACCOUNT PAYABLE SERVICES

ACTION ITEM

ISSUE: The Board will receive information about implementing an online payment platform Bill.com, which specializes in streamlining the accounts payable process. Currently payment for invoices is done by check and can take several weeks from the time the invoice is received until the vendor receives payment. Using Bill.com will reduce the processing time for payments to a few days and eliminate the risks associated with issuing checks by setting up Automated Clearing House (ACH) payments where possible.

This service has been recommended by our accounting firm, Gilbert Associates. They have prepared the attached overview of the process and the service's security features.

RECOMMENDATION: Approve use of the Bill.com platform to process payments for the SCORE.

FISCAL IMPACT: Estimated \$50 - \$60/month (\$720/annually) to be paid on a quarterly basis as part of SCORE's accounting services.

BACKGROUND: Bill.com is a third-party vendor that specializes in streamlining the accounts payable process. The biggest benefit of transitioning to this system is efficiency. Currently the time the invoice is received until the vendor receives payments can take several weeks. With Bill.com the processing is on one platform so everything from receiving the invoice to payment can happen within days.

ATTACHMENTS: Overview of Bill.com process

OVERVIEW OF BILL.COM ACCOUNTS PAYABLE PROCESS

Bill.com is a third-party vendor that specializes in streamlining the accounts payable process.

Overview of HOW the process will work:

- Invoices are reviewed and approved by the Program Manager and emailed to a dedicated address that processes only SCORE transactions on Bill.com.
- The invoice attachment is saved, and an email is sent to Gilbert Associates.
- Gilbert will access the system, code the invoice (assign it G/L account numbers) and sign off that it is ready for payment.
- An email is automatically sent to the authorized check signer letting them know a transaction is ready for payment. They will click the link in the email which will take them to the transaction, after they have entered their password. The invoice will be available for review. The signer will release the transaction for payment by clicking a box.
- The transaction is processed by Bill.com by transferring the funds from SCORE's bank account into their account. ACH or check is then generated from the Bill.com account
 - Vendors are contacted by Bill.com to see if ACH payments are accepted. Bill.com works with the vendor to get bank information in place.
 - The invoice uploaded into the system is sent with checks
- Transactions are entered into the accounting system by a sync process between Bill.com and QuickBooks.
- All transactions are inventoried on the Bill.com site for audit purposes. We can download them for our records at any time.

The biggest benefit of transitioning to this system is efficiency. Currently the time the invoice is received until the vendor receives payments can take several weeks. With Bill.com the processing is on one platform so everything from receiving the invoice to payment can happen within days.

ACH provides additional security and convenience for many vendors who prefer electronic payments.

One area of concern may be security. Per the Bill.com website:

- Best-in-class Data Security VeriSign Secured
- 256-bit SSL encryption technology which ensures privacy between the user's browser and Bill.com, and all sensitive data is encrypted in their database. This mirrors what banks are currently using.
- They undergo an annual SAS70 Type II audit by an independent auditor.
- Payments are processed from FDIC insured bank accounts.
- Firewalls and intrusion-detection devices to prevent unauthorized electronic access to servers
- All storage is done in the US. Production servers are in a high-security locked facility with biometric access controls preventing unauthorized physical access to servers

If there are any areas of concern Gilbert Associates will contact Bill.com's support team and a representative will address them specifically.



**GILBERT & ASSOCIATES SERVICE AGREEMENT
FOR FY 2018/19**

ACTION ITEM

ISSUE: Gilbert & Associates has offered to extend their agreement for accounting services for an additional year with an increase in the current fee from \$13,200 to \$14,000 per quarter (\$56,000 per year).

RECOMMENDATION: Approve amendment of current services agreement to extend to FY 2018/19.

FISCAL IMPACT: \$56,000, an increase of 6.1% to annual fee for the past two years (\$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. For FY 2017/18 an amendment was approved for one year at \$52,800, billed quarterly.

ATTACHMENTS: Amendment to Gilbert Service Agreement for FY 2018/19

March 5, 2018

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

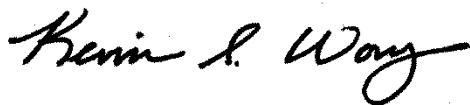
Dear Members of the Board,

As you may recall, last year Gilbert Associates, Inc. extended an existing agreement to provide financial statement preparation services for Small Cities Organized Risk Effort (SCORE). That agreement is set to expire on June 30, 2018. We have drafted the attached engagement letter for 2018-2019, dated March 5, 2018, to continue to serve SCORE for another year, from July 1, 2018 through June 30, 2019 at the rate of \$14,000 per quarter. We feel that this increase from the quarterly fee that we have charged SCORE since July 1, 2016 is necessary and reflects our increased costs of doing business since that time.

If you have any questions regarding this engagement letter, 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

March 5, 2018

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

Thank you for the opportunity to serve Small Cities Organized Risk Effort (SCORE). This agreement is intended to document the expectations of service from our firm by clearly identifying the particular services to be provided and their frequency. This agreement will cover our services from July 1, 2018 through June 30, 2019, subject to mutual agreement and 30 days notice.

Our Responsibilities under Professional Standards

Included among the services we will provide to SCORE, you have requested that we prepare the financial statements of SCORE on a quarterly basis, which comprise the following statements:

1. Statement of Net Position
2. Statement of Revenue, Expenses, and Changes in Net Position
3. Statement of Revenue, Expenses, and Changes in Net Position – Budget to Actual
4. Combining Statement of Net Position
5. Combining Statement of Revenue, Expenses, and Changes in Net Position
6. Supplemental Schedule – Workers' Compensation Banking Layer Equity by Member
7. Supplemental Schedule – Liability Banking Layer Equity by Member

The objective of our engagement is to prepare these financial statements in accordance with accounting principles generally accepted in the United States of America (as applicable) based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our financial statement preparation procedures regarding any wrongdoing within the entity or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements (except for the statement of cash flows) in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

- 1) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The prevention and detection of fraud.
- 3) To ensure that the entity complies with the laws and regulations applicable to its activities.
- 4) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- 5) To provide us with—
 - Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - Unrestricted access to persons within SCORE with whom we determine it necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Scope of work

The following list describes the services that we expect to provide. Please review the information below and make any changes necessary.

1. Prepare all bank reconciliations;
2. Process payables:
 - a. Receive and record all invoices;
 - b. Obtain approval when necessary; and
 - c. Prepare and issue checks per SCORE policy.
3. Process receivables:
 - a. Create and record invoices;
 - b. Record payments as processed by Treasurer; and
 - c. Generate and report Aged Receivables prior to each Board meeting.
4. Maintain check registers of all applicable accounts and submit to Board quarterly;
5. Maintain general ledger - prepare and enter quarterly adjusting entries;
6. Assist with cash management by requesting Operating Account funding as needed.
7. Facilitate the annual financial audit:
 - a. Prepare audit schedules; and
 - b. Coordinate audit fieldwork.

8. Prepare quarterly and annual financial reports and attend Board of Directors' meetings to discuss them;
 - a. Quarterly balance sheets and income statements
 - b. Quarterly budget to actual financial reporting
 - c. Quarterly reporting combining Banking Layer financial statements
 - d. Quarterly reporting Combining Liability and Workers' Comp Program financial statements.
 - e. Quarterly claims reconciliation among the Claims TPA reports, actuary reports and the general ledger
9. Review quarterly financial reports with the Treasurer and Program Administrators.
10. Assist Program Administrators with budget preparation;
11. Assist auditor in preparing fiscal year-end financial statements and provide information to the Program Administrators to prepare MD&A.
12. Prepare and file the financial data on State Controllers Report.
13. Calculate the liability and workers' compensation retrospective adjustment (the "DAP" spreadsheets) based on prior June 30th information and submit to SCORE no later than January 31st annually.
14. Provide services and other related duties reasonably related to Scope of Service herein provided, 1) as requested by an authorized representative, and 2) with written notice of additional compensation necessary for task completion.
15. Maintain a suitable backup and recovery system for data and develop and implement processes for the protection of electronic data including a written policy with respect to:
 - a. Disaster recovery
 - b. Physical and electronic data security
 - c. Electronic data retention

Fees and Other Relevant Information

Our fees will be billed quarterly at \$14,000 per quarter. Our standard hourly rates for work outside of the Scope of Services specified above are as follows, as of the beginning of this agreement, July 1, 2018:

Kevin S. Wong, CPA	\$280/hour
Jennifer Zraick	\$100/hour

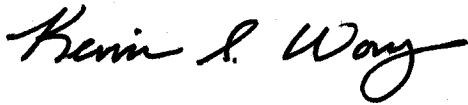
Our standard hourly rates may change on an annual basis. Our invoices for these fees will be rendered quarterly and are payable on presentation.

Board of Directors
Small Cities Organized Risk Effort
March 5, 2018
Page 4 of 4

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

GILBERT ASSOCIATES, INC.
CPAs and Advisors

A handwritten signature in black ink that reads "Kevin S. Wong". The signature is written in a cursive style with a large, sweeping "W" and a long tail on the "g".

Kevin S. Wong, CPA
Shareholder

Accepted by: _____

Date: _____



**CREATION OF NOMINATION COMMITTEE FOR
ELECTION OF SCORE OFFICER POSITIONS**

ACTION ITEM

ISSUE: The Board will be asked to create a committee to nominate candidates for SCORE officer positions whose two-year terms of office begin July 1, 2018 (concludes July 1, 2020).

RECOMMENDATION: Solicit member participation for a Nomination Committee to elect a President, Vice President, Secretary, Treasurer, and Executive Committee Member-At-Large.

FISCAL IMPACT: None

BACKGROUND: The President, Vice President, Secretary, Treasurer and Member-At Large are elected in each even numbered year and serve for a term of two years, beginning in July of the year elected. This year is an election year for SCORE officers. Currently, Mr. Roger Carroll holds the office of the President of SCORE, Mr. Steve Baker holds the office of Vice-President, Ms. Brooke Woodcox holds the office of Secretary, Ms. Linda Romaine holds the office of Treasurer and Mr. John Duckett holds the office of Executive Committee Member-At-Large.

Members are welcome to nominate anyone from the Board for an officer position.

ATTACHMENT: None



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item J.2.

SCORE WORKERS' COMPENSATION CLAIMS AUDIT

ACTION ITEM

ISSUE: Marcus Beverly will present the SCORE Workers' Compensation claims audit recently conducted by Tim Farley. Mr. Farley audited 84 claims in June of this year and issued his report on February 26, 2018. York performed very well in the audit, with overall performance meeting or exceeding industry standards, with exceptions noted.

The most notable category with exceptions was medical reserve calculation documentation. While case reserves were accurate and none needed adjustment, there were several claims that lacked a detailed calculation to support the reserves.

Otherwise the audit noted timely and thorough investigation and litigation management, accurate payment and reserve calculations, and effective cost containment that is slightly below average but not unexpected given SCORE member limitations on treatment options. Caseloads are manageable and below the goal of 175 indemnity claims and 300 future medical only claims (*136 indemnity claims for Ariel Leonhard and 189 future medical only claims for Marieta Orden-Schaab*).

RECOMMENDATION: Accept and file the audit report.

FISCAL IMPACT: None. Budgeted amount is \$8,000 and the total cost was \$7,500.

BACKGROUND: A claims audit is done every two years per SCORE's Workers' Compensation Master Plan Document (Article VI, Section 5A) to assure the reserving practices are financially sound and are compliant with the industry best practices. Obtaining a claims audit can identify improvements the JPA should make and can also lower risk of high cost claims. In addition, CAJPA accreditation standards recommend a claims audit every two years on self-funded programs.

ATTACHMENTS: SCORE Workers' Compensation Claims Audit – 2018



February 26, 2018

Mr. Marcus Beverly
First Vice President
Small Cities Organized Risk Effort
c/o Alliant Insurance Services
2180 Harvard Street, Suite 460
Sacramento, CA 95815

by e-mail: *marcus.beverly@alliant.com*
michelle.minnick@alliant.com

Small Cities Organized Risk Effort (SCORE) Workers' Compensation Claims Audit - 2018

Dear Mr. Beverly:

Enclosed is the report of the recent audit of workers' compensation claims for the Small Cities Organized Risk Effort (SCORE). Please contact me to discuss any changes you feel are necessary prior the March Board meeting.

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

Sincerely,

A handwritten signature in black ink that reads "Tim Farley". The signature is fluid and cursive.

Timothy P. Farley, CPCU
President

Encl.

Workers' Compensation Claims Audit 2018

for

Small Cities Organized Risk Effort (SCORE)

February 26, 2018

The logo for Farley Consulting Services, LLC (FCS) features the letters 'FCS' in a bold, dark blue, sans-serif font. The letters are enclosed within a dark blue, stylized swoosh that curves around them from the bottom and right sides, creating a sense of motion or a protective shield.

F A R L E Y
CONSULTING SERVICES, LLC

P.O. Box 5928 ~ Oceanside, CA 92052
Cell: 760.533-3439 ~ Fax: 760.722.1760
farleyconsulting@cox.net

**An Independent Claims Management
Consulting Firm**



February 26, 2018

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

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

Small Cities Organized Risk Effort (SCORE) Workers' Compensation Claims Audit – 2018

This report summarizes the results of an audit of workers' compensation claims for the Small Cities Organized Risk Effort (SCORE). Farley Consulting Services (FCS) reviewed 84 claims via remote access to the claims management information system of York Risk Services Group (York) in Roseville, California. The audit sample breakdown is:

- All 59 open indemnity claims; 57 of these claims generated incurred costs of \$25,000 or more
- 15 closed indemnity claims
- 10 medical only claims (including all 3 open medical only claims)

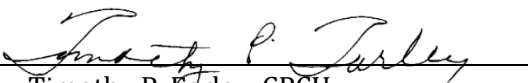
The review was conducted February 12-February 16, 2018. FCS's primary contact throughout the audit process was Ms. Doriene Zumwalt, Senior Account Manager. An exit discussion of audit findings was conducted via teleconference with Ms. Zumwalt, Ms. Lori Phillips, Unit Manager, and Mr. Jeff Ponta, Vice President of York on February 21, 2018.

York provided a written response to the exit meeting on February 23, 2018. That response was considered when preparing this report.

FCS appreciates the opportunity to complete this important project for SCORE.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by 
Timothy P. Farley, CPCU
President

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Appendix

Audit Lists

I. Executive Summary

FCS's review of 84 workers' compensation claims for the Small Cities Organized Risk Effort (SCORE) reveals that York continues to provide competent claims administration services. This was a conclusion after the prior audit completed in June 2016. Notable deficiencies are identified in the areas of medical reserve calculation documentation, but York's overall performance meets or exceeds industry standards.

FCS makes the following observations and recommendations based on the review:

1. York is adequately staffed to handle SCORE claims. Both the indemnity examiner and the future medical examiner have caseloads below the recommended maximum of 175 (indemnity) and 300 (future medical only). Exhibit 1 on page 4 displays the organizational structure of York staff assigned to the SCORE account and their respective caseloads.
2. Case reserves are accurate. None of the claims reviewed require reserve adjustment. Data for several claims lack a detailed calculation/rationale for the outstanding medical reserve. That deficiency is discussed in the category devoted to documentation clarity.
3. The audit identified no inaccurately calculated disability benefit rates.
Many member employees qualify for Labor Code 4850 benefits. Those benefits are consistently calculated accurately and are disbursed timely.
4. Investigation is thorough on all the claims reviewed. No investigation deficiencies are identified.
Coverage on one of the claims generated questions. That claim is discussed on page 6.
5. Two claims involve subrogation pursuit issues. York is aggressively pursuing the responsible party on both claims.
6. Cost containment is effective. Medical bill review efforts by WellComp resulted in a net savings of 66% of the original amount billed for the one-year period 2/1/17-1/31/18. Other similar entities experience a similar average net savings of 62%.
7. Medical management is effective. York retains nurse case manager vendors and utilization review (UR) vendors only when these mitigating activities cannot be provided by the York examiner. The audit confirms that these key components of claims management are competently performed. This was a key finding in the 2016 audit report as well.
8. Twenty-eight (38%) of the indemnity claims reviewed involve some element of litigation. Litigation management is effective. Status updates from defense counsel are timely. Referrals to defense counsel are also timely.
9. York is maintaining timely diary on all of the claims reviewed. No diary maintenance deficiencies are identified.

10. All material reviewed for this audit was obtained via access to York's claims management information system. That system is accurately recording daily claim management information. Still, several claims lack an explanation of the current outstanding medical reserve. Examples are discussed in Exhibit 2 on page 9.
11. Supervisory activity is consistently documented to the information system. No claims supervision deficiencies are identified.
12. Twenty-one claims qualify for reporting to excess insurers. One of these claims generated questions. That claim is discussed on page 10.

These and other elements of the study are discussed in more detail in the remainder of this report.

II. Audit Results

A. Background

SCORE seeks a comprehensive audit of its workers' compensation claims currently administered by York to ensure effective claims administration and adherence to California workers' compensation statutory guidelines.

FCS reviewed 84 claims remotely via access to the York Claims Connect information system.

York provided a list of all open indemnity claims electronically. Fifty-nine claims were listed. FCS reviewed all 59 claims. Closed indemnity and open medical only claims were chosen from lists provided by York.

An exit discussion of audit findings was conducted with York staff on 2/21/18. York issued a written response to those findings, electronically, on 2/23/18.

B. Claims Handling Analysis

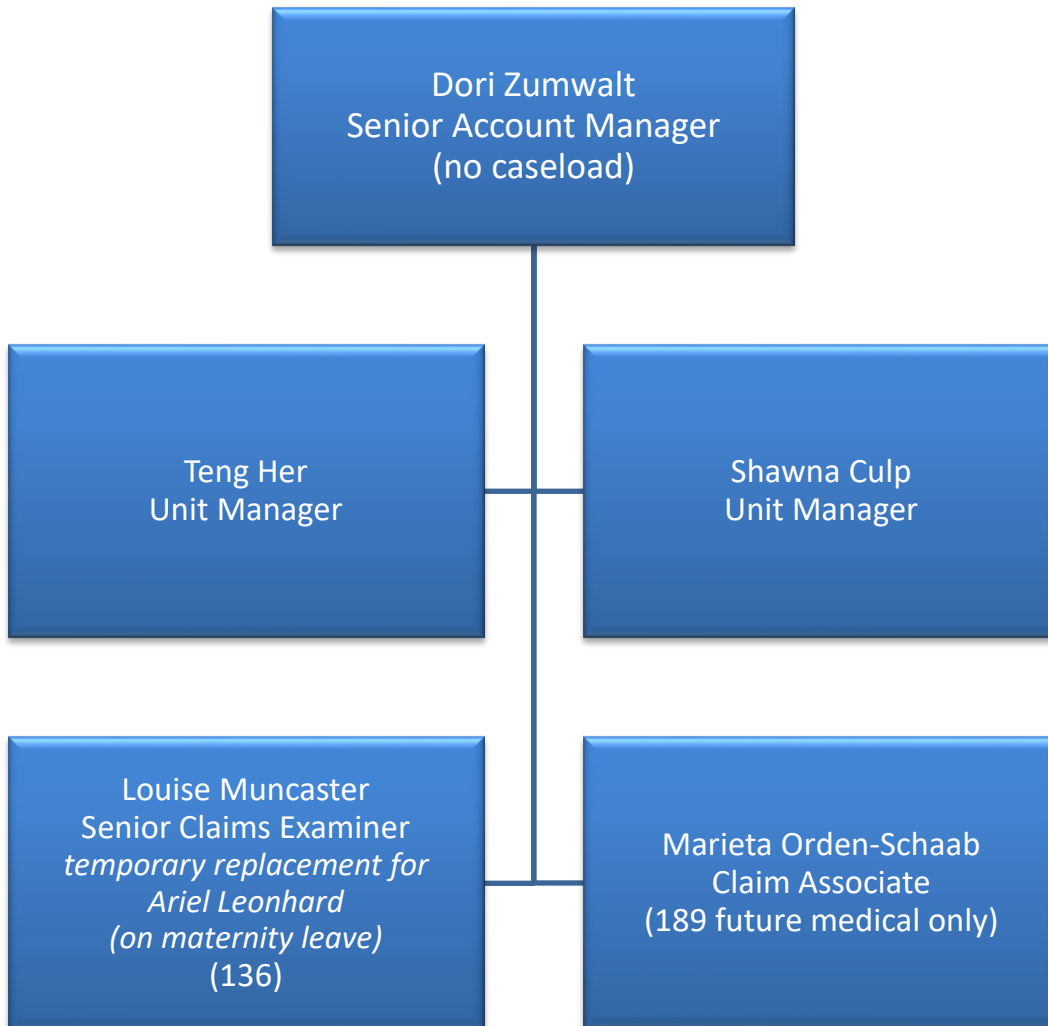
This section of the report discusses specific elements of workers' compensation claims handling. Recommendations for improvement are incorporated into the discussion of each element.

1. Staffing/Caseloads

York is adequately staffed to administer SCORE claims. Exhibit 1 displays the current organizational structure of York claims handling staff assigned to the SCORE account. Total open caseload is listed below the name.

Exhibit 1 reflects that both examiners' caseloads comply with the recommended maximums.

Exhibit 1 - Claims Handling Personnel/Caseloads Analysis - York



2. Accuracy of Case Reserves

SCORE claim reserves should anticipate the ultimate probable cost and should be based on:

- Information contained in Form 5020 (Employer's Report of Occupational Injury or Illness)
- Information contained in Form 5021 (Physician's First Report of Injury or Illness)
- Anticipated temporary disability (TD) benefits
- Anticipated medical costs
- Employee's wage information
- Anticipated vocational rehabilitation (VR)/Supplemental Job Displacement Benefits (SJDB)
- Anticipated permanent disability (PD) benefits
- Consideration of *Labor Code* 4850 benefits
- Life expectancy and average annual medical costs for future medical claims

York is considering these and other factors and is accurately establishing reserves on all claims reviewed. No case reserve accuracy deficiencies are identified.

3. Payments

The audit evaluated the following key elements of claim payments activity:

- The accuracy of York's calculation of permanent disability and temporary disability rates.
- The timeliness of the distribution of temporary disability and permanent disability payments.
- Confirmation that payments and settlements did not exceed the individual examiner's or York's settlement authority levels.
- The identification and timely payment of penalties.

York is accurately calculating temporary disability and permanent disability benefit rates on all claims reviewed. No payment calculation or distribution deficiencies are identified. FCS re-rated the permanent disability exposure for 9 of the open indemnity claims reviewed.

Eleven claims reviewed generated permanent disability advances (PDA) that exceeded the ultimate PD award. This is not uncommon. In all 11 instances, York identified the overpayment and communicated the member's right to apply a credit to the employee.

4. Quality of Investigation

Proper investigation for SCORE workers' compensation claims includes:

- Making prompt contact with the injured employee, the treating physician, and the employee's direct supervisor (3-point contact).
- Verifying the injury is work related.
- Securing injury history (indexing) to determine potential for apportionment.
- Canvassing for possible witnesses to the industrial accident.
- Obtaining recorded or written statements regarding the incident from injured employees or witnesses when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury and the anticipated duration of disability.
- Obtaining accurate, wage information from the employer.
- Obtaining police accident reports when the industrial injury is the result of a traffic accident.
- Obtaining updated wage information to accurately calculate benefits.
- Identifying claims with rehabilitation potential and effectively monitoring rehabilitation progress.

York is thoroughly investigating SCORE claims. No investigation deficiencies are identified.

The analysis of investigation includes the clarity of the documentation of investigative activity. York claims administration activity viewed via access to its information system is organized and chronological.

Claim number SCWA-556017 (Crescent City) involves a City firefighter's continuous trauma injury. Coverage information provided indicates the City discontinued involvement in the SCORE pool on 6/30/11. The date of loss of this claim is 7/28/11. Claim documentation does not confirm why SCORE was notified of this loss, considering the coverage period involved. Continuous trauma claims can expand the period that the injury occurred and/or was first noticed. Clearer documentation of the coverage determination is necessary.

Discussions with York confirm that this was the issue. Due to the continuous trauma nature of the claim, some exposure was attributable to the SCORE coverage period.

5. Subrogation

Two of the claims reviewed involve situations where the SCORE member may recover funds expended for benefits from another responsible party. York established contact with and aggressively pursued the responsible party on both claims.

6. Cost Containment

Thorough scrutiny of all medical bills to identify charges not in compliance with California's fee schedule and charges or treatments that are not work related is a vital element of a fiscally responsible workers' compensation program. A complacent cost containment policy can result in thousands of dollars in unnecessary payments on a single claim. Multiplied by a substantial claim volume, this faulty policy can change a cost-effective program into a matter of great fiscal concern.

Bill review activity is performed by WellComp, a York affiliate. The table below documents the results of WellComp's fee schedule compliance efforts. SCORE's 66% net savings compares favorably to the 62% net savings experienced by similar entities.

SCORE Fee Schedule Savings – WellComp (2/1/17-1/31/18)

A	Number of bills processed	868
B	Original amount billed	\$1,217,517
C	Amount paid	\$395,211
D	Gross savings ((B) – (C))	\$822,306
E	Bill review fees	\$12,994
F	Net savings (D) – (E)	\$809,312 or 66% of original amount billed (B)

7. Return-to-Work Policy

Any success in implementing a return-to-work program relies significantly on the individual member's ability to accommodate work restrictions.

Claim administration material consistently documents York's attempt to communicate work restrictions to the member site representative. The material also consistently document job analyses instrumental in assisting in the evaluation of the injured employee's ability to perform specific tasks.

Return-to-work efforts are a vital cost-mitigating activity. York's competent administration of this was also a finding in the 2016 audit.

8. Medical Management

York is complying with industry standards for medical management. WellComp also facilitates this cost mitigating service. Medical management review confirms the following:

- Outside nurse case management vendors were utilized at appropriate times. The fees charged by these vendors are similar to fees for nurse case management vendors for similar programs.
- The timeliness of payments/objections to medical bills is evident in all of the claims where medical bill processing is an issue.
- Utilization review is evident when necessary.

9. Litigation Management

This category seeks to verify that:

- Defense attorneys and the employee's attorney are responded to timely.
- Defense counsel fees are within industry averages.
- Claim examiners are performing routine activities and not assigning defense counsel to perform tasks that the examiner should be performing.

Twenty-eight (38%) of the 74 indemnity claims reviewed involve some degree of litigation. York is effectively managing litigation on the claims reviewed. This is based on the following key findings:

- Referrals to defense counsel are timely in all instances. SCORE is bound by statutory requirements for filing answers to applications for adjudication of claims. The referrals also clearly set forth the facts of the claim and communicate the expectation of counsel. These expectations include submission of a proposed budget and plan of action.
- Communication between the York examiner and the assigned defense counsel is timely and thorough.
- Litigation expense rates are within the industry average for the handling of public entity claims.

No litigation management deficiencies are identified.

10. Diary/Case Closure

Active, unresolved claims require some adjusting activity every 30 to 45 days. Resolved claims for which the only remaining issue is the processing of medical benefits should be reviewed roughly every 90 days.

York is complying with these standards. No diary maintenance deficiencies are identified.

11. Documentation and Risk Management Information System (RMIS) Clarity

All material reviewed for this project was accessed remotely using the York Claims Connect system. That system is efficiently recording routine claims administration activity such as reserve/payment data, daily examiner activity notes, medical documentation, and state-required form documentation.

Several claims lack a clear explanation/calculation of the outstanding medical reserve. FCS concludes that the amount of the reserve is accurate based on the assessment of the exposure as interpreted from medical documentation, but York's process of establishing the amount needs clarification. Exhibit 2 lists examples.

In its rebuttal, York indicated it is not necessary to provide the calculation if the employee has not reached permanent and stationary status. FCS disagrees with this policy. The CMR should provide clear rationale for any established case reserve, regardless of claim status.

Exhibit 2 – Claim Documentation Analysis – SCORE

Claim No.	Comments
SCWA-555929	This claim is open for future medical only. The most recent plan of action does not provide a detailed calculation for the outstanding medical reserve.
SCWA-555908	The employee sustained a knee and foot injury. The most recent CMR does not provide a calculation for the current outstanding medical reserve.
SCWA-555995	A firefighter contracted pneumonia. The current CMR does not calculate the current outstanding medical reserve.

Another deficiency is identified on claim number SCWA-555847 (Fort Jones). Claim documentation provides a DEU rating of 10%, but that was increased to 13%. Additional documentation lists a DEU rating of 11% with a note referencing some "error" in the calculation. This is not explained clearly, and FCS could not determine the process by which the award was ultimately calculated.

12. Supervision

All claims reviewed exhibit timely, instructive input from the York supervisor. No supervisory deficiencies are identified.

13. Excess Notification

Twenty-one of the claims reviewed meet excess reporting requirements. One claim generated findings:

- SCWA-555845 (Mt. Shasta) – The most recent CMR lists the retention level at \$150,000. Total payments on this claim exceed \$200,000. It is unclear why no recovery from the excess carrier has been pursued. If it was pursued, the recovery amount is not documented.



LOSS CONTROL GRANT FUND PROGRAM

ACTION ITEM

ISSUE: SCORE's Loss Control Grant Fund Program provides member funding on an annual basis for risk management related products and services. The Board must approve funding for the Loss Control Grant Fund Program to continue in FY 2018/19.

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

FISCAL IMPACT: \$100,000; \$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. The Board has continued the Loss Control Grant Fund Program every year since its inception in 2014.

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

ATTACHMENTS:

1. Loss Control Grant Fund Policy and Procedure Document
2. Loss Control Grant Fund Member Utilization for FY 17/18



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 agendaized) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

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

Adopted on: March 31, 2017
Effective Date: March 31, 2017

SCORE Loss Control Grant Fund Member Utilization FY 2017/18 as of 3-21-18

Member Entity	TOTAL Grant Fund Allocation	Amount requested during FY 17-18	Remaining amount available	Notes
Biggs *	\$2,211.55			
Colfax *	\$3,050.07			
Dunsmuir	\$3,911.99			
Etna *	\$2,153.35			
Fort Jones *	\$2,047.28			
Isleton	\$1,000.00			
Live Oak	\$5,232.71	\$9,828.32	-\$4,595.61	*Request made 2/5/18 by Hope Ithurnburn for Ergo Furniture (estimated total costs to be (\$9,828.32) *NOTE: Amount requested exceeded amount available - \$4,595.61 will be used from FY 18/19 Loss Control Grant Funds
Loomis	\$3,599.12	\$1,467.80	\$2,131.32	*Request made by Roger Carroll for Sidewalk Repair project (total cost \$5,700) *NOTE: Amount requested exceeded amount available - \$1,467.80 will be used from FY 17/18 Loss Control Grant Funds
Loyalton *	\$2,000.00	\$764.94	\$1,235.06	*Request made by Kathy LeBlanc for Protective Waders (\$423.70) *Request made by Kathy LeBlanc 2/7/18 for Motion Sensor LED Lights (\$209.43) *Request made by Kathy LeBlanc for Gender Neutral Bathroom signs (\$131.81)
Montague *	\$2,082.04			
Mt. Shasta	\$12,166.63			
Portola	\$4,112.13	\$162.64	\$3,949.49	*Request made by Robert Meacher 2/23/18 for PARMA related travel expenses (\$162.64)
Rio Dell	\$4,307.28			
Shasta Lake	\$11,702.97	\$11,702.97	\$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 FY 17/18 as project total is estimated at \$80,000
Susanville	\$17,538.15			
Tulelake*	\$2,146.66	\$2,802.87	-\$656.21	*Request made 6/15/17 by Jenny Coelho for sidewalk repairs for total of \$5k *NOTE: Amount requested exceeded amount available in FY 16/17 so remainder will be used from the FY 17/18 Loss Control Grant Funds (and \$656.21 from FY 18/19 if program is continued by BOD)
Weed	\$8,003.91			
Yreka	\$14,136.61	\$112.20	\$14,024.41	*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:	\$101,402.44			

* Mini-Cities



FY 2018/19 LIABILITY PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums. The rates per \$100 of payroll at the 70% Confidence Level (CL) are \$1.25 for the Banking Layer and \$1.87 for the Shared Layer, for a combined rate of \$3.12, a decrease of 10.6% from the current rate of \$3.49.

Given the improved results over the last two years, resulting in a rate at the 75% CL that is below the current rate at the 70% CL, the Program Administrators have prepared a budget based on the higher CL for comparison and consideration by the Board.

RECOMMENDATION: Increase the funding to the 75% Confidence Level as set by the actuary.

FISCAL IMPACT: Increase of \$34,999 to increase from the 70% to 75% Confidence Level, a total of \$812,000 for the two self-insured 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 2013/14 the recommended funding for the liability program was within the 3% cap set by the Board. For 2014/15 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 2016/17 the rates fell slightly so the cap was not needed. For FY 2017/18 rates decreased again so capping was not needed.

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

ATTACHMENTS:

1. DRAFT Proposed Liability Program Funding FY 2018/19 at 70% CL
2. DRAFT Proposed Liability Program Funding FY 2018/19 at 75% CL
3. SCORE Liability Experience Modification Calculation

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

Total Admin Expenses: \$930,013.64
Total Liability Admin Expenses: \$494,429.00
Total WC Admin Expenses: \$375,584.64
Liability Participants 18.00

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2017 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)
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)
Rate Per \$100 or Amount	1.03	Calc		\$1.25	\$1.87	\$0.69	Calc		Calc
Biggs	\$408,840	1.25	\$509,816	\$6,603	\$10,163	\$3,539	\$20,305	\$15,594	\$4,711
Colfax	\$815,763	0.92	\$750,944	\$9,726	\$14,970	\$5,213	\$29,909	\$31,115	(\$1,206)
Dunsmuir	\$662,452	1.73	\$1,148,882	\$14,879	\$22,903	\$7,976	\$45,758	\$25,268	\$20,490
Etna	\$570,719	0.92	\$525,034	\$6,800	\$10,466	\$3,645	\$20,911	\$21,769	(\$857)
Fort Jones	\$476,780	0.94	\$447,602	\$5,797	\$8,923	\$3,108	\$17,827	\$18,186	(\$358)
Isleton	\$269,402	1.07	\$287,497	\$3,723	\$5,731	\$1,996	\$11,451	\$10,276	\$1,175
Live Oak	\$1,436,885	0.82	\$1,179,579	\$15,277	\$23,514	\$8,189	\$46,981	\$54,807	(\$7,826)
Loomis	\$883,347	1.24	\$1,092,602	\$14,150	\$21,781	\$7,585	\$43,517	\$33,693	\$9,823
Loyalton	\$111,582	1.02	\$113,845	\$1,474	\$2,269	\$790	\$4,534	\$4,256	\$278
Montague	\$361,766	1.01	\$365,465	\$4,733	\$7,285	\$2,537	\$14,556	\$13,799	\$757
Mt. Shasta	\$2,144,858	1.56	\$3,336,208	\$43,208	\$66,506	\$23,162	\$132,876	\$81,810	\$51,065
Portola	\$771,697	0.99	\$762,950	\$9,881	\$15,209	\$5,297	\$30,387	\$29,435	\$953
Rio Dell	\$1,050,786	0.92	\$961,675	\$12,455	\$19,171	\$6,677	\$38,302	\$40,080	(\$1,778)
Shasta Lake	\$4,028,147	0.75	\$3,036,961	\$39,332	\$60,541	\$21,084	\$120,957	\$153,644	(\$32,687)
Susanville	\$4,096,369	0.89	\$3,627,130	\$46,976	\$72,306	\$25,182	\$144,463	\$156,246	(\$11,783)
Tulelake	\$384,553	0.97	\$373,561	\$4,838	\$7,447	\$2,593	\$14,878	\$14,668	\$211
Weed	\$1,854,291	1.34	\$2,483,369	\$32,163	\$49,505	\$17,241	\$98,909	\$70,727	\$28,181
Yreka	\$3,298,992	0.80	\$2,624,108	\$33,985	\$52,311	\$18,218	\$104,514	\$125,832	(\$21,318)
Grand Total	\$23,627,229	1.05	\$23,627,229	\$306,000	\$471,000	\$164,034	\$941,035	\$901,204	\$39,831

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

CJPRMA Premium:	\$164,034	CSAC Pollution Premium:	\$8,833
CJPRMA Refund:	\$0	CSAC Pollution Payroll:	\$22,787,108
Rate Per \$100 Payroll:	\$ 0.69	Rate per \$100:	\$ 0.03876315

Green text indicates numbers are estimated

A	K	L	M	N	O	P	Q	R	S	U
Formula/Allocation	Refund x %PP	(PP/100) x Rate	(Total Admin/2)/ Number of Members	(Total Admin/2)/ %PP	(M) + (N)	Loss Funding + Refund + Pollution + Admin				Member PP/ Total PP
MEMBER ENTITY	CJPRMA REFUND	CSAC/CPIEA Pollution Coverage	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed FY 18-19 Admin Total	Proposed FY 18-19 TOTAL FINAL DEPOSIT	FY 17-18 TOTAL DEPOSIT	\$ Change Overall	% Change Overall	% Payroll (%PP)
Rate Per \$100 or Amount	\$0	\$0.0387631	\$247,215	\$247,215	\$494,429	70% CL	70% CL			
Biggs	\$0	\$158	\$13,734	\$4,278	\$18,012	\$38,476	\$32,973	5,503	16.7%	1.73%
Colfax	\$0	\$316	\$13,734	\$8,535	\$22,270	\$52,495	\$44,055	8,440	19.2%	3.45%
Dunsmuir	\$0	\$257	\$13,734	\$6,931	\$20,665	\$66,680	\$62,068	4,612	7.4%	2.80%
Etna	\$0		\$13,734	\$5,971	\$19,706	\$40,617	\$31,390	9,227	29.4%	2.42%
Fort Jones	\$0	\$185	\$13,734	\$4,989	\$18,723	\$36,735	\$28,504	8,231	28.9%	2.02%
Isleton	\$0		\$13,734	\$2,819	\$16,553	\$28,003	\$25,774	2,230	8.7%	1.14%
Live Oak	\$0	\$557	\$13,734	\$15,034	\$28,768	\$76,306	\$72,986	3,320	4.5%	6.08%
Loomis	\$0	\$342	\$13,734	\$9,243	\$22,977	\$66,836	\$54,824	12,011	21.9%	3.74%
Loyalton	\$0	\$43	\$13,734	\$1,167	\$14,902	\$19,479	\$19,109	370	1.9%	0.47%
Montague	\$0	\$140	\$13,734	\$3,785	\$17,519	\$32,215	\$29,449	2,766	9.4%	1.53%
Mt. Shasta	\$0	\$831	\$13,734	\$22,442	\$36,176	\$169,883	\$137,786	32,097	23.3%	9.08%
Portola	\$0	\$299	\$13,734	\$8,074	\$21,808	\$52,495	\$52,672	(177)	-0.3%	3.27%
Rio Dell	\$0	\$407	\$13,734	\$10,995	\$24,729	\$63,438	\$60,611	2,827	4.7%	4.45%
Shasta Lake	\$0	\$1,561	\$13,734	\$42,147	\$55,881	\$178,400	\$159,228	19,172	12.0%	17.05%
Susanville	\$0	\$1,588	\$13,734	\$42,861	\$56,595	\$202,646	\$213,480	(10,835)	-5.1%	17.34%
Tulelake	\$0	\$149	\$13,734	\$4,024	\$17,758	\$32,785	\$31,208	1,578	5.1%	1.63%
Weed	\$0	\$719	\$13,734	\$19,402	\$33,136	\$132,763	\$116,674	16,089	13.8%	7.85%
Yreka	\$0	\$1,279	\$13,734	\$34,518	\$48,252	\$154,045	\$187,645	(33,600)	-17.9%	13.96%
Grand Total	\$0	\$8,833	\$247,215	\$247,215	\$494,429	\$1,444,297	\$1,360,436	83,860	6.2%	100.00%

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2018-19
Preliminary Funding (75% CL)**

Total Admin Expenses: \$930,013.64
Total Liability Admin Expenses: \$494,429.00
Total WC Admin Expenses: \$375,584.64
Liability Participants 18.00

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2017 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)
MEMBER ENTITY	Projected Payroll (PP)	Ex Mod	Ex-Mod Adjusted Payroll (Exp)	BANKING LAYER at 75% CL \$0 to \$25,000	SHARED LAYER at 75% 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)
Rate Per \$100 or Amount	1.03	Calc		\$1.33	\$2.10	\$0.69	Calc		Calc
Biggs	\$408,840	1.25	\$509,816	\$6,797	\$10,724	\$3,539	\$21,060	\$16,862	\$4,199
Colfax	\$815,763	0.92	\$750,944	\$10,012	\$15,796	\$5,213	\$31,021	\$33,644	(\$2,623)
Dunsmuir	\$662,452	1.73	\$1,148,882	\$15,317	\$24,167	\$7,976	\$47,460	\$27,321	\$20,139
Etna	\$570,719	0.92	\$525,034	\$7,000	\$11,044	\$3,645	\$21,689	\$23,538	(\$1,849)
Fort Jones	\$476,780	0.94	\$447,602	\$5,967	\$9,415	\$3,108	\$18,490	\$19,664	(\$1,173)
Isleton	\$269,402	1.07	\$287,497	\$3,833	\$6,048	\$1,996	\$11,876	\$11,111	\$766
Live Oak	\$1,436,885	0.82	\$1,179,579	\$15,726	\$24,812	\$8,189	\$48,728	\$59,261	(\$10,533)
Loomis	\$883,347	1.24	\$1,092,602	\$14,567	\$22,983	\$7,585	\$45,135	\$36,432	\$8,704
Loyalton	\$111,582	1.02	\$113,845	\$1,518	\$2,395	\$790	\$4,703	\$4,602	\$101
Montague	\$361,766	1.01	\$365,465	\$4,872	\$7,688	\$2,537	\$15,097	\$14,920	\$177
Mt. Shasta	\$2,144,858	1.56	\$3,336,208	\$44,479	\$70,177	\$23,162	\$137,818	\$88,459	\$49,358
Portola	\$771,697	0.99	\$762,950	\$10,172	\$16,049	\$5,297	\$31,517	\$31,827	(\$310)
Rio Dell	\$1,050,786	0.92	\$961,675	\$12,821	\$20,229	\$6,677	\$39,727	\$43,337	(\$3,611)
Shasta Lake	\$4,028,147	0.75	\$3,036,961	\$40,489	\$63,883	\$21,084	\$125,456	\$166,131	(\$40,675)
Susanville	\$4,096,369	0.89	\$3,627,130	\$48,357	\$76,297	\$25,182	\$149,836	\$168,945	(\$19,109)
Tulelake	\$384,553	0.97	\$373,561	\$4,980	\$7,858	\$2,593	\$15,432	\$15,860	(\$428)
Weed	\$1,854,291	1.34	\$2,483,369	\$33,108	\$52,238	\$17,241	\$102,587	\$76,476	\$26,112
Yreka	\$3,298,992	0.80	\$2,624,108	\$34,985	\$55,198	\$18,218	\$108,401	\$136,059	(\$27,658)
Grand Total	\$23,627,229	1.05	\$23,627,229	\$315,000	\$497,000	\$164,034	\$976,034	\$974,448	\$1,586

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
Fiscal Year 2018-19
Preliminary Funding (75% CL)**

CJPRMA Premium:	\$164,034	CSAC Pollution Premium:	\$8,833
CJPRMA Refund:	\$0	CSAC Pollution Payroll:	\$22,787,108
Rate Per \$100 Payroll:	\$ 0.69	Rate per \$100:	\$ 0.03876315

Green text indicates numbers are estimated

A	K	L	M	N	O	P	Q	R	S	U
Formula/Allocation	Refund x %PP	(PP/100) x Rate	(Total Admin/2)/ Number of Members	(Total Admin/2)/ %PP	(M) + (N)	Loss Funding + Refund + Pollution + Admin				Member PP/ Total PP
MEMBER ENTITY	CJPRMA REFUND	CSAC/CPIEA Pollution Coverage	50% ADMIN FIXED EXPENSE	50% ADMIN % PAYROLL	Proposed FY 18-19 Admin Total	Proposed FY 18-19 TOTAL FINAL DEPOSIT	FY 17-18 TOTAL DEPOSIT	\$ Change Overall	% Change Overall	% Payroll (%PP)
Rate Per \$100 or Amount	\$0	\$0.0387631	\$247,215	\$247,215	\$494,429	75% CL	70% CL			
Biggs	\$0	\$158	\$13,734	\$4,278	\$18,012	\$39,231	\$32,949	6,281	19.1%	1.73%
Colfax	\$0	\$316	\$13,734	\$8,535	\$22,270	\$53,607	\$44,028	9,579	21.8%	3.45%
Dunsmuir	\$0	\$257	\$13,734	\$6,931	\$20,665	\$68,382	\$62,041	6,341	10.2%	2.80%
Etna	\$0		\$13,734	\$5,971	\$19,706	\$41,395	\$31,367	10,028	32.0%	2.42%
Fort Jones	\$0	\$185	\$13,734	\$4,989	\$18,723	\$37,398	\$28,482	8,916	31.3%	2.02%
Isleton	\$0		\$13,734	\$2,819	\$16,553	\$28,429	\$25,753	2,676	10.4%	1.14%
Live Oak	\$0	\$557	\$13,734	\$15,034	\$28,768	\$78,053	\$72,948	5,106	7.0%	6.08%
Loomis	\$0	\$342	\$13,734	\$9,243	\$22,977	\$68,454	\$54,796	13,658	24.9%	3.74%
Loyalton	\$0	\$43	\$13,734	\$1,167	\$14,902	\$19,648	\$19,090	558	2.9%	0.47%
Montague	\$0	\$140	\$13,734	\$3,785	\$17,519	\$32,757	\$29,427	3,330	11.3%	1.53%
Mt. Shasta	\$0	\$831	\$13,734	\$22,442	\$36,176	\$174,825	\$137,740	37,085	26.9%	9.08%
Portola	\$0	\$299	\$13,734	\$8,074	\$21,808	\$53,625	\$52,643	982	1.9%	3.27%
Rio Dell	\$0	\$407	\$13,734	\$10,995	\$24,729	\$64,862	\$60,579	4,284	7.1%	4.45%
Shasta Lake	\$0	\$1,561	\$13,734	\$42,147	\$55,881	\$182,899	\$159,157	23,741	14.9%	17.05%
Susanville	\$0	\$1,588	\$13,734	\$42,861	\$56,595	\$208,018	\$213,404	(5,385)	-2.5%	17.34%
Tulelake	\$0	\$149	\$13,734	\$4,024	\$17,758	\$33,339	\$31,185	2,154	6.9%	1.63%
Weed	\$0	\$719	\$13,734	\$19,402	\$33,136	\$136,442	\$116,631	19,811	17.0%	7.85%
Yreka	\$0	\$1,279	\$13,734	\$34,518	\$48,252	\$157,932	\$187,583	(29,651)	-15.8%	13.96%
Grand Total	\$0	\$8,833	\$247,215	\$247,215	\$494,429	\$1,479,296	\$1,359,801	119,494	8.8%	100.00%

SCORE
Liability Experience Modification Calculation
For FY 2018-19

FORMULA	Losses as of 12/31/17 Capped at \$50,000							DE-9 Payroll Fiscal Years Ending						
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total	% of Total Losses	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total	% Total Payroll
MEMBER ENTITY														
Biggs	\$0	\$11,247			\$57,737	\$68,984	5.9%	\$377,297	\$381,699	\$382,291	\$379,667	\$392,776	\$1,913,730	1.9%
Colfax	\$0		\$596		\$7,568	\$8,164	0.7%	\$482,475	\$466,454	\$431,629	\$553,415	\$685,372	\$2,619,344	2.6%
Dunsmuir	\$6,668	\$50,119	\$84,000	\$5,365	\$40,000	\$186,152	15.8%	\$538,031	\$533,265	\$528,116	\$529,248	\$670,417	\$2,799,077	2.8%
Etna		\$0			\$8	\$8	0.0%	\$332,071	\$383,491	\$344,494	\$383,669	\$384,224	\$1,827,948	1.8%
Fort Jones							0.0%	\$217,023	\$296,837	\$267,933	\$275,881	\$339,322	\$1,396,996	1.4%
Isleton	\$2,558			\$14,499	\$2	\$17,059	1.5%	\$228,795	\$242,609	\$254,161	\$200,387	\$203,541	\$1,129,493	1.1%
Live Oak	\$8,727	\$1,175	\$1,155	\$1,371	\$11	\$12,439	1.1%	\$1,267,402	\$1,237,873	\$1,244,049	\$1,340,354	\$1,359,315	\$6,448,993	6.4%
Loomis	\$18,877	\$496	\$63,929	\$1,587	\$27	\$84,916	7.2%	\$687,491	\$713,269	\$708,952	\$716,410	\$786,892	\$3,613,014	3.6%
Loyalton	\$0	\$0				\$0	0.0%	\$132,357	\$144,738	\$146,327	\$110,920	\$121,101	\$655,444	0.7%
Montague	\$0	\$5,093	\$1,834	\$3,042	\$361	\$10,329	0.9%	\$295,950	\$317,465	\$319,406	\$321,124	\$342,082	\$1,596,026	1.6%
Mt. Shasta	\$19,914	\$61,015	\$63,466	\$51,913	\$51,100	\$247,408	21.0%	\$1,609,249	\$1,621,731	\$1,729,437	\$1,786,692	\$2,061,747	\$8,808,856	8.7%
Portola	\$22,163		\$8	\$2,704	\$1,752	\$26,627	2.3%	\$676,909	\$619,179	\$615,012	\$775,449	\$867,805	\$3,554,355	3.5%
Rio Dell	\$15,147	\$0	\$8	\$5,455	\$883	\$21,493	1.8%	\$951,737	\$929,077	\$991,690	\$975,147	\$1,015,930	\$4,863,581	4.8%
Shasta Lake	\$9,434	\$17,920	\$56,072	\$0	\$1,632	\$85,058	7.2%	\$3,140,551	\$3,212,992	\$3,291,793	\$3,444,570	\$3,719,515	\$16,809,420	16.7%
Susanville	\$21,602	\$30,692	\$27,119	\$53,507	\$13,844	\$146,763	12.5%	\$3,417,528	\$3,510,972	\$3,553,392	\$3,919,587	\$3,848,191	\$18,249,671	18.1%
Tulelake			\$0	\$2,877		\$2,877	0.2%	\$322,798	\$309,601	\$316,146	\$365,242	\$355,728	\$1,669,515	1.7%
Weed	\$50,000	\$39,183	\$64,435	\$2,987	\$21,360	\$177,964	15.1%	\$1,529,535	\$1,542,690	\$1,669,833	\$1,568,849	\$1,757,498	\$8,068,405	8.0%
Yreka	\$1,186		\$29,535	\$32,787	\$15,731	\$79,239	6.7%	\$2,860,588	\$3,047,983	\$2,881,778	\$2,878,897	\$3,115,630	\$14,784,875	14.7%
Grand Total	\$176,276	\$216,939	\$392,155	\$178,093	\$212,015	\$1,175,478	100.0%	\$19,067,786	\$19,511,926	\$19,676,437	\$20,525,511	\$22,027,084	\$100,808,743	100.0%

SCORE
Liability Experience Modification Calculation
For FY 2018-19

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 Mod	Ex	Unadjusted Ex Mod Payroll (UEP)	Ex Mod	Ex Mod Adjusted Payroll (ExP)	FY 17-18 Ex Mod
MEMBER ENTITY			1.03					0.954133962		
Biggs	\$3.60	3.09	\$408,840	9.07%	1.19		\$486,433	1.25	\$509,816	1.25
Colfax	\$0.31	0.27	\$815,763	16.61%	0.88		\$716,501	0.92	\$750,944	0.92
Dunsmuir	\$6.65	5.70	\$662,452	13.92%	1.65		\$1,096,187	1.73	\$1,148,882	1.73
Etna	\$0.00	0.00	\$570,719	12.23%	0.88		\$500,953	0.92	\$525,034	0.92
Fort Jones	\$0.00	0.00	\$476,780	10.43%	0.90		\$427,073	0.94	\$447,602	0.94
Isleton	\$1.51	1.30	\$269,402	6.17%	1.02		\$274,311	1.07	\$287,497	1.07
Live Oak	\$0.19	0.17	\$1,436,885	25.97%	0.78		\$1,125,476	0.82	\$1,179,579	0.82
Loomis	\$2.35	2.02	\$883,347	17.74%	1.18		\$1,042,488	1.24	\$1,092,602	1.24
Loyalton	\$0.00	0.00	\$111,582	2.65%	0.97		\$108,623	1.02	\$113,845	1.02
Montague	\$0.65	0.56	\$361,766	8.11%	0.96		\$348,703	1.01	\$365,465	1.01
Mt. Shasta	\$2.81	2.41	\$2,144,858	34.37%	1.48		\$3,183,190	1.56	\$3,336,208	1.56
Portola	\$0.75	0.64	\$771,697	15.85%	0.94		\$727,957	0.99	\$762,950	0.99
Rio Dell	\$0.44	0.38	\$1,050,786	20.41%	0.87		\$917,567	0.92	\$961,675	0.92
Shasta Lake	\$0.51	0.43	\$4,028,147	49.58%	0.72		\$2,897,668	0.75	\$3,036,961	0.75
Susanville	\$0.80	0.69	\$4,096,369	50.00%	0.84		\$3,460,768	0.89	\$3,627,130	0.89
Tulelake	\$0.17	0.15	\$384,553	8.58%	0.93		\$356,428	0.97	\$373,561	0.97
Weed	\$2.21	1.89	\$1,854,291	31.16%	1.28		\$2,369,467	1.34	\$2,483,369	1.34
Yreka	\$0.54	0.46	\$3,298,992	44.61%	0.76		\$2,503,751	0.80	\$2,624,108	0.80
Grand Total	\$1.17	1.00	\$23,627,229				\$22,543,542	1.05	\$23,627,229	1.05

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



FY 2018/19 WORKERS' COMPENSATION PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The Board annually reviews the actuary's funding projections for the upcoming fiscal year and approves the rates to be used for member premiums. The selected rates per \$100 of payroll at the current 75% Confidence Level (CL) are \$1.66 for the Banking Layer and \$4.20 for the Shared Layer, for a combined rate of \$5.85, a 1.5% increase from the \$5.76 rate used for the current year. *The increase is due to results in the Shared Layer, as the rate for the Banking Layer decreased slightly since last year.*

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

FISCAL IMPACT: Increase of \$97,000 in the combined layer funding, from \$1,270,000 to \$1,367,000.

BACKGROUND: The Board annually reviews the actuary's rates for projected losses and determines an appropriate funding level. The Confidence Level has been set as high as 85% in the past but was decreased to 70% in FY 2011/12. The Board maintained that level until increasing it to 75% for FY 2016/17.

The Board previously established a goal of capping the Workers' Compensation Program loss funding rates at no more than 3% per year for the FY 2013/14, FY 2014/15, and FY 2015/16 program years. In the first year the rate was capped at 3%, but in the second year the program's financial position would not support a cap and it was not used. For FY 2015/16 the rates fell slightly so the cap was not needed. For FY 2016/17 the rates decreased again, by 6%, so the Board took the opportunity to increase the funding confidence level to 75%.

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

ATTACHMENTS:

1. DRAFT Proposed Workers' Compensation Program Funding FY 2018/19
2. SCORE Workers' Compensation Experience Modification Calculation

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
Fiscal Year 2018-19
Preliminary Funding**

Total Admin Expenses:	\$ 930,014	Liability Participants	18
Total Liab Admin Expenses:	\$ 494,429	WC Participants	17
Total WC Admin Expenses:	\$ 375,585	WC members (Mini-Cities as one	11
		Mini-Cities Members	6

A	B	C	D	E	F	G	H	I	J
Formula/Allocation	CY 2017 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 LAWXC PREMIUM	Loss Funding	Unadjusted Loss Funding	Ex Mod Impact on Loss Funding Increase or (Decrease)
Rate/Amount	1.03	Calc		\$1.66	\$4.20	\$1.34	Calc	Calc	Calc
Colfax	\$815,763	0.99	\$805,149	\$13,340	\$33,781	\$10,809	\$57,930	\$58,756	(\$825)
Dunsmuir	\$662,452	1.25	\$825,758	\$13,681	\$34,645	\$11,086	\$59,413	\$47,713	\$11,700
Isleton (do not participate)									
Live Oak	\$1,436,885	0.75	\$1,072,324	\$17,767	\$44,990	\$14,396	\$77,153	\$103,492	(\$26,339)
Loomis	\$883,347	0.82	\$727,046	\$12,046	\$30,504	\$9,761	\$52,311	\$63,623	(\$11,313)
Mt. Shasta	\$2,144,858	1.57	\$3,363,532	\$55,728	\$141,120	\$45,157	\$242,005	\$154,484	\$87,521
Portola	\$771,697	1.00	\$773,697	\$12,819	\$32,461	\$10,387	\$55,667	\$55,582	\$86
Rio Dell	\$1,050,786	0.98	\$1,031,551	\$17,091	\$43,280	\$13,849	\$74,220	\$75,683	(\$1,463)
Shasta Lake	\$4,028,147	0.63	\$2,553,911	\$42,314	\$107,152	\$34,287	\$183,753	\$290,129	(\$106,376)
Susanville	\$4,096,369	1.18	\$4,820,913	\$79,875	\$202,266	\$64,723	\$346,863	\$295,042	\$51,821
Weed	\$1,854,291	0.74	\$1,380,356	\$22,870	\$57,914	\$18,532	\$99,316	\$133,556	(\$34,240)
Yreka	\$3,298,992	1.13	\$3,712,357	\$61,508	\$155,756	\$49,840	\$267,103	\$237,611	\$29,492
Subtotal Members	\$21,043,587	1.00	\$21,066,594	\$349,039	\$883,870	\$282,827	\$1,515,735	\$1,456,916	\$889
Biggs	\$408,840	0.99	\$404,771	\$6,706	\$16,983	\$5,434	\$29,123	\$29,447	(\$324)
Etna	\$570,719	0.99	\$565,038	\$9,362	\$23,707	\$7,586	\$40,654	\$41,106	(\$452)
Fort Jones	\$476,780	0.99	\$472,035	\$7,821	\$19,805	\$6,337	\$33,963	\$34,340	(\$377)
Loyalton	\$111,582	0.99	\$110,471	\$1,830	\$4,635	\$1,483	\$7,948	\$8,037	(\$88)
Montague	\$361,766	0.99	\$358,165	\$5,934	\$15,027	\$4,809	\$25,770	\$26,056	(\$286)
Tulelake	\$384,553	0.99	\$380,726	\$6,308	\$15,974	\$5,111	\$27,393	\$27,698	(\$304)
Subtotal Mini Cities	\$2,314,240	0.99	\$2,291,206	\$37,962	\$96,130	\$30,760	\$164,852	\$154,823	-\$1,832
Grand Total	\$23,357,827	1.00	\$23,357,800	\$387,000	\$980,000	\$313,587	\$1,680,587	\$1,611,739	-\$944

**SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
Fiscal Year 2018-19
Preliminary Funding**

Total Admin Expenses:	\$ 930,014	Liability Participants	18
Total Liab Admin Expenses:	\$ 494,429	WC Participants	17
Total WC Admin Expenses:	\$ 375,585	WC members (Mini-Cities)	11
		Mini-Cities Members	6

A	K	L	M	N	P	Q	R	S	T	U	V	W
Formula/Allocation	Assessment x %PP	(Total Admin x .3)/ Number of Members	(Total Admin x .7)/ %PP	(L) + (M)		(H) + (K) + (N)				Member PP/Total PP	MC Member PP/Total MC PP	Relative Loss Rate x Credibility Factor
MEMBER ENTITY	LAWCX ASSESSMENT	40% ADMIN FIXED EXPENSE	60% ADMIN % PAYROLL	Proposed Admin Total FY 18-19	% Change ADMIN	Proposed FY 18-19 TOTAL DEPOSIT	Prior Year FY 17-18 DEPOSIT	\$ Change Overall	% Change Overall	% Projected Payroll (%PP)	% MC Projected Payroll	MC Indivi. Ex Mods
Rate/Amount	\$0	\$150,234	\$225,351	\$375,585	4%	75% CL	75% CL					
Colfax	\$0	\$8,837	\$7,870	\$16,708	167%	\$74,638	\$54,741	\$19,896	36.3%	3.5%		
Dunsmuir	\$0	\$8,837	\$6,391	\$15,228	-44%	\$74,641	\$62,371	\$12,271	19.7%	2.8%		
Isleton (do not participate)												
Live Oak	\$0	\$8,837	\$13,863	\$22,700	-33%	\$99,853	\$97,548	\$2,306	2.4%	6.2%		
Loomis	\$0	\$8,837	\$8,522	\$17,360	75%	\$69,670	\$60,597	\$9,074	15.0%	3.8%		
Mt. Shasta	\$0	\$8,837	\$20,693	\$29,530	-22%	\$271,536	\$271,574	(\$38)	0.0%	9.2%		
Portola	\$0	\$8,837	\$7,445	\$16,282	87%	\$71,950	\$83,238	(\$11,289)	-13.6%	3.3%		
Rio Dell	\$0	\$8,837	\$10,138	\$18,975	40%	\$93,195	\$79,547	\$13,648	17.2%	4.5%		
Shasta Lake	\$0	\$8,837	\$38,863	\$47,700	-8%	\$231,453	\$223,774	\$7,680	3.4%	17.2%		
Susanville	\$0	\$8,837	\$39,521	\$48,358	-11%	\$395,221	\$370,614	\$24,608	6.6%	17.5%		
Weed	\$0	\$8,837	\$17,890	\$26,727	-29%	\$126,043	\$142,094	(\$16,050)	-11.3%	7.9%		
Yreka	\$0	\$8,837	\$31,828	\$40,665	-18%	\$307,768	\$276,844	\$30,924	11.2%	14.1%		
Subtotal Members	\$0	\$97,210	\$203,024	\$300,234	-8%	\$1,815,969	\$1,722,940	\$93,029	5.4%	90.1%		
Biggs	\$0	\$8,837	\$3,944	\$12,782	137%	\$41,905	\$38,226	\$3,679	9.6%	1.8%	17.7%	0.91
Etna	\$0	\$8,837	\$5,506	\$14,343	194%	\$54,998	\$36,459	\$18,539	50.8%	2.4%	24.7%	1.03
Fort Jones	\$0	\$8,837	\$4,600	\$13,437	217%	\$47,400	\$31,261	\$16,139	51.6%	2.0%	20.6%	0.92
Loyalton	\$0	\$8,837	\$1,077	\$9,914	419%	\$17,862	\$15,637	\$2,225	14.2%	0.5%	4.8%	0.98
Montague	\$0	\$8,837	\$3,490	\$12,328	181%	\$38,097	\$32,124	\$5,973	18.6%	1.5%	15.6%	1.08
Tulelake	\$0	\$8,837	\$3,710	\$12,547	187%	\$39,940	\$35,597	\$4,343	12.2%	1.6%	16.6%	1.08
Subtotal Mini Cities	\$0	\$53,024	\$22,327	\$75,351	199%	\$240,203	\$189,963	\$50,240	26.4%	9.9%	100.0%	0.99
Grand Total	\$0	\$150,234	\$225,351	\$375,585	7%	\$2,056,172	\$1,912,903	\$143,269	7.5%	100.0%		

SCORE
Work Comp Experience Modification Calculation
For FY 2018-19

FORMULA	Incurred Losses, less 4850 SC, Capped at \$50,000 as of 12/31/17						DE9 Payroll Fiscal Years Ending					
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total	% Total Losses	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total	% Total Payroll
Colfax		\$ 259	\$ -	\$ 35,538	\$ 35,797	2.3%	\$466,454	\$431,629	\$553,415	\$685,372	\$1,451,498	2.5%
Dunsmuir	\$ 2,535	\$ 48,196		\$ 67,414	\$ 118,145	7.5%	\$533,265	\$528,116	\$529,248	\$670,417	\$1,590,629	2.7%
Isleton (does not participate)												
Live Oak	\$ 556	\$ 829	\$ 813		\$ 2,198	0.1%	\$1,237,873	\$1,244,049	\$1,340,354	\$1,359,315	\$3,822,276	6.5%
Loomis					\$ -	0.0%	\$713,269	\$708,952	\$716,410	\$786,892	\$2,138,631	3.6%
Mt. Shasta	\$ 171,007	\$ 102,129	\$ 60,433	\$ 32,159	\$ 365,728	23.1%	\$1,621,731	\$1,729,437	\$1,786,692	\$2,061,747	\$5,137,860	8.7%
Portola	\$ 3,353		\$ 49,034	\$ 2,274	\$ 54,662	3.4%	\$619,179	\$615,012	\$775,449	\$867,805	\$2,009,641	3.4%
Rio Dell	\$ 1,730	\$ 15,732	\$ 50,339	\$ 2,786	\$ 70,587	4.5%	\$929,077	\$991,690	\$975,147	\$1,015,930	\$2,895,913	4.9%
Shasta Lake	\$ 41,855		\$ 24,663	\$ 3,250	\$ 69,768	4.4%	\$3,212,992	\$3,291,793	\$3,444,570	\$3,719,515	\$9,949,355	16.9%
Susanville	\$ 90,526	\$ 22,209	\$ 30,625	\$ 255,551	\$ 398,911	25.2%	\$3,510,972	\$3,553,392	\$3,919,587	\$3,848,191	\$10,983,952	18.6%
Weed	\$ 2,835	\$ 894	\$ 7,291	\$ 11,895	\$ 22,916	1.4%	\$1,542,690	\$1,669,833	\$1,568,849	\$1,757,498	\$4,781,373	8.1%
Yreka	\$ 14,421	\$ 102,600	\$ 81,444	\$ 104,188	\$ 302,653	19.1%	\$3,047,983	\$2,881,778	\$2,878,897	\$3,115,630	\$8,808,658	14.9%
Subtotal Members	\$ 328,819	\$ 292,847	\$ 304,643	\$ 515,056	\$ 1,441,365	91.0%	\$17,435,485	\$17,645,679	\$18,488,620	\$19,888,310	\$53,569,784	90.8%
Biggs		\$ 573			\$ 573	0.0%	\$381,699	\$382,291	\$379,667	\$392,776	\$1,143,657	1.9%
Etna		\$ 36,655			\$ 36,655	2.3%	\$383,491	\$344,494	\$383,669	\$384,224	\$1,111,654	1.9%
Fort Jones	\$ 490		\$ 4,377	\$ -	\$ 4,867	0.3%	\$296,837	\$267,933	\$275,881	\$339,322	\$840,651	1.4%
Loyalton			\$ -	\$ 1,304	\$ 1,304	0.1%	\$144,738	\$146,327	\$110,920	\$121,101	\$401,986	0.7%
Montague		\$ 50,000			\$ 50,000	3.2%	\$317,465	\$319,406	\$321,124	\$342,082	\$957,994	1.6%
Tulelake	\$ 50,000				\$ 50,000	3.2%	\$309,601	\$316,146	\$365,242	\$355,728	\$990,990	1.7%
Subtotal Mini Cities	\$ 50,490	\$ 87,228	\$ 4,377	\$ 1,304	\$ 143,400	9.0%	\$1,833,831	\$1,776,596	\$1,836,504	\$1,935,234	\$5,446,931	9.2%
Grand Total	\$ 379,309	\$ 380,075	\$ 309,020	\$ 516,360	\$ 1,584,765	100.0%	\$19,269,316	\$19,422,276	\$20,325,124	\$21,823,544	\$59,016,716	100.0%

SCORE
Work Comp Experience Modification Calculation
For FY 2018-19

FORMULA	FORMULA	Total Member losses/Total Member Payroll	Member LR/Total Pool LR	CY 2017 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)	FY17-18 Ex Mod	FY 18-19 Ex Mod
				1.03				0.99950419			
Colfax		\$2.47	\$0.92	\$815,763	0.17	0.99	\$804,712	0.99	\$805,111	0.85	0.99
Dunsmuir		\$7.43	\$2.77	\$662,452	0.14	1.25	\$825,309	1.25	\$825,718	1.03	1.25
Isleton (does not participate)											
Live Oak		\$0.06	\$0.02	\$1,436,885	0.26	0.75	\$1,071,741	0.75	\$1,072,273	0.75	0.75
Loomis		\$0.00	\$0.00	\$883,347	0.18	0.82	\$726,651	0.82	\$727,011	0.84	0.82
Mt. Shasta		\$7.12	\$2.65	\$2,144,858	0.34	1.57	\$3,361,705	1.57	\$3,363,372	1.69	1.57
Portola		\$2.72	\$1.01	\$771,697	0.16	1.00	\$773,277	1.00	\$773,661	1.15	1.00
Rio Dell		\$2.44	\$0.91	\$1,050,786	0.20	0.98	\$1,030,990	0.98	\$1,031,502	0.85	0.98
Shasta Lake		\$0.70	\$0.26	\$4,028,147	0.50	0.63	\$2,552,524	0.63	\$2,553,790	0.66	0.63
Susanville		\$3.63	\$1.35	\$4,096,369	0.50	1.18	\$4,818,294	1.18	\$4,820,684	1.08	1.18
Weed		\$0.48	\$0.18	\$1,854,291	0.31	0.74	\$1,379,606	0.74	\$1,380,290	0.92	0.74
Yreka		\$3.44	\$1.28	\$3,298,992	0.45	1.12	\$3,710,340	1.13	\$3,712,181	1.07	1.13
Subtotal Members		\$2.69	\$1.00	\$21,043,587	0.84	1.00	\$21,055,149	1.00	\$21,065,593	0.99	1.00
Biggs		\$0.05	\$0.02	\$408,840	0.09	0.99	\$404,752	0.99	\$404,752	1.13	0.99
Etna		\$3.30	\$1.23	\$570,719	0.12	0.99	\$565,011	0.99	\$565,011	1.13	0.99
Fort Jones		\$0.58	\$0.22	\$476,780	0.10	0.99	\$472,012	0.99	\$472,012	1.13	0.99
Loyalton		\$0.32	\$0.12	\$111,582	0.03	0.99	\$110,466	0.99	\$110,466	1.13	0.99
Montague		\$5.22	\$1.94	\$361,766	0.08	0.99	\$358,148	0.99	\$358,148	1.13	0.99
Tulelake		\$5.05	\$1.88	\$384,553	0.09	0.99	\$380,707	0.99	\$380,707	1.13	0.99
Subtotal Mini Cities		\$2.63	\$0.98	\$2,314,240	0.36	0.99	\$2,291,097	0.99	\$2,291,097	1.13	0.99
Grand Total		\$2.69	\$1.00	\$23,357,827	0.85	1.00	\$23,346,246	1.00	\$23,356,690	0.99	



FY 2018/19 SCORE PRELIMINARY BUDGET

INFORMATION ITEM

ISSUE: The Program Administrators will present the FY 2018/19 Preliminary Budget Calculations which will allow members to obtain an estimated deposit Premium due for the FY 2018/19 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 2018/19 SCORE Program Budget – Administrative Funding
2. Preliminary FY 2018/19 SCORE Summary of Deposits

FY 2018/19 SCORE - PRELIMINARY General Administration Budget DRAFT

Red text indicates numbers are estimated

	Category	Work Comp	Liability	Other	Total FY 18-19	Prior Year FY 17-18	% Change
Revenues							
	400 Program Administration	\$70,156	\$193,053		\$263,209	\$244,845	7.5%
	400 Claims Administration	\$111,715	\$114,750		\$226,465	\$225,960	0.2%
	400 Other Expenses	\$193,714	\$186,626		\$380,340	\$371,913	2.3%
	400 Banking Layer Deposit	\$387,000	\$306,000		\$693,001	\$688,089	0.7%
	400 Shared Risk Layer Deposit	\$980,000	\$471,000		\$1,451,000	\$1,359,171	6.8%
	400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$313,587	\$164,034		\$477,621	\$415,348	15.0%
	400 Group Purchase Coverage - Property ESTIMATED			\$489,978	\$489,978	\$386,785	26.7%
	400 Group Purchase Coverage - Property Appraisals ESTIMATED			\$60,000	\$60,000		
	400 Group Purchase Coverage - ERMA			\$79,174	\$79,174	\$76,109	4.0%
	400 Group Purchase Coverage - CSAC Pollution			\$8,833	\$8,833	\$6,614	33.6%
	499 Reimbursement from CJPRMA for Liability Safety Training						
	Total Revenues	\$2,056,172	\$1,435,464	\$637,985	\$4,129,620	\$3,774,833	9.4%

11.3% increase in TIV

	Category	Work Comp	Liability		Total FY 18-19	Prior Year FY 17-18	% Change
Expenses							
	710 Program Administration	\$ 70,156	\$ 193,053		\$ 263,209	\$244,845	7.5%
	720 Claims Administration (ULAE) Per Member Annual Fee	\$ 10,200	\$ 15,300		\$ 25,500	\$26,000	-1.9%
	721 Claims Administration WC (Unallocated Claims Expense)	\$ 101,515			\$ 101,515	\$100,510	1.0%
	722 Claims Administration GL (Unallocated Claims Expense)		\$ 99,450		\$ 99,450	\$99,450	0.0%
Other Expenses							
	505 Accounting Services	\$ 28,000	\$ 28,000		\$ 56,000	\$52,800	6.1%
	506 Financial Audit	\$ 10,750	\$ 10,750		\$ 21,500	\$20,300	5.9%
	507 Actuarial Review and Studies	\$ 5,430	\$ 5,430		\$ 10,860	\$10,600	2.5%
	508 Bill.com	\$ 360	\$ 360		\$ 720		
	509 Legal Expenses	\$ 2,000	\$ 5,000		\$ 7,000	\$7,000	0.0%
	510 Investment Management Fees	\$ 7,250	\$ 7,250		\$ 14,500	\$14,500	0.0%
	511 Claims Audit (WC in Fall 2017 \$7,500, GL in Fall 2018 \$3,100)	\$ -	\$ 3,100		\$ 3,100	\$8,000	-61.3%
	512 Custodial Account Bank Fees	\$ 125	\$ 125		\$ 250	\$250	0.0%
	601 Checking Account Bank Fees	\$ 125	\$ 125		\$ 250	\$250	0.0%
	605 Board Meeting Expenses	\$ 5,250	\$ 5,250		\$ 10,500	\$10,250	2.4%
	606 LRP and Training Day Meeting Expenses	\$ 9,000	\$ 9,000		\$ 18,000	\$18,000	0.0%
	607 Company Nurse	\$ -	\$ -		\$ -	\$0	
	608 Treasury Services (provided by Fort Jones)	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	609 Website	\$ 150	\$ 150		\$ 300	\$0	0.0%
	610 Member Conference Reimbursements	\$ 9,500	\$ 9,500		\$ 19,000	\$19,000	0.0%
	612 Contingent Reserve	\$ 12,500	\$ 12,500		\$ 25,000	\$25,000	0.0%
	615 Dues & Subscriptions - CAJPA and PARMA	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	625 Insurance - Employee Dishonesty/Bonds for Treasurer	\$ 288	\$ 288		\$ 575	\$575	0.0%
	626 ID Fraud Coverage	\$ -	\$ 3,220		\$ 3,220	\$3,125	3.0%
	670 CAJPA Accreditation (2020)	\$ -	\$ -		\$ -	\$0	
	675 Loss Control Services DKF	\$ 52,500	\$ 52,500		\$ 105,000	\$105,000	0.0%
	676 Lexipol Law Enforcement Policy Manual	\$ 6,969	\$ 20,000		\$ 26,969	\$25,685	5.0%
	677 Target Solutions	\$ 12,579	\$ 12,579		\$ 25,157	\$25,150	0.0%
	678 Property Appraisals (reccomd. every 6 Years-last done 2012)	\$ -		\$ 60,000	\$ 60,000	\$0	
	699 CA DIR OSIP Self Insurance Assesment	\$ 29,439	\$ -		\$ 29,439	\$24,948	18.0%
	999 Miscellaneous Expenses	\$ 500	\$ 500		\$ 1,000	\$1,000	0.0%
	Total Administration Expenses	\$ 375,585	\$ 494,429		\$ 930,014	\$842,717	10.4%

Red text indicates numbers are estimated

SCORE - PRELIMINARY Summary of Deposits FY 2018-2019

MEMBER ENTITY	TOTAL Work Comp Deposit	TOTAL Liability Deposit	Property Premium Due 7/1/2018	PROPOSED Property Appraisal Cost Allocation	ERMA EPLI Deposit Due 7/1/2018	EAP Premium Due 7/1/2018	2018-2019 Total Deposit	2017-2018 Total Deposit	% Change	Liability Deposit Due 7/1/2018	WC Quarterly Installment Due 7/1/2018	Crime Coverage Due 7/1/2018
Biggs	\$41,905	\$38,476	\$12,677	\$1,801	\$2,048	\$189	\$97,095	\$84,808	14%	\$38,476	\$10,476.21	\$1,900
Colfax	\$74,638	\$52,495	\$23,611	\$2,562	\$2,561	\$243	\$156,109	\$121,637	28%	\$52,495	\$18,659.46	\$950
Dunsmuir	\$74,641	\$66,680	\$23,704	\$2,828	N/A	\$216	\$168,069	\$144,290	16%	\$66,680	\$18,660.37	\$950
Etna	\$54,998	\$40,617	\$10,491	\$1,212	N/A	\$189	\$107,507	\$77,128	39%	\$40,617	\$13,749.44	N/A
Fort Jones	\$47,400	\$36,735	\$8,123	\$879	N/A	\$0	\$93,137	\$67,219	39%	\$36,735	\$11,849.97	N/A
Isleton	N/A	\$28,003	\$12,054	\$1,255	N/A	\$108	\$41,420	\$35,399	17%	Payment Plan	N/A	N/A
Live Oak	\$99,853	\$76,306	\$52,702	\$7,085	\$5,390	\$1,188	\$242,524	\$219,286	11%	\$76,306	\$24,963.35	\$950
Loomis	\$69,670	\$66,836	\$6,202	\$741	\$2,921	\$297	\$146,668	\$123,442	19%	\$66,836	\$17,417.59	\$950
Loyalton	\$17,862	\$19,479	\$15,609	\$1,568	N/A	\$216	\$54,734	\$50,277	9%	\$19,479	\$4,465.55	\$950
Montague	\$38,097	\$32,215	\$23,788	\$2,454	N/A	\$0	\$96,555	\$81,933	18%	\$32,215	\$9,524.35	\$950
Mt. Shasta	\$271,536	\$169,883	\$12,254	\$1,799	\$7,716	\$702	\$463,890	\$428,907	8%	\$169,883	\$67,883.89	N/A
Portola	\$71,950	\$52,495	\$14,035	\$1,456	\$3,163	\$648	\$143,746	\$150,748	-5%	\$52,495	\$17,987.43	N/A
Rio Dell	\$93,195	\$63,438	\$13,600	\$1,914	\$3,994	\$0	\$176,140	\$155,451	13%	\$63,438	\$23,298.70	\$950
Shasta Lake	\$231,453	\$178,400	\$95,664	\$12,915	\$14,242	\$1,350	\$534,025	\$463,413	15%	\$178,400	\$57,863.27	\$950
Susanville	\$395,221	\$202,646	\$49,436	\$4,563	\$15,768	\$1,593	\$669,227	\$641,147	4%	\$202,646	\$98,805.35	N/A
Tulelake	\$39,940	\$32,785	\$16,266	\$2,014	\$1,409	\$270	\$92,684	\$82,605	12%	Payment Plan	\$9,985.12	N/A
Weed	\$126,043	\$132,763	\$25,041	\$2,518	\$5,043	\$945	\$292,353	\$283,545	3%	\$132,763	\$31,510.81	\$3,325
Yreka	\$307,768	\$154,045	\$74,722	\$10,438	\$11,854	\$1,215	\$560,042	\$535,894	5%	\$154,045	\$76,942.06	\$2,531
Grand Total	\$2,056,172	\$1,444,297	\$489,978	\$60,000	\$76,109	\$9,369	\$4,135,924	\$3,747,130	10%	\$1,444,297	\$514,042.93	\$15,356

Red text indicates numbers are estimated
Property premium = updated values with 15% rate increase

Paid by
member direct
to ACIP
Program



**Small Cities Organized Risk Effort
Board of Directors Meeting
March 30, 2018**

Agenda Item J.6.

**SCORE TRAINING DAY
INFORMATION ITEM**

ISSUE: The Program Administrators are requesting Board input regarding topics of interest for the annual Long Range Planning Meeting which will be held on November 1, 2018 followed by the Board of Directors Meeting on November 2, 2018.

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 \$18,000.

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



CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

ACTION ITEM

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

**Request for Authority

1. Workers' Compensation

- a. SCWA-556013 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.



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 2017/18 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 2017/18

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 2017/18

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

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>CLAIMS ADMINISTRATION – questions regarding liability and Workers’ Compensation claims handling can be forwarded to York Risk Services Group</p> <p>Property Recovery Program This program is designed to recover damages from a third party when a member has incurred a loss caused by a third party who was determined to be liable.</p> <p style="text-align: center;"><u>Liability Claims</u></p> <p style="text-align: center;"><u>Workers’ Compensation Claims</u></p> <p style="text-align: center;"><u>Subrogation</u></p>	<p style="text-align: center;">Cameron Dewey, Claims Manager Craig Nunn</p> <p style="text-align: center;">Ariel Leonhard, Claims Examiner Teng Her, Unit Manager D’Ana Seivert, Subrogation Manager</p>	<p style="text-align: center;">(530) 243-3249 (530) 768-4801 (916) 960-0974 (916) 746-6302 (916) 960-0980</p>	<p style="text-align: center;">Cameron.Dewey@yorkrsg.com Craig.Nunn@yorkrsg.com ariel.leonhard@yorkrsg.com teng.her@yorkrsg.com 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 2017/18

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> <p>) Quick, easy, cost efficient way to immediately report workplace injuries</p> <p>) 24/7 Nurse Triage Hotline 1-888-545-9154 (Please ensure to use the city code specific to your member)</p>	<p>Chris Park, Account Executive</p>	<p>(480) 717-6842</p>	<p>service@companynurse.com</p>

ACCOUNTING SERVICES

Gilbert Associates, Inc.

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

www.gilbertcpa.com

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

POLICE AND FIRE RISK MANAGEMENT SERVICES

Lexipol

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

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

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>POLICE RISK MANAGEMENT SERVICES – Lexipol helps to review members' Police and Fire Risk Management policies and offers state-specific policy manuals that are integrated with scenario-based daily training on high-risk, low frequency events</p>	<p>Mike Miller, Business Development Executive</p>	<p>949-292-4874</p>	<p>mmiller@lexipol.com</p>

SCORE RESOURCE CONTACT GUIDE

FY 2017/18

ERMA POOL ADMINISTRATION/EXCESS PARTNER

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

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

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

LAWCX POOL ADMINISTRATION/EXCESS PARTNER

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

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

SERVICES OFFERED	MAIN CONTACT	PHONE	EMAIL
<p>LAWCX – Provides Excess Workers’ Compensation coverage and additional training resources</p> <p style="text-align: right;">Board Member - Steve Baker</p> <p style="text-align: right;">Alternate - 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>Jim Elledge, Executive Director</p> <p>Tammy Vitali, Claims Manager</p> <p>Terrie Norris, Risk Control Manager</p> <p>Katie Achterberg, Administrative Analyst</p>	<p>(530) 841-2321</p> <p>(530) 275-7427</p> <p>(916) 244-1124</p> <p>(916) 244-1114</p> <p>(916) 290-4655</p> <p>(916) 290-4624</p>	<p>sbaker@ci.yreka.ca.us</p> <p>jduckett@cityofshastalake.org</p> <p>jerlledge@bickmore.net</p> <p>tvitali@bickmore.net</p> <p>tnorris@bickmore.net</p> <p>kachterberg@bickmore.net</p>

SCORE RESOURCE CONTACT GUIDE

FY 2017/18

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"> J Five annual regional training workshops throughout California-previous years topics include Contractual Risk Transfer, Police Liability, Parks and Recreation Liability, and Sidewalk Liability Controls. J Two to four training sessions per year available at no charge. Topics include: police liability, tort issues, streets and sidewalks, contractual liability, employment practices J 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"> J Certificates of Insurance tracking through Risk Console (cost for each user is \$100/year) J Pins Advantage (alternative to Risk Console) is available to all members at a reduced rate is provided on a month to month basis and can be canceled at any time. 	<p style="text-align: center;">Rick Buys, Claim Administrator (Interim)</p> <p style="text-align: center;">David J. Clovis, General Manager</p>	<p style="text-align: center;">(916) 652-1840</p> <p style="text-align: center;">(530) 275-7427</p> <p style="text-align: center;">(925) 290-1315</p> <p style="text-align: center;">(925) 290-1316</p>	<p style="text-align: center;">rcarrol@loomis.ca.gov</p> <p style="text-align: center;">jduckett@cityofshastalake.org</p> <p style="text-align: center;">rick@cjprma.org</p> <p style="text-align: center;">david@cjprma.org</p>

SCORE RESOURCE CONTACT GUIDE

FY 2017/18

LOSS CONTROL SERVICES

DKF Solutions

Fax: (707) 647-7200

www.dkfsolutions.com

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

SCORE RESOURCE CONTACT GUIDE

FY 2017/18

EMPLOYEE ASSISTANCE PROGRAM
 ACI Specialty Benefits Corporation
 Main: (800) 932-0034 Fax: (858) 452-7819
www.acieap.com

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

SCORE RESOURCE CONTACT GUIDE

FY 2017/18

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) 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	Ken Ainsworth , Account Specialist	(858) 376-1636	ken.ainsworth@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) Sidewalk Asset Management) Surveying Sidewalk Infrastructure) Repairing Uneven Sidewalk Panels	Joseph Ortega Katrina Lynch	(650) 576-4303 (916) 847-7346	jortega@DontGrind.com Klynch@dontgrind.com

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

GLOSSARY OF TERMS

Term	Definition
4850	Labor Code 4850
AB 1234	Ethics Education for Local Officials
AB 1825	Harassment Prevention Training for Supervisors
Active Negligence	The party that was negligent took an active part in doing whatever caused the damage. For example, a city digging a hole and someone falls in
ACV (Actual Cash Value)	The amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss. It is the actual value for which the property could be sold, which is always less than what it would cost to replace it
Additional Insured	A type of status associated with general liability insurance policies that provides coverage to other individuals/groups that were not initially named. After endorsement, the additional insured will then be protected under the named insurer's policy and can file a claim in the event that they are sued.
Adhesion	When one party has greater power over the other party in drafting the contract (i.e. the provisions of the contract are prepared by one party—the insurer. The other party the insured does not take part in the preparation of the contract)
ATD (Aerosol Transmissible Diseases)	An epidemiologically significant disease that is transmitted via droplet or airborne route
Aggregate	The term used to describe the cumulative amount of all losses for a period of time.
Aggregate Stop Loss	A financial arrangement with a JPA's excess carrier that caps the aggregate to a predetermined limit at which point the excess carrier would "drop down" and pay losses within the JPIA's SIR, or pooled layer
AME (Agreed Upon Medical Examiner)	A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam. An AME is selected (or agreed upon) by two parties in order to help resolve a dispute about a WC claim.
Aleatory	An insurance contract is aleatory meaning it is contingent on an uncertain event (a loss) that provides for unequal transfer of value between the parties
ACIP (Alliant Crime Insurance Program)	Program offered by Alliant that created to bring the advantages of group purchase to public entities seeking very broad coverage for illegal acts committed by their employees while on the job.
APIP (Alliant Property Insurance Program)	The largest single property insurance placement in the world. Formed by Alliant Insurance Services in 1993 to meet the unique property insurance needs faced by public entities
ADA (American Disability Act)	A federal law that prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications, and governmental activities. The ADA also establishes requirements for telecommunications relay services. For the U.S. Equal Employment Opportunity Commission office (EEOC office) in your area, call 1-800-669-4000 or 1-800-669-6820 (TTY).
Assessment company	Providing primarily fire and windstorm insurance for small towns and farmers (charge members a pro rata share of losses at the end of each policy period)
AIS (Associate in Insurance Services)	Professional designation awarded by the Insurance Institute of America (IIA) upon successful completion of four national exams, one specifically designed for this program and the three examinations in the IIA Program in General Insurance

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AGRIP (Association of Governmental Risk Pools)	A national organization of JPA's and public agency insurance pools. Formed for educational, information gathering and political lobbying purposes. Affiliated with PRIMA
ALCM (Associate in Loss Control Management)	A professional designation earned after the successful completion of five national examinations given by the Insurance Institute of America (IIA).
ARM (Associate in Risk Management)	A nationally recognized educational program for dedicated risk management professionals, developed by the Insurance Institute of America.
Attachment Point	The dollar amount of a loss where the next layer of insurance begins to pay for the loss
Automobile Liability	Designed to afford bodily injury and property damage liability coverage associated with owned, non-owned and hired vehicles. May include medical payments, uninsured/underinsured motorists' liability coverages
Automobile Physical Damage	Usually a first party coverage; however, some entities have "Bailment" or "care, custody and control" liability exposures such as garages, maintenance facilities that service vehicles of others, and parking lots
Best's Rating	A rating system that indicates the operating and financial condition of insurance companies. Information is developed and published annually by the A. M. Best company. Generally one looks for a company with a rating of A VII or better
Binder	A legal agreement issued by either an agent or an insurer to provide temporary evidence of insurance until a policy can be issued. Binders should contain definite time limits, should be in writing, and should clearly designate the insurer with which the risk is bound.
BOD/BD (Board of Directors)	body of elected or appointed members who jointly oversee the activities of a company or organization
BI (Business Interruption)	A form of insurance coverage that replaces business income lost as a result of an event that interrupts the operations of the business, such as fire or a natural disaster.
CAJPA (California Association of Joint Powers Authorities)	Performs regulatory and legislative lobbying as well as accreditation of Joint Powers Authorities to promote the financial stability of JPAs
CIPRA (California Institute for Public Risk Analysis)	Organized to develop, analyze and disseminate information on risk management in California's public sector, especially self-insured entities and Joint Powers Authorities
CJPRMA (California Joint Powers Risk Management Authority)	CJPRMA provides the excess coverage to SCORE's Liability Program
California State Association of Governments (CSAC)	CSAC is a lobbying, advocacy and service organization representing the state's 58 counties at the state and federal level. Areas of focus include the state budget, health-care reform, corrections reform, transportation funding, water and climate change
California State Association of Governments - Excess Insurance Authority (CSAC-EIA)	CSAC-EIA is a member directed insurance risk sharing pool. The EIA has developed effective risk management solutions to help California public entities proactively control losses and prepare for different exposures
CalTIP (California Transit Insurance Pool)	In 1986 the California Transit Association formed an insurance committee and authorized the preparation of a study of alternative methods of providing liability insurance coverage and began providing liability coverage in 1987

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Catastrophic Loss Reserve	A separate JPIA reserve account designated to pay losses without additional premium assessments to members
CIC (Certified Insurance Counselor)	an insurance agent professional certification designation
Certificate Of Insurance	A certificate of insurance is a document issued by an insurance company/broker that is used to verify the existence of insurance coverage under specific conditions granted to listed individuals.
Certified Industrial Hygienist (CIH)	CIH is a professional whose job it is to protect the health of workers and the general public. A CIH is educated, trained and certified to recognize health hazards, test the environment for those hazards and determine when they pose a risk to those who might be exposed to them
Chartered Property Casualty Underwriter (CPCU)	CPCU is a professional designation in property-casualty insurance and risk management
Claim	A demand of a right. In general a demand for compensatory damages, resulting from the actions of another
Claims Made	A provision of an insurance policy that requires it to pay only for claims presented during the policy period with no regard for when the action causing the claim took place. Typically, a claims-made form also includes a retroactive date setting the earliest date for which a covered occurrence can happen. (Also see "Occurrence")
Compromise and Release (C&R)	A type of settlement in which you receive a lump sum payment and become responsible for paying for your future medical care. A settlement like this must be approved by a workers' compensation judge.
Conditional	an insurance policy includes a number of conditions that both the insured and the insurer must comply with. (i.e. a covered loss occurs, the insured must notify the insurer about the loss and the insurer must use the valuation methods specified in the policy to settle the loss- thus the contract is conditional)
Conditions	describe the responsibilities and the obligations of both the insured and the insurance company
Confidence Level (CL)	an estimated probability that a given level of funding will be sufficient to pay actual claim costs. The higher a CL the greater the certainty the actuary has that losses will not exceed the dollar value used to attain the CL
Contract	a legal agreement between two competent parties that promises a certain performance in exchange for a certain consideration
Contract of Utmost Good Faith	as the insurance company relies on the truthfulness and integrity of the applicant when an issuing a policy. In return, the insured relies on the company's promise and ability to provide coverage and pay claims
Certified Safety Professional (CSP)	CSP's are qualified persons that are competent and trained to detect and appraise hazardous materials, procedures and activities of workers, materials and work environments. They are highly educated, trained and experienced in the field of safety.
California State Association of Counties Excess Insurance Authority (CSAC-EIA)	SCORE participates in a group purchase of pollution liability coverage with CSAC-EIA
Cumis Counsel	Cumis refers to a lawsuit against the Cumis Insurance Society in which they were found to have controlled the defense attorney to the detriment of their insured. The court determined that the Society should have assigned separate counsel to represent the exclusive interests of the insured. The need for <i>cumis</i>

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	<i>counsel</i> arises in situations where there are significant coverage issues and defense counsel is conflicted between his duty to his client and the obligations to the insurance carrier.
DE9	Quarterly Contribution Return and Report of Wages
Declarations	contain information such as the name of the insured, the address, the amount of coverage provided, a description of property, and the cost of the policy
Deductible	It is that portion of each claim that is paid by the member at the time of loss. It is in addition to any premium already paid
Defense	A defendant's denial to a complaint or cause of action
Definitions	clarify the meaning of certain terms used in the policy
Deposit Premium	Premium required at the beginning of a policy period based on estimated costs
Difference In Conditions (DIC)	A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses
Directors and Officers (D&O)	Liability insurance payable to the directors and officers of a company, or to the organization(s) itself, as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers.
Directors, Officers and Trustees Liability	Intended to protect nonprofit board members, officers, and directors for faulty decisions, which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrongdoers
Date of Loss (DOL)	Regarding property claims this is usually the date of occurrence of physical damage to property. In WC claims this is usually the date a physical injury occurred to an employee.
Doctrine of reasonable expectations	a policy includes coverages that an average person would reasonably expect it to include regardless of what the policy actually provides
Earthquake (EQ)	a sudden and violent shaking of the ground, sometimes causing great destruction, as a result of movements within the earth's crust or volcanic action
Employers' Liability	Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits
Employment Practices Liability (EPL)	Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc
Endorsement	any change to the original policy (attached to the policy itself)
Environmental Impairment Liability	Also referred to as "Pollution" and "Pollution Legal" Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First party (damage to owned property) and third party (liability for damage to others) protections are often provided on the same policy
Employment Risk Management Authority (ERMA)	ERMA provides employment practices Liability coverage to SCORE members desiring such coverage

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Errors and Omissions Insurance (E&O)	Professional liability insurance that protects companies and individuals against claims made by clients for inadequate work or negligent actions, usually includes both court costs and any settlements up to the amount specified on the insurance contract.
Errors and Omissions Liability	Excludes bodily injury and property damage; intended to afford protection for the “misfeasance, malfeasance or non-feasance” of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys
Excess Insurance	Insurance that is purchased to provide higher limits than the primary policy or coverage provides
Excess Loss	The portion of a loss that is allocated to, or paid by, excess coverage
Exclusions	describe the losses for which the insured is not covered
Executive Committee (EC)	committee within that organization which has the authority to make decisions and ensures that these decisions are carried out
Expected liabilities	Outstanding reserves plus Incurred But Not Reported (IBNR) and Loss Adjustment Expense, discounted at the “Expected” Confidence Level (CL)
Exposure	a condition or situation that presents a possibility of loss (i.e. home built on flood plain is exposed to the possibility of flood damage)
Financial Accounting Standards Board (FASB)	FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission
Fidelity Bonds	Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss
Fiduciary Liability	Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds
Generally Accepted Accounting Principles (GAAP)	GAAP refers to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice
Governmental Accounting Standards Board (GASB)	GASB) is the source of generally accepted accounting principles (GAAP) used by State and Local governments in the United States. As with most of the entities involved in creating GAAP in the United States, it is a private, non-governmental organization
General Liability	Written to protect the member’s assets against liability for property damage of or bodily injury to third parties (see definition of parties)
Hazard	anything that increases the chance of loss (also see Physical Hazard, Morale Hazard and Moral Hazard)
Health Insurance Portability and Accountability Act (HIPAA)	A federal law enacted in 1996 that protects continuity of health coverage when a person changes or loses a job, that limits health-plan exclusions for preexisting medical conditions, that requires that patient medical information be kept private and secure
Incurred But Not Reported (IBNR)	It is that part of the total claims that is unknown at any point in time. At any time, SCORE has claims that have not been reported or recognized by SCORE or has claims recognized by SCORE but without knowledge of the cost when such claim is finally closed. SCORE uses an actuary to project the costs of these unknown liabilities to SCORE <ul style="list-style-type: none"> - the estimate of funds needed to pay for covered losses that have occurred but have not been reported to the member and/or SCORE and expected future development on claims already reported

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Incurred Loss	This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves)
Injury Illness Prevention Program (IIPP)	Proactive process of assessing workplace hazards prior to an injury being reported
Insurable Interest	before you can benefit from insurance; you must have a chance of financial loss or a financial interest in the property
Insurance	a contract or device for transferring risk from a person, business, or organization to an insurance company that agrees, in exchange for a premium, to pay for losses through an accumulation of premiums
Insurance Requirements in Contracts (IRIC)	In insurance, the insurance policy is a contract (generally a standard form contract) between the insurer and the insured, known as the policyholder, which determines the claims which the insurer is legally required to pay.
Insurance Services Office, Inc. (ISO)	An insurance industry association that collects statistical data for rate making and develops standard insurance policy forms. ISO is the organization that drafted the standard commercial general liability (CGL) commonly used by insurers
Insuring agreements	state in general what is to be covered, also includes a description of what type of property is covered and the perils against which it is insured (i.e. the losses for which the insured will be indemnified)
Inverse Condemnation	Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages
Limit	The most that will be paid in a loss
Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX)	LAWCX provides excess coverage to SCORE's workers' compensation pool
Long Range Planning (LRP)	Exercise aimed at formulating a long-term plan, to meet future needs estimated usually by extrapolation of present or known needs. It begins with the current status and charts out a path to the projected status, and generally includes short-term (operational or tactical plans) for achieving interim goals.
Loss Adjustment Expense (LAE)	administrative expense to manage a claim to conclusion- Allocated LAE (ALEA) are expenses attributable to a specific claim such as attorney fees- Unallocated LAE (ULAE) are overhead expenses not attributable to a specific claim such as salaries or office rental
Loss Payee	The party to whom the claim from a loss is to be paid. Loss payee can mean several different things; in the insurance industry, the insured or the party entitled to payment is the loss payee. The insured can expect reimbursement from the insurance carrier in the event of a loss.
Loss Ratio	The amount of loss divided by the amount of premium, contributions, payroll or property values
Master Plan Documents	A document issued by a JPA defining the structure, rights and obligations of the participants and procedures of an insurance or self- funded program
Maximum Medical Improvement (MMI)	When an injured employee's condition is well stabilized and unlikely to change substantially in the next year, with or without medical treatment. Once

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	an employee reaches MMI, a doctor can assess how much, if any, permanent disability resulted from the work injury. See also P&S
Memorandum of Coverage (MOC)	A document issued by a JPA defining the coverage provided to the members
Moral Hazard	a person might create a loss situation on purpose just to collect from the insurance company (i.e. a pre-arranged faked theft of an older vehicle so the owner could collect insurance money and buy something new)
Morale Hazard	an individual, through carelessness or by irresponsible actions, can increase the possibility for a loss (i.e. a person who drives a car carelessly because he knows a loss will be insured if an accident occurs)
Mutual interest company	the insureds are also owners of the company and so they can vote to elect the management of the company (profits are returned to the insureds in the form of dividends or reductions in future premiums)
Named Insured	Any person, firm, or corporation, or any of its members specifically designated by name as insured(s) in the policy as distinguished from others who, although unnamed, are protected by the policy definition. A named insured under the policy has rights and responsibilities not attributed to additional insureds, such as premium payment, premium return, notice of cancellation, and dividend participation
Net Assets	(Equity, surplus or Net Position) Total assets less Expected liabilities- the amount of funds remaining after subtracting liabilities at the actuarially determined "Expected" Confidence Level (approx. 50% CL)
Net Contribution	a total contribution for losses less excess insurance costs
Non Vacant land	refers to land that is occupied and used, and/or has structures on it (i.e. shack, building, park with benches)
Obligee	Is an individual, partnership, corporation, or a government entity which requires the guarantee that an action or service will be performed. If not properly performed, the surety pays the obligee for any damages or fulfills the obligation
Occurrence	A) In order for SCORE to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act which results in "damages," "bodily injury," or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented.
Passive Negligence	The party that was negligent did not take part in the action that caused the damage, but was responsible for somehow allowing it to take place. For example, a city allowed a contractor to dig a hole on city property and someone fell in
Peril	Cause of a loss
Permanent and Stationary (P&S)	When an employee's medical condition has reached maximum medical improvement. Once an employee is declared P&S, a doctor can assess how much, if any, permanent disability resulted from the work injury. If the disability is rated under the 2005 schedule you will see the term maximal medical improvement (MMI) used in place of P&S. See also MMI
Permanent Disability (PD)	Any lasting disability that results in a reduced earning capacity after maximum medical improvement is reached

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Personal Protective Equipment (PPE)	PPE refers to protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury
Physical Hazard	a hazard that arises from the condition, occupancy, or use of the property itself (i.e. skateboard left on the porch steps)
Plaintiff	The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit
Pooled Loss	The portion of a loss that is allocated to, or paid by, the self-insured pool. SCORE's Liability Program pools, or self-insures, the first \$500,000 of each occurrence. Loss costs exceeding this amount are paid by excess insurance
Principal	Is an individual, partnership, or corporation who offers an action or service and is required to post a bond. Once bonded, the surety guarantees that he will perform as promised
Principle of Indemnity	when a loss occurs an individual should be restored to the approximate financial condition he was in before the loss no more and no less
Property Insurance	This covers the member for damage to its own property, sometimes called first-party coverage
Public Agency Risk Managers Association (PARMA)	A statewide association for risk managers in the public sector. Educational and lobbying activities
Public Entity Property Insurance Program (PEPIP)	A group purchase program from which many SCORE members purchase their insurance
Public Risk Management Association (PRIMA)	A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes
Pure Risk	involves only the possibility of loss
QME (Qualified Medical Examiner)	A medical provider who has been certified by the Division of Workers' Compensation by passing an administrative exam.
Reciprocal company	(to give/take), a member of a reciprocal agrees to share the insurance responsibilities with all other members of the unincorporated group (all members insure each other and share the losses with each other) NOTE: managed by an attorney-in-fact who is empowered to handle all of the business of the reciprocal
Replacement Cost (RC)	The cost to replace damaged property with like kind and quality, with no deduction for depreciation, but still subject to a "limit"
Reserve	In order to budget for its expected costs and to know when a claim must be reported to the excess coverage, SCORE estimates the ultimate expected total value of each claim and "reserves" part of the not paid. As moneys are paid out for a claim, the reserve amount is decreased
Retrospective Premium Adjustment	At the beginning of each policy period, SCORE collects a deposit premium representing the estimated costs for that year. Each year a calculation of expenses associated with the policy period are subtracted from the deposit premium. At some point the excess funds will be returned, or shortage of funds will be charged. This process is repeated annually for each coverage year until all claims for that year are closed out and there is no IBNR allocated to that policy year.
Risk	the chance or uncertainty of loss (also see Speculative Risks and Pure Risks)

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Risk and Insurance Management Society (RIMS)	National professional organization to promote principles of risk management and assist risk managers in their daily activities
Risk Control	Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others
Risk Financing	Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques -- retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses by an unrelated entity for a consideration (such as a payment of a premium)
Risk Management	One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing.
Self-Insured	Coverage of losses from the insured's own funds, rather than an insurance policy. Generally refers to a planned program for financing or otherwise recognizing losses
Self-Insured Retention (SIR)	the maximum amount of exposure to a single loss retained by SCORE
Severability of Interests Clause	An insurance policy provision clarifying that the word "insured," as it appears within various parts of a policy, applies severally and not collectively. When there is more than one insured, the effect is as though a separate policy is issued to each insured. Thus, a policy containing such a clause will cover a cross liability claim – a claim made by one insured against another insured. The one exception to the separate application to each insured of a policy containing a severability of interest clause is that the limits are not cumulative; that is, one set of limits applies to all insureds collectively
Special Events	Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies' loss integrity. Another type of special event coverage, known as a "tenants and permittees" policy, can be issued for third parties who rent or use your owned facilities.
Speculative Risk	risks in which there exists both the possibility of gain and the possibility of loss (i.e. poker game)
Spread of Risk	the greater the spread of risk the less likely that there will be a catastrophic loss for the insurance company (i.e. NOT insuring every person in a single town that could be hit by a fire which destroys the town= catastrophic loss for the insurance company vs. insuring several people in MANY towns to spread out the risk of a catastrophic loss)
Stock company	sells stock to stockholders to raise the money necessary to operate the business (profits attributed to the operation of the company are returned as dividends to the stockholders, not the insureds)
Subrogation	The insurer's right to proceed against a third person if that third person was responsible for a claim paid by the insurer. Employee dishonesty can be subrogated by the insurance company against a dishonest employee
Surety	Is usually a corporation which determines if an applicant (principal) is qualified to be bonded for the performance of some act or service. If so, the

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	surety issues the bond. If the bonded individual does not perform as promised, the surety performs the obligation or pays for any damages
Temporary Disability Benefits (TD)	Payments an employee receives if they lose wages because of a work related injury which prevents them from doing their usual job while recovering
Third Party Administrator (TPA)	TPA is a person or organization that processes claims and performs other administrative services in accordance with a service contract, usually in the field of employee benefits
Total Insured Values (TIV)	The values shown on a member city's schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss
Terrorism Risk Insurance Act (TRIA)	TRIA is a United States federal law signed into law by President George W. Bush on November 26, 2002. The Act created a federal "backstop" for insurance claims related to acts of terrorism.
Vacant land	refers to land that is unoccupied and unused, and/or has no structures on it
Vehicle Identification Number (VIN)	unique code including a serial number, used by the automotive industry to identify individual motor vehicles, towed vehicles, motorcycles, scooters and mopeds as defined in ISO 3833

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

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

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

Payee Address (where payment should be sent):

Member City:

Date of Meeting:

Meeting or Committee:

Location of Meeting:

Total Mileage:

Total miles driven _____ X 2018 IRS Rate (\$0.545 *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 _____