



President
Ms. Liz Ehrenstrom
City of Corning

**NCCSIF
BOARD OF DIRECTORS
MEETING**

Vice President
Ms. Karin Helvey
City of Gridley

Treasurer
Mr. Tim Sailsbery
City of Willows

Secretary
Ms. Gina Will
Town of Paradise

Date: Thursday, October 18, 2012

Time: 12:00 p.m.

Location: Bonanza Inn Hotel
1001 Clark Avenue
Yuba City, CA 95991
(530) 674-8824

A – Action

I – Information

1 – Attached

2 – Hand Out

3 – Separate Cover

4 – Verbal

5 – Previously

Mailed

MISSION STATEMENT

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

AGENDA

A. CALL TO ORDER

12:00 P.M. **LUNCH SPEAKER – The Board will receive a presentation on Alliant’s Special Events Program**

B. PUBLIC COMMENTS

This time is reserved for members of the public to address the Board of Directors on matters pertaining to NCCSIF that are of interest to them.

C. APPROVAL OF AGENDA AS POSTED

A 1

pg. 01 **D. CONSENT CALENDAR**

A 1

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Board of Directors may request any item to be considered separately.

pg. 02 1. Draft Minutes of the Board of Directors Meeting June 14, 2012

pg. 09 2. Check Register at September 30, 2012

3. Investment Reports

pg. 11 a. Chandler Asset Management Report June, July, August, September 2012
Short/Long Term

pg. 29 4. Budget to Actual Report as of September 30, 2012



pg. 33	E. ACTION TAKEN BY THE EXECUTIVE COMMITTEE	I	4
	1. Approval of December 2012 Long Range Planning Meeting <i>The Committee approved a Long Range Planning meeting in December separate from the December Board of Directors Meeting.</i>		
	2. Approved AssetWorks Contract for Property Appraisal Services <i>The Committee approved a two year contract with AssetWorks for Property Appraisal Services.</i>		
	3. Approved Continuation of Police Risk Management Committee Meetings <i>The Committee approved the continuation of the PRMC Meetings to be held on a quarterly basis.</i>		
	4. Approval of the Board of Directors Lunchtime Presentation Topics <i>The Committee reviewed and approved the list of Lunchtime Presentation Topics for future Board of Directors meetings.</i>		
pg. 34	F. MINUTES AND REPORTS	I	1
	<i>Minutes and/or summary reports are provided from the Committees noted below.</i>		
pg. 35	1. Risk Management Meeting October 18, 2012 – Verbal Report		
pg. 40	2. Draft Minutes – Executive Committee Meeting September 13, 2012		
pg. 43	3. Draft Minutes – Police Risk Management Committee Meeting August 23, 2012		
	4. Minutes – Risk Management Committee Meeting June 14, 2012		
	G. ADMINISTRATION REPORTS	I	4
	1. President’s Report <i>Liz Ehrenstrom will address the Board on items pertaining to NCCSIF.</i>		
	H. PRESENTATION	I	1
1:00 P.M. pg. 48	1. Presentation and Acceptance of the CAJPA Accreditation with Excellence <i>The NCCSIF Board President, Liz Ehrenstrom, will be presented with the CAJPA Accreditation with Excellence award from a CAJPA Representative.</i>		
	I. FINANCIAL REPORTS		
pg. 80	1. Quarterly Financial Report for Period Ending June 30, 2012 <i>The Board of Directors will be asked to receive and file the report from James Marta and Company.</i>	A	1
pg. 99	2. Draft Financial Audit Year Ending June 30, 2012 <i>Mr. Matt Nethaway from Crowe Horwath LLP will present the Draft Financial Audit Year Ending June 30, 2012 to the Board for their review and consideration of acceptance.</i>	A	1



pg. 144 **3. Annual Shared Risk Layer Target Equity Ratio Review** I 1
Annually staff provides the Board with a review of the Target Equity Ratios once the annual audit is finalized. The Target Equity Ratios provide the Board with a benchmark of the stability and strength of the shared risk programs.

pg. 159 **4. NCCSIF Investment Policy** A 1
The Board will be asked to review and approved the investment policy revisions which are clarification of the summary table of permitted investments.

J. JPA BUSINESS

pg. 173 **1. SB 863 – Workers’ Compensation Reform Summary** I 1
York Risk Services will provide the Board with a brief presentation regarding SB 863 – Workers’ Compensation Reform.

pg. 182 **2. PEPIP Pollution Coverage Best Reporting Practices** I 1
Alliant Insurance Services staff will provide the Board of Directors with an outline of the reporting procedures that should be followed immediately after the discovery of an environmental incident and/or pollution incident.

3. NCCSIF Long Range Planning

pg. 187 **a. Long Range Planning Items List** I 1
The Board of Directors will receive an update on the status of outstanding items which includes items from the Long Range Planning meeting on December 14, 2011.

pg. 191 **b. NCCSIF Long Range Planning Session Update** I 1
The Board of Directors will receive an update regarding the NCCSIF Long Range Planning Session scheduled for December 13, 2012.

pg. 192 **4. CSAC-EIA Payroll Audit 11/12 Assessment** A 1
NCCSIF has received an audit additional premium invoice from CSAC-EIA for the 2011/12 policy year to due increase in payroll. This assessment will be billed to the appropriate members that have a change in their payroll.

pg. 194 **5. Preliminary 2013 Meeting Calendar** I 1
The Board of Directors will be asked to review, discuss and approve the Preliminary 2013 Meeting Calendar.

K. INFORMATION ITEMS

- pg. 196 1. NCCSIF Board Members and Alternates
- pg. 198 2. NCCSIF Meeting Calendar 2012
- pg. 199 3. NCCSIF Travel Reimbursement Form
- pg. 200 4. NCCSIF Resource Contact Guide
- 5. Annual PARMA Conference – Feb. 3-6, 2013 – Ranch Mirage, CA



L. ADJOURNMENT

UPCOMING MEETINGS

Executive Committee Meeting – November 15, 2012
Claims Committee Meeting – November 15, 2012
Board of Directors Meeting – December 13, 2012
Risk Management Meeting – TBD

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 Johnny Yang at Alliant Insurance at (916) 643-2712.

The Agenda packet will be posted on the NCCSIF website at www.nccsif.org. Documents and material relating to an open session agenda item that are provided to the NCCSIF Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

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



**Board of Directors
October 18, 2012**

Agenda Item D.

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Board of Directors should review items on the Consent Calendar and, if there is any item requiring clarification or amendment, such item(s) should be removed from the agenda for separate discussion. The Board of Directors should approve the Consent Calendar excluding those items pulled. Any items removed from Consent will be agendized later during the meeting as recommended by the President and approved by the Board.

FISCAL IMPACT: Unknown.

RECOMMENDATION: It is the recommendation of Staff to approve the Consent Calendar after review by the Board of Directors.

BACKGROUND: The Board places the following items on the Consent Calendar for approval. The Board may approve the Consent Calendar items as presented, or any individual may request that an item be pulled for discussion and separate action during the meeting. Remaining items would then be approved by action of the Board.

ATTACHMENT(S):

1. Draft Minutes of the Board of Directors Meeting June 14, 2012
2. Check Register at September 30, 2012
3. Investment Reports
 - a. Chandler Asset Management Report June, July, August, September 2012 – Short/Long Term
4. Budget to Actual Report as of September 30, 2012



**MINUTES OF THE
NCCSIF BOARD OF DIRECTORS MEETING
BONANZA INN CONFERENCE CENTER, YUBA CITY, CA
JUNE 14, 2012**

MEMBERS PRESENT

Steve Kimbrough, City of Corning
Kristine Wilfong, City of Folsom
Paula Islas, City of Galt
Karin Helvey, City of Gridley
Michael Daly, City of Jackson
Dixon Coulter, City of Maysville
Catrina Olson, City of Nevada City
Liz Ehrenstrom, City of Oroville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Tim Sailsbery, City of Willows
Robin Bertagna, City of Yuba City
Gina Will, Town of Paradise

MEMBERS ABSENT

Jeff Kiser, City of Anderson
Andy Heath, City of Auburn
Shelly Kittle, City of Colusa
Steve Johnson, City of Dixon
Jeff Butzlaff, City of Ione
John Lee, City of Lincoln
Dave Warren, City of Placerville
Marni Rittburg, City of Rio Vista

GUESTS & CONSULTANTS

Tom Watson, City of Corning
Jason Behrman, City of Galt
Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
James Marta, James Marta & Company CPA
Marcus Beverly, York Risk Services
Craig Wheaton, York Risk Services
Tori Barr, ACI Specialty



A. CALL TO ORDER

The meeting was called to order at 12:09 p.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Tim Sailsbery **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

LUNCHTIME SPEAKER – Ms. Tori Barr from ACI Specialty

Ms. Tori Barr from ACI Specialty gave a presentation to the Board regarding the current Employee Assistance Program services provided, advising that maintaining high utilization is imperative to getting the most out of the program. NCCSIF's utilization rate for 2011 was 7.3%. She then proceeded to discuss the renewal terms for NCCSIF which is for a 3 year term at a 4% increase in the renewal rate.

D. CONSENT CALENDAR

1. Draft Minutes of the Board of Directors Meeting April 26, 2012
2. Check Register at June 5, 2012
3. Investment Reports
 - a. Chandler Asset Management Report May 2012 – Short/Long Term
 - b. LAIF as of March 31, 2012
 - c. CJPRMA Investment Report as of April 30, 2012
 - d. CSAC-EIA Investment Report as of March 31, 2012
4. Budget to Actual Report as of March 31, 2012
5. Action Taken by the Executive Committee
 - a. Approved Alliant Insurance Services Brokerage, Risk Management and Program Administration Services 3rd Anniversary Amendment
 - b. Approved James Marta & Company Contract
 - c. Approved Gibbons & Conley Contract for Legal Services
 - d. Approved York's Workers' Compensation Claims Administration Contract

A motion was made to approve the Consent Calendar.

MOTION: Russell Hildebrand **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

E. COMMITTEE REPORTS

E1. Risk Management Committee Meeting June 14, 2012 – Verbal Report

Ms. Liz Ehrenstrom gave a verbal report of the Risk Management Committee Meeting advising that the Committee has decided to continue the Police Risk Management Committee on a quarterly basis and is currently developing the format for these meetings. She also mentioned that Bickmore's initial orientations have been completed for all but 3 members and the first Full Member Assessment has been completed for the City of Galt. Ms. Teri Norris will be brought on by Bickmore Risk Services to assist Ms. Henri Castro in the Member Assessments to speed up the process.

E2. Draft Minutes – Executive Committee Meeting May 10, 2012

E3. Minutes – Risk Management Committee Meeting April 26, 2012

E4. CJPRMA Annual Retreat and BOD Meeting Summary – May 16 – 18, 2012

F. ADMINISTRATION REPORTS

F1. President's Report

Mr. Steve Kimbrough advised that the City of Corning has hired a new City Manager. He inquired if another board member would be interested in assuming the role of NCCSIF Board President as he felt that he should resign as he is not a city employee any longer, he is a contract employee

F2. Program Administrator Report

Ms. Susan Adams advised that information regarding CAJPA's Annual Conference to be held September 18-21, 2012 in S. Lake Tahoe has been included in today's Agenda Packet reminding the Board that annually each member has \$3,000 available in the budget for Seminars and Conferences.

G. FINANCIAL REPORTS

G1. Quarterly Financial Report for Period Ending March 31, 2012

Mr. James Marta gave a brief Quarterly Financial Reporting advising that Liability Shared Risk claims have grown leading to the depletion of NCCSIF's liability reserves as discussed at the previous Board of Directors meeting in April.

A motion was made to approve the Quarterly Financial Report for Period Ending March 31, 2012.

MOTION: Tim Sailsbery **SECOND:** Dixon Coulter **MOTION CARRIED**

H. JPA BUSINESS

H1. Loss Portfolio Transfer – Alliant’s offer to reimburse costs spent

Ms. Adams advised that at the last NCCSIF Board of Directors meeting, a member requested the offer by Alliant to be re-visited, addressed and approved by the full Board. The Executive Committee had previously taken action that may not have been within their authority.

A motion was made to decline Alliant’s offer to reimburse the costs incurred for due diligence of the Loss Portfolio Transfer.

MOTION: Tim Sailsbery **SECOND:** Dixon Coulter **MOTION CARRIED**

H2. Approval of One Year extension of York’s Liability Claims Administration Contract

Ms. Adams explained that at the last NCCSIF Board of Directors meeting a member also requested to re-visit this item to be addressed and approved by the full Board as well.

A motion was made to approve the One Year extension of York’s Liability Claims Administration Contract.

MOTION: Karin Helvey **SECOND:** Robin Bertagna **MOTION CARRIED**

H3. Conflict of Interest Code

Ms. Adams advised that the Conflict of Interest Code is to be reviewed and approved by the Board of Directors every even numbered year and a Mutli-County Agenda Biennial Notice is to be sent to the California Fair Political Practices Commission (FPPC) advising whether there are updates. NCCSIF’s Conflict of Interest Code has been amended to comply with the new FPPC Filing requirements.

A motion was made to approve the Amended Conflict of Interest Code.

MOTION: Tim Sailsbery **SECOND:** Dixon Coulter **MOTION CARRIED**

H4. Coverage Issues: RDA Successor Agencies (And Oversight Boards)

Ms. Adams addressed the coverage issues regarding Redevelopment Successor Agencies and Oversight Boards explaining that CJPRMA will be reviewing the issue at their upcoming Board meeting. Ms. Adams recommends that the Board give authority to the Executive Committee to approve the final endorsement wording, effective retroactive to February 1, 2012 to follow form with CJPRMA wording if they make any changes.



A motion was made to authorize the Executive Committee to approve the final endorsement wording as needed.

MOTION: Dixon Coulter **SECOND:** Liz Ehrenstrom **MOTION CARRIED**
ABSTAIN: Michael Daly

H5. NCCSIF 2012/2013 Memorandums of Coverage

H5a. Workers' Compensation

Ms. Adams advised that CSAC-EIA, NCCSIF's Excess Workers' Compensation provider, has amended their coverage documents effective July 1, 2012 as respects coverage for Occupational Disease to mirror the Labor Code LC 5500.5. Employers liable for occupational disease or cumulative injury (States in part:) "...as determined pursuant to Section 5412, or the last date on which the employee was employed in an occupation exposing him or her to the hazards of the... occupational disease or cumulative injury, whichever comes first."

A motion was made to approve the NCCSIF 2012/2013 Workers' Compensation Memorandum of Coverage incorporating the changes noted above.

MOTION: Liz Ehrenstrom **SECOND:** Tim Sailsbery **MOTION CARRIED**

H5b. Liability

Ms. Adams explained that the NCCSIF Liability Memorandum of Coverage has been amended to correct a discrepancy under Section 2 Limits of Liability. The current language states "The Limits of Liability applicable to this Memorandum are as stated under Item 6 of the Declarations". Staff recommends correcting this statement to reflect "Item 7 of the Declarations".

A motion was made to approve the NCCSIF 2012/2013 Liability Memorandum of Coverage incorporating the changes noted above.

MOTION: Liz Ehrenstrom **SECOND:** Michael Daly **MOTION CARRIED**

H6. Final 2012/13 Deposit Calculations

H6a. Workers' Compensation

H6b. Liability

A motion was made to approve the 2012/2013 Deposit Calculations for Workers' Compensation and Liability as presented.

MOTION: Karin Helvey **SECOND:** Gina Will **MOTION CARRIED**



H7. 2012/13 Property Program Renewal

Ms. Adams explained that staff did market the Property program with CJPRMA and a wholesaler. The wholesaler refused to quote the program as they did not wish to market against PEPiP. Ms. Adams then gave an overview of the coverage provided by CJPRMA vs. PEPiP noting that CJPRMA's property program has a \$25,000 deductible and PEPiP has a \$5,000 deductible. Ms. Adams also advised the Board that the agenda item included a comparison of coverages and that the Board should take notice that PEPiP does include coverage for Cyber Liability in their program and CJPRMA's does not.

Mr. Marta explained that the lower deductible provided by PEPiP offers stability over the losses incurred. Ms. Kristine Wilfong requested that staff provide quotes with different deductible options for next year's property renewal.

A motion was made to approve renewal of the 2012/13 Property Program with Alliant's PEPiP program.

MOTION: Russell Hildebrand **SECOND:** Kristine Wilfong **MOTION CARRIED**

H8. 2012/13 Crime Program Renewal

Ms. Adams advised that the premium has increased by 3% from the prior year.

A motion was made to approve the renewal of the 2012/13 Crime Program with National Union Fire Insurance Company of Pittsburg, PA as presented at today's meeting.

MOTION: Gina Will **SECOND:** Sandy Ryan **MOTION CARRIED**

H9. Final 2012/13 NCCSIF Budget

Ms. Adams explained the Risk Management Committee has amended their budget at the prior Risk Management Committee meeting removing the funds allocated to BackSafe (FIT), and reallocating \$40,000 to Injury and Prevention Training reducing the total Risk Management budget by \$40,000.

A motion was made to approve the 2012/13 NCCSIF Budget with the amended changes.

MOTION: Russell Hildebrand **SECOND:** Michael Daly **MOTION CARRIED**

H10. California Association of Joint Powers Authorities (CAJPA) Accreditation Update

Ms. Adams advised that NCCSIF has been accredited with Excellence pending the receipt of one item which has been requested by staff. Mr. Marta advised that upon receiving a CAJPA Accreditation with Excellence NCCSIF will also receive a \$7,500 annual credit off of their CSAC-EIA (excess workers' compensation) premium.

I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95.

A motion was made to enter into closed session at 2:05 p.m. to discuss the following claims.

1. Liability

- a. Wright v. City of Oroville
- b. Van Warmerdam v. City of Red Bluff
- c. Daniels v. City of Folsom
- d. Bobbit, Antoinette v. City of Folsom

MOTION: Dixon Coulter **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

The Board came out of closed session at 2:21 p.m.

J. INFORMATION ITEMS

K1. NCCSIF Meeting Calendar 2012

K2. NCCSIF Resource Contact Guide

K3. NCCSIF Board Member and Alternates

K4. California Association of Joint Powers Authorities (CAJPA) Annual Fall Conference and Training Seminar – September 18 – 21, 2012

The Information Items are provided as an update only.

L. ADJOURNMENT

The meeting was adjourned at 2:22 p.m.

Northern California Cities Self Insurance Fund
 Check/Voucher Register - '
 From 7/1/2012 Through 9/30/2012

Check Number	Check Description	Vendor Name	Effective Date	Check Amount
7900	7900	Check deleted after printing. Not Posted.		0.00
7902	7902	Check deleted after printing. Not Posted.		0.00
7903	7903	Check deleted after printing. Not Posted.		0.00
7904	7904	Check deleted after printing. Not Posted.		0.00
7905	7905	Check deleted after printing. Not Posted.		0.00
7907	7907	Check deleted after printing. Not Posted.		0.00
7908	7908	Check deleted after printing. Not Posted.		0.00
7909	7909	Check deleted after printing. Not Posted.		0.00
7910	7910	Check deleted after printing. Not Posted.		0.00
7911	7911	Check deleted after printing. Not Posted.		0.00
7912	7912	Check deleted after printing. Not Posted.		0.00
7913	7913	System Generated Check/Vouch€ Chandler Inc.	7/5/2012	4,773.00
7914	7914	System Generated Check/Vouch€ James Marta	7/5/2012	5,044.00
7915	7915	System Generated Check/Vouch€ Alliant Insurance Servic	7/5/2012	44,900.00
7916	7916	System Generated Check/Vouch€ Bickmore Risk Services	7/5/2012	8,628.33
7917	7917	System Generated Check/Vouch€ City of Dixon	7/5/2012	300.00
7918	7918	System Generated Check/Vouch€ CSAC Excess Insuranc	7/5/2012	10,836.68
7920	7920	System Generated Check/Vouch€ LEXIPOL LLC	7/5/2012	92,650.00
7921	7921	System Generated Check/Vouch€ Catrina Olson	7/5/2012	87.70
7922	7922	System Generated Check/Vouch€ Crystal Peters	7/5/2012	55.50
7923	7923	System Generated Check/Vouch€ Kristine Wilfong	7/5/2012	53.28
7924	7924	System Generated Check/Vouch€ Sandy Ryan	7/5/2012	278.61
7925	7925	System Generated Check/Vouch€ Susan Adams	7/5/2012	888.40
7926	7926	System Generated Check/Vouch€ Alliant Insurance Servic	7/19/2012	755,350.00
7927	7927	System Generated Check/Vouch€ Occu-Med Inc.	7/19/2012	1,500.00
7928	7928	System Generated Check/Vouch€ California Association o	7/19/2012	450.00
7929	7929	System Generated Check/Vouch€ CSAC Excess Insuranc	7/19/2012	600,418.00
7930	7930	System Generated Check/Vouch€ California Joint Powers	7/19/2012	337,996.00
7931	7931	System Generated Check/Vouch€ Steve Johnson	7/19/2012	300.00
7932	7932	System Generated Check/Vouch€ DKF Solutions Group, L	7/19/2012	700.00
7933	7933	System Generated Check/Vouch€ Champion Awards Ente	7/19/2012	233.74
7934	7934	System Generated Check/Vouch€ James Marta	8/3/2012	5,175.00
7935	7935	System Generated Check/Vouch€ Gibbons & Conley	8/3/2012	1,951.60
7936	7936	System Generated Check/Vouch€ Alliant Insurance Servic	8/3/2012	45,000.00
7937	7937	System Generated Check/Vouch€ Bickmore Risk Services	8/3/2012	3,600.00
7938	7938	System Generated Check/Vouch€ City of Red Bluff	8/3/2012	560.00
7939	7939	System Generated Check/Vouch€ Chandler Inc.	8/20/2012	4,660.00
7940	7940	System Generated Check/Vouch€ York Insurance Service:	8/20/2012	114,850.00
7941	7941	System Generated Check/Vouch€ Alliant Insurance Servic	8/20/2012	626.00
7942	7942	System Generated Check/Vouch€ Occu-Med Inc.	8/20/2012	1,500.00
7943	7943	System Generated Check/Vouch€ City of Folsom	8/20/2012	35.05
7944	7944	System Generated Check/Vouch€ Future Industrial Techn	8/20/2012	643.01
7945	7945	System Generated Check/Vouch€ ACI Enterprises, Inc	8/20/2012	13,694.40
7946	7946	System Generated Check/Vouch€ Liz Ehrenstrom	8/20/2012	53.69
7947	7947	System Generated Check/Vouch€ Tom Watson	8/20/2012	77.70
7948	7948	System Generated Check/Vouch€ York Insurance Service:	9/5/2012	120,688.33
7949	7949	System Generated Check/Vouch€ Gibbons & Conley	9/5/2012	574.00
7950	7950	System Generated Check/Vouch€ City of Gridley	9/5/2012	1,068.00

Northern California Cities Self Insurance Fund
 Check/Voucher Register - '
 From 7/1/2012 Through 9/30/2012

7951	7951	System Generated Check/Vouch€ Bickmore Risk Services	9/5/2012	28,687.49
7952	7952	System Generated Check/Vouch€ City of Lincoln	9/5/2012	18,666.00
7953	7953	System Generated Check/Vouch€ Professional Dynamics	9/5/2012	2,000.00
7954	7954	System Generated Check/Vouch€ Mark J. Wittenberg Trai	9/5/2012	1,500.00
7955	7955	System Generated Check/Vouch€ James Marta	9/6/2012	5,175.00
7956	7956	System Generated Check/Vouch€ Chandler Inc.	9/20/2012	4,676.00
7957	7957	System Generated Check/Vouch€ York Insurance Service:	9/20/2012	80,420.52
7958	7958	System Generated Check/Vouch€ Occu-Med Inc.	9/20/2012	1,500.00
7959	7959	System Generated Check/Vouch€ City of Yuba City	9/20/2012	22,184.00
7960	7960	System Generated Check/Vouch€ Bickmore Risk Services	9/20/2012	8,628.34
7961	7961	System Generated Check/Vouch€ Professional Dynamics	9/20/2012	2,000.00
7962	7962	System Generated Check/Vouch€ DKF Solutions Group, L	9/20/2012	<u>1,400.00</u>
Report Total				<u>2,357,037.37</u>

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

June 1, 2012 through June 30, 2012

Chandler Team

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

Custodian

Bank of New York Mellon Trust
Company
Gaby Rodriguez
213-630-6461

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.42
Average Coupon	2.35 %
Average Purchase YTM	1.71 %
Average Market YTM	0.65 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.53 yrs
Average Life	2.49 yrs

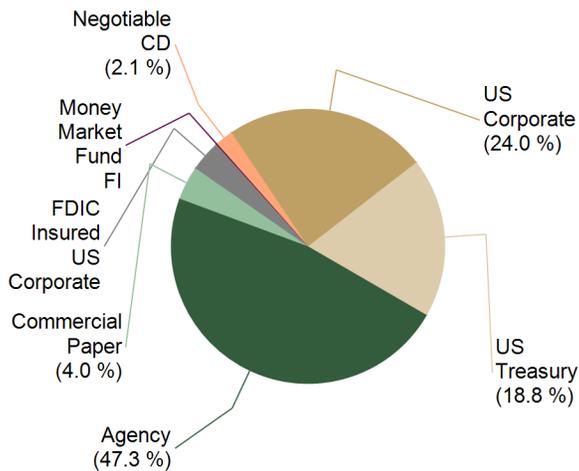
ACCOUNT SUMMARY

	Beg. Values as of 5/31/12	End Values as of 6/30/12
Market Value	23,871,266	22,404,225
Accrued Interest	137,493	125,261
Total Market Value	24,008,759	22,529,487
Income Earned	34,710	32,583
Cont/WD		-1,500,988
Par	23,101,768	21,704,245
Book Value	23,374,871	21,945,749
Cost Value	23,680,611	22,216,214

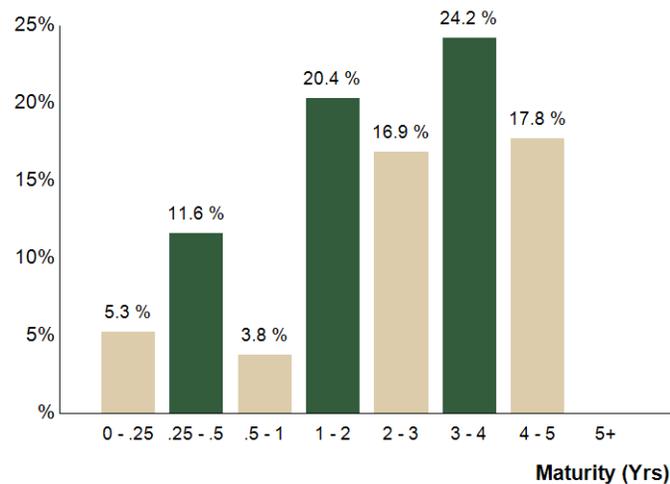
TOP ISSUERS

Issuer	% Portfolio
Government of United States	18.8 %
Federal National Mortgage Assoc	13.1 %
Federal Farm Credit Bank	11.9 %
Federal Home Loan Mortgage Corp	11.7 %
Federal Home Loan Bank	7.4 %
Tennessee Valley Authority	3.2 %
Toronto Dominion Holdings	2.1 %
General Electric Co	2.1 %
	70.3 %

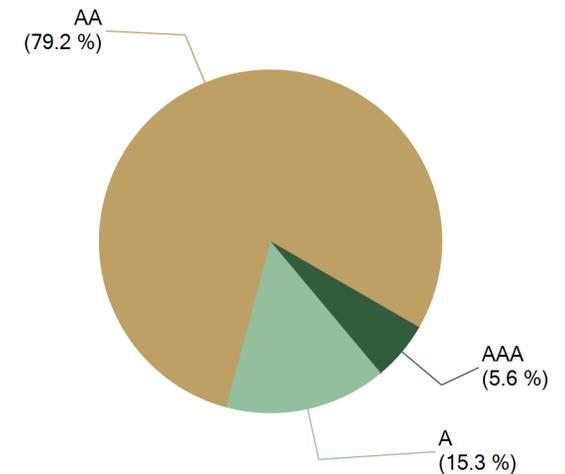
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized				Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.09 %	0.62 %	1.02 %	2.50 %	3.11 %	4.77 %	4.09 %	5.01 %	103.12 %
1-5 yr Govt	-0.07 %	0.57 %	0.45 %	2.17 %	2.77 %	4.41 %	3.75 %	4.66 %	93.58 %
1-5 Year Govt/A Rated or better Corporate	0.05 %	0.60 %	1.01 %	2.37 %	3.36 %	4.46 %	3.89 %	4.81 %	97.57 %



Northern California Cities Self-Insurance Fund - Short Term

June 30, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

June 1, 2012 through June 30, 2012

Chandler Team

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

Custodian

Bank of New York Mellon Trust
Company
Gaby Rodriguez
213-630-6461

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PORTFOLIO CHARACTERISTICS

Average Duration	3.65
Average Coupon	3.38 %
Average Purchase YTM	2.48 %
Average Market YTM	0.92 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	4.01 yrs
Average Life	4.00 yrs

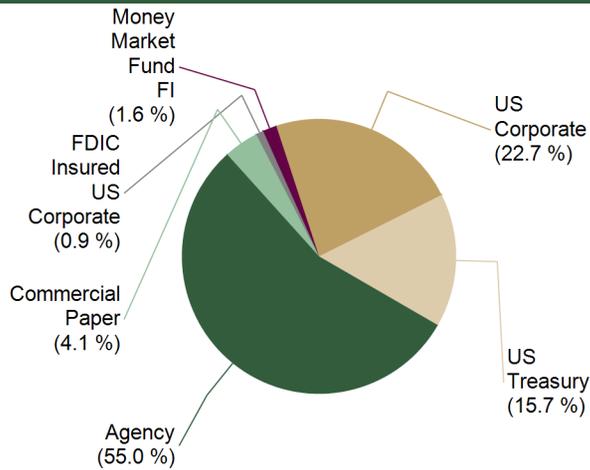
ACCOUNT SUMMARY

	Beg. Values as of 5/31/12	End Values as of 6/30/12
Market Value	24,528,324	23,095,886
Accrued Interest	219,655	164,322
Total Market Value	24,747,979	23,260,207
Income Earned	49,565	47,479
Cont/WD		-1,500,000
Par	22,545,592	21,186,182
Book Value	23,204,050	21,836,182
Cost Value	23,587,976	22,199,183

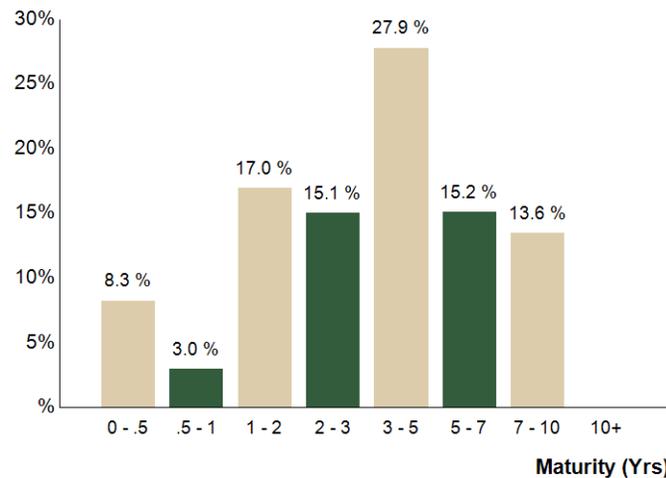
TOP ISSUERS

Issuer	% Portfolio
Government of United States	15.7 %
Federal National Mortgage Assoc	12.5 %
Federal Home Loan Mortgage Corp	11.6 %
Federal Home Loan Bank	10.6 %
Tennessee Valley Authority	10.5 %
Federal Farm Credit Bank	9.8 %
Toyota Motor Corp	2.1 %
Bank of Nova Scotia	2.0 %
Total	74.8 %

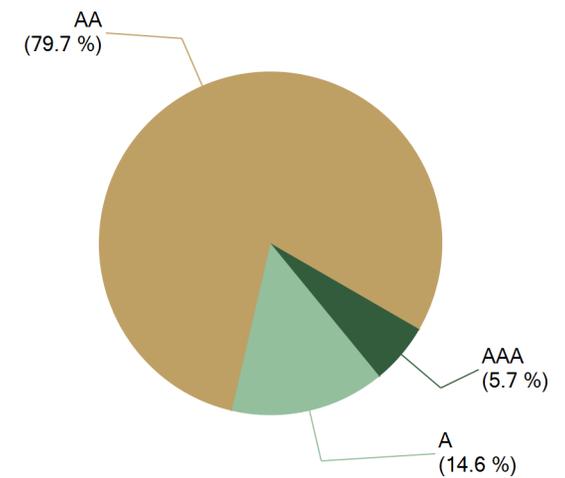
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 6/30/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.05 %	1.48 %	1.80 %	5.44 %	5.08 %	6.19 %	N/A	6.07 %	43.14 %
1-10 yr Govt	-0.16 %	1.60 %	1.18 %	5.31 %	4.53 %	5.83 %	N/A	5.70 %	40.15 %
1-10 Year Govt/A Rated or better Corporate	0.02 %	1.57 %	1.87 %	5.36 %	5.31 %	5.67 %	N/A	5.61 %	39.40 %



Northern California Cities Self-Insurance Fund - Long Term

June 30, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

July 1, 2012 through July 31, 2012

Chandler Team

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Custodian

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Company
Gaby Rodriguez
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PORTFOLIO CHARACTERISTICS

Average Duration	2.37
Average Coupon	2.28 %
Average Purchase YTM	1.67 %
Average Market YTM	0.51 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.49 yrs
Average Life	2.43 yrs

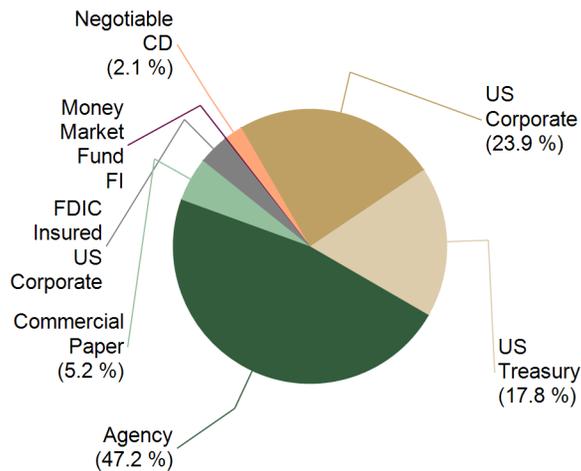
ACCOUNT SUMMARY

	Beg. Values as of 6/30/12	End Values as of 7/31/12
Market Value	22,404,225	22,492,775
Accrued Interest	125,261	134,115
Total Market Value	22,529,487	22,626,890
Income Earned	32,583	31,113
Cont/WD		0
Par	21,704,245	21,745,543
Book Value	21,945,749	21,978,063
Cost Value	22,216,214	22,234,538

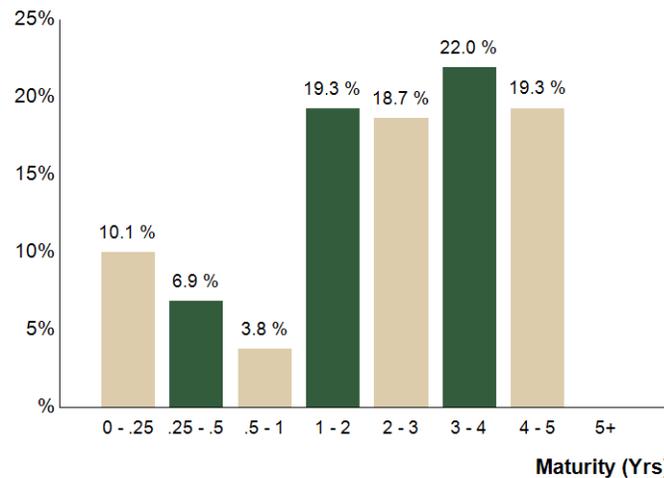
TOP ISSUERS

Issuer	% Portfolio
Government of United States	17.8 %
Federal National Mortgage Assoc	13.1 %
Federal Farm Credit Bank	11.9 %
Federal Home Loan Mortgage Corp	11.6 %
Federal Home Loan Bank	7.5 %
Tennessee Valley Authority	3.2 %
Toronto Dominion Holdings	2.1 %
General Electric Co	2.1 %
	69.1 %

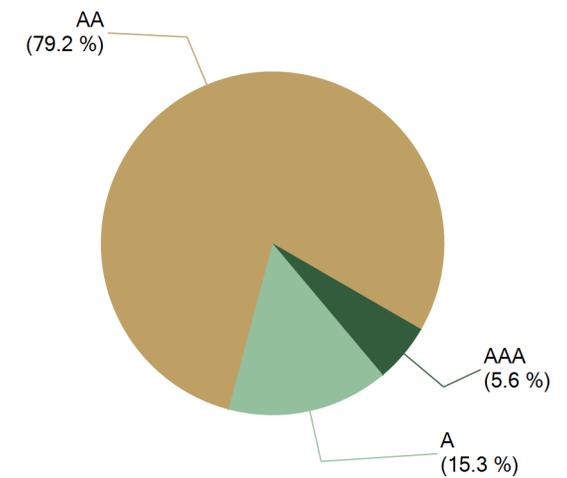
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 7/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized				Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.43 %	0.60 %	1.46 %	2.27 %	3.12 %	4.67 %	3.99 %	5.01 %	104.00 %
1-5 yr Govt	0.39 %	0.50 %	0.85 %	1.86 %	2.81 %	4.28 %	3.63 %	4.66 %	94.34 %
1-5 Year Govt/A Rated or better Corporate	0.53 %	0.69 %	1.55 %	2.16 %	3.33 %	4.37 %	3.79 %	4.82 %	98.62 %



Northern California Cities Self-Insurance Fund - Short Term

July 31, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies*
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

July 1, 2012 through July 31, 2012

Chandler Team

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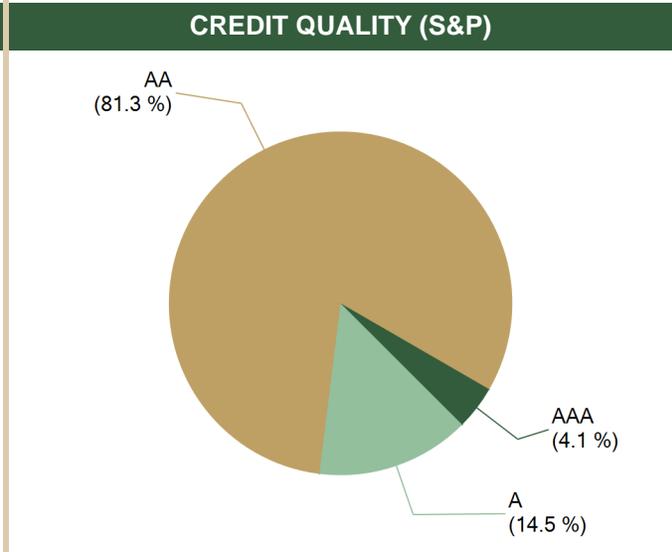
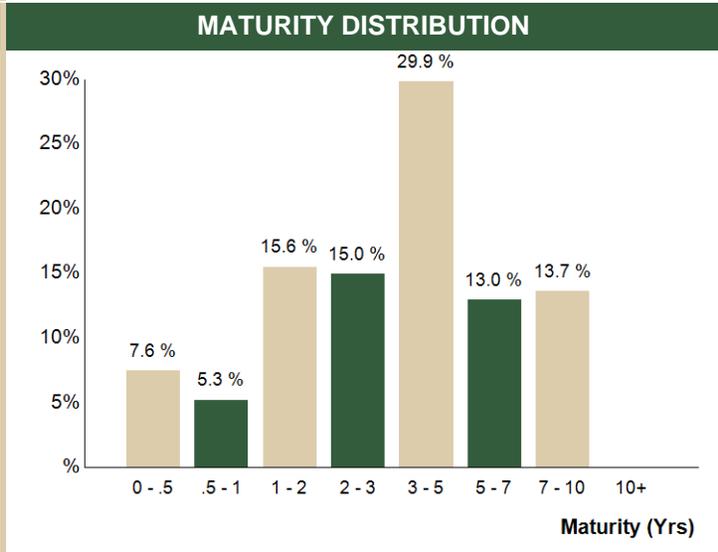
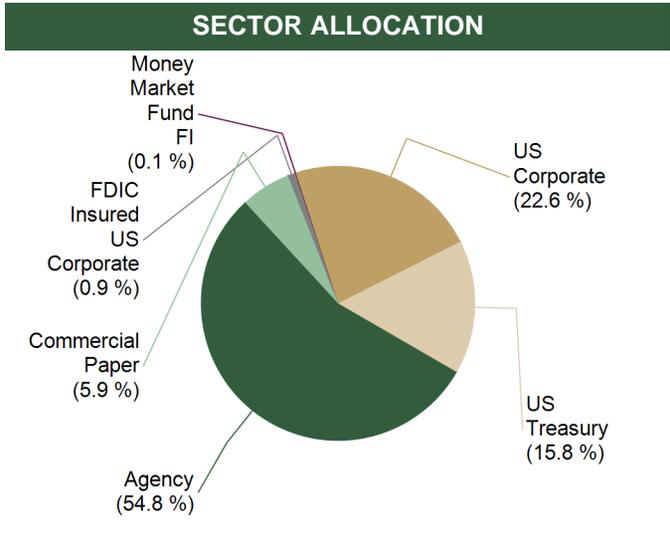
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PORTFOLIO CHARACTERISTICS	
Average Duration	3.59
Average Coupon	3.38 %
Average Purchase YTM	2.49 %
Average Market YTM	0.76 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	3.93 yrs
Average Life	3.92 yrs

ACCOUNT SUMMARY		
	Beg. Values as of 6/30/12	End Values as of 7/31/12
Market Value	23,095,886	23,269,463
Accrued Interest	164,322	160,243
Total Market Value	23,260,207	23,429,706
Income Earned	47,479	44,970
Cont/WD		0
Par	21,186,182	21,251,148
Book Value	21,836,182	21,885,231
Cost Value	22,199,183	22,263,120

TOP ISSUERS	
Issuer	% Portfolio
Government of United States	15.8 %
Federal National Mortgage Assoc	12.5 %
Federal Home Loan Mortgage Corp	11.5 %
Federal Home Loan Bank	10.6 %
Tennessee Valley Authority	10.4 %
Federal Farm Credit Bank	9.8 %
Toyota Motor Corp	2.0 %
Bank of Nova Scotia	2.0 %
	74.6 %



PERFORMANCE REVIEW										
Total Rate of Return As of 7/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			5/31/2006	Since 5/31/2006	
					3 Yrs	5 Yrs	10 Yrs			
Northern Cal. Cities Self Ins. Fund Long Term	0.73 %	1.38 %	2.54 %	4.97 %	5.15 %	6.12 %	N/A	6.11 %	44.18 %	
1-10 yr Govt	0.63 %	1.24 %	1.81 %	4.57 %	4.62 %	5.70 %	N/A	5.73 %	41.02 %	
1-10 Year Govt/A Rated or better Corporate	0.86 %	1.50 %	2.75 %	4.83 %	5.26 %	5.63 %	N/A	5.68 %	40.61 %	



Northern California Cities Self-Insurance Fund - Long Term

July 31, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies*
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

Monthly Account Statement

Northern CA Cities Self Ins. Fund Short Term

August 1, 2012 through August 31, 2012

Chandler Team

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Custodian

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PORTFOLIO CHARACTERISTICS

Average Duration	2.44
Average Coupon	2.15 %
Average Purchase YTM	1.54 %
Average Market YTM	0.49 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.55 yrs
Average Life	2.49 yrs

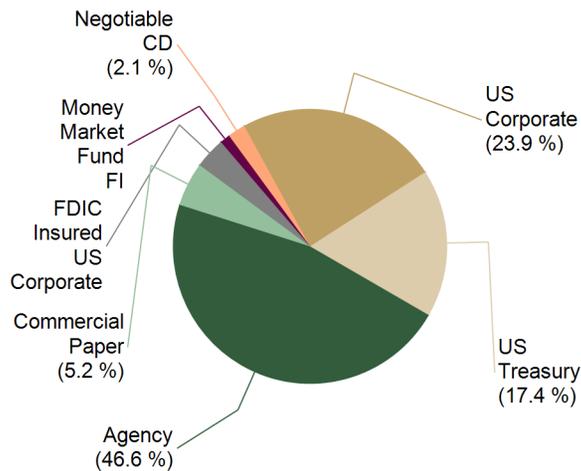
ACCOUNT SUMMARY

	Beg. Values as of 7/31/12	End Values as of 8/31/12
Market Value	22,492,775	22,538,181
Accrued Interest	134,115	130,474
Total Market Value	22,626,890	22,668,655
Income Earned	31,113	30,242
Cont/WD		-1,088
Par	21,745,543	21,804,910
Book Value	21,978,063	22,044,759
Cost Value	22,234,538	22,294,530

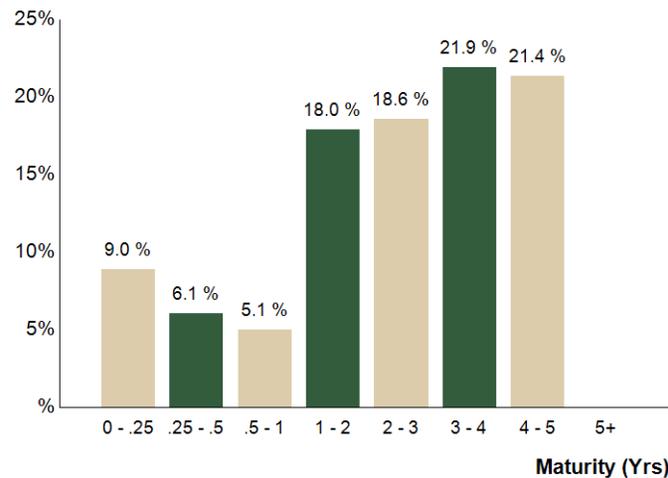
TOP ISSUERS

Issuer	% Portfolio
Government of United States	17.4 %
Federal National Mortgage Assoc	12.4 %
Federal Farm Credit Bank	11.9 %
Federal Home Loan Mortgage Corp	11.7 %
Federal Home Loan Bank	7.4 %
Tennessee Valley Authority	3.2 %
Toronto Dominion Holdings	2.1 %
General Electric Co	2.1 %
	68.2 %

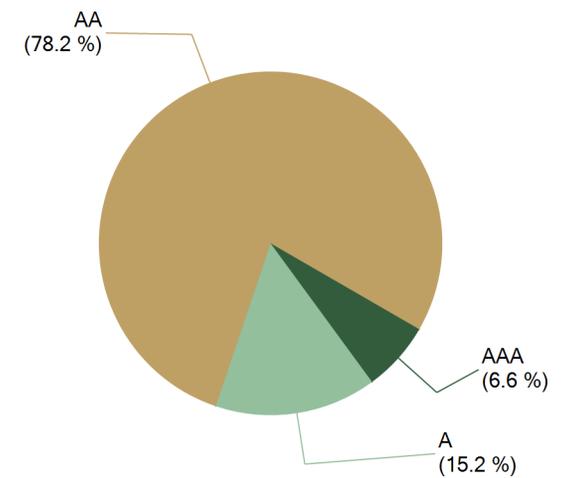
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 8/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized				Since 12/31/1997
					3 Yrs	5 Yrs	10 Yrs	12/31/1997	
Northern CA Cities Self Ins. Fund Short Term	0.19 %	0.71 %	1.65 %	2.03 %	2.99 %	4.50 %	3.93 %	4.99 %	104.38 %
1-5 yr Govt	0.06 %	0.39 %	0.91 %	1.18 %	2.64 %	4.06 %	3.57 %	4.64 %	94.46 %
1-5 Year Govt/A Rated or better Corporate	0.15 %	0.73 %	1.70 %	1.80 %	3.14 %	4.18 %	3.73 %	4.80 %	98.91 %



Northern California Cities Self-Insurance Fund - Short Term

August 31, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

Monthly Account Statement

Northern Cal. Cities Self Ins. Fund Long Term

August 1, 2012 through August 31, 2012

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PORTFOLIO CHARACTERISTICS

Average Duration	3.66
Average Coupon	3.33 %
Average Purchase YTM	2.47 %
Average Market YTM	0.75 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	4.01 yrs
Average Life	3.98 yrs

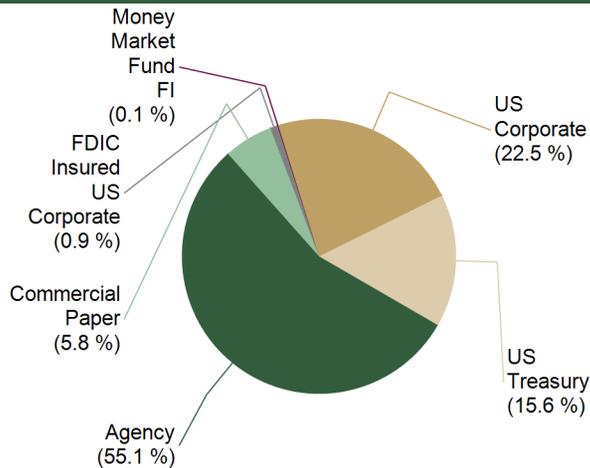
ACCOUNT SUMMARY

	Beg. Values as of 7/31/12	End Values as of 8/31/12
Market Value	23,269,463	23,324,110
Accrued Interest	160,243	162,933
Total Market Value	23,429,706	23,487,042
Income Earned	44,970	45,006
Cont/WD		0
Par	21,251,148	21,349,886
Book Value	21,885,231	21,953,651
Cost Value	22,263,120	22,333,945

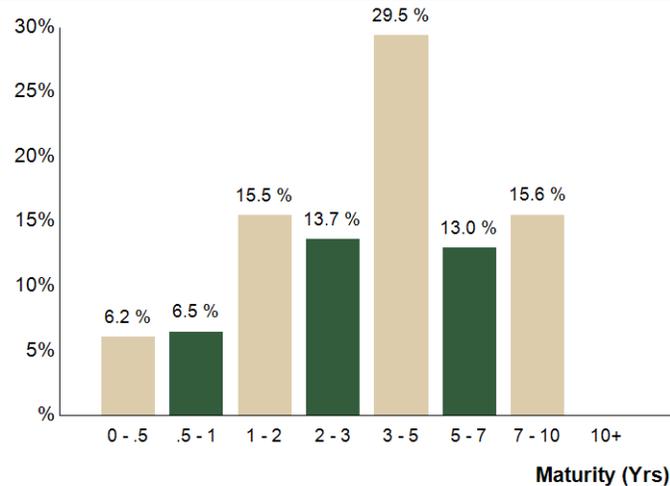
TOP ISSUERS

Issuer	% Portfolio
Government of United States	15.6 %
Federal National Mortgage Assoc	12.5 %
Federal Home Loan Mortgage Corp	11.5 %
Tennessee Valley Authority	10.8 %
Federal Home Loan Bank	10.6 %
Federal Farm Credit Bank	9.8 %
Toyota Motor Corp	2.0 %
General Electric Co	2.0 %
	74.8 %

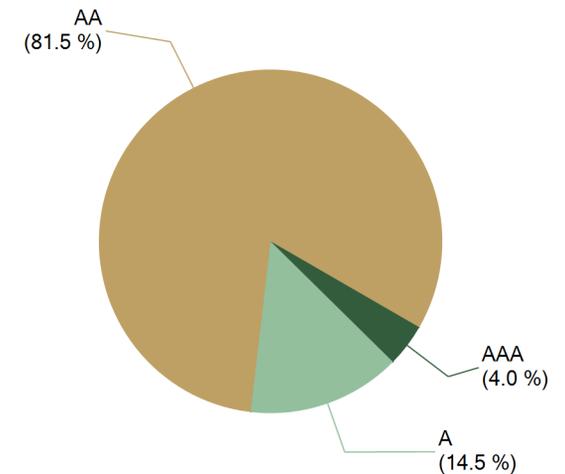
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 8/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 5/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Northern Cal. Cities Self Ins. Fund Long Term	0.24 %	1.03 %	2.80 %	3.98 %	5.01 %	5.90 %	N/A	6.07 %	44.54 %
1-10 yr Govt	0.05 %	0.52 %	1.87 %	2.86 %	4.40 %	5.41 %	N/A	5.66 %	41.10 %
1-10 Year Govt/A Rated or better Corporate	0.16 %	1.05 %	2.92 %	3.67 %	5.00 %	5.39 %	N/A	5.63 %	40.84 %



Northern California Cities Self-Insurance Fund - Long Term

August 31, 2012

COMPLIANCE WITH INVESTMENT POLICY

The portfolio complies with State law and with the Authority's investment policy.

Category	Standard	Comment
Asset-backed/MBS	20% maximum	Complies
Banker's Acceptances	A1/P1; 30% max; <180 days; L/T = AA	Complies
Commercial Paper	A1/P1; 25% max.; <270 days	Complies
LAIF	\$50 million	Complies
Medium Term Notes	30% max; A; 5 year maximum	Complies
Money Market Acct	15% maximum; AA	Complies
Mutual Funds	15% maximum; AAA	Complies
Negotiable CDs	30% overall; 3-year maximum	Complies
Repurchase Agreements	10% overall; 30 days	Complies
Time CDs	3 year maximum	Complies
Treasury issues	No limitation	Complies
US Agencies	No limitation	Complies
Per Issuer Maximum	5% (except gov'ts)	Complies
Maximum Maturity	10 years	Complies
Futures and Options	Prohibited	Complies
Reverse Repos	Prohibited	Complies
Inverse floaters	Prohibited	Complies
Range notes	Prohibited	Complies

NCCSIF
 Budget to Actual Report with Historical Data
 Fiscal Year 2011-2012
 As of September 30, 2012

	Budget 2012-2013			YTD Expended 2012-2013			Remaining 2012-2013		
	Total	WC	Liab	Total	WC	Liab	Total	WC	Liab
ADMIN BUDGET									
Administrative Revenue									
41010 Administrative Deposit	\$ 1,032,150	\$ 534,925	\$ 497,225	\$ 258,037	\$ 133,731	\$ 124,306	\$ 774,113	\$ 401,194	\$ 372,919
44030 Change in Fair Value	-	-	-	1,382	1,242	140	(1,382)	(1,242)	(140)
44040 Interest Income	-	-	-	4,449	3,256	1,193	(4,449)	(3,256)	(1,193)
44080 Risk Management Grants	-	-	-	174,207	174,207	-	(174,207)	(174,207)	-
Total Admin Revenue	\$ 1,032,150	\$ 534,925	\$ 497,225	\$ 438,075	\$ 312,436	\$ 125,639	\$ 594,075	\$ 222,489	\$ 371,586
Administrative Expenses									
52101 Claims Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52102 Financial Audit	25,500	12,750	12,750	-	-	-	25,500	12,750	12,750
52103 Legal Services	10,000	5,000	5,000	574	287	287	9,426	4,713	4,713
52104 Actuarial Services	10,000	4,000	6,000	-	-	-	10,000	4,000	6,000
52105 Computer Services	-	-	-	-	-	-	-	-	-
52106 JPA Accreditation	-	-	-	-	-	-	-	-	-
52107 Fidelity Bonds	2,000	1,000	1,000	626	313	313	1,374	687	687
52109 Miscellaneous Consultants	5,000	2,500	2,500	-	-	-	5,000	2,500	2,500
XXXXX Errors & Omissions	-	-	-	-	-	-	-	-	-
Total Admin Expenses	\$ 52,500	\$ 25,250	\$ 27,250	\$ 1,200	\$ 600	\$ 600	\$ 51,300	\$ 24,650	\$ 26,650
Safety Services									
52200 Safety Service	\$ -	\$ 40,000	\$ -	\$ 13,694	\$ 13,694	\$ -	\$ (13,694)	\$ 26,306	\$ -
52201 Risk Mgmt Comm Services	30,000	15,000	15,000	3,635	1,818	1,818	26,365	13,182	13,182
52202 Risk Mgmt Comm Mtg Expense	1,000	500	500	-	-	-	1,000	500	500
52203 Police Risk Mgmt Comm Svcs	5,000	2,500	2,500	1,500	750	750	3,500	1,750	1,750
52204 On Site	115,000	60,000	55,000	25,885	12,943	12,943	89,115	47,057	42,057
XXXXX Yuba City On Site	-	-	-	-	-	-	-	-	-
52205 Hot Line	-	-	-	-	-	-	-	-	-
52206 Safety Library	-	-	-	-	-	-	-	-	-
52207 Seminars and PARMA	63,200	23,200	40,000	1,628	280	1,348	61,572	22,920	38,652
52208 Police Risk Mgmt Manual	100,000	-	100,000	92,650	-	92,650	7,350	-	7,350
52209 Safety Contingency	-	-	-	-	-	-	-	-	-
52210 Process Safety Mgmt Program	-	-	-	-	-	-	-	-	-
52211 Website Development	38,000	-	38,000	-	-	-	38,000	-	38,000
52212 Safety Service - Other do not use	-	-	-	-	-	-	-	-	-
52214 OCCUMED	23,000	23,000	-	3,000	3,000	-	20,000	20,000	-
52215 Online Risk Management Services	20,000	10,000	10,000	12,937	6,468	6,468	7,063	3,532	3,532
52216 Backsafe	-	-	-	3,446	-	3,446	(3,446)	(3,446)	-
52217 Wellness Optional	12,100	12,100	-	-	-	-	12,100	12,100	-
Total Safety Services Expenses	\$ 407,300	\$ 186,300	\$ 261,000	\$ 158,376	\$ 42,399	\$ 115,977	\$ 248,925	\$ 143,901	\$ 145,023
Claims Administration									
52302 Claims Administration Fee	\$ 49,250	\$ 28,350	\$ 20,900	\$ 28,350	\$ 28,350	\$ -	\$ 20,900	\$ -	\$ 20,900
52303 Fraud Hotline	-	-	-	-	-	-	-	-	-
52305 MPN Services	12,000	12,000	-	2,000	2,000	-	10,000	10,000	-
52304 State Funding/Fraud Assessment	120,000	120,000	-	-	-	-	120,000	120,000	-
Total Claims Admin Expenses	\$ 181,250	\$ 160,350	\$ 20,900	\$ 30,350	\$ 30,350	\$ -	\$ 150,900	\$ 130,000	\$ 20,900
Program Administration									
52401 Program Administration Fee	\$ 270,000	\$ 122,475	\$ 147,525	\$ 67,500	\$ 30,619	\$ 36,881	\$ 202,500	\$ 91,856	\$ 110,644
52403 Accounting Services	62,100	31,050	31,050	10,350	5,175	5,175	51,750	25,875	25,875
Total Program Admin Expenses	\$ 332,100	\$ 153,525	\$ 178,575	\$ 77,850	\$ 35,794	\$ 42,056	\$ 254,250	\$ 117,731	\$ 136,519
Board Expenses									
52501 Executive Committee	\$ 2,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,000	\$ 1,000
52502 Executive Committee Member Travel	5,000	2,500	2,500	-	-	-	5,000	2,500	2,500
52503 Board of Directors Meetings (includes Tr	6,000	3,000	3,000	366	183	183	5,634	2,817	2,817
XXXXX Board of Directors Long Range Planning	-	-	-	-	-	-	-	-	-
52504 Association Memberships	6,000	3,000	3,000	300	150	150	5,700	2,850	2,850
Total Board Expenses	\$ 19,000	\$ 9,500	\$ 9,500	\$ 666	\$ 333	\$ 333	\$ 18,334	\$ 9,167	\$ 9,167
Other Administration Expenses - Not identified with above budget line items									
52000 Administrative Expense	-	-	-	-	-	-	-	-	-
52001 Administration Expense - Other	-	-	-	-	-	-	-	-	-
Total Other Admin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency Reserves	-	-	-	-	-	-	-	-	-
Total Admin Expenses	\$ 992,150	\$ 534,925	\$ 497,225	\$ 268,442	\$ 109,476	\$ 158,966	\$ 723,709	\$ 425,449	\$ 338,259
TOTAL ADMIN REVENUE OVER EXPENSES	\$ 40,000	\$ -	\$ -	\$ 169,633	\$ 202,960	\$ (33,327)	\$ (129,634)	\$ (202,960)	\$ 33,327

	Budget 2012-2013			YTD Expended 2012-2013			Remaining 2012-2013		
BANKING LAYER BUDGET									
Banking Layer Revenue									
41020 Banking Layer Deposit	\$ 5,349,790	\$ 3,862,019	\$ 1,487,771	\$ 1,335,129	\$ 963,185	\$ 371,944	\$ 4,014,661	\$ 2,898,834	\$ 1,115,827
41050 Banking Layer Refund	-	-	-	-	-	-	-	-	-
43010 Banking Layer Assessment	-	-	-	-	-	-	-	-	-
41060 Liab Shared Risk Layer Transfer	-	-	-	-	-	-	-	-	-
44020 CJPRMA Refund Transfer	(304,007)	-	(304,007)	-	-	-	(304,007)	-	(304,007)
44030 Change in Fair Value	-	-	-	63,716	44,394	19,322	(63,716)	(44,394)	(19,322)
44040 Interest Income	-	-	-	159,380	107,272	52,108	(159,380)	(107,272)	(52,108)
44010 Other Income	-	-	-	(10,517)	(5,365)	(5,152)	10,517.00	5,365.00	5,152.00
Total Banking Layer Revenue	\$ 5,045,783	\$ 3,862,019	\$ 1,183,764	\$ 1,547,708	\$ 1,109,486	\$ 438,222	\$ 3,498,075	\$ 2,752,533	\$ 745,542
Banking Layer Expenses									
51100 Claims Paid	\$ 4,547,000	\$ 3,638,000	\$ 909,000	\$ -	\$ -	\$ -	\$ 4,547,000	\$ 3,638,000	\$ 909,000
51110 Claims Refunds	-	-	-	(2,340)	(2,340)	-	2,340	2,340	-
51000 Claims Adjusting Fee	924,000	519,000	405,000	-	-	-	924,000	519,000	405,000
43030 Banking Layer Refund	-	-	-	-	-	-	-	-	-
51050 Voids - claims	-	-	-	(9,488)	(9,488)	-	9,488	9,488	-
51115 Claims Subrogation/Recoveries	-	-	-	(62,730)	(62,730)	-	62,730	62,730	-
51130 Claims Investigation Liab and WC	-	-	-	-	-	-	-	-	-
51135 Claims Admin - Liability	-	-	-	70,167	-	70,167	(70,167)	-	(70,167)
51140 Claims Excess Adj	-	-	-	-	-	-	-	-	-
51400 OS Liability Adjustment	-	-	-	-	-	-	-	-	-
51800 ULAE Adjustment	-	-	-	-	-	-	-	-	-
52300 Claims Admin - Monthly WC Only	-	-	-	129,750	129,750	-	(129,750)	(129,750)	-
Total Banking Layer Expenses	\$ 5,471,000	\$ 4,157,000	\$ 1,314,000	\$ 125,359	\$ 55,192	\$ 70,167	\$ 5,345,641	\$ 4,101,808	\$ 1,243,833
TOTAL BANKING REVENUE OVER EXPENSES	\$ (425,217)	\$ (294,981)	\$ (130,236)	\$ 1,422,349	\$ 1,054,294	\$ 368,055	\$ (1,847,566)	\$ (1,349,275)	\$ (498,291)

	Budget 2012-2013			YTD Expended 2012-2013			Remaining 2012-2013		
SHARED RISK LAYER BUDGET									
Shared Layer Revenue									
41030 Shared Risk Layer Deposit	\$ 3,195,508	\$ 1,958,283	\$ 1,237,225	\$ 798,877	\$ 489,571	\$ 309,306	\$ 2,396,631	\$ 1,468,712	\$ 927,919
41040 Excess Deposit/Premium	1,402,733	602,733	800,000	350,683	150,683	200,000	1,052,050	452,050	600,000
41060 Shared Risk Refund	-	-	-	-	-	-	-	-	-
42000 CJPRMA / Shared Risk Admin	-	-	-	-	-	-	-	-	-
43020 Shared Risk Layer Assessment/Refund	-	-	-	-	-	-	-	-	-
XXXXX CJPRMA Refund	-	-	-	-	-	-	-	-	-
44030 Change in Fair Value	-	-	-	37,989	32,809	5,180	(37,989)	(32,809)	(5,180)
44040 Interest Income	-	-	-	90,059	73,944	16,115	(90,059)	(73,944)	(16,115)
44060 Property Premium	755,883	-	755,883	188,971	-	188,971	566,912	-	566,912
44070 Crime Premium	20,030	-	20,030	5,175	-	5,175	14,855	-	14,855
Total Shared Layer Revenue	\$ 5,374,154	\$ 2,561,016	\$ 2,813,138	\$ 1,471,754	\$ 747,007	\$ 724,747	\$ 3,902,400	\$ 1,814,009	\$ 2,088,391
Shared Layer Expenses									
51100 Claims Paid	\$ 3,414,000	\$ 2,100,000	\$ 1,314,000	\$ 2,322,373	\$ 993,891	\$ 1,328,482	\$ 1,091,627	\$ 1,106,109	\$ (14,482)
52401 CJPRMA/Shared Risk Layer Admin	-	-	-	-	-	-	-	-	-
54100 Excess Deposit/Premium Exp	1,402,733	602,733	800,000	642,003	-	642,003	760,730	602,733	157,997
54200 Safety Grant Fund	250,000	250,000	-	40,850	40,850	-	209,150	209,150	-
54150 Member Property Coverage	755,883	-	755,883	777,750	22,400	755,350	(21,867)	(22,400)	533
54150 Member Crime Coverage	20,030	-	20,030	-	-	-	20,030	-	20,030
43020 Shared Risk Layer Refund	-	-	-	-	-	-	-	-	-
Total Shared Layer Expenses	\$ 5,842,646	\$ 2,952,733	\$ 2,889,913	\$ 3,782,976	\$ 1,057,141	\$ 2,725,835	\$ 2,059,670	\$ 1,895,592	\$ 164,078
TOTAL SHARED REVENUE OVER EXPENSES	\$ (468,492)	\$ (391,717)	\$ (76,775)	\$ (2,311,222)	\$ (310,134)	\$ (2,001,088)	\$ 1,842,730	\$ (81,583)	\$ 1,924,313

	Budget 2012-2013			YTD Expended 2012-2013			Remaining 2012-2013		
OTHER INCOME/(EXPENSE)									
44020 Dividend Income	-	-	-	-	-	-	-	-	-
52400 Program Administration	-	-	-	-	-	-	-	-	-
52402 CJPRMA Program Fee	-	-	-	-	-	-	-	-	-
52500 Board Expenses	-	-	-	-	-	-	-	-	-
52505 Board Expenses - Other	-	-	-	-	-	-	-	-	-
52900 Contingency Reserves	-	-	-	-	-	-	-	-	-
54000 Program Administration	-	-	-	-	-	-	-	-	-
55100 Dividends Expense	-	-	-	-	-	-	-	-	-
59000 Interfund Transfers	-	-	-	-	162	(162)	-	(162)	162
Rounding	-	-	-	-	-	-	-	-	-
Total Other Income/(Expense)	\$ -	\$ -	\$ -	\$ -	\$ 162	\$ (162)	\$ -	\$ (162)	\$ 162
TOTAL INCOME/(EXPENSE)	(853,709)	(686,698)	(207,011)	(719,240)	947,282	(1,666,522)	(134,470)	(1,633,980)	1,459,511



**Board of Directors
October 18, 2012**

Agenda Item E.

ACTION TAKEN BY THE EXECUTIVE COMMITTEE

INFORMATION ITEM

ISSUE: This time is allotted for President Liz Ehrenstrom to address the Board with an overview of actions taken during the recent Executive Committee teleconference meeting that was held on September 13, 2012.

FISCAL IMPACT: None.

RECOMMENDATION: None. This item is presented as information.

BACKGROUND: The Executive Committee met on September 13, 2012 and took action on the following items:

1. Approval of the December Long Range Planning Meeting
2. Approval of AssetWorks Contract for Property Appraisal Services
3. Approval of the Police Risk Management Committee Meeting Continuation
4. Approval of the Board of Directors Lunchtime Presentation Topics

ATTACHMENTS: None.



**Board of Directors
October 18, 2012**

Agenda Item F.

MINUTES AND REPORTS

INFORMATION ITEM

ISSUE: Minutes and Committee Reports are provided to the Board of Directors for their information.

FISCAL IMPACT: None.

RECOMMENDATION: None. This item is presented as information.

BACKGROUND: Minutes and Committee Reports are provided to the Board of Directors for their information on other committees and excess providers meetings to provide the Board with information from these meetings.

ATTACHMENT(S):

1. Risk Management Meeting October 18, 2012 – Verbal Report
2. Draft Minutes – Executive Committee Meeting September 13, 2012
3. Draft Minutes – Police Risk Management Committee Meeting August 23, 2012
4. Minutes – Risk Management Committee Meeting June 14, 2012



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
TELECONFERENCE
SEPTEMBER 13, 2012**

MEMBERS PRESENT

John Brewer, City of Corning
Karin Helvey, City of Gridley
Liz Ehrenstrom, City of Oroville
Sandy Ryan, City of Red Bluff
Tim Sailsbery, City of Willows
Steve Kroeger, City of Yuba City
Gina Will, Town of Paradise

MEMBERS ABSENT

Jeff Kiser, City of Anderson

GUESTS & CONSULTANTS

Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Laurence Voiculescu, Alliant Insurance Services
Alana Theiss, James Marta & Company
Craig Wheaton, York Risk Services
Ben Burg, York Risk Services

A. CALL TO ORDER

The meeting was called to order at 10:32 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Steve Kroeger **SECOND:** Tim Sailsbery **MOTION CARRIED**

D. CONSENT CALENDAR

1. Executive Committee Teleconference Meeting Draft Minutes – July 19, 2012
2. Check Register at June 30, 2012
3. Investment Reports
 - a. LAIF as of June 30, 2012
 - b. Chandler Asset Management – Short/Long Term – June, July & August, 2012
 - c. Treasurer’s Report as of June 30, 2012
4. Utilization Report for Safety Grant Funds as of June 30, 2012
5. Letter of Opposition AB 2451 (Perez)

A motion was made to approve the Consent Calendar.

MOTION: Gina Will **SECOND:** Sandy Ryan **MOTION CARRIED**

E. MINUTES AND REPORTS

1. Board of Directors Meeting Draft Minutes – June 14, 2012
2. Risk Management Committee Meeting Draft Minutes – June 14, 2012
3. Claims Committee Meeting
 - a. Claims Committee Meeting Minutes – May 10, 2012
 - b. Closed Session Items Management via Teleconference (Verbal)
4. CJPRMA Investment Report ending June 30, 2012
5. CSAC EIA Investment Report – Quarter ending June 30, 2012

These items are provided as information only.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for Period Ending June 30, 2012

Ms. Alana Theiss from James Marta & Company gave a presentation regarding the Quarterly Financial Report for Period Ending June 30, 2012. Ms. Theiss advised that the pool itself showed a loss which was due to dividends paid out of \$4.4 million. The NCCSIF Liability Shared Risk layer is currently in a deficit of \$865,000 which should be discussed by Board. This was due to large claims paid as well as large adjustments. Mr. James Marta will be available to discuss the item in further detail with the Board of Directors. She then advised that the NCCSIF Workers’ Compensation Shared Risk layer equity remains healthy noting that the actuary decreased the WC Shared Risk liabilities from previous years.

A motion was made to receive and file the Quarterly Financial Report for Period Ending June 30, 2012.

MOTION: Tim Sailsbery **SECOND:** Sandy Ryan **MOTION CARRIED**

F2. Update on YE 2012 Financial Audits

Ms. Theiss provide the Committee with an update on the NCCSIF Financial Audits for Year Ending 2012 advising that a draft has been received showing no adjustments. The Committee requests a Finance Committee meeting to be scheduled to review the Draft Financial Audits. Ms. Theiss will schedule the meeting accordingly.

G. JPA BUSINESS

G1. Review of Preliminary 2013 Meeting Calendar

Ms. Adams explained to the Committee that the Preliminary 2013 Meeting Calendar primarily schedules upcoming meetings on the third Thursdays of each scheduled month with exceptions to those conflicting with CJPRMA meeting dates. No action was taken on this item.

G2. Long Range Planning Items

G2a. Long Range Planning Items List

The Long Range Planning Items list is presented as an information item and will be a working document detailing the needs of the JPA.

G2b. Discussion of December 13, 2012 Long Range Planning Meeting

Ms. Adams advised that in order to receive the CAJPA Accreditation with Excellence a JPA must have a Long Range Planning Session every three years. Staff recommends considering Long Range Planning session as a part of a regular Board meeting in December to address the financial components of the NCCSIF pool that are currently impacted due to the economy which would include the following: Issues with the Liability shared layer; Confidence level funding; Investment income rates used for discounting losses; Assessments and Distributions from Retrospective Rating programs; and Financial solvency of members.

Upon further discussion, the Committee decided to hold a Long Range Planning meeting prior to NCCSIF's December Board of Directors meeting recognizing the time constraint presented at the previous Long Range Planning/Board of Directors meeting in the prior year. Staff will present possible meeting dates to the Board of Directors for approval at the October 18, 2012 Board of Directors meeting.

A motion was made to approve a Long Range Planning meeting prior to the December 13, 2012 Board of Directors meeting.

MOTION: Steve Kroeger **SECOND:** Karin Helvey **MOTION CARRIED**

G3. Lunchtime Presentation

Ms. Adams advised that staff has provided a list of presentations for upcoming Board of Directors meetings upon which Mr. Tim Sailsbery suggested removing the Investment Report from Chandler and requesting Chandler to present to NCCSIF on an annual basis.

Mr. Kroeger suggested having members discuss past claims and their approach for other members to take home. Ms. Adams advised that York would be able to provide a presentation regarding losses that occurred within other entities that may pertain to NCCSIF members.

A motion was made to approve the list of recommended lunchtime presentations as discussed above.

MOTION: Steve Kroeger **SECOND:** Karin Helvey **MOTION CARRIED**

G4. Property Appraisals

Ms. Adams advised that staff has issued a Request for Proposal (RFP) which was sent to seven vendors of which three proposals were received from American Appraisal, AssetWorks, and Cbiz. The proposals included property and contents for all members based on the current schedule of locations that is used for the PEP/IP program. Out of the three proposals AssetWorks offered the lowest price at \$120,500. Ms. Adams advised that the Executive Committee approved a budget of \$70,000 for the Property Appraisals and suggested delaying the property appraisals another year due to budgetary purposes.

Mr. Kroeger suggested discussing the possibility of splitting the cost over a two year period. Upon further discussion the Committee directed staff to approach AssetWorks with a two year agreement option.

A motion was made to request a 2 year agreement option from AssetWorks splitting the cost of the NCCSIF property appraisals over two years.

MOTION: Tim Sailsbery **SECOND:** Steve Kroeger **MOTION CARRIED**

G5. CAJPA Accreditation Update

Ms. Adams explained that the CAJPA Audit was finalized at the June 11, 2012 CAJPA Accreditation Board meeting and NCCSIF was approved for "Accreditation with Excellence". \$5,850 was budgeted and paid for the 2011/12 fiscal year for this review and Accreditation with Excellence results in a \$7,500 credit towards NCCSIF's Excess Workers' Compensation premium with CSAC-EIA. An award will be presented by a representative from CAJPA at the next Board of Directors meeting in October.

G6. Police Risk Management Committee Meeting Discussion

Ms. Adams advised that a Police Risk Management Committee meeting was held on August 13, 2012 at Yuba City Police Department with a great turnout. The Police Risk Management Committee reviewed losses, discussed exposures and hosted a training session. Ms. Adams also noted the Police Risk Management issues which were brought to light that are in need of financial assistance possible from the JPA. Also, a Chair and Vice-Chair were appointed at the Police Risk Management Committee meeting who will attend the Risk Management Committee meetings to report items pertaining to the Police Risk Management Committee.

A motion was made to continue the Police Risk Management Committee meetings on a quarterly basis.

MOTION: Steve Kroeger **SECOND:** John Brewer **MOTION CARRIED**

H. INFORMATION ITEMS

- H1. CAJPA Conference – September 18, 2012 in South Lake Tahoe, CA**
- H2. NCCSIF Meeting Calendar 2012**
- H3. NCCSIF Resource Contact Guide**
- H4. PARMA Conference – February 3 – 6, 2013 at Rancho Mirage, CA**

These items were provided as information only.

I. ADJOURNMENT

The meeting was adjourned at 11:20 a.m.



**MINUTES OF THE
POLICE RISK MANGEMENT COMMITTEE MEETING
AUGUST 23, 2012**

MEMBERS PRESENT

Chief John Ruffcorn, City of Auburn
Sgt. Michael Garlock, City of Auburn
Capt. Tony Welch, City of Dixon
Sgt. Ronald Willingmyre, City of Dixon
Sgt. Chris Emery, City of Folsom
Chief Bill Bowen, City of Galt
Asst. Chief Dean Price, City of Gridley
Chief Paul Nanfito, City of Red Bluff
Lt. Kyle Sanders, City of Red Bluff
Chief Ron Lawrence, City of Rocklin
Chief Rob Landon, City of Yuba City
Chief Gabriela Tazzari-Dineen, Town of Paradise
Sgt. Steve Rowe, Town of Paradise,
Lt. Al Billington, Town of Paradise

MEMBERS ABSENT

City of Anderson
City of Colusa
City of Corning
City of Ione
City of Jackson
City of Lincoln
City of Nevada City
City of Oroville
City of Placerville
City of Rio Vista
City of Willows

GUESTS & CONSULTANTS

Paula Islas, City of Galt
Matt Michaelis, City of Marysville
Russell Hildebrand, City of Rocklin
Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Tom Kline, Bickmore Risk Services

A. CALL TO ORDER

The meeting was called to order at 10:04 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Rob Landon **SECOND:** Ron Lawrence **MOTION CARRIED**

D. BUSINESS

D1. Appointment of NCCSIF PRMC Chair and Vice-Chair

Ms. Susan Adams asked that the Committee appoint a Chair and Vice-Chair to run the Police Risk Management Committee meetings and attend the Risk Management Committee meetings reporting on matters pertaining to the Police Risk Management Committee.

Mr. John Ruffcorn, City of Auburn volunteered for the Chair position and Mr. Paul Nanfito, City of Red Bluff, volunteered for the Vice-Chair position.

E. RISK MANAGEMENT

E1. Police Liability and Workers' Compensation Claims Analysis

Mr. Tom Kline presented to the Committee the Police Liability and Workers' Compensation Claims Analysis. With respects to Liability the three most frequent Causes of Loss were Auto Liability, Civil Rights and Third Party Property Damage claims. The three most severe Causes of Loss were Auto Liability, Excessive Force and False Arrest.

With respects to Workers' Compensation the five most frequent Causes of Loss were Contagious Disease Exposure, Repetitive Motion, Slip & Fall, Strain and Struck by or Against. The most sever Causes of Loss were Miscellaneous, Repetitive Motion, Slip and Fall, Strain and Struck by or Against. Staff was asked to provide more detail on the Miscellaneous Category and show losses related to Taser Usage in future meetings.

Ms. Adams advised that claims are available through the York website via Claims Connect provided by York and if any member desires access to put in a request with the Program Administration staff.

F. ROUND TABLE DISCUSSION

Upon reviewing the Claims Analysis Mr. Kline proceeded to ask the Committee to provide any exposures that may be important to consider. The exposures discussed consisted of the following: New vehicles; Tasers; Vehicle Inspection; Technology Advances; Driver Distractions; Fleet Safety.

With respects to Workers' Compensation the Committee discussed the following exposures: Weight Training; Fitness Funding; AB2451 Pension Reform; Defensive Tactics; Equipment Weight; Taser Usage; Contagious Diseases and Aerosol Transmissible Diseases.

Mr. Kline also advised the Board of possible Aerosol Transmissible Diseases Workshops which are available for the Committee.

G. POLICE TRAINING SESSION (ASSESSING POLICE PERFORMANCE)

Mr. Mark. J. Wittenberg, a veteran police manager, hosted an intermediate to advanced level police training session. This session provided the Committee with assessment principles used to reduce police department exposure to costly litigation. Topics included:

- The five red flags of poor police performance
- The four elements of police culture that drive outcomes
- The three things you can do now to improve morale, protect jobs, and build trust with the community
- How to decide if an assessment is needed

H. INFORMATION ITEMS

H1. NCCSIF Meeting Calendar 2012

H2. NCCSIF Resource Contact Guide

These items were provided as information only.

I. ADJOURNMENT

The meeting was adjourned at 2:04 p.m.



**MINUTES OF THE
NCCSIF RISK MANAGEMENT COMMITTEE MEETING
BONANZA INN CONFERENCE CENTER, YUBA CITY, CA
JUNE 14, 2012**

MEMBERS PRESENT

Tom Watson, City of Corning
Paula Islas, City of Galt
Elisa Arteaga, City of Gridley
Paul Shelgren, City of Lincoln
Dixon Coulter, City of Marysville
Liz Ehrenstom, City of Oroville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Natalie Walter, City of Yuba City
Crystal Peters, Town of Paradise

MEMBERS ABSENT

Juanita Barnett, City of Anderson
Robert Richardson, City of Auburn
Shelly Kittle, City of Corning
Kim Stalie, City of Dixon
Loo Ng, City of Folsom
Jeff Butzlaff, City of Ione

Carla Soracco, City of Jackson
John Lee, City of Lincoln
Catrina Olson, City of Nevada City
Dave Warren, City of Placerville
Marni Rittburg, City of Rio Vista
Wayne Peabody, City of Willows

GUESTS & CONSULTANTS

Don Atkins, City of Corning
Bill Bowen, City of Galt
Gary Keeler, City of Gridley
Paul Shelgren, City of Lincoln
Allen Byers, City of Oroville
Paul Nanfito, City of Red Bluff
Ron Lawrence, City of Rocklin
Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Henri Castro, Bickmore Risk Services
Jeff Johnston, Bickmore Risk Services

Tom Kline, Bickmore Risk Services

A. CALL TO ORDER

The meeting was called to order at 9:33 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Dixon Coulter **SECOND:** Natalie Walter **MOTION CARRIED**

D. CONSENT CALENDAR

1. Minutes of the Risk Management Committee Meeting – April 26, 2012

A motion was made to approve the consent calendar.

MOTION: Dixon Coulter **SECOND:** Paula Islas **MOTION CARRIED**

E. RISK MANAGEMENT BUSINESS

E1. Police Risk Management Committee Meetings

Ms. Susan Adams explained that the Board of Directors was unsure as to how valuable the Police Risk Management Committee (PRMC) Meetings were and directed staff to hold a Risk Management Committee meeting with invitations sent out to Police Chiefs to attend and give feedback and thoughts regarding the continuation and format of future PRMC meetings.

Mr. Jeff Johnston introduced the Bickmore staff consisting of Henri Castro, Tom Kline and himself and provided a brief history of the staff's background. He then proceeded to give a presentation regarding police risk management training and meetings they currently provide for another client, the Central San Joaquin Valley Risk Management Authorities (RMAs) that Bickmore hosts PRMC meetings for. Mr. Tom Kline then discussed the current formats utilized by ICRMA, BCJPA and CSJVRMA with respects to PRMC meetings. He touched on the following topics/ideas:

- Police Liability
- Police Roundtable discussion
- Police Representation on the Risk Management Committee
- Police Forums

- Use of Force
- Reducing Liability

Mr. Kline then discussed the claims exposure which needed the focus of the PRMC and touched on a few which were ethical decision making, officer involved shootings and assessments of police performance.

Ms. Henri Castro also discussed the CalOSHA regulation regarding Aerosol Transmissible Diseases and how this affects the Police Department advising of Bickmore's CalOSHA blessed program regarding the exposure.

Mr. Kline provided talking points to discuss the possible procedures and format of PRMC meetings which were as follows:

- Committee Purpose
- Formal vs. informal
- Format
- Attendance
- Meeting Times
- Accountability

The RMC asked the Police Department representatives attending the meeting for their input on future meetings, are they necessary, which do they prefer, teleconferences or in person meetings and topics and format for future meetings. There was much discussion with the majority stating that in person meetings are the most valuable, but would like the option of having telephone and/or video conferencing services available if they cannot make the meeting in person.

The consensus of the discussion by the attendees the Committee was to have quarterly PRMC meetings with teleconferencing option available. The start time of the meeting will be from 10:00 am to 12:00 pm or 9:00 am to 11:00 am. The meetings will be Agendized with minutes provided including a Round Table discussion at the end of the meeting. The Agendas would also provide Loss Analysis of the Police Department by member. These meetings are to be held on Thursday with the first meeting being held in August. It was also decided that Yuba City will be the location where the PRMC meetings will be held. Natalie Walter from Yuba City will speak to their police department about holding these meetings in their location. Staff recommended that the PRMC appoint a representative to attend the RMC meetings to advise the RMC of their meetings, what was discussed and outcomes.

A motion was made to continue the Police Risk Management Committee meetings subject to the decisions above.

MOTION: Ron Lawrence **SECOND:** Dixon Coulter **MOTION CARRIED**

E2. Risk Control Services Summary as of June 1, 2012

Ms. Henri Castro provided the Committee with a Summary of the services provided by BRS as of June 1, 2012. She also advised the Committee that the Vendor Services/Employee Training Matrices have been finalized and will be updated on an annual basis. These resources will be available on the website. Ms. Natalie Walter requested the Summary be provided showing the updates from prior meetings.

E3. Upcoming Services

Ms. Henri Castro advised the Committee that Bickmore has completed the assessment for the City of Galt. Mr. Johnston advised that Teri Norris will be brought on to assist Ms. Castro with the initial member assessments to help speed up the process of completing all of the assessments for NCCSIF members.

E4. Review and Approval of Risk Management Policy & Procedure for Volunteers

Ms. Adams explained that at the April 26, 2012 Risk Management Committee meeting, staff was directed to draft a policy and procedure regarding the use of volunteers by members. This issue was raised by various members addressing the use of volunteers and whether this increases the city's Workers' Compensation or Liability Costs.

Ms. Castro drafted a Policy and Procedure following CSAC's current Policy and Procedure regarding the use of volunteers. There was discussion regarding whether this Policy and Procedure should be provided as a requirement or a general guideline to all members. Ms. Castro was asked to revise the draft P&P to detail the areas that are required by members and those that should be used as a guideline.

E5. Fire Services Training from TargetSolutions

Ms. Adams explained that the Board of Directors and the Executive Committee has discussed the Lexipol Fire Policy Manual and determined that the information provided was not of interest and did not justify the annual cost of \$103,000. TargetSolutions provides NCCSIF online training which is purchased at a discounted cost through CSAC-EIA and they also offer Fire Training classes. NCCSIF Fire Chiefs were contacted and asked to review this training to determine if it is of interest and value to them. Staff has been directed to provide Fire Chiefs with specifics regarding the services available through TargetSolutions.

E6. BackSafe (FIT) Loss/Utilization Analysis

Ms. Adams explained that staff has been directed to provide an analysis to determine if the services received from BackSafe (FIT) resulted in reduced frequency and severity of back injury losses. Ms. Adams explained that in reviewing the analysis, there has not been significant

decrease in the severity or frequency of back losses. The majority of the losses were due to back losses from the Police and Fire Departments.

There was further discussion regarding possible alternatives to BackSafe training upon which Ms. Castro offered to look into specialized training to assist in back losses.

A motion was made to discontinue the utilization of services from BackSafe (FIT) for the 2012/13 program year.

MOTION: Russell Hildebrand **SECOND:** Dixon Coulter **MOTION CARRIED**

E7. Review and Approval of 2012/13 Risk Management Budget

Ms. Adams explained that the major changes from the prior year for Risk Management Expenses are as follows:

- Included \$15,000 for member requested training that is not included in services received from Bickmore Risk Services, i.e., Confined Space, Certificate Pool Operators, Employment Practices Liability, etc.
- Online Risk Management Services was reduced from \$41,800 to \$12,000 to more accurately reflect actual usage compared to anticipated usage
- FIT/Backsafe is increased from \$75,000 to \$80,000 to more accurately reflect usage

A motion was made to approve the 2012/2013 Risk Management Budget upon removal of \$80,000 Backsafe (FIT) budget with an allocated \$40,000 to Injury Prevention Training.

MOTION: Russell Hildebrand **SECOND:** Sandy Ryan **MOTION CARRIED**

F. INFORMATION ITEMS

F1. NCCSIF Travel Reimbursement Form

The Information Items are provided as an update only.

G. ADJOURNMENT

The meeting was adjourned at 11:55 a.m.



**Board of Directors
October 18, 2012**

Agenda Item H.1

PRESENTATION AND ACCEPTANCE OF THE CAJPA ACCREDITATION WITH EXCELLENCE

INFORMATION ITEM

ISSUE: The CAJPA Accreditation Audit was finalized at the June 11, 2012 CAJPA Accreditation Board meeting and is presented for approval along with a presentation of the CAJPA “Accreditation with Excellence” plaque.

FISCAL IMPACT: None.

RECOMMENDATION: It is the recommendation of Staff that the Board of Directors approve the final CAJPA Accreditation Report for NCCSIF.

BACKGROUND: Every three years the California Association of Joint Powers Authorities (CAJPA) performs an audit on the administration of NCCSIF. For the past three audits, NCCSIF has maintained the “Accreditation with Excellence” rating.

ATTACHMENT(S):

1. NCCSIF Cover Letter for Accreditation Report
2. NCCSIF Final CAJPA Accreditation Report



June 12, 2012

Alliant Insurance Services, Inc.
1792 Tribute Rd, Suite 450
Sacramento, CA 95815

Attention: Ms. Susan Adams and Ms. Joan Crossley

**ACCREDITATION REPORT OF
NORTHERN CALIFORNIA CITIES SELF-INSURANCE FUND (NCCSIF)**

Dear Susan and Joan:

Your attendance at yesterday's meeting was greatly appreciated by me and the CAJPA Accreditation Committee; we always enjoy seeing that level of participation.

Enclosed is one copy of the Final Accreditation Report for Northern California Cities Self-Insured Fund (NCCSIF). The Accreditation Committee has approved NCCSIF's Conditional Accreditation pending their completion of the specified requirement.

A six month timeframe from June 11, 2012 would be applicable to providing evidence in compliance with the requirements for Full Accreditation.

Please contact me if you have any questions regarding compliance. You may forward all documentation to me. I would like to extend a note of gratitude to the Northern California Cities Self-Insurance Fund and the Alliant Insurance Services' staff for your combined cooperation and patience throughout the process and continued support of the CAJPA Accreditation process.

Sincerely,

CAROL J. WELLS, ARM
Vice-President

GM: cjw

Enclosure

cc: Simone Parker/C. Smith, CAJPA Accreditation Administration



***California Association
Of
Joint Powers Authorities
Accreditation Report
Of***

***Northern California Cities Self-Insured
Fund
(NCCSIF)***

Prepared by

Carol Wells

FINAL

September 26, 2011

Table of Contents

I. Background

A.	Description of JPA.....	3
B.	Consultant Activities.....	5
C.	Limitations.....	5
D.	Distribution and Use.....	5

II. Findings and Recommendations

A.	Requirements.....	6
B.	Requirements for Excellence.....	6
C.	Suggestions.....	6

III. Accreditation Standards Worksheets

I.	Governing Documents and Administrative Contracts.....	8
II.	Government Rules	12
III.	Insurance and Coverages	14
IV.	Accounting and Finance	15
V.	Investment of Funds	18
VI.	Funding and Actuarial Standards (Liability).....	21
VI.	Funding and Actuarial Standards (Workers' Compensation).....	22
VII.	Risk Control	23
VIII.	Claims Management (Liability).....	24
VIII.	Claims Management (Workers' Compensation).....	26
IX.	Operations and Administrative Management	28

Appendix A	Member Listing
Appendix B	Target Equity Sheet

I. BACKGROUND

A. Description of JPA

Northern California Cities Self Insurance Fund (NCCSIF) was established in 1979 and operates as an excess liability and workers' compensation pool. It is one of the first pooled municipal insurance programs in the State (its original target audience was medium sized Northern California cities).

NCCSIF has a Board of Directors of 21 member representatives appointed by the City Council of each member agency. The Executive Committee of the Board consists of seven voting members and two non-voting members of the Board and acts as a steering committee for overall operations of the Joint Powers Authority (JPA).

Exposure Data: 2011/2012 Payroll is \$152,624,595. Property TIV of \$750 million in 2011.

MISSION STATEMENT:

The Northern California Cities Self Insurance Fund (NCCSIF) is an association of municipalities joined together in 1979 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.

<u>SUMMARY OF COVERAGE FOR VARIOUS PROGRAMS</u>

NCCSIF also continues a group purchase arrangement for their **Property Program** through PEP (Public Entity Property Insurance Program) which is an all-risk program subject to a \$1 billion limit per occurrence and is subject to a \$5,000 deductible. Boiler and machinery is also included at a \$100 million limit with a \$2,500 deductible. Selected members also insure for auto physical damage & flood coverage excess of a \$100,000 deductible (or \$250,000 for flood zones A & V). Approximately 12 of the 20 members participate and some selected members also insure for flood coverage through the same program.

NCCSIF's **Crime Program** (group purchase) provides for employee theft coverage, forgery and computer fraud through National Union (a Chartis/AIG Company). Twelve of the twenty one members participate and the occurrence limit is \$1,000,000 subject to a deductible of \$5,000.

NCCSIF's **Physical Damage Program** is written with the Western States Public Entity Physical Damage Program, which is written through Beazley Lloyd's Syndicate. Eleven of the twenty one members participate. The deductible varies for each member as selected annually.

NCCSIF also offers an **Employee Assistance Program (EAP)** through ACI Specialty Benefits, 15 of 20 members participate through individual purchasing.

Current Program Structure for Pooled Programs

NCCSIF's Program is split into two pieces, a banking layer (each member is directly responsible for its actual losses in this layer) and a shared risk layer (losses are pooled among members).

General Liability Self-Insurance Program

Banking Layer (Funded through NCCSIF) Self-Insurance	Shared Risk Layer (Funded through NCCSIF) Self-Insurance	Excess Ins. Layers	Excess Carriers (CJPRMA)
\$0-\$50,000 (except Folsom: \$0-100,000 and City of Lone is \$0-25,000)	\$50,000-\$1,000,000 (except Folsom: \$100,000-\$1,000,000)	\$1,000,000 Per Occurrence to \$40,000,000	CA Joint Powers Risk Management Authority (joined in 1994)

Workers' Compensation/Employers Liability Self-Insurance Program

21 Cities Participate

Banking Layer (Self-Insurance)	Shared Risk Layer (Self-Insurance)	Excess Ins. Layers	Excess Carriers (CSAC)
\$0-\$100,000	\$100,000-\$500,000	\$500,000-Stat/W-Comp	CSAC Excess Insurance Authority (EIA) – joined the group in 2003.
(\$50,000 for Lone)		\$500,000-\$5,000,000 (EL)	

Service Providers

Broker	Alliant Insurance Services, Inc.
JPA Pool Administrator	Alliant Insurance Services, Inc.
Financial Accountant & Consulting Services	James Marta & Company
Financial Auditor	Crowe Horwath (acquired Perry-Smith)
Liability Claims Administration	York Insurance Services Group, Inc.
Liability Claims Auditor	RMS (Risk Management Services)
Workers' Comp Claims Administrator	York Insurance Services Group, Inc.
Workers' Comp Claims Auditor	North Bay Associates
Investment Advisor	Chandler Asset Management
Investment/Financial Custodian	Bank of New York
Actuary	Bickmore Risk Services & Consulting (BRS)
Risk Control	Bickmore Risk Services & Consulting (BRS)

B. Consultant Activities

On February 3, 2012 the Consultant received the requested materials from Joan Crossley and Susan Adams of Alliant Insurance Services, Inc. with additional information mailed on April 23, 2012.

C. Limitations

California Association of Joint Powers Authorities (CAJPA) Accreditation Program reviews the organizational structure and activities of a joint powers authority (JPA), comparing the JPA with standards adopted by the Association believed to be advantageous to the preservation and performance of the individual JPA and JPAs in California as a whole.

Our review was conducted for the purpose of forming an opinion on the general operations of the JPA, and its compliance with governmental regulations. The review also includes an examination of documents prepared by other professionals relating to actuarial soundness and financial stability of the JPA.

CAJPA does not guarantee that accreditation by CAJPA ensures the solvency or liquidity of any JPA at the time of the accreditation or any time before or after such accreditation, neither does the accreditation guarantee that an accredited JPA is administered in such a way that the JPA and its programs are, or will continue to be, financially sound.

D. Distribution and Use

This report has been prepared solely for the internal use of CAJPA as a guide in determining the applicant's compliance with the CAJPA Accreditation Standards in force at the time of the accreditation review. No further use or distribution is authorized without the prior written consent of CAJPA and Carol Wells, SRS, LLC Insurance Services.

Judgments as to the conclusions, recommendations, methods, and data contained in the report should be made only after studying the report in its entirety and understanding the limitations inherent in the analysis, as outlined in the "limitations" section. Of particular note is the limitation that we cannot assure or guarantee the financial soundness of the applicant JPA.

The supporting data, analysis, description, exhibits, and appendices to this report are provided to support the conclusions stated herein and are not necessarily suitable for any other purpose. Furthermore, CAJPA and its accreditation consultants are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

II. FINDINGS AND RECOMMENDATIONS

Recommendation: We find that **Northern California Cities Self Insurance Fund (NCCSIF)** is in substantial compliance with current Accreditation Standards. It is recommended that NCCSIF be granted continuing Accreditation status of Excellence pending satisfaction of the requirement contained herein. It is further recommended that accreditation be continuous, effective September 26, 2011 for a period of three years.

A. Requirements for Full Accreditation

II. Government Rules

Requirement #1: A.1-2. NCCSIF should file a notice for any membership changes with regards to the addition of the City of Ione which was effective July 1, 2010 with the Secretary of State.

B. Requirements for Excellence

None.

Suggestions

None.

I wish to express my appreciation to the staff at Alliant Insurance Services, Inc. and to the NCCSIF, Board President, for their cooperation in the preparation of this report.

Respectfully submitted,

Carol J. Wells, ARM
CAJPA Accreditation Consultant

California Association of Joint Powers Authorities (CAJPA)

ACCREDITATION WORKSHEETS

As of July 1, 2009

Key:

√ = Satisfactory (Meets or Exceeds Standards)

U = Unsatisfactory (Does Not Meet Standards)

? = Unable to Determine

N/A = Not Applicable

I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS

Objective

To determine that the governing documents and contracts with major service providers contain all essential provisions.

CRITERIA	STATUS	DISCUSSION
A. The JPA maintains in its records a signed original of the Joint Exercise of Powers Agreement or other acceptable documentation from each member agency. (Mandatory) <i>Other = signed copy of resolution from member's board, photo copy of signed JPA agreement. If not an original, suggest JPA check with counsel about the use of resolutions.</i>	✓	No changes to JPA agreement, effective date November 17, 1992. Bylaws amended as of December 14, 2011. Resolutions also reviewed.
B. The agreement shall contain all of the provisions required in the enabling legislation in Section 6500 et. seq. of the Government Code.		
1. §6503 requires that the purpose or power to be exercised and the method by which the purpose will be accomplished or the manner in which the power is to be exercised is to be stated in the agreement. (Mandatory)	✓	JPA Agreement, Articles III and VII.
2. In accordance with provisions of §6505.5 or §6505.6 the agreement must designate a treasurer and an auditor. (mandatory) <i>If §6505.5</i> <i>a. Treasurer and auditor from same member</i> <i>b. Treasurer and auditor from same county (if under 6505.5 the auditor shall be from the same entity as the treasurer but does not have to be specifically named and can be the same person.)</i> <i>c. A Certified Public Accountant, who can serve both functions</i> <i>If §6505.6: Can be an officer or employee of the JPA for either or both positions. (Does not have to name any one particular person in the agreement. If the agreement refers to duties under 65.05.6, this includes auditor/and treasurer, we count this as met.)</i>	✓	JPA Agreement, Article XI – Bylaws and Sections 10 & 11 of the Bylaws.
3. §6511 requires that the agreement provide for the disposition, division or distribution of any property acquired as the result of the joint exercise of powers. (Mandatory)	✓	Section 15 of Bylaws and Article XIV (Dissolution) of the JPA Agreement.
4. §6512 or Sec. 6512.2 “requires that the agreement provide that any surplus money on hand after the completion of its purpose shall be returned in proportion to the contributions made.” Or may, in the alternative, in proportion to contributions made and claims or losses paid. (Mandatory)	✓	JPA Agreement, Article XIV and Bylaws Section 15.
C. The following are described in appropriate governing documents (agreement, bylaws, resolutions, master plan documents, memorandums of coverage, memorandums of understanding, adopted board policies or other similar documents):		DOCUMENTS IN WHICH ITEM CAN BE LOCATED
1. Eligibility criteria; (Mandatory)	✓	Bylaws Section 13-New Members
2. Procedure for electing officers; (Mandatory)	✓	Article IX and Bylaws Section 4.A. and 5.A-D

3. Terms of office; (Mandatory)	✓	Bylaws Section 4.B. and 5.A-D
4. Record retention policy; (Excellence only)	✓	Admin Policies/Procedures A-7
5. Power and duties of Board; (Mandatory)	✓	JPA Agreement, Article X
6. Indemnification for liability; (Excellence only) <i>The governing documents address that anyone acting in their official capacity (board/committee) is indemnified by the JPA or (not) to eliminate gray area. Employees are already covered under Gov. Code.</i>	✓	JPA Agreement, Article XVII
7. Provisions for dissolution of pool; (Mandatory) <i>There is a process specified for the members to elect to dissolve the pool.</i>	✓	Bylaws Section 15 (A-C), JPA Agreement Article XIV
8. Provisions for financial audits; (Mandatory)	✓	Bylaws Section 10.D.and A-10 of the Admin Policies/Procedures
9. Provisions for actuarial studies; (Excellence only)	✓	Admin Policies/Procedures A-10
10. Provisions for claims audits: (Excellence only)	✓	Bylaws Section 17.D. & A-10 of the Admin Policies/Procedures
11. Provisions for assessments & distributions; (Mandatory)	✓	Bylaws Section 12.B.3. & 16.A.2. and JPA Agreement, Article XIV
12. Provisions for member withdrawal from a program or JPA as a whole. These provisions shall include: <ul style="list-style-type: none"> • Notice requirements • Financial obligations and entitlements, i.e. responsibilities for future assessments or rights for future dividends. (Mandatory) 	✓	Bylaw Sections 14 (program) and 16 (from JPA itself) and JPA Agreement Article XII (Termination)
13. Provisions for termination of JPA members (such as the right to cancel for non-payment of premiums, underwriting problems, or the failure to adequately control risks); (Mandatory)	✓	JPA Agreement, Article XIII (Expulsion) and
14. Provision for annual meeting of the board; (Mandatory) <i>(The board will meet at least annually, not an annual meeting according to Roberts Rules of Order.)</i>	✓	Bylaws, Section 3: Meetings of the Board of Directors and JPA Agreement Article IX.
15. Provision for the resolution of coverage and claims disputes with its members; (Excellence only)	✓	WC MOC, Part 6: Conditions F. And Liability MOC, Section 11
16. Provision for obligations of members. (Mandatory) <i>The governing documents identify obligations of members, e.g.</i> <ul style="list-style-type: none"> • <i>Payment of premiums</i> • <i>Representative for board</i> • <i>Provide requested data</i> 	✓	
D. 1. The JPA is in substantial compliance with its governing documents. (Mandatory)	✓	To be completed after on-site audit
2. The JPA Governing Board has reviewed the prior Accreditation Report for findings and recommendations. (Excellence)	✓	
E. The JPA has written contracts with firms or individuals that provide program administration services, insurance brokerage	✓	Refer to Exhibit 4 Below

<p>services, claims administration services, or have access to JPA funds. Such contracts shall include: (Mandatory)</p> <ol style="list-style-type: none"> 1. Scope of services of the contractor; 2. Indemnification and insurance requirements; <i>(A fidelity bond is required for any contractor that has access to JPA funds. If coverage doesn't cover forgery and alteration then it would not be sufficient coverage; or is employee dishonesty enough. Optional for consultant to add as a recommendation if they believe this is a concern.)</i> 3. Compensation; 4. Term of Agreement; 5. Contract cancellation provisions; 6. Ownership of records; 7. Duty to disclose conflicts of interest including but not limited to other sources of income; and <i>(Suggest consultant inquire if there is a process to provide for this disclosure but this is not a standard requirement and may just be a suggestion.)</i> 8. Language addressing how and by whom fines and penalties are to be paid (applies to W.C. third party claims administrators only). <p><i>(For investment advisor contract see V-H)</i></p>		
<p>F. The JPA has certificates of insurance on file evidencing coverage required in contracts under E., above. (Mandatory) <i>(Consider writing a suggestion for the pool to have a process to collect and review these if they do not have them on file and must collect them during the study.)</i></p>	✓	
<p>G. If the JPA offers employee benefit programs to member agencies, a written plan description must be provided to covered employees. (Mandatory)</p>	N/A	
<p>H. The JPA keeps minutes of all meetings of its governing body and major committees. (Mandatory)</p>	✓	Section 3.C. (Bylaws)

Exhibit 4

Contracts with Major Service Providers

Name of Contractor	Scope Of Services	Indemnification & Insurance <i>Fidelity bond if they write checks</i>	Compensation	Term	Cancellation	Ownership of Records	Disclosure of conflicts of interest and other sources of income	Fines & Penalties W/C only
Alliant Insurance Services, Inc.	JPA Administration and Insurance Brokerage Services	✓	✓	✓	✓	✓	✓	N/A
York Insurance Services Insurance Group, Inc.	W.C. Claims and Liability Administrator	✓	✓	✓	✓	✓	✓	✓
James Marta & Company	Financial Accounting & Consulting Services	✓	✓	✓	✓	✓	✓	N/A

II. GOVERNMENT RULES

Objective

To determine that the JPA complies with the various reporting requirements and other mandates imposed by the State of California and its regulatory agencies.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA has filed a notice of its joint exercise of powers agreement and any amendments or membership changes with the Secretary of State identifying (GC 6503.5): (Mandatory)</p> <ol style="list-style-type: none"> 1. The name of each member; 2. The effective date; 3. The purpose or power to be exercised; and 4. A description of the amendment, if any. <p><i>If the name of the JPA changes, counsel may be asked whether a new JPA agreement must be signed.</i></p> <p><i>Required if you add a new member or delete a member</i></p> <p><i>Notice must be filed within 30 days of amendment or member changes</i></p>	U	New member added (City of Lone joined 7/1/2010). Filing has not been completed, Joan Crossley will complete within the next 30-days.
<p>B. The JPA has made the necessary Public Agency Roster filing with the Secretary of State and county clerks in the counties in which the JPA has offices. (G.C. 53051) (Mandatory)</p> <p><i>Filing required when board members or location changes.</i></p>	✓	Filed on May 24, 2012
<p>C. The JPA has adopted a Conflict of Interest Code, formally reconsiders it prior to October 1st of all even-numbered years, and oversees any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (G.C. 87306.5) (Mandatory)</p>	✓	Official filing location will be the FPPC Office (will also keep the originals). Alliant is the filing official. New Conflict of Interest Code will be presented to the Board on June 14, 2012. Completed in 2010 and 2012 is pending.
<p>D. If the JPA is subject to Education Code 17566(e) it procures triennial actuarial studies on its employee benefit programs. (Mandatory) (<i>Provision for community college districts Education Code Section 81602 actuarial study under ERISA</i>)</p>	N/A	
<p>E. The JPA's governing body approves its annual budget. (G.C. 6508) (Mandatory)</p>	✓	Per BOD Agenda and Minutes.
<p>F. The JPA has filed the "Special Districts Financial Transactions Report" with the State Controller/Division of Local Government Fiscal Affairs Special District Unit. (GC 53891) (Mandatory)</p>	✓	Filed by Jim Marta on November 18, 2011.
<p>G. The JPA has filed its Audited Financial Statement with</p> <ul style="list-style-type: none"> • the State Controller, and • with the county auditor of the county where the home office of the JPA is located within 12 months of the end of each fiscal year. (G.C. 6505 (c)) (Mandatory) 	✓	Filed December 30, 2011 (for Fiscal years ended June 30, 2011 and 2010)
<p>H. JPA and/or members have valid certificate(s) of consent to self-insure Workers' Compensation (Labor Code 3700) and files any changes in claims administrators (8Cal Code Regs Sec.15402) and the necessary annual reports with the Dept. of Industrial Relations on or before October 1st of each year. (Labor Code 3702.2) (Mandatory) (<i>This does not apply to excess pools.</i>)</p>	✓	Consent #5006

<p>I. 1. The JPA properly posts meeting notices and 2. Conducts its meetings in accordance with the Brown Act. (G.C. 54954.2, G.C. 54953.2 and 42 U.S.C. 12132) (Mandatory) <i>Board and standing committees. Check for ADA posting requirements. Note, the Attorney General has determined that valid posting means available to view 24/7 (consider posting on outside window).</i></p>		<p>Bylaws Section 3.E. and JPA Agreement, Article XIX. (Agendas are posted outside the Alliant, Sacramento office, in a locked glass case as well as being posted on the NCCSIF website and at each member's location.)</p>
<p>J. JPA's that self-insure medical benefits annually file a copy of their audit with a declaration to the Department of Managed Health Care as required for exemption from Knox-Keene requirements. (Code of Civil Procedures 2015.5) (Excellence Only)</p>	<p>N/A</p>	

III. INSURANCE AND COVERAGES

Objective

To determine that the JPA properly identifies and handles its own exposures to loss, secures any insurance required by its governing documents and/or any other legal requirement, monitors the adequacy of coverages it provides to its members and maintains permanent policy files.

CRITERIA	STATUS	DISCUSSION
A. 1. The JPA maintains an official bond as required by state law (G.C. 6505.1 and 6505.5). The JPA requires fidelity coverage for a person or persons that are entrusted with any property of the JPA. (Mandatory) <i>Pool needs coverage for treasurer, most employee dishonesty policies exclude the Treasurer; have insurance company issue an endorsement deleting this exclusion.</i>	✓	
2. The JPA insures or self-insures for the following exposures as appropriate: (Mandatory)		
a. Public Officials Errors & Omissions;	✓	Self-Insured
b. Employee Fidelity; (insurance only, self-insurance not allowed) (G.C. 6505.1)	✓	
c. Commercial General Liability;	✓	Self-Insured
d. Workers Compensation;	✓	Self-Insured
e. Fiduciary Liability; <i>Required for self-funded health and welfare plans (May review public officials Errors and Omissions coverage, look at exclusions (if it only excludes ERISA then that doesn't exclude government entities) A standard commercial general liability policy doesn't extend to fiduciary coverage.)</i>	N/A	
f. Auto Liability; and,	✓	
g. Property.	N/A	
B. The JPA evaluates its insurers, excess insurers, reinsurers and risk pools for quality, stability, and financial solvency. (Mandatory) <i>(Review of current and past insurers due to outstanding claims. See process for evaluating excess insurers and excess risk pools and reinsurers document)</i>	✓	Alliant Administrative Team performs this responsibility on behalf of NCCSIF.
C. The JPA keeps all memoranda of coverages and insurance policies permanently on file. (Mandatory)	✓	
D. The JPA maintains and distributes coverage agreements and insurance policies as appropriate. (Mandatory)	✓	

IV. ACCOUNTING & FINANCE

Objective

To determine that the JPA complies with all applicable accounting standards and has adopted an investment policy.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA materially adheres to all applicable GAAP, GASB, and other accounting standards. (Mandatory)</p> <p><i>Non compliance examples:</i></p> <ul style="list-style-type: none"> • <i>Not recording IBNR</i> • <i>Unrecorded ULAE (material)</i> • <i>Inadequate disclosures (Required Supplementary Information (RSI) #1, by line of coverage and RSI #2) loss development by line of coverage and disclosure of ceded insurance.</i> • <i>Inappropriate application of GAAP, (such as recording equity in another pool) (cannot be cured by disclosing the policy and limitations)</i> • <i>Liabilities not fairly stated (materially overstated;</i> • <i>Don't record above expected, any additional should be recorded as a designation of retained earnings).</i> • <i>GASB 31, market value of investments</i> • <i>GASB 40 Custodial Credit Risk Disclosures</i> • <i>GASB 27 Pension Liabilities</i> • <i>GASB 45 Other Post Employment Benefits</i> • <i>Capital Asset Impairments</i> • <i>Related Party Transactions</i> • <i>Extraordinary Items</i> • <i>Prior Period Adjustments</i> • <i>Contingent Liabilities</i> • <i>Recording reinsurance recoveries when received instead of netting out of claims expense when paid and setting up as a receivable.</i> • <i>The MD&A is sufficient</i> <p><i>(Consultant will review above irrespective of auditor's opinion)</i></p>	✓	
<p>B. The JPA issues to its members periodic financial reports at least annually or more frequently if required by its governing documents. (Mandatory)</p>	✓	Quarterly, Jim Marta reports to the BOD.
<p>C. 1. The JPA has undergone annual independent financial audits conducted by a CPA in accordance with generally accepted auditing standards, a report of which has been made available to all members as required by its governing documents. (Mandatory)</p>	✓	Perry Smith completed audit for year ended June 30, 2011.
<p>2. If the JPA has received an opinion other than an unqualified opinion on the audit of its financial statements, the JPA governing board has satisfactorily addressed any such qualifications of opinion, audit exceptions or negative statements. (Mandatory)</p>	N/A	

3. The independent auditor's report shall include a review of internal controls at least every three years. (Excellence only) <i>(Issue a report on internal control and compliance to meet this.)</i>	✓	
4. If a management letter or report on internal controls has been issued, the JPA governing board has addressed any recommendations. (Mandatory)	N/A	No material findings in Management's Discussion and Analysis
D. 1. The JPA has assets sufficient to pay all unpaid claims liabilities and maintains a reasonable contingency margin. The determination of whether there is a reasonable margin for contingencies will include consideration of investment income, excess of loss insurance, aggregate stop loss insurance, assess ability, size of program, volatility of risk, tolerance of membership, disclosure to board and any other relevant factors. (Excellence only) <i>(If there is a deficit and the board has made an assessment, the receivable is recorded to offset the deficit.)</i>	✓	Claims development flat for prior years. Return of equity to members for year ended June 30, 2011.
2. If the JPA does not currently have sufficient assets to pay unpaid claims liabilities, it has a reasonable financial plan in effect that will generate sufficient revenues to pay all unpaid claims liabilities and to establish a contingency margin. (Mandatory)	N/A	
For both D (1) and D (2) above, unpaid claims include: (Mandatory) a. Case reserves for reported claims; b. Incurred but unreported claims; c. Expected loss development; and, d. Allocated & unallocated loss adjusting expenses.	✓	
3. JPAs with a self-funded medical benefits plan must fund at a level sufficient to cover expected claims, including the run-out, plus a reasonable contingency for adverse experience. Absent any acceptable evidence to the contrary, the contingency for adverse experience shall be set at an amount equal to or greater than the expected run-out of claims. (Mandatory)	N/A	
4. JPA's with self-funded benefit plans other than medical must fund such programs at a level sufficient to cover expected claims and projected run-out. (Mandatory)	N/A	
E. The JPA's current contribution levels for each self-funded program is in concert with Section D, above. (Mandatory)	✓	
F. The JPA has adopted a target equity policy and considers it when evaluating funding and dividends. (Mandatory) <i>(For example see target equity worksheet)</i>	✓	Written policy in place. Presented at Strategic Planning Session in December of 2011. Board approved revised equity targets for the Banking & Shared Risk Program (to allow for release of funds).
G. Any JPA with non-risk sharing program(s) must clearly indicate in the governing documents the financial and operational structure of such program(s). (Mandatory) <i>To be considered as a W.C. non-risk sharing program, it must not be operating under a master workers' compensation certificate</i>		

<i>filed with the State Dept. of Self-Insurance Plans.</i>		
In lieu of funding standards contained in Section E above, a non-risk sharing program must:		
1. Calculate and communicate the individual member net asset balances and liabilities to the members annually.	✓	Bylaws Section 12.B.1 and 2.
2. Be sufficiently assessable to ensure that program's cash flow needs are met.	✓	Bylaws Section 12.B.3.
3. Demonstrate that it has adequate cash on hand to meet future claims costs.	✓	
H. The JPA maintains a suitable management information system that includes premium computation methods and/or allocation formulas. (Excellence only).	✓	Spreadsheets produced by Alliant Administration Team for premium allocation and formulas.

V. INVESTMENT OF FUNDS

Objective

To assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

CRITERIA	STATUS	DISCUSSION
A. The JPA has a written investment policy that contains: (Mandatory) <i>Required for all, even if they only have money in LAIF and or County Treasury.</i>		Resolution 12-01 introduced, this is the authorization for new officers to deposit or withdraw monies in LAIF.
1. A statement of objectives as required by G.C. § 53646	✓	
2. Description of permitted investments, which must be in conformity with California G.C. §53601 and reasonable under "prudent investment rule."	✓	
3. The written investment policy is reviewed annually by governing body or an investment committee pursuant to California G.C. § 53646(a).	✓	Reviewed and approved in December of 2011.
B. The JPA invests its funds in conformity with GC §53601. (G.C. 6509.5) (Mandatory)	✓	
C. The JPA provides evidence that the governing body or an investment committee periodically considers diversification of risk as to type of investment and individual institution. (Excellence only)	✓	
D. The JPA has in place internal controls that include: (Mandatory) <i>Government pooled funds excepted.</i>		
1. Separation of functions (buying and selling of securities is separate from accounting and reporting of transactions) if the size of the staff can accommodate this;	✓	
2. Separate verification of all transactions; and	✓	
3. Written documentation of procedures.	✓	Policy & Procedures: A-13
E. If the Treasurer has the authority to reinvest, sell and exchange securities:		
1. The JPA makes such delegation of authority annually. (G.C. §53607). (Mandatory)	N/A	
2. The Treasurer renders a monthly report of investment transactions to the governing board. (G.C. 53607). (Mandatory)	N/A	
THE FOLLOWING REQUIREMENTS (F, G, H & I) ONLY APPLY TO JPAs THAT MANAGE THEIR OWN INVESTMENTS, WITH OR WITHOUT THE USE OF INVESTMENT CONSULTANTS. <i>Does not apply to JPA funds that are deposited with county or state investment pools.</i>		
F. The JPA provides evidence that the Treasurer or Chief Financial Officer has submitted a quarterly report in a timely manner to the governing board containing the investment information required by	✓	

California G.C. §53646 (b) (1), a description of compliance with the statement of investment policy G.C. §53646 (b) (2), and a statement of ability to meet expenditure requirements over the next six months G.C. §53646 (b) (3). (Mandatory) <i>Should be signed by Treasurer or CEO. (Note; under 53646 it does not state that you must provide the transaction detail as described under 53607 for a treasurer that has investment authority)</i>		
G. The quarterly investment report filed with the governing body shall also contain:		
1. Type of investments; (Mandatory)	✓	
2. Issuing institution; (Mandatory)	✓	
3. Dates of purchase and maturity; (Mandatory)	✓	
4. Par and dollar amount invested on all securities; (Mandatory)	✓	
5. Investments and monies held by the JPA; (Mandatory)	✓	
6. Current market value, including source; (Mandatory)	✓	
7. Coupon rate; (Excellence only)	✓	
8. Effective yield rate; (<i>yield to maturity</i>) (Excellence only)	✓	
9. Portfolio total rate of return; (Excellence only)	✓	
10. Cash and security transactions; (Excellence only)	✓	
11. Percentage of portfolio by issuer or security type. (Excellence only)	✓	
H. JPAs that own investment securities shall have an independent custodian who shall not be from the same department of the financial institution or broker/dealer from whom the JPA buys or sells the security, or the investment advisor. (Mandatory)		
1. There shall be a written contract between the JPA and the independent custodian that includes: (Mandatory) a. Scope of services b. Compensation c. Termination	✓	Custodian: Bank of America, Investment Advisor: Chandler Asset Management
2. Monthly reports shall be sent directly from custodian to a specific person at the JPA. (Excellence only)	✓	
3. Custodial statements shall be reconciled with an in-house or investment advisor's report. (Mandatory) <i>Should be independent of the custodian and investment advisor. Should be documented in the investment accounting procedures. Recommend quarterly.</i>	✓	Policy & Procedures: A-13.
4. The third-party custodian shall maintain adequate fidelity coverage. (Excellence only)	✓	

<p>I. For JPAs that engage in services of a professional investment advisor, the following safeguards are in place:</p> <p><i>For the purpose of this Section I, an investment advisor is a person or firm that provides advice as to the value of securities or property or the advisability of purchasing or selling such securities or property. The advisor may have discretionary authority or control to purchase or sell. An investment advisor renders advice to the JPA on a regular basis with the understanding that his or her advice will be an integral factor in the investment decision-making process relative to the particular needs of the JPA. Purely clerical or ministerial duties such as record-keeping, reporting, processing, or disseminating information generally will not be classified as investment advisory activities, absent authority, discretion, or control.</i></p>		
<p>1. There is a written contract between the advisor and the JPA that includes; (Mandatory)</p> <ul style="list-style-type: none"> a. Scope of services b. Compensation c. Duty to disclose conflicts of interest d. Termination e. Disclosure to JPA of any investigation by a regulatory body for investment-related regulatory violations. 	✓	
<p>2. The JPA has a process to ensure the investment advisor has disclosed any conflict of interests (Mandatory)</p> <p><i>(This may be satisfied by a provision in the contract as addressed in (1) above or FPPC form 700, or review of Form ADV Parts 1 and 2; this should be done annually.)</i></p>	✓	
<p>3. All securities are purchased in the name of the JPA. (Mandatory) <i>Deposits in LAIF or a treasury are not "securities"</i></p>	✓	
<p>4. The advisor sends monthly reports to the JPA containing information described in Section D above. (Mandatory)</p>	✓	
<p>5. The advisor reports at least quarterly an evaluation including total rate of return and a comparison of the pool's total rate of return to reasonable benchmarks (i.e., U.S. Treasury securities, an index comprised of Treasuries, or LAIF). (Excellence only)</p>	✓	
<p>6. The investment advisor carries Investment Advisor Professional Liability Insurance with a per claim/aggregate limit of at least \$1,000,000. (Mandatory)</p>	✓	
<p>J. JPAs that place their investments in or through County or State investment pools, or in FDIC insured contracts will issue quarterly reports to the governing body, chief financial officer, and auditor in accordance with G.C. §53646 (e). (Mandatory)</p>	N/A	

VI. FUNDING AND ACTUARIAL STANDARDS

Objective

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs, there may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

Program: Liability

CRITERIA	STATUS	DISCUSSION
A. The JPA has had property or casualty (including W.C.) actuarial study (ies). Such study was conducted by a Member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study (ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence only). <i>(The actuary should be conducted for major programs; if a pool is in run-out it still should have an actuary study, unless as determined by the committee the risk and variability has sufficiently diminished. Such considerations would be; line of coverage, the risk layer retained, whether the pool is an excess layer pool, the variability inherent in the claims and how the claims are developing.)</i>	✓	Bickmore Risk Services & Consulting (as of June 30, 2011).
B. If loss reserves requirements were computed on a discounted (present value) basis, the pay out pattern and projected rate of return were reasonable. (Mandatory) <i>Is the discount rate reasonable given; current cash and investment balances, accounts receivable or deficit balances, or the character of the assets such as buildings?</i>	✓	<u>2</u> % discount (above 90% confidence level for both the banking & shared layers individually). Previous years from 2008/2009, 60% confidence level was used for funding and the claims were recorded at expected with a 4% discount.
C. If the JPA has a self-funded medical benefits plan, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted annually (Excellence only) or within the last 36 months. (Mandatory).	N/A	
D. If JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability or life), it must conduct independent rate studies and fund level evaluations within the last 36 months (Mandatory) or bi-annually. (Excellence only) <i>Evaluation does not have to be prepared by actuary - can be by benefit consultant.</i>	N/A	

VI. FUNDING AND ACTUARIAL STANDARDS

Objective

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs, there may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

Program: Workers' Compensation

CRITERIA	STATUS	DISCUSSION
A. The JPA has had property or casualty (including W.C.) actuarial study (ies). Such study was conducted by a Member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study (ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence only). <i>(The actuary should be conducted for major programs; if a pool is in run-out it still should have an actuary study, unless as determined by the committee the risk and variability has sufficiently diminished. Such considerations would be; line of coverage, the risk layer retained, whether the pool is an excess layer pool, the variability inherent in the claims and how the claims are developing.)</i>	✓	Bickmore Risk Services & Consulting (as of June 30, 2011).
B. If loss reserves requirements were computed on a discounted (present value) basis, the payout pattern and projected rate of return were reasonable. (Mandatory) <i>Is the discount rate reasonable given; current cash and investment balances, accounts receivable or deficit balances, or the character of the assets such as buildings?</i>	✓	<u>2</u> % discount (above 90% confidence level for both the banking & shared layers individually). Previous years from 2008/2009, 60% confidence level was used for funding and the claims were recorded at expected with a 4% discount.
C. If the JPA has a self-funded medical benefits plan, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted annually (Excellence only) or within the last 36 months. (Mandatory).	N/A	
D. If JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability or life), it must conduct independent rate studies and fund level evaluations within the last 36 months (Mandatory) or bi-annually. (Excellence only) <i>Evaluation does not have to be prepared by actuary - can be by benefit consultant.</i>	N/A	

VII. RISK CONTROL

Objective

To determine that the JPA actively promotes risk control principles and practices to its members and that the necessary budgetary appropriations for such services are made. An excess JPA may meet this requirement by requiring its member agencies to be responsible for having their own risk control program.

CRITERIA	STATUS	DISCUSSION
A. JPAs are active in promoting risk control principles among their member agencies. This shall include the following: (Compliance with two or more is required for Excellence) <i>Not applicable for benefit programs.</i>		Risk Management Ad Hoc Committee and Risk Management/Loss Control Contracted Service Provider.
1. Promoting a risk transfer policy that addresses additional insureds, minimum insurance limits and proof of suitable insurance coverage.	✓	Included in Risk Management Matrix.
2. Establishing risk control standards for the significant exposures of its member agencies.	✓	Through both on-site & hotline services, seminars & training sessions as well as a safety library & website access.
3. Prioritizing the use of its risk control resources, based on such factors as; (a) loss ratios, (b) frequency, and (c) severity rates.	✓	
4. Offering risk control assistance to its member agencies, including (a) conducting or facilitating risk control inspections, (b) investigating large losses, (c) conducting risk control training for its member agencies, and/or (d) providing wellness and/or employee assistance program.	✓	
5. Providing or facilitating the procurement of appraisal services, in order to maintain accurate records of its members' property components and values.	✓	In 2006, NCCSIF funded an outside physical appraisal of all member locations. This service will be continued at least every 5 to 7 years.
B. The JPA's budget provides for the above. (Excellence only)	✓	Budget annually approved (2.8% of NCCSIF's budget).
C. The JPA maintains a suitable management information system that includes: (Excellence only)		
1. Relevant information about type and quantity of exposures being assumed.	✓	Alliant has spreadsheets, data captured from applications & historical data.
2. Relevant information about the type, number and cause of accidents resulting in claims against its member agencies.	✓	Alliant continues to produce graphs and excel spreadsheets.

VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claims management services provided by JPA & its contractors.

Program: Liability

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claims management system. Excess JPAs must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	✓	Loss runs are provided by York, adjusters notes in hard file and IVOS System.
B. The JPA has established a litigation management system. (Excellence only)	✓	.
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence only) <i>(A periodic OBEA audit may be acceptable replacement on a self administered program (in-house administration) however; this audit does not have the same scope in review of reserves.</i> The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:	✓	RMS (Risk Management Services), Kenneth Maiolini, performed the Liability & Property Audit on January 19-20, 2012 (40 opened & 63 closed claims) at the York offices in Roseville, California.
1. Claims are handled in a timely and organized manner;	✓	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	✓	Noted cooperative relationship between member, adjuster & defense counsel.
3. Case reserving practices are reasonable;	✓	
4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	✓	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;	✓	
b. Adjusters identify claims with subrogation potential;	✓	
c. Excess insurers are notified of claims with excess potential;	✓	
d. Litigated claims are adequately managed;	✓	
e. Coverage is verified; and	✓	
f. Adequate investigations are performed.	✓	
D. The JPA has addressed all major recommendations and significant findings included in the audit report. <i>Consideration of a future standard: (An excess pool has a process of reviewing primary layer claim audit results and follow-up with</i>	✓	

<i>members</i> (Excellence only)		
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Excellence only)	✓	TPA, York Insurance Services, Group', produces data.
F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or coverage related disputes. (Mandatory)	N/A	
G. The JPA has a written policy addressing settlement authority (Excellence only)	✓	<p>Members have authority to settle claims in their Banking layer up to \$50,000. The Claims Committee has authority up to \$250000. The BOD has authority to settle claims over \$250,000 up to the SIR of \$1,000,000.</p> <p>Liability claims authority shall not exceed \$200,000 of the Sharked Risk layer funds. The Claims Committee is granted authority to deny claims and also to refer claims to coverage counsel for opinion of coverage.</p>

VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claims management services provided by JPA & its contractors.

Program: Workers' Compensation

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claims management system. Excess JPAs must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	✓	York does with Alliant in distributing data in a graph and spreadsheet formats.
B. The JPA has established a litigation management system. (Excellence only)	✓	Litigation management is under good control & no recommendations.
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence only) The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:		North Bay Associates, September 20, 2010 conducted the work comp claims audit (Robert Hoyle, President).
1. Claims are handled in a timely and organized manner;	✓	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	✓	
3. Case reserving practices are reasonable;	✓	
4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	✓	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;	✓	
b. Adjusters identify claims with subrogation potential;	✓	
c. Excess insurers are notified of claims with excess potential;	✓	
d. Litigated claims are adequately managed;	✓	
e. Coverage is verified; and	✓	
f. Adequate investigations are performed.	✓	
D. The JPA has addressed all major recommendations and significant findings included in the audit report. (Excellence only)	✓	
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Excellence only)	✓	York provides data and Alliant uses that data to get informational spreadsheets.
F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or	N/A	

coverage related disputes. (Mandatory)		
G. The JPA has a written policy addressing settlement authority (Excellence only)	✓	Members have authority to settle claims in their Banking layer up to \$100,000. The Claims Committee has authority up to \$250000. The BOD has authority to settle claims over \$250,000 up to the SIR of \$500,000.

IX. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Objective

To determine that the JPA (A) has a process for developing and implementing a strategic plan setting forth its goals and objectives for the future, (B) regularly and effectively communicates with its members (C) actively involves its governing board members and staff in education and training programs offered by relevant professional associations and (D) maintains procedures and policies relating to information systems.

CRITERIA	STATUS	DISCUSSION
A. The JPA conducts an effective strategic planning process to guide its future efforts. This should include an analysis of the environmental trends and the organizational strengths, weaknesses, opportunities and threats. Such a process may also include the following: (Excellence only)		December, 2011
1. A survey of member expectations and related perceptions; <i>(either formally or informally)</i>	✓	
2. A mission statement with supporting goals, objectives and tasks.	✓	
3. Consideration of the target equity policy.	✓	
B. The JPA regularly communicates with its member entities. Such communication may include (Excellence only) <i>One or more or related communication efforts with members</i>		
1. Annual reports, newsletters, or similar media;	✓	
2. Notice of major policy issues;	✓	
3. Periodic workshops, seminars, or similar educational activities;	✓	Travel expenses broadened to include educational conferences.
4. Surveys of its member agencies, its service providers, and staff.	✓	Conduct annually by Alliant on behalf of NCCSIF
5. JPA website for communication with members	✓	www.nccsif.org
C. The JPA governing board and staff are actively involved in education and training programs. Such involvement may be indicated by the following: (Excellence only)		
1. Participation in one or more of the following organizations:		
a. CAJPA (California Association of Joint Powers Authorities)	✓	
b. PARMA (Public Agency Risk Managers Association)	✓	
c. PRIMA (Public Risk Management Association)		
d. CPCU Society (Chartered Property and Casualty Underwriters)		
e. RIMS (Risk and Insurance Management Society)		
f. CASBO (California Association of School Business Officials)		
g. COSIPA (Council of Self-Insured Public Agencies)		

h. CSIA (California Self-Insurers Association)		
i. PASMA (Public Agency Safety Management Association)	✓	
j. AGRiP (Association of Governmental Risk Insurance Pools)	✓	
k. IEA (Insurance Educational Association)	✓	
l. ASSE (American Society of Safety Engineers)		
m. SCIC (Society of Certified Insurance Counselors)		
2. Top management has attended at least two professional conferences or seminars in the preceding 12 months.	✓	
3. The governing body members participate in pool management and risk management training.	✓	
4. There is formal training of all key personnel. <i>(As needed)</i>	✓	
5. The JPA's budget provides for the above participation and training.	✓	
D. The JPA has developed and implemented processes and procedures relating to protection of electronic data, including:		
1. A suitable security and back-up system for all stored data. (Mandatory)	✓	
2. A written policy with respect to:		
a. Disaster recovery (Excellence only)	✓	
b. Physical and electronic data security (Excellence only)	✓	
c. Electronic data retention (Excellence only)	✓	
d. Protection of electronic data as required by Health Insurance Portability and Accountability Act of 1996 (HIPAA), as applicable. (Excellence only)	N/A	

APPENDIX A – NCCSIF Member Entities

Effective: July 1, 2011

City of Anderson

City of Auburn

City of Colusa

City of Corning

City of Dixon

City of Folsom

City of Galt

City of Gridley

City of Ione

City of Jackson

City of Lincoln

City of Marysville

City of Nevada City

City of Oroville

Town of Paradise

City of Placerville

City of Red Bluff

City of Rio Vista

City of Rocklin

City of Willows

City of Yuba City



**Board of Directors
October 18, 2012**

Agenda Item I.1.

QUARTERLY FINANCIAL REPORT FOR PERIOD ENDING JUNE 30, 2012

ACTION ITEM

ISSUE: The Board of Directors receives a quarterly report on the financial status of NCCSIF. James Marta & Company will present NCCSIF's Financials for Quarter ending June 30, 2012 to the Board of Directors for their review.

FISCAL IMPACT: Unknown.

RECOMMENDATION: Receive and file the Quarterly Financials as presented

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.

ATTACHMENTS: Quarterly Financial Report as of June 30, 2012.

FINANCIAL REPORT

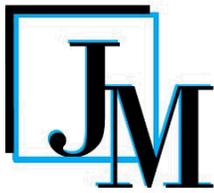
JUNE 30, 2012

AND FOR THE TWELVE MONTHS THEN ENDED

Northern California Cities Self Insurance Fund

Northern California Cities Self Insurance Fund
Table of Contents
June 30, 2012

Accountant's Report	1
 BASIC FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Revenues, Expenses and Changes in Members' Equity	3
 SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Liability	4
Combining Statement of Revenues, Expenses and Changes in Members' Equity – Liability	6
Combining Balance Sheet – Workers' Compensation	8
Combining Statement of Revenues, Expenses and Changes in Members' Equity – Workers' Compensation	10
 Reconciliation of Claims Liabilities by Program	 12
Graphical Summary of Claims	13



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

ACCOUNTANT'S REPORT

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

We have compiled the accompanying balance sheet of Northern California Cities Self Insurance Fund as of June 30, 2012, and the related statement of revenues, expenses and changes in members' equity for the twelve months then ended, and the supplementary information on pages 4 through 14 are presented for purposes of additional analysis and has been compiled from information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America

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

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of certain departures from accounting principles generally accepted in the United States of America that are described in the following paragraph.

A statement of cash flows for the twelve months ended June 30, 2012 has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

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

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

James Marta & Company

James Marta & Company
Certified Public Accountants
Sacramento, California
July 31, 2012

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Balance Sheet
June 30, 2012**

Assets

Current Assets	
Cash	\$ 1,798,681
Accounts Receivable	470,403
Interest Receivable	290,875
Excess Accounts Receivable	<u>1,047,317</u>
Total Current Assets	<u>3,607,276</u>
Non-Current Assets	
Investments*	<u>45,500,115</u>
Total Assets	<u>\$ 49,107,391</u>

Liabilities & Members' Equity

Current Liabilities	
Accounts Payable	\$ 2,066,645
Dividends Payable	<u>304,007</u>
Total Current Liabilities	<u>2,370,652</u>
Non-Current Liabilities	
Outstanding Liabilities*	32,003,506
ULAE*	<u>1,569,290</u>
Total Non-Current Liabilities	<u>33,572,796</u>
Total Liabilities	<u>\$ 35,943,448</u>
Members' Equity	<u>13,163,943</u>
Liability & Members' Equity	<u>\$ 49,107,391</u>

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

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Statement of Revenues, Expenses and Changes in Members' Equity
For the Twelve Months Ended June 30, 2012**

Operating Income		
Administration Deposit	\$	650,034
Banking Layer Deposit		5,609,767
Shared Risk Layer		3,221,299
Excess Deposit/Premium		1,359,774
CJPRMA Program Fee		271,535
Property/Crime Insurance Income		632,107
Banking Layer Assessment		229,055
Shared Risk Refund		(2,001,097)
Banking Layer Refund		(2,416,184)
Risk Management Grants		88,017
Dividend Income		304,007
Total Operating Income		<u>7,948,314</u>
Operating Expenses		
Claims Paid		6,723,764
O/S Liability adj.		3,692,731
ULAE		54,397
Consultants		54,117
Administration-Other		12,198
Safety Service		518,726
Claims Administration		1,153,318
Program Administration		330,388
Board Expenses		11,231
Excess Insurance		1,365,764
Property/Crime Insurance Expense		629,818
Total Operating Expenses		<u>14,546,452</u>
Operating Income (Loss)		(6,598,138)
Non-Operating Income		
Change in Fair Market Value		93,680
Interest Income		1,717,750
Total Non-Operating Income		<u>1,811,430</u>
Change in Members' Equity		(4,786,708)
Beginning Members' Equity		<u>17,950,651</u>
Ending Members' Equity	\$	<u><u>13,163,943</u></u>

SUPPLEMENTARY INFORMATION

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

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Balance Sheet - Liability
June 30, 2012**

	L Shar	L Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Current Assets											
Cash	\$ 116,356	\$ 5,451	\$ 2,740	\$ 21,411	\$ 26,734	\$ 11,699	\$ 5,848	\$ 20,293	\$ 3,850	\$ 6,961	\$ 1,084
Accounts Receivable	304,007	-	-	-	-	-	-	-	55,953	-	3,101
Interest Receivable	48,828	11,692	1,618	5,025	1,018	672	1,575	26,220	3,324	782	(57)
Excess Accounts	556,321	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,025,512	17,143	4,358	26,436	27,752	12,371	7,423	46,513	63,127	7,743	4,128
Non-Current Assets											
Investments*	6,072,396	208,467	91,564	220,689	24,749	16,945	150,054	1,478,611	87,634	138,956	1,876
Total Assets	\$ 7,097,908	\$ 225,610	\$ 95,922	\$ 247,125	\$ 52,501	\$ 29,316	\$ 157,477	\$ 1,525,124	\$ 150,761	\$ 146,699	\$ 6,004
Current Liabilities											
Accounts Payable	\$ 87,919	\$ 13,191	\$ 20	\$ 79,899	\$ 15,134	\$ 6	\$ 37	\$ 262	\$ 42	\$ 25	\$ 2
Dividends Payable	304,007	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	391,926	13,191	20	79,899	15,134	6	37	262	42	25	2
Non-Current Liabilities											
Outstanding Liabilities*	7,571,173	-	11,602	85,364	44,961	58,245	26,767	484,886	125,568	10,624	7,802
Total Non-Current	7,571,173	-	11,602	85,364	44,961	58,245	26,767	484,886	125,568	10,624	7,802
Total Liabilities	\$ 7,963,099	\$ 13,191	\$ 11,622	\$ 165,263	\$ 60,095	\$ 58,251	\$ 26,804	\$ 485,148	\$ 125,610	\$ 10,649	\$ 7,804
Members' Equity	(865,191)	212,419	84,300	81,862	(7,594)	(28,935)	130,673	1,039,976	25,151	136,050	(1,800)
Liability & Members'	\$ 7,097,908	\$ 225,610	\$ 95,922	\$ 247,125	\$ 52,501	\$ 29,316	\$ 157,477	\$ 1,525,124	\$ 150,761	\$ 146,699	\$ 6,004

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Balance Sheet - Liability
June 30, 2012**

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Current Assets											
Cash	\$ 9,770	\$ 6,612	\$ 119	\$ 910	\$ 78,781	\$ 64,653	\$ 49,589	\$ 9,451	\$ 28,071	\$ 4,127	\$ 474,510
Accounts Receivable	-	-	-	-	-	1,883	-	-	-	-	364,944
Interest Receivable	1,631	5,575	3,904	2,808	2,608	4,269	1,534	4,534	(13)	3,045	130,592
Excess Accounts	-	-	-	-	-	-	-	-	-	-	556,321
Total Current Assets	11,401	12,187	4,023	3,718	81,389	70,805	51,123	13,985	28,058	7,172	1,526,367
Non-Current Assets											
Investments*	99,334	301,884	298,950	94,056	52,238	73,160	71,684	535,114	86,524	621,186	10,726,071
Total Assets	\$ 110,735	\$ 314,071	\$ 302,973	\$ 97,774	\$ 133,627	\$ 143,965	\$ 122,807	\$ 549,099	\$ 114,582	\$ 628,358	\$ 12,252,438
Current Liabilities											
Accounts Payable	\$ 22,856	\$ 40	\$ 81,093	\$ 32	\$ 45	\$ 42	\$ 63,891	\$ 74,427	\$ 27,906	\$ 105,955	\$ 572,824
Dividends Payable	-	-	-	-	-	-	-	-	-	-	304,007
Total Current Liabilities	22,856	40	81,093	32	45	42	63,891	74,427	27,906	105,955	876,831
Non-Current Liabilities											
Outstanding Liabilities*	51,442	178,969	79,945	50,431	147,381	119,285	44,935	128,423	11,077	286,035	9,524,915
Total Non-Current	51,442	178,969	79,945	50,431	147,381	119,285	44,935	128,423	11,077	286,035	9,524,915
Total Liabilities	\$ 74,298	\$ 179,009	\$ 161,038	\$ 50,463	\$ 147,426	\$ 119,327	\$ 108,826	\$ 202,850	\$ 38,983	\$ 391,990	\$ 10,401,746
Members' Equity	36,437	135,062	141,935	47,311	(13,799)	24,638	13,981	346,249	75,599	236,368	1,850,692
Liability & Members'	\$ 110,735	\$ 314,071	\$ 302,973	\$ 97,774	\$ 133,627	\$ 143,965	\$ 122,807	\$ 549,099	\$ 114,582	\$ 628,358	\$ 12,252,438

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

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Members' Equity - Liability
For the Twelve Months Ended June 30, 2012

	L Shar	L Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione
Operating Income											
Administration Deposit	\$ -	\$ 414,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	-	-	57,066	69,629	16,655	18,860	60,457	433,416	77,603	33,231	11,169
Shared Risk Layer	1,215,921	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	849,081	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance	632,107	-	-	-	-	-	-	-	-	-	-
Banking Layer Assessment	-	-	-	-	-	427	-	-	55,953	-	3,101
Shared Risk Refund	(304,007)	-	-	-	-	-	-	-	-	-	-
Banking Layer Refund	-	-	(31,232)	(79,862)	(15,124)	-	(84,021)	(268,164)	-	(43,807)	-
Dividend Income	304,007	-	-	-	-	-	-	-	-	-	-
Total Operating Income	2,697,109	414,750	25,834	(10,233)	1,531	19,287	(23,564)	165,252	133,556	(10,576)	14,270
Operating Expenses											
Claims Paid	1,705,689	-	19,709	64,902	389	4,930	10,973	472,013	136,526	(701)	1,186
O/S Liability adj.	2,942,122	-	(54,869)	(40,295)	39,828	44,335	305	(118,473)	(19,416)	6,585	6,893
Consultants	-	23,598	-	-	-	-	-	-	-	-	-
Safety Service	-	213,317	-	-	-	-	-	-	-	-	-
Claims Administration	87,691	31,700	13,922	18,601	4,337	6,735	6,451	99,079	49,657	1,997	2,613
Program Administration	-	175,979	-	-	-	-	-	-	-	-	-
Board Expenses	-	5,577	-	-	-	-	-	-	-	-	-
Excess Insurance	855,071	-	-	-	-	-	-	-	-	-	-
Property/Crime Insurance Expense	629,818	-	-	-	-	-	-	-	-	-	-
Total Operating Expense	6,220,391	450,171	(21,238)	43,208	44,554	56,000	17,729	452,619	166,767	7,881	10,692
Operating Income (Loss)	(3,523,282)	(35,421)	47,072	(53,441)	(43,023)	(36,713)	(41,293)	(287,367)	(33,211)	(18,457)	3,578
Non-Operating Income											
Change in Fair Market Value	10,437	627	533	1,154	327	190	1,050	6,123	1,175	664	(13)
Interest Income	108,651	5,564	7,938	14,928	3,901	2,378	14,931	104,540	16,911	10,536	783
Total Non-Operating Income	119,088	6,191	8,471	16,082	4,228	2,568	15,981	110,663	18,086	11,200	770
Change in Members' Equity	(3,404,194)	(29,230)	55,543	(37,359)	(38,795)	(34,145)	(25,312)	(176,704)	(15,125)	(7,257)	4,348
Beginning Members' Equity	2,539,003	241,649	28,757	119,221	31,201	5,210	155,985	1,216,680	40,276	143,307	(6,148)
Ending Members' Equity	\$ (865,191)	\$ 212,419	\$ 84,300	\$ 81,862	\$ (7,594)	\$ (28,935)	\$ 130,673	\$ 1,039,976	\$ 25,151	\$ 136,050	\$ (1,800)

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Members' Equity - Liability
For the Twelve Months Ended June 30, 2012

	City of Jackson	City of Lincoln	City of Marysville	City of Orville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Operating Income											
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,750
Banking Layer Deposit	15,796	93,866	57,871	100,070	63,027	81,127	25,106	125,933	22,025	156,207	1,519,114
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	1,215,921
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	849,081
Property/Crime Insurance	-	-	-	-	-	-	-	-	-	-	632,107
Banking Layer Assessment	-	10,303	-	-	-	1,883	-	-	-	-	71,667
Shared Risk Refund	-	-	-	-	-	-	-	-	-	-	(304,007)
Banking Layer Refund	(22,839)	-	(81,048)	(173,361)	(96,692)	-	(63,863)	(74,328)	(27,886)	(105,862)	(1,168,089)
Dividend Income	-	-	-	-	-	-	-	-	-	-	304,007
Total Operating Income	(7,043)	104,169	(23,177)	(73,291)	(33,665)	83,010	(38,757)	51,605	(5,861)	50,345	3,534,551
Operating Expenses											
Claims Paid	3,071	142,889	32,814	26,699	32,541	163,202	16,660	32,342	594	73,938	2,940,366
O/S Liability adj.	46,394	(82,459)	19,786	(8,981)	46,667	(101,430)	38,354	21,386	7,272	119,530	2,913,534
Consultants	-	-	-	-	-	-	-	-	-	-	23,598
Safety Service	-	-	-	-	-	-	-	-	-	-	213,317
Claims Administration	5,463	39,398	17,451	26,662	14,707	26,805	15,568	27,852	2,216	32,609	531,514
Program Administration	-	-	-	-	-	-	-	-	-	-	175,979
Board Expenses	-	-	-	-	-	-	-	-	-	-	5,577
Excess Insurance	-	-	-	-	-	-	-	-	-	-	855,071
Property/Crime Insurance Expense	-	-	-	-	-	-	-	-	-	-	629,818
Total Operating Expense	54,928	99,828	70,051	44,380	93,915	88,577	70,582	81,580	10,082	226,077	8,288,774
Operating Income (Loss)	(61,971)	4,341	(93,228)	(117,671)	(127,580)	(5,567)	(109,339)	(29,975)	(15,943)	(175,732)	(4,754,223)
Non-Operating Income											
Change in Fair Market Value	429	1,134	1,208	1,137	44	1,188	404	2,615	718	2,141	33,285
Interest Income	6,449	16,320	17,873	14,486	15,177	16,854	9,855	39,812	8,217	35,624	471,728
Total Non-Operating Income	6,878	17,454	19,081	15,623	15,221	18,042	10,259	42,427	8,935	37,765	505,013
Change in Members' Equity	(55,093)	21,795	(74,147)	(102,048)	(112,359)	12,475	(99,080)	12,452	(7,008)	(137,967)	(4,249,210)
Beginning Members' Equity	91,530	113,267	216,082	149,359	98,560	12,163	113,061	333,797	82,607	374,335	6,099,902
Ending Members' Equity	\$ 36,437	\$ 135,062	\$ 141,935	\$ 47,311	\$ (13,799)	\$ 24,638	\$ 13,981	\$ 346,249	\$ 75,599	\$ 236,368	\$ 1,850,692

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Balance Sheet – Workers’ Compensation
June 30, 2012**

	WC Shar	WC Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Current Assets												
Cash	\$ 724,336	\$ 162,370	\$ 14,336	\$ 1,432	\$ 8,023	\$ 62,625	\$ 32,783	\$ 3,739	\$ 11,603	\$ 4,291	\$ 24,161	\$ 25,263
Accounts Receivable	-	-	-	-	-	17,851	40,328	-	-	-	-	-
Interest Receivable	6,017	7,841	2,747	3,803	4,804	3,121	5,044	47,762	11,164	3,341	(135)	485
Excess Accounts	490,996	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	1,221,349	170,211	17,083	5,235	12,827	83,597	78,155	51,501	22,767	7,632	24,026	25,748
Non-Current Assets												
Investments*	16,759,143	310,617	368,209	701,440	181,473	79,148	723,520	4,943,584	936,417	483,916	36,973	290,357
Total Assets	\$ 17,980,492	\$ 480,828	\$ 385,292	\$ 706,675	\$ 194,300	\$ 162,745	\$ 801,675	\$ 4,995,085	\$ 959,184	\$ 491,548	\$ 60,999	\$ 316,105
Current Liabilities												
Accounts Payable	\$ 721,904	\$ 16,724	\$ 45	\$ 83,080	\$ 6,952	\$ 13	\$ 83	\$ 592	\$ 96	\$ 56	\$ 7,561	\$ 14,870
Total Current Liabilities	721,904	16,724	45	83,080	6,952	13	83	592	96	56	7,561	14,870
Non-Current Liabilities												
Outstanding Liabilities*	12,276,018	-	275,574	381,847	111,745	168,950	509,307	2,600,752	676,398	74,328	5,873	138,790
ULAE*	857,021	-	19,239	26,658	7,801	11,795	35,556	181,565	47,221	5,189	410	9,689
Total Non-Current	13,133,039	-	294,813	408,505	119,546	180,745	544,863	2,782,317	723,619	79,517	6,283	148,479
Total Liabilities	\$ 13,854,943	\$ 16,724	\$ 294,858	\$ 491,585	\$ 126,498	\$ 180,758	\$ 544,946	\$ 2,782,909	\$ 723,715	\$ 79,573	\$ 13,844	\$ 163,349
Members' Equity	4,125,549	464,104	90,434	215,090	67,802	(18,013)	256,729	2,212,176	235,469	411,975	47,155	152,756
Liability & Members'	\$ 17,980,492	\$ 480,828	\$ 385,292	\$ 706,675	\$ 194,300	\$ 162,745	\$ 801,675	\$ 4,995,085	\$ 959,184	\$ 491,548	\$ 60,999	\$ 316,105

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

**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Balance Sheet – Workers' Compensation
June 30, 2012**

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Current Assets												
Cash	\$ 41,984	\$ 32,132	\$ 41,875	\$ 1,354	\$ 1,893	\$ 29,159	\$ 13,262	\$ 3,536	\$ 48,127	\$ 2,206	\$ 33,681	\$ 1,324,171
Accounts Receivable	-	-	-	-	-	47,280	-	-	-	-	-	105,459
Interest Receivable	1,665	1,645	1,556	15,030	8,810	8,828	(26)	1,572	9,401	3,062	12,746	160,283
Excess Accounts	-	-	-	-	-	-	-	-	-	-	-	490,996
Total Current Assets	43,649	33,777	43,431	16,384	10,703	85,267	13,236	5,108	57,528	5,268	46,427	2,080,909
Non-Current Assets												
Investments*	612,960	807,539	202,787	591,476	853,735	561,215	824,442	535,745	1,971,771	367,240	1,630,337	34,774,044
Total Assets	\$ 656,609	\$ 841,316	\$ 246,218	\$ 607,860	\$ 864,438	\$ 646,482	\$ 837,678	\$ 540,853	\$ 2,029,299	\$ 372,508	\$ 1,676,764	\$ 36,854,953
Current Liabilities												
Accounts Payable	\$ 89	\$ 37,604	\$ 22	\$ 72	\$ 101	\$ 54	\$ 27,537	\$ 97,588	\$ 289,946	\$ 39,278	\$ 149,554	\$ 1,493,821
Total Current Liabilities	89	37,604	22	72	101	54	27,537	97,588	289,946	39,278	149,554	1,493,821
Non-Current Liabilities												
Outstanding Liabilities*	586,943	531,321	115,749	407,430	617,794	435,625	575,373	102,702	638,721	194,491	1,052,860	22,478,591
ULAE*	40,976	37,093	8,081	28,444	43,130	30,412	40,168	7,170	44,591	13,578	73,503	1,569,290
Total Non-Current	627,919	568,414	123,830	435,874	660,924	466,037	615,541	109,872	683,312	208,069	1,126,363	24,047,881
Total Liabilities	\$ 628,008	\$ 606,018	\$ 123,852	\$ 435,946	\$ 661,025	\$ 466,091	\$ 643,078	\$ 207,460	\$ 973,258	\$ 247,347	\$ 1,275,917	\$ 25,541,702
Members' Equity	28,601	235,298	122,366	171,914	203,413	180,391	194,600	333,393	1,056,041	125,161	400,847	11,313,251
Liability & Members'	\$ 656,609	\$ 841,316	\$ 246,218	\$ 607,860	\$ 864,438	\$ 646,482	\$ 837,678	\$ 540,853	\$ 2,029,299	\$ 372,508	\$ 1,676,764	\$ 36,854,953

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

Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Members' Equity - Workers' Compensation
For the Twelve Months Ended June 30, 2012

	WC Shar	WC Admin	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
Operating Income												
Administration Deposit	\$ -	\$235,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Banking Layer Deposit	-	-	94,053	95,543	23,625	60,469	220,448	1,016,658	207,450	97,891	27,095	76,034
Shared Risk Layer	2,005,378	-	-	-	-	-	-	-	-	-	-	-
Excess Deposit/Premium	510,693	-	-	-	-	-	-	-	-	-	-	-
CJPRMA Program Fee	-	271,535	-	-	-	-	-	-	-	-	-	-
Banking Layer Assessment	(10,730)	-	-	-	-	50,720	40,328	-	-	-	-	-
Shared Risk Refund	(1,697,090)	-	-	-	-	-	-	-	-	-	-	-
Banking Layer Refund	-	-	(8,716)	(82,996)	(6,930)	-	-	(123,362)	(25,668)	(107,150)	(7,555)	(14,832)
Risk Management Grants	-	88,017	-	-	-	-	-	-	-	-	-	-
Total Operating Income	808,251	594,836	85,337	12,547	16,695	111,189	260,776	893,296	181,782	(9,259)	19,540	61,202
Operating Expenses												
Claims Paid	591,824	-	86,604	53,059	45,486	90,538	189,325	749,091	133,494	4,268	-	37,796
O/S Liability adj.	405,999	-	24,847	76,349	(36,516)	63,991	(39,438)	(299,521)	95,671	5,805	172	63,904
ULAE	28,344	-	1,735	5,330	(2,549)	4,467	(2,753)	(20,910)	6,679	405	12	4,461
Consultants	-	30,519	-	-	-	-	-	-	-	-	-	-
Administration-Other	-	12,198	-	-	-	-	-	-	-	-	-	-
Safety Service	95,481	209,928	-	-	-	-	-	-	-	-	-	-
Claims Administration	-	129,803	12,316	10,737	7,728	9,254	25,759	122,008	29,280	5,467	165	6,239
Program Administration	-	154,409	-	-	-	-	-	-	-	-	-	-
Board Expenses	-	5,654	-	-	-	-	-	-	-	-	-	-
Excess Insurance	510,693	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	1,632,341	542,511	125,502	145,475	14,149	168,250	172,893	550,668	265,124	15,945	349	112,400
Operating Income (Loss)	(824,090)	52,325	(40,165)	(132,928)	2,546	(57,061)	87,883	342,628	(83,342)	(25,204)	19,191	(51,198)
Non-Operating Income												
Change in Fair Market Value	28,899	600	713	1,622	474	272	1,436	7,574	1,570	884	(55)	565
Interest Income	496,735	14,293	15,651	29,426	7,683	4,649	29,497	206,460	33,345	20,844	1,569	12,766
Total Non-Operating Income	525,634	14,893	16,364	31,048	8,157	4,921	30,933	214,034	34,915	21,728	1,514	13,331
Change in Members' Equity	(298,456)	67,218	(23,801)	(101,880)	10,703	(52,140)	118,816	556,662	(48,427)	(3,476)	20,705	(37,867)
Beginning Members' Equity	4,424,005	396,886	114,235	316,970	57,099	34,127	137,913	1,655,514	283,896	415,451	26,450	190,623
Ending Members' Equity	\$ 4,125,549	\$ 464,104	\$ 90,434	\$ 215,090	\$ 67,802	\$ (18,013)	\$ 256,729	\$ 2,212,176	\$ 235,469	\$ 411,975	\$ 47,155	\$ 152,756

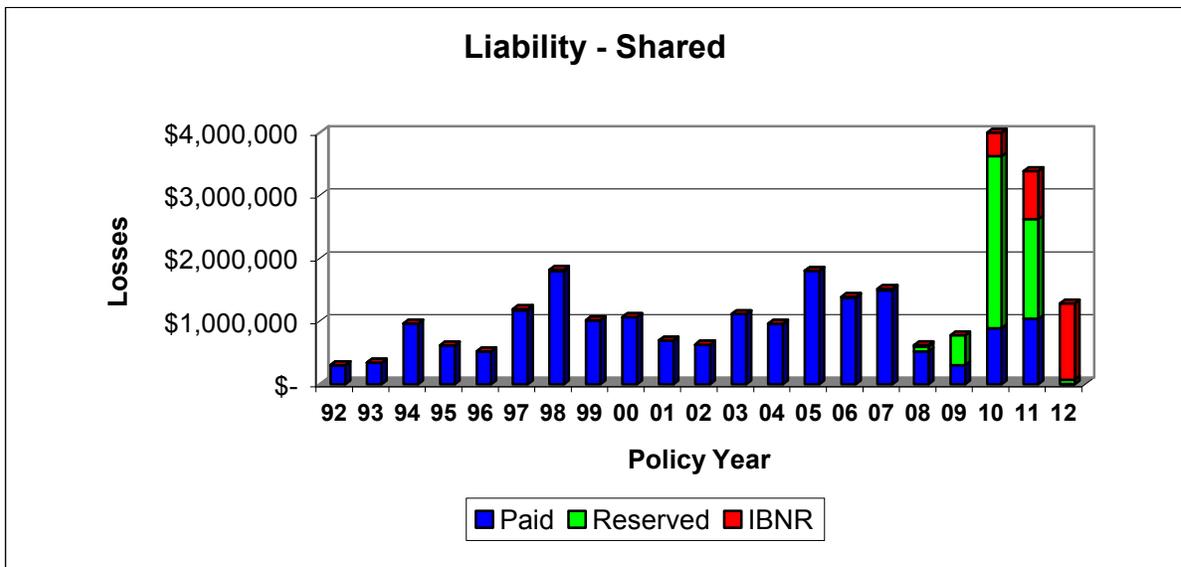
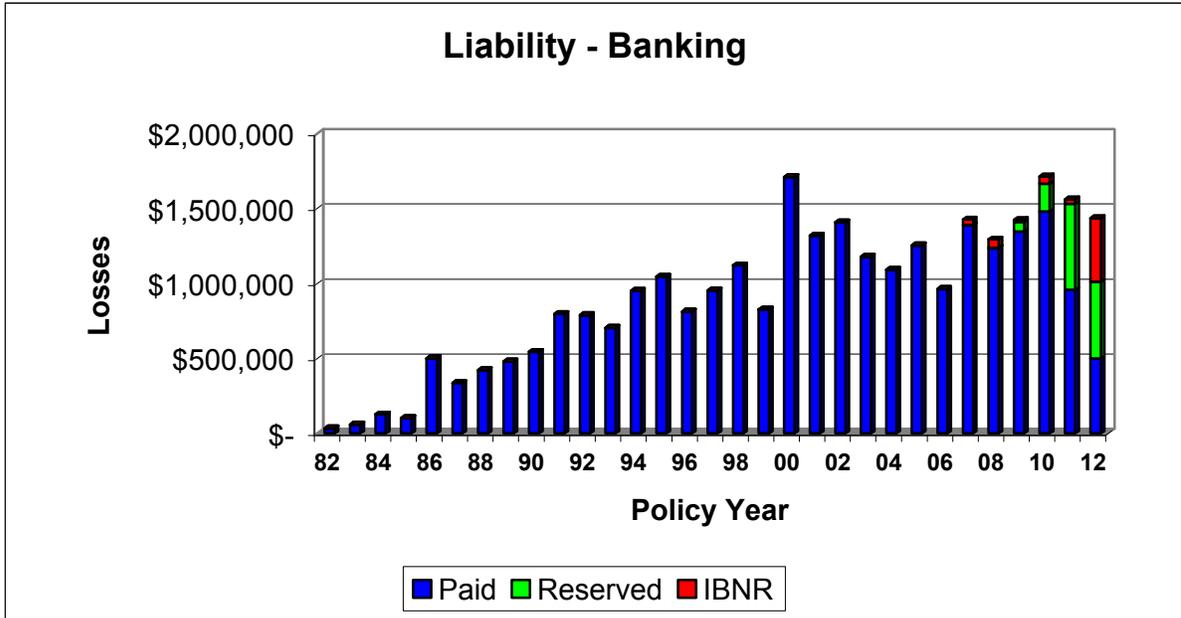
**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Combining Statement of Revenues, Expenses and Changes in Members' Equity - Workers' Compensation
For the Twelve Months Ended June 30, 2012**

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Operating Income												
Administration Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,284
Banking Layer Deposit	197,230	165,305	93,007	182,861	233,774	179,633	185,548	84,227	425,862	42,537	381,403	4,090,653
Shared Risk Layer	-	-	-	-	-	-	-	-	-	-	-	2,005,378
Excess Deposit/Premium	-	-	-	-	-	-	-	-	-	-	-	510,693
CJPRMA Program Fee	-	-	-	-	-	-	-	-	-	-	-	271,535
Banking Layer Assessment	29,790	-	-	-	-	47,280	-	-	-	-	-	157,388
Shared Risk Refund	-	-	-	-	-	-	-	-	-	-	-	(1,697,090)
Banking Layer Refund	-	(37,502)	(7,723)	(92,995)	(40,639)	-	(27,443)	(186,284)	(289,722)	(39,233)	(149,345)	(1,248,095)
Risk Management Grants	-	-	-	-	-	-	-	-	-	-	-	88,017
Total Operating Income	227,020	127,803	85,284	89,866	193,135	226,913	158,105	(102,057)	136,140	3,304	232,058	4,413,763
Operating Expenses												
Claims Paid	156,362	208,028	74,913	164,234	(234,116)	552,132	207,831	(166,443)	381,472	130,564	326,936	3,783,398
O/S Liability adj.	187,646	(102,951)	23,610	(125,477)	51,857	(89,601)	27,434	(12,418)	(79,826)	59,636	478,024	779,197
ULAE	13,100	(7,187)	1,648	(8,760)	3,620	(6,255)	1,915	(867)	(5,573)	4,163	33,372	54,397
Consultants	-	-	-	-	-	-	-	-	-	-	-	30,519
Administration-Other	-	-	-	-	-	-	-	-	-	-	-	12,198
Safety Service	-	-	-	-	-	-	-	-	-	-	-	305,409
Claims Administration	20,558	27,093	9,202	27,547	30,472	23,574	28,865	11,303	32,678	9,023	42,733	621,804
Program Administration	-	-	-	-	-	-	-	-	-	-	-	154,409
Board Expenses	-	-	-	-	-	-	-	-	-	-	-	5,654
Excess Insurance	-	-	-	-	-	-	-	-	-	-	-	510,693
Total Operating Expenses	377,666	124,983	109,373	57,544	(148,167)	479,850	266,045	(168,425)	328,751	203,386	881,065	6,257,678
Operating Income (Loss)	(150,646)	2,820	(24,089)	32,322	341,302	(252,937)	(107,940)	66,368	(192,611)	(200,082)	(649,007)	(1,843,915)
Non-Operating Income												
Change in Fair Market	1,531	1,599	247	1,651	(516)	2,228	1,614	359	3,385	1,060	2,683	60,395
Interest Income	32,125	35,291	7,362	28,513	30,455	21,357	33,189	19,644	78,541	16,159	70,468	1,246,022
Total Non-Operating Income	33,656	36,890	7,609	30,164	29,939	23,585	34,803	20,003	81,926	17,219	73,151	1,306,417
Change in Members' Equity	(116,990)	39,710	(16,480)	62,486	371,241	(229,352)	(73,137)	86,371	(110,685)	(182,863)	(575,856)	(537,498)
Beginning Members' Equity	145,591	195,588	138,846	109,428	(167,828)	409,743	267,737	247,022	1,166,726	308,024	976,703	11,850,749
Ending Members' Equity	\$ 28,601	\$ 235,298	\$ 122,366	\$ 171,914	\$ 203,413	\$ 180,391	\$ 194,600	\$ 333,393	\$1,056,041	\$ 125,161	\$ 400,847	\$ 11,313,251

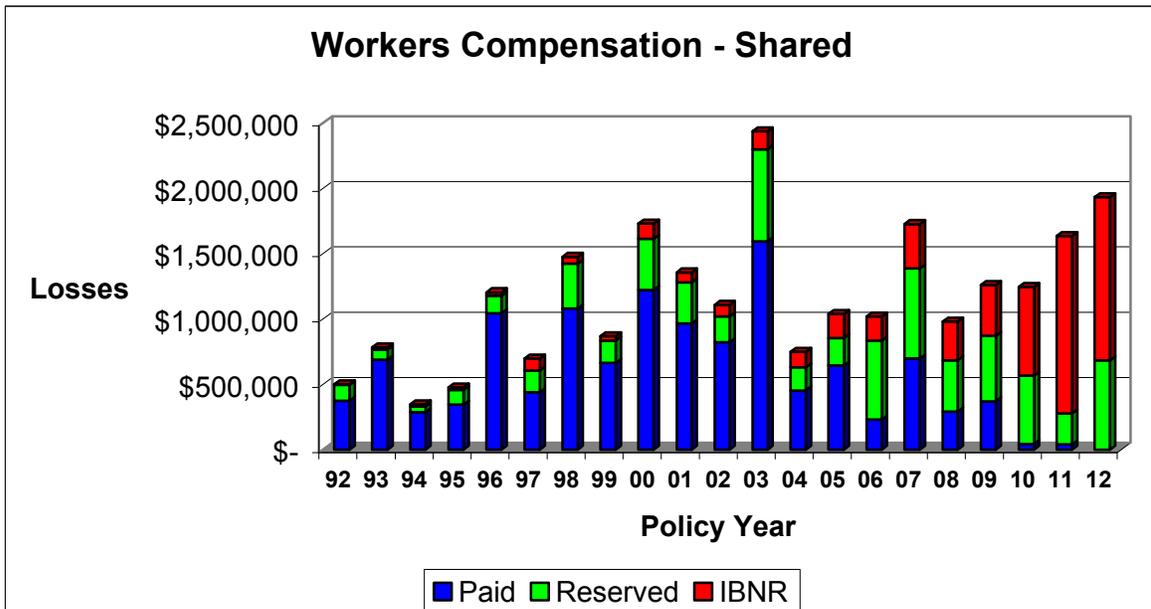
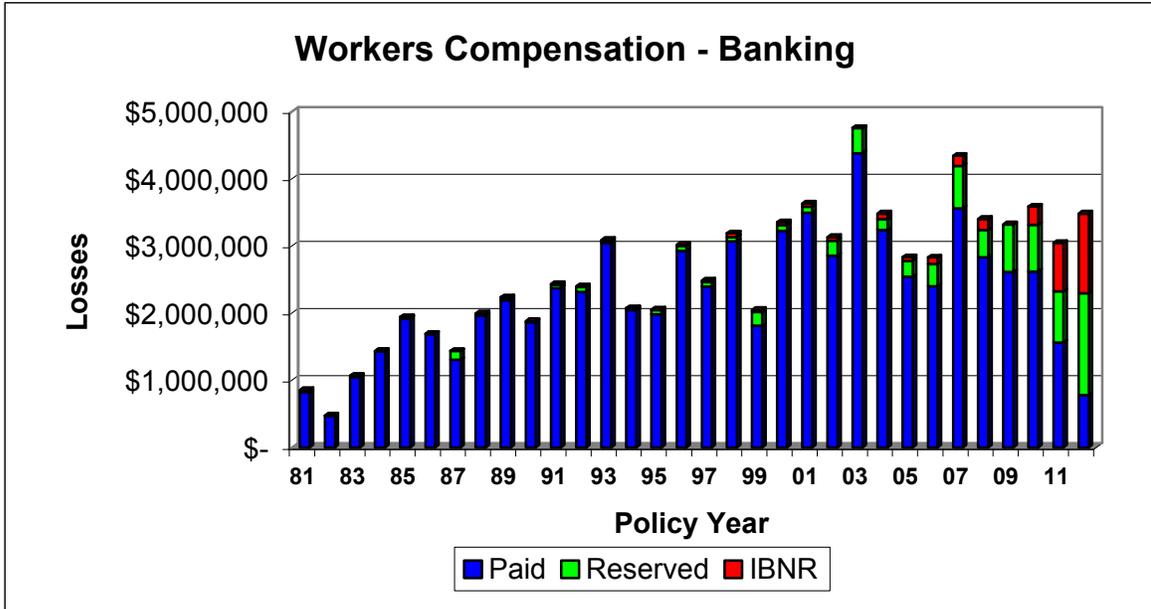
**Northern California Cities Self Insurance Fund
(Governmental Enterprise Fund)
Reconciliation of Claims Liability by Program as of
June 30, 2012**

	Liability Banking 2012	Liability Shared Risk 2012	Total Liability Program		WC Banking 2012	WC Shared Risk 2012	Total WC Program		Totals	
			2012	2011			2012	2011	2012	2011
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	1,982,331	4,629,051	6,611,383	5,975,621	10,515,589	12,698,695	23,214,284	21,704,040	29,825,666	27,679,661
Incurred claims and claim adjustment expenses:										
Provision for insured events of the current fiscal year	1,437,879	1,283,641	2,721,521	2,546,752	3,479,068	1,932,000	5,411,068	5,053,668	8,132,588	7,600,420
Increases (Decreases) in provision for insured events of prior fiscal years	180,332	3,439,447	3,619,779	(116,031)	85,705	(921,763)	(836,058)	(16,810)	2,783,721	(132,841)
Change in provision for ULAE in current year	-	-	-	-	26,054	28,344	54,398	159,661	54,398	159,661
Total incurred claims and claim adjustment expenses	1,618,211	4,723,089	6,341,300	2,430,722	3,590,827	1,038,581	4,629,408	5,196,518	10,970,707	7,627,240
Payments:										
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	498,975	3,037,27	502,013	453,460	777,346	-	777,346	702,844	1,279,359	1,156,304
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	1,147,823	1,777,929	2,925,752	1,341,499	2,414,227	604,237	3,018,465	2,983,430	5,944,217	4,324,930
Total Payments	1,646,798	1,780,966	3,427,765	1,794,960	3,191,574	604,237	3,795,811	3,686,274	7,223,576	5,481,234
Total unpaid claims and claim adjustment expenses at end of the fiscal year	1,953,744	7,571,173	9,524,918	6,611,383	10,914,842	13,133,039	24,047,880	23,214,284	33,572,798	29,825,666
Claims Liability	1,953,744	7,571,173	9,524,918	6,611,383	10,202,573	12,276,018	22,478,591	21,699,392	32,003,508	28,310,775
Claims ULAE	-	-	-	-	712,268	857,021	1,569,289	1,514,892	1,569,289	1,514,892
Total Claim Liabilities	1,953,744	7,571,173	9,524,918	6,611,383	10,914,842	13,133,039	24,047,880	23,214,284	33,572,798	29,825,666

Northern California Cities Self Insurance Fund
Graphical Summary of Claims as of
June 30, 2012



Northern California Cities Self Insurance Fund
Graphical Summary of Claims as of
June 30, 2012





Board of Directors
October 18, 2012

Agenda Item I.2

DRAFT FINANCIAL AUDIT FOR YEAR ENDING JUNE 30, 2012

ACTION ITEM

ISSUE: NCCSIF annually has a financial audit conducted. Mr. Matt Nethaway from Crowe Horwath LLP will be in attendance to present the audited financials to the Board.

FISCAL IMPACT: \$26,100 is the Not to Exceed amount as outlined in the agreement.

RECOMMENDATION: The Board of Directors should review and consider acceptance of the draft 2012 financial audit as presented.

BACKGROUND: NCCSIF is required to have financial audit conducted annually. The financial audit is filed with the County in which its primary office is located and with the State Controller.

The Executive Committee asked Tim Sailsbery, NCCSIF Treasurer and Robin Bertagna and Steve Kroeger, City of Yuba City to review the Draft Audit with Jim Marta and Susan Adams which was done via a teleconference on September 24, 2012.

ATTACHMENT(S): Draft Audited Financial Statement for the Year Ended June 30, 2012.

**NORTHERN CALIFORNIA CITIES
SELF INSURANCE FUND**
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2012 and 2011

Preliminary Draft

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2012 and 2011

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS:	
STATEMENTS OF NET ASSETS	11
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS	12
STATEMENTS OF CASH FLOWS.....	13
NOTES TO BASIC FINANCIAL STATEMENTS.....	14
REQUIRED SUPPLEMENTARY INFORMATION:	
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT	22
CLAIMS DEVELOPMENT INFORMATION	24
SUPPLEMENTARY INFORMATION:	
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION.....	27
COMBINING STATEMENT OF NET ASSETS.....	28
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS	29
STATEMENT OF NET ASSETS BY MEMBER	30
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS BY MEMBER	34
INDEPENDENT AUDITORS' 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.....	38

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Members
Northern California Cities Self Insurance Fund
Sacramento, California

We have audited the statement of net assets of Northern California Cities Self Insurance Fund as of June 30, 2012 and the related statements of revenues, expenses and change in net assets and cash flows for the year then ended. These basic financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The financial statements of Northern California Cities Self Insurance Fund as of June 30, 2011, were audited by other auditors whose report dated October 24, 2011 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 basic financial statements referred to above present fairly, in all material respects, the financial position of Northern California Cities Self Insurance Fund as of June 30, 2012, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated _____ on our consideration of Northern California Cities Self Insurance Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through ____, the Reconciliation of Claims Liability by Type of Contract on pages ____ and ____, and the Claims Development Information on pages ____ through ____ be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

██████████

Sacramento, California
_____, 2012

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

The following report reflects on the financial condition of Northern California Cities Self Insurance Fund (NCCSIF) for the fiscal year ended June 30, 2012. It is provided in order to enhance the information in the financial audit, and should be reviewed in concert with that report.

Financial Highlights, fiscal years ended June 30, 2012 and 2011

- The net loss for the fiscal year ended June 30, 2012 was \$4,786,706. This loss is principally due to dividends to members of \$4,417,281 and a net increase in prior years claim liabilities from the liability program of \$3,619,779. Without the return of equity to members the program would have shown net loss of \$369,425.
- The net loss for the fiscal year ended June 30, 2011 was \$2,976,687. Claims development has been relatively flat for prior years. The net income is after consideration of dividends to members of \$6,452,113. This dividend marks the long-term success of the risk financing program. Without the return of equity to members the program would have shown net income of \$3,475,426. This level of income is required to provide for variability in potential claims.
- Total operating revenues for fiscal year 2012 were \$12,061,588 (net of dividends earned and granted and excess insurance rebate) a decrease of 3% or \$419,084 as compared to fiscal year 2011. This decrease is primarily due to the conscious decision of the board to decrease in premiums for the liability and workers' compensation programs.
- Total operating revenues for fiscal year 2011 were \$12,480,672 (net of dividends earned and granted and excess insurance rebate) a decrease of 10% or \$1,378,321 as compared to fiscal year 2011. This decrease is primarily due to the decrease in premiums for the liability and workers' compensation programs.

Description of the Basic Financial Statements

NCCSIF financial statements are prepared in conformity with generally accepted accounting principles generally accepted in the United States of America and necessarily include amounts based upon reliable estimates and judgments. Statement of Net Assets, a Statement of Revenues, Expenses & Change in Net Assets, and the Statement of Cash Flows are included along with Notes to Basic Financial Statements to clarify unique accounting policies and financial information.

The *Statement of Net Assets* provides information on all NCCSIF program assets and liabilities, with the difference reported as Net Assets. Net Assets may be an indicator of the overall pool financial changes across years.

The *Statement of Revenues, Expenses and Change in Net Assets* presents information showing total revenues versus total expenses and the resulting effect on Net Assets.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year and reconciles to operating income.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

Combining statements are provided with the supplementary information and reflect financial information separated by the specific program to which it relates. NCCSIF's accounting system is organized so that each program can be accounted for and evaluated independently. Separate funds are operated for four insurance funds: two for Workers' Compensation (Banking Layer and Shared Risk Layer), and Liability (Banking Layer and Shared Risk Layer), General Administration and Loss Control. The assets, liabilities, revenues and expenses for all funds are reported on a full accrual basis. There were no significant accounting changes during the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial statements. The notes describe the nature of NCCSIF's operations and significant accounting policies as well as clarify unique financial information.

Required Supplementary Information

Following the basic financial statements is required supplementary information, which provides further detail and reconciliation of claims liabilities by program.

Crowe Horwath, Certified Public Accountants has performed an independent audit examination of our financial statements in accordance with generally accepted auditing standards. This firm's opinion is included in the Financial Section of this report. This MD&A also includes information from NCCSIF's previous audits at June 30, 2011 and June 30, 2010:

Pool-Wide Financial Analysis

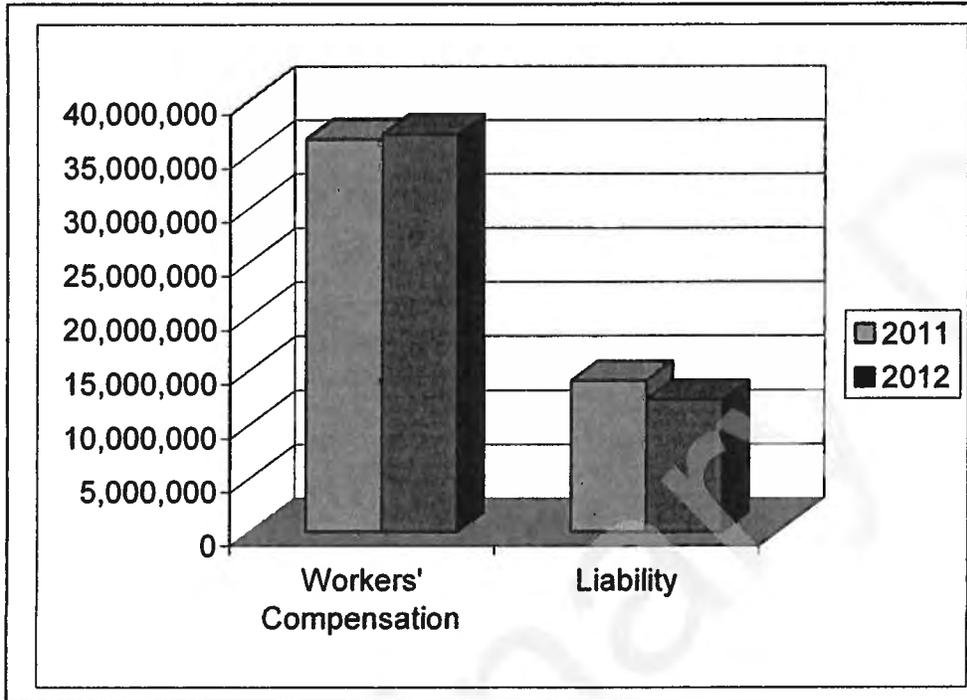
	June 30, 2012	Percent	June 30, 2011	Percent	June 30, 2010	Percent
Current assets	\$ 11,042,321	22%	\$ 7,677,159	15%	\$ 6,364,819	12%
Noncurrent assets	38,065,068	78%	42,765,401	85%	44,881,026	88%
Total Assets	49,107,389	100%	50,442,560	100%	51,245,845	100%
Current liabilities	2,370,650	5%	2,666,246	5%	2,638,847	5%
Claim liabilities	33,572,798	68%	29,825,666	59%	27,679,663	54%
Total liabilities	35,943,448	73%	32,491,912	64%	30,318,510	59%
Net assets	13,163,942	27%	17,950,648	36%	20,927,335	41%
Total Liabilities and Net Assets	49,107,390	100%	50,442,560	100%	\$ 51,245,845	100%

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

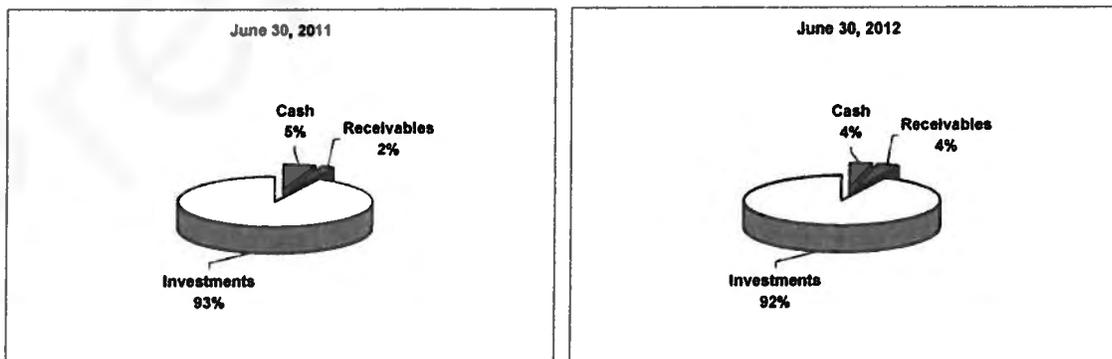
**Northern California Cities Self Insurance Fund
Total Assets by Program at June 30, 2011 and June 30, 2012**



The total decrease in assets for fiscal year 2012 was \$1,335,171, resulting in a total asset balance of \$49,107,389 at June 30, 2012.

The total increase in assets for fiscal year 2011 was \$803,281, resulting in a total asset balance of \$50,442,560 at June 30, 2011.

Total Assets by Type at June 30, 2011 and June 30, 2012



NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

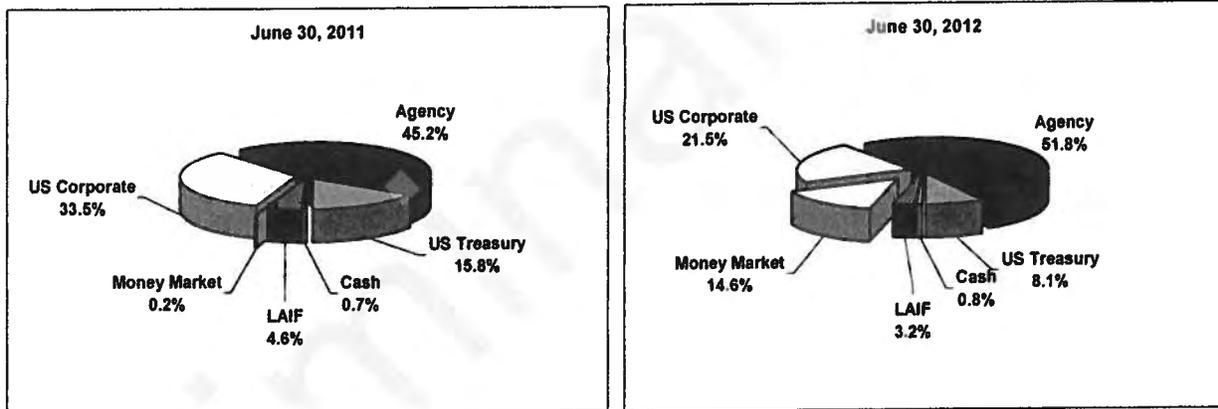
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

Investment revenues are used to offset program costs wherever possible and reduce the required member contributions. The overall investments of the pool decreased in 2010-2011 from \$47,012,351 to \$46,501,544 and in 2011-2012 decreased to \$44,938,793. NCCSIF invests those funds not immediately necessary for the payment of claims in order to optimize the rate of return. Funds are invested in a manner that will protect principal, allow for cash flow needs and optimize returns, and are in conformity with all federal, state, and local statutes governing such investment of public funds. Those assets needed for current operations are maintained in the Local Agency Investment Fund (LAIF) in Sacramento, which is administered by the State Treasurer's Office.

The investment market performance has declined in the past two years. For example, the average rate of return for funds invested in LAIF during fiscal year 2011 was 0.448%, in 2012 the average rate of return was 0.358 %. The effective rate of return for the overall JPA investment portfolio increased slightly at 4.5% in fiscal year 2011 to 5.0% in fiscal year 2012. The ability of these funds to earn investment income has a direct effect on program rates, as this income is used to discount future liabilities. When investments fall short of projections, additional funding may be required to meet actuarial estimates.

Components of NCCSIF Portfolio at June 30, 2011 and June 30, 2012



NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

NCCSIF Pool Liabilities

Current liabilities increased by \$27,403 from 2010 to 2011 and decreased by \$295,600 from 2011 to 2012, largely due to timing of payment of member refunds.

Outstanding claims liabilities for the two self-insured programs increased from \$29,825,666 at June 30, 2011 to \$33,572,797 at the close of the 2012 fiscal year, an increase of 13%. This increase resulted primarily from large claim losses in the liability program and increase in ultimate loss estimates for previous policy years as determined by the actuary.

The prior year saw an increase of \$2,146,003 from fiscal year 2010 to the end of fiscal year 2011 which was due to an increase in ultimate loss estimates as determined by the actuary.

NCCSIF Dividends and Assessments

For the year ended June 30, 2011:

The Liability Banking Fund had dividends of \$1,538,302 and had assessments of \$1,242. Liability Shared Risk Fund had dividends of \$289,832 during the 2012 fiscal year, and a refund from the liability excess carrier was used to reduce the members' fiscal year 2013 liability premiums by \$502,233. The Workers' Compensation Banking Fund had dividends of \$1,825,868, and had assessments of \$35,197. The Workers' Compensation Shared Risk Fund dividend declared was \$2,290,876.

For the year ended June 30, 2012:

The Liability Banking Fund had dividends of \$1,168,089 and had assessments of \$71,667. The Liability Shared Risk Fund had a refund from the liability excess carrier was used to reduce the members' fiscal year 2013 liability premiums by \$304,007. The Workers' Compensation Banking Fund had dividends of \$1,248,095, and had assessments of \$157,388. The Workers' Compensation Shared Risk Fund dividend declared was \$1,697,090.

NCCSIF Revenues and Expenses

Pool operating revenues consist almost entirely of contributions received from members. These revenues decreased 10% from \$13,858,992 to \$12,480,672 in 2010 and 2011, respectively. Revenues then decreased to \$12,061,588 in 2012, primarily due to the decrease of Liability and Workers' Compensation rates set by the board. The 2010 fiscal year a dividend of \$6,452,113 was declared but a decrease in comparable claims expenses allowed the pool to show a net income of \$2,653,802, increasing equity to \$20,927,335. In the 2011 fiscal year a dividend of \$6,452,113 was declared and a large increase in claims expenses resulted in a net loss of \$2,976,687, decreasing equity to \$17,950,648 – a 14% decrease from the 2010 fiscal year. In 2012, a net loss of \$4,786,706 was experienced due to a combination of decreased revenues, an increased provision for claims and dividends in the amount of \$4,417,281. The loss resulted in a 27% decrease to equity from the 2011 fiscal year.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

NCCSIF Statements of Revenue, Expenses, and Changes in Net Assets

	2012	2011	Percent Change	2011	2010	Percent Change
Operating Revenues	\$ 12,365,595	\$ 13,279,982	-7%	\$ 13,279,982	\$ 14,216,939	-7%
Provision for Claims	10,470,894	7,160,389	46%	7,160,389	3,682,521	94%
Dividends	4,417,281	6,452,113	-32%	6,452,113	6,216,431	4%
Insurance Premiums	1,995,581	1,970,875	1%	1,970,875	2,456,115	-20%
Administration	2,079,978	1,953,346	6%	1,953,346	1,632,427	20%
Total Expenses	18,963,734	17,536,723	8%	17,536,723	13,987,494	25%
Non-operating:						
Investment Income	1,811,433	1,280,054	42%	1,280,054	2,424,358	-47%
Net Income (Loss)	(4,786,706)	(2,976,687)	61%	(2,976,687)	2,653,803	-212%
Beginning Net Assets	17,950,648	20,927,335	-14%	20,927,335	18,273,532	15%
Ending Net Assets	\$ 13,163,942	\$ 17,950,648	-27%	\$ 17,950,648	\$ 20,927,335	-14%

Non-operating revenues decreased from \$2,424,358 to \$1,280,054 for 2010 and 2011, respectively. Non-operating revenues increased by 41% in fiscal year 2012 to \$1,811,433. The slight increase was due to changes in the investment portfolio which resulted in slightly better returns. The fair value of investments experienced a net decrease from 2010 to 2011 – with a decrease in 2011 of \$510K on the whole portfolio.

Operating expenses, including the provision for insured events, increased by \$3.5 million in 2010-2011 to \$17,536,723. This increase resulted from an adjustment of the actuary's ultimate loss estimates due to prior years' unfavorable loss development. Operating expenses increased 8% over the total 2011 figure to \$18,963,734 in fiscal year 2012. This increase resulted from higher claims related expenses due to an increase in ultimate loss estimates for previous policy years as determined by the actuary.

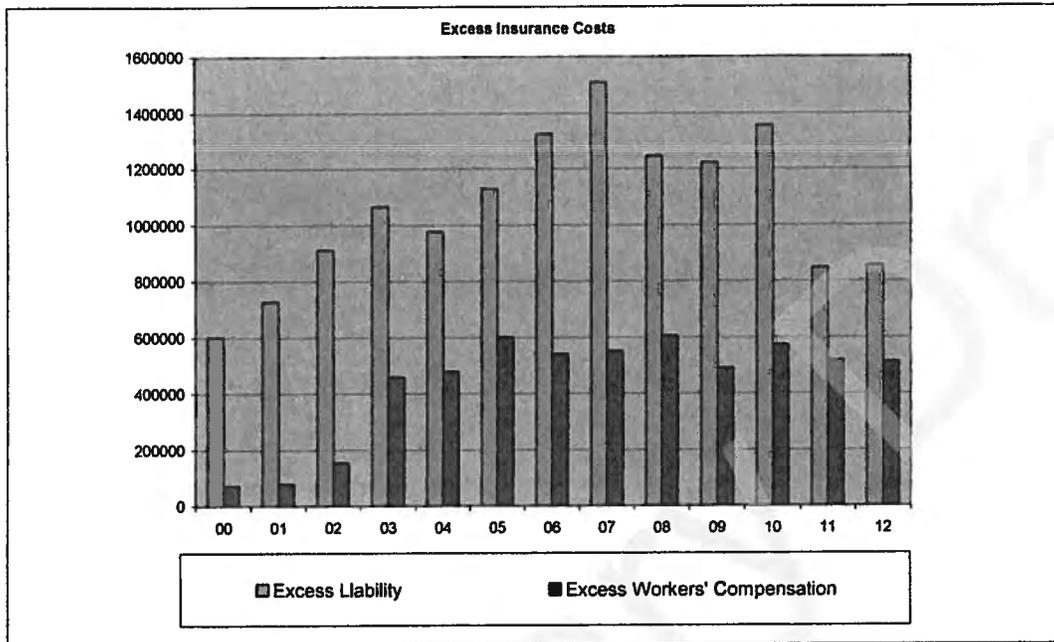
Insurance Expense

NCCSIF has made choices to participate in excess California joint powers authorities for liability and workers' compensation. These excess JPA's purchase excess reinsurance and insurance over pooled layers. By doing so NCCSIF now operates in an environment that is only minimally dependent on the insurance market and is therefore less subject to the swings of insurance pricing cycles. Historically, the insurance market has operated in 3-7 year cycles in which rates will swing from the very high to the very low and back again. From 1987 to 2002 the Insurance marketplace was in a long competitive cycle that was not broken until the events of September 2001. The beginning of a very hard market cycle occurred in 2002. Currently we have been in a relatively soft market. As a result, the fluctuations shown for excess coverage are mainly the result of changes in members' payrolls (for workers' compensation coverage) and a change in the excess liability pool's rating formulas.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011



General Administration Fund

General administration expenses represent 2.6% and 2.8% of the overall pool expenses for 2011 and 2012, respectively. This figure includes administrative and finance staff expenses, support and services, including the costs of NCCSIF Board of Director and Executive Committee meetings. The increase in these percentages is largely related to the overall administrative costs remaining stable while there have been downward variances in the claim expense which is the largest program expense. The increase in overall expenses in this category is due primarily to a significant increase in the State of California's assessment for self-insured entities.

Risk Management Services

The Risk Management Services Fund provides group training; web based training, hot line safety services, inspection services, recommends and supports attendance at Risk Management conferences and other support to members in the liability and workers' compensation programs with the goal of controlling loss frequency and severity. These services are funded on a proportional basis by both programs, and represents 2.1% and 2.2% of the pool expenses for 2011 and 2012, respectively. NCCSIF works closely with the Risk Management Committee and each of our member cities to implement programs that help them keep down the cost of coverage. These services range from contract review to site safety inspections and hotline services. Some of the training provided in fiscal years 2011 and 2012 included understanding additional insured endorsements, traffic signage during construction, pool operators, workplace harassment, backsafe training, ergonomics, wastewater services safety, supervisory skills, diversity training, supervisory safety training and review of members' injury illness and prevention plans. Risk management dollars were also used to update member police manuals and to ensure that contract staff were available to work with members to conduct investigations of incidents or near-miss occurrences to help isolate the cause and make suggestions to avoid recurrence.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012 AND 2011

Cost Containment

NCCSIF has made a great effort to manage the cost of its claims through the implementation of creative and innovative programs. summary of these efforts in the workers' compensation and liability program is as follows.

The Workers' Compensation Program covers all employees, and volunteers (if the city has passed an ordinance) who are injured during the course and scope of their employment. The coverage primarily includes payment for medical costs, temporary disability, permanent disability and vocational rehabilitation. Workers' Compensation claims administrator York Insurance Services Group, Inc. actively manages costs through the provision of a voluntary return-to-work program in which the NCCSIF Return-to-Work Coordinator teams with the injured worker, physician, and supervisor to select short-term pre-determined bridge assignments that are medically appropriate for returning the worker to employment. This serves to keep injured workers productive and avoids lengthy recovery periods from which it may be difficult to return to a structured workplace. During the 2006-2007 Fiscal Year NCCSIF implemented a Managed Provider Network to further control workers' compensation medical costs.

Financial Management and Control

NCCSIF's Financial Advisor is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. Further oversight is provided by the NCCSIF Treasurer and annually reviewed by the Financial Auditor.

Description of Facts or conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

The California legislature adopted certain changes to the workers compensation law in 2004 that were expected to reduce costs by 5%. These savings were experienced but since then workers compensation costs have continued to rise due to increased benefits and continuing increases in medical related costs. Proposals of change to the law currently before the legislature could significantly increase future costs.

The Liability market is expected to continue in the same, although not as severe, vein with hard markets and strict underwriting. Rates are expected to stabilize so long as the economy begins to recover and terrorism is avoided. political landscape and possibility of further military action overseas may also serve to prevent the market from relaxing.

The California economy has been significantly affected by the housing and credit crisis. The state budget situation continues to result in an as yet unknown drain on resources, not only for the Authority, but for its members as well. Funding cuts are expected at almost every level of our member operations. NCCSIF has absorbed some of those cuts however it must ensure the program is adequately funded. Annually, NCCSIF evaluates the services and programs currently offered by the Authority and determine whether those services should be continued as is, modified, increased or deleted. Members feel strongly that the JPA can help to provide training at a cost that remains less then the Cities would have to bear individually.

BASIC FINANCIAL STATEMENTS

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 STATEMENTS OF NET ASSETS
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,359,999	\$ 2,703,307
Investments maturing within one year (Note 2)	6,873,725	3,736,143
Member receivable	166,396	36,439
Dividend receivable	304,007	-
Excess insurance receivable	1,047,317	845,314
Interest receivable	290,877	342,262
Prepaid expense	<u>-</u>	<u>13,694</u>
Total current assets	11,042,321	7,677,159
Investments, less portion maturing within one year (Note 2)	<u>38,065,068</u>	<u>42,765,401</u>
Total assets	<u>49,107,389</u>	<u>50,442,560</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,066,643	2,164,013
Dividends payable	304,007	502,233
Current portion of unpaid claims and claim adjustment expenses (Note 3)	<u>5,000,000</u>	<u>6,600,000</u>
Total current liabilities	7,370,650	9,266,246
Unpaid claims and claim adjustment expenses (Note 3)	<u>28,572,797</u>	<u>23,225,666</u>
Total liabilities	<u>35,943,447</u>	<u>32,491,912</u>
NET ASSETS		
Net assets	<u>\$ 13,163,942</u>	<u>\$ 17,950,648</u>

See accompanying notes to financial statements.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
 For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Banking layer deposit	\$ 5,609,767	\$ 5,883,300
Shared risk layer deposit	3,221,299	3,268,126
Other deposits/fees	3,001,467	3,208,902
Banking layer assessment	229,055	120,344
Excess insurance rebate	<u>304,007</u>	<u>799,310</u>
Total operating revenues	<u>12,365,595</u>	<u>13,279,982</u>
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 3)	10,470,894	7,161,755
Dividends	4,417,281	6,452,113
Insurance premiums	1,995,581	1,970,875
Claims administration	1,153,317	1,084,591
Program administration	330,169	335,257
Administrative fees	66,535	64,797
Safety services	518,727	457,740
Other expenses	<u>11,230</u>	<u>9,595</u>
Total operating expenses	<u>18,963,734</u>	<u>17,536,723</u>
Operating loss	<u>(6,598,139)</u>	<u>(4,256,741)</u>
Investment income:		
Net change in the fair value of investments	93,684	279,702
Investment income	<u>1,717,749</u>	<u>1,000,352</u>
Total investment income	<u>1,811,433</u>	<u>1,280,054</u>
Net loss	(4,786,706)	(2,976,687)
Net assets, beginning of year	<u>17,950,648</u>	<u>20,927,335</u>
Net assets, end of year	<u>\$ 13,163,942</u>	<u>\$ 17,950,648</u>

See accompanying notes to financial statements.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from members	\$ 11,931,631	\$ 12,490,925
Cash (paid) received for excess insurance carriers	(202,003)	254,046
Cash paid for claims	(6,723,763)	(5,015,752)
Cash paid for insurance	(1,677,880)	(1,185,259)
Cash paid to vendors	(2,177,348)	(2,068,863)
Cash paid for dividends	<u>(4,919,514)</u>	<u>(6,307,827)</u>
Net cash used in operating activities	<u>(3,768,877)</u>	<u>(1,832,730)</u>
Cash flows from investing activities:		
Investment income received	1,921,221	1,046,581
Investment purchases	(27,461,556)	(29,341,206)
Proceeds from sale or maturity of investments	<u>28,965,904</u>	<u>30,131,712</u>
Net cash provided by investing activities	<u>3,425,569</u>	<u>1,837,087</u>
Net (decrease) increase in cash and cash equivalents	(343,308)	4,357
Cash and cash equivalents, beginning of year	<u>2,703,307</u>	<u>2,698,950</u>
Cash and cash equivalents, end of year	<u>\$ 2,359,999</u>	<u>\$ 2,703,307</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (6,598,139)	\$ (4,256,741)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Decrease (increase) in:		
Member receivable	(129,957)	16,253
Dividend receivable	(304,007)	-
Excess insurance receivable	(202,003)	254,046
Prepaid expense	13,694	(13,694)
Increase (decrease) in:		
Accounts payable	(97,370)	(116,883)
Dividends payable	(198,226)	144,286
Unpaid claims and claim adjustment expenses	<u>3,747,131</u>	<u>2,146,003</u>
Net cash used in operating activities	<u>\$ (3,768,877)</u>	<u>\$ (1,832,730)</u>
Supplemental information:		
Change in fair value of investments	<u>\$ 93,684</u>	<u>\$ 279,702</u>

See accompanying notes to financial statements.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description: Northern California Cities Self Insurance Fund (the "Fund") is a governmental joint powers authority formed in July 1978, pursuant to the Government Code of the State of California, commencing with Section 6500. The Fund provides workers' compensation, general liability, automobile liability, errors and omissions and employment practices coverage through jointly funded banking plan, risk sharing, excess risk sharing and excess reinsurance for its 21 member entities. The risk sharing plan was implemented during the 1991-92 fiscal year.

Reporting Entity: The reporting entity includes all activities considered to be part of the Fund. This includes financial activity relating to all of the membership years of the Fund. In determining the reporting entity, the Fund considered all governmental units that were members of the Fund since inception. The criteria do not require the inclusion of these entities in the Fund's financial statements principally because the Fund does not exercise oversight responsibility over any members.

Basis of Accounting: These statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when incurred. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in the Fund's financial statements. The Fund has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Cash Equivalents: Cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months.

Investments: The Fund records its investments at fair value. Changes in fair value are reported as revenue in the statement of revenues, expenses and change in net assets. The effect of recording investments at fair value for the years ended June 30, 2012 and 2011 is reflected as a net change in the fair value of investments on the statement of revenues, expenses and change in net assets.

Fair value of investments has been determined by the sponsoring government based on quoted market prices.

Provisions for Unpaid Claims and Claim Adjustment Expenses: The Fund's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability. The Fund increases the liability for allocated and unallocated claim adjustment expenses. Because actual claim costs depend on such complex factors as inflation, changes in doctrine of legal liability, and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The current portion of unpaid claims is based on current year payments and known claim information at the end of the period.

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coverage Limits: The Fund provides coverage within the Banking Layer for each Program:

Liability:

\$50,000 per occurrence
\$50,000 per occurrence for employment practices
\$100,000 per occurrence for City of Folsom only (all coverages)

Workers' Compensation:

\$100,000 per occurrence

The Fund provides coverage within a Shared Risk Layer for each program:

Liability:

\$450,000 per occurrence, excess of Banking Layer
\$450,000 per occurrence for employment practices, excess of Banking Layer
\$400,000 per occurrence for City of Folsom only (all coverages), excess of Banking Layer

Workers' Compensation:

\$400,000 per occurrence, excess of Banking Layer

Currently, the Fund participates in an excess Joint Powers Authority, California Joint Powers Risk Management Authority, for excess coverage above the Liability Shared Risk Layer to a limit of \$40,000,000 per occurrence. See Note 4.

For the Workers' Compensation program, the Fund purchases coverage above the Shared Risk Layer through CSAC Excess Insurance Authority to statutory limits for workers' compensation and \$5,000,000 for employers' liability. See Note 4.

Settlements have not exceeded insurance coverage in each of the past three years.

Revenue Recognition: Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses and administrative expenses exceed contributions previously paid and interest and other income, the Fund may declare either a dividend or an assessment to member agencies.

Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating revenues and expenses include all activities necessary to achieve the objectives of the Fund. Non-operating revenues and expenses include investment income and net change in the fair value of investments.

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Income Taxes: The Fund is an organization comprised of public agencies and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Reclassifications: Certain reclassifications have been made to prior year's balances to conform to classifications used at June 30, 2012. Reclassifications have no effect on prior year change in net assets.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents at June 30, 2012 and 2011 are reported at fair value and consisted of the following:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents:		
Cash in bank	\$ 363,513	\$ 327,418
Treasury Fund Money Market	411,427	89,659
Commercial Paper	149,891	-
Total cash in bank	924,831	417,077
Local Agency Investment Fund	1,435,168	2,286,230
Total cash and cash equivalents	\$ 2,359,999	\$ 2,703,307

Custodial Credit Risk: Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012, the carrying amount of the Fund's accounts was \$924,831 and the bank balances were \$1,734,050. The carrying value and the bank balance differ due to deposits in transit and outstanding checks. The bank balances were fully covered by FDIC insurance.

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Local Agency Investment Fund: Northern California Cities Self Insurance Fund places certain funds with the State of California's Local Agency Investment Fund (LAIF). The Fund is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Fund's investment in the pool is reported in the accompanying financial statements based upon the Fund's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferrable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, CA 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Investments: Investments at June 30, 2012 and 2011 are reported at fair value and consisted of the following:

	<u>Rating</u>	<u>2012</u>	<u>2011</u>
Investments:			
US Agency	AAA	\$ -	\$ 22,233,872
US Agency	AA+	23,299,037	-
US Treasury	TSY	7,855,143	7,794,427
Commercial Paper	A-1+	1,702,480	-
US Corporate Notes	AAA	-	4,276,630
US Corporate Notes	AA+	2,695,437	1,668,639
US Corporate Notes	AA	1,704,137	1,739,637
US Corporate Notes	AA-	440,821	1,300,424
US Corporate Notes	A+	2,063,767	3,140,520
US Corporate Notes	A	3,965,723	3,162,618
US Corporate Notes	A-	737,248	734,777
Certificate of Deposit	A-1+	<u>475,000</u>	<u>-</u>
Total investments		<u>\$ 44,938,793</u>	<u>\$ 46,501,544</u>

Investment security ratings reported as of June 30, 2012 are defined by Standard & Poors. Securities of the United States Treasury (TSY) are not rated for credit worthiness as they are fully backed by the United States Government.

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment Interest Rate Risk: The Fund's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2012 consist of the following:

	<u>Fair Value</u>	<u>Maturity</u>		
		<u>Less Than One Year</u>	<u>One Year through Five Years</u>	<u>Six Years through Ten Years</u>
Investment maturities:				
United States Agency - FFCB, FHLB, FHLMC, FNMA	\$ 23,299,037	\$ 1,695,399	\$ 17,458,345	\$ 4,145,293
United States Treasury Notes	7,855,143	1,311,348	4,059,660	2,484,135
United States Corporate Notes	10,572,946	655,311	9,917,635	-
Certificate of Deposit	475,000	475,000	-	-
Commercial paper	1,702,480	1,702,480	-	-
FDIC insured US Corporate Notes	1,034,187	1,034,187	-	-
Total	\$ 44,938,793	\$ 6,873,725	\$ 31,435,640	\$ 6,629,428

Investment Credit Risk: The Fund's investment policy limits investment choices to obligations of the United States Treasury, its agencies and instrumentalities, corporate medium-term notes, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances and repurchase agreements. At June 30, 2012 and 2011, all investments represented governmental securities and US Corporate Notes which were issued, registered and held by the Fund's agent in the Fund's name.

Concentration of Investment Credit Risk: The Fund does not place limits on the amount it may invest in any one issuer. At June 30, 2012, the Fund had the following investments that represent more than five percent of the Fund's net investments:

United States Treasury Notes	17%
Federal National Mortgage Association	13%
Federal Home Loan Mortgage Corporation	12%
Federal Farm Credit Bank	11%
Federal Home Loan Bank	9%
Tennessee Valley Authority	7%

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE 3 – UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

As discussed in Note 1, the Fund established a liability for both reported and unreported insured events for the Liability and the Workers' Compensation programs. The liability includes estimates of future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities during the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unpaid claims and claim adjustment expenses, beginning of year	\$ <u>29,825,666</u>	\$ <u>27,679,663</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	8,132,588	7,600,420
Change in the provision for covered events of prior years	<u>2,838,120</u>	<u>26,820</u>
Total incurred claims and claim adjustment expenses	<u>10,970,708</u>	<u>7,627,240</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	1,279,359	1,156,304
Claims and claim adjustment expenses attributable to covered events of prior years	<u>5,944,218</u>	<u>4,324,933</u>
Total payments	<u>7,223,577</u>	<u>5,481,237</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 33,572,797</u>	<u>\$ 29,825,666</u>
Banking layer	\$ 12,156,317	\$ 11,811,706
Shared risk layer	19,847,192	16,499,069
Unallocated loss adjustment expenses	<u>1,569,288</u>	<u>1,514,891</u>
	<u>\$ 33,572,797</u>	<u>\$ 29,825,666</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Reported claims	\$ 20,189,224	\$ 16,360,370
Claims incurred but not reported (IBNR)	11,814,285	11,950,405
Unallocated loss adjustment expenses (ULAE)	<u>1,569,288</u>	<u>1,514,891</u>
Total unpaid claims and claim adjustment expenses	33,572,797	29,825,666
Current portion	<u>(5,000,000)</u>	<u>(6,600,000)</u>
Non-current portion	<u>\$ 28,572,797</u>	<u>\$ 23,225,666</u>

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 3 – UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES (Continued)

At June 30, 2012 and 2011, this liability was reported at present value using an expected future investment yield assumption of four percent. The undiscounted liability was \$36,820,724 and \$33,039,991 at June 30, 2012 and 2011, respectively.

NOTE 4 – JOINT POWERS AGREEMENTS

The Fund participates in two joint powers agreements with California Joint Powers Risk Management Authority (CJPRMA) and CSAC Excess Insurance Authority (CSACEIA). The relationship between the Fund and CJPRMA and CSACEIA is such that CJPRMA and CSACEIA are not component units of the Fund for financial reporting purposes.

CJPRMA arranges for and provides excess general liability coverage from \$500,000 to \$40 million for its members. CJPRMA is governed by a Board consisting of representatives from member agencies. The Board controls the operations of CJPRMA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a premium commensurate with the level of coverage requested and shares surplus and deficits proportionate to their participation.

CSACEIA arranges for and provides excess workers' compensation and employers' liability coverage from \$500,000 to \$149.5 million and \$5 million, respectively, for its members. CSACEIA is governed by a Board consisting of representative member agencies.

	<u>CJPRMA</u>	<u>CSACEIA</u>
<u>Purpose</u>	To protect public entity members against catastrophic liability and other financial losses.	To provide workers' compensation coverage and employer's liability from \$50,000 to \$100 million and \$250,000 to \$5 million, respectively.
<u>Participants</u>	Seventeen cities and five joint power authorities.	Fifty-four counties and one hundred fifty-five public entities, including cities, school districts and other joint power authorities.
<u>Governing Board</u>	Consisting on one member from each participating agency.	Sixty-one member Board of Directors composed of one representative from each member county and seven members elected by the public entity membership.
<u>Payments for the Current Year</u>	\$ <u>855,071</u>	\$ <u>510,693</u>

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012 and 2011

NOTE 4 – JOINT POWERS AGREEMENTS (Continued)

Condensed Financial Information

	CJPRMA June 30, 2011 *	CSACEIA June 30, 2011 *
Total assets	<u>\$ 96,674,102</u>	<u>\$ 563,838,876</u>
Total liabilities	\$ 51,163,253	\$ 459,524,237
Net assets	<u>45,510,849</u>	<u>104,314,639</u>
 Total liabilities and net assets	 <u>\$ 96,674,102</u>	 <u>\$ 563,828,876</u>
Revenues	\$ 15,320,874	\$ 465,661,390
Expenses	<u>18,763,705</u>	<u>479,704,356</u>
 Change in net assets	 <u>\$ (3,442,831)</u>	 <u>\$ (14,042,966)</u>

Member Agencies Share of Year-End
 Assets, Liabilities or Fund Equity

**

**

- * Most recent information available.
- ** Has not been calculated.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN CALIFORNIA FUND SELF INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
LIABILITY PROGRAM
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unpaid claims and claim adjustment expenses, beginning of year	\$ <u>6,611,382</u>	\$ <u>5,975,621</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	2,721,521	2,546,752
Change in provision for covered events of prior years	<u>3,619,779</u>	<u>64,151</u>
Total incurred claims and claim adjustment expenses	<u>6,341,300</u>	<u>2,610,903</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	502,013	453,460
Claims and claim adjustment expenses attributable to covered events of prior years	<u>2,925,754</u>	<u>1,521,682</u>
Total payments	<u>3,427,767</u>	<u>1,975,142</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 9,524,915</u>	<u>\$ 6,611,382</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Reported claims	\$ 6,313,066	\$ 4,374,993
Claims incurred but not reported (IBNR)	3,211,849	2,236,389
Unallocated loss adjustment expenses (ULAE) *	<u>-</u>	<u>-</u>
Total unpaid claims and claim adjustment expenses	9,524,915	6,611,382
Current portion	<u>(2,000,000)</u>	<u>(2,700,000)</u>
Non-current portion	<u>\$ 7,524,915</u>	<u>\$ 3,911,382</u>

* ULAE has been included in the IBNR.

(Continued)

NORTHERN CALIFORNIA FUND SELF INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
WORKERS' COMPENSATION PROGRAM
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unpaid claims and claim adjustment expenses, beginning of year	<u>\$ 23,214,284</u>	<u>\$ 21,704,042</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	5,411,068	5,053,668
Change in provision for covered events of prior years	<u>(781,660)</u>	<u>(37,331)</u>
Total incurred claims and claim adjustment expenses	<u>4,629,408</u>	<u>5,016,337</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	777,346	702,844
Claims and claim adjustment expenses attributable to covered events of prior years	<u>3,018,463</u>	<u>2,803,251</u>
Total payments	<u>3,795,810</u>	<u>3,506,095</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 24,047,882</u>	<u>\$ 23,214,284</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Reported claims	\$ 13,876,158	\$ 11,985,377
Claims incurred but not reported (IBNR)	8,602,436	9,714,015
Unallocated loss adjustment expenses (ULAE)	<u>1,569,288</u>	<u>1,514,892</u>
Total unpaid claims and claim adjustment expenses	24,047,882	23,214,284
Current portion	<u>(3,000,000)</u>	<u>(3,900,000)</u>
Non-current portion	<u>\$ 21,047,882</u>	<u>\$ 19,314,284</u>

See report of independent auditors.

NORTHERN CALIFORNIA FUND SELF INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
For the Years Ended June 30, 2012 and 2011

The tables that follow illustrate how the Fund's earned revenues (net of reinsurance) and investment income compared to related costs of loss and other expenses assumed by the Fund as of the end of each of the previous ten years for the shared risk layer of the liability program and workers' compensation program. The rows of the tables are defined as follows:

- (1) Total of each fiscal year's gross earned premiums and reported investment revenue, amount of premiums ceded, and reported premiums (net of reinsurance) and reported investment revenue.
- (2) Each fiscal year's other operating costs of the program, including overhead and loss adjustment expenses not allocable to individual claims.
- (3) Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
- (4) Cumulative net amounts paid as of the end of successive years for each policy year.
- (5) Latest reestimated amount of losses assumed by the reinsurers for each policy year.
- (6) Each policy year's net incurred losses increases or decreases as of the end of successive years. This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.
- (7) Compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Note: The information for lines 2, 3 and 6 was based on estimates provided by the actuary as this information had not been accumulated and presented in prior years.

(Continued)

NORTHERN CALIFORNIA FUND SELF INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
LIABILITY PROGRAM - SHARED RISK LAYER
June 30, 2012

	Fiscal and Policy Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
(1) Premiums and investment revenue:										
Earned	\$ 2,801,644	\$ 2,615,299	\$ 2,993,781	\$ 3,487,754	\$ 3,401,344	\$ 3,302,157	\$ 3,268,203	\$ 3,755,802	\$ 3,791,113	\$ 3,541,142
Ceded	(881,712)	(976,191)	(1,127,135)	(1,325,469)	(1,508,974)	(1,252,790)	(1,221,891)	(1,884,144)	(1,453,246)	(1,484,889)
Net earned	\$ 1,919,932	\$ 1,639,108	\$ 1,866,646	\$ 2,162,285	\$ 1,892,370	\$ 2,049,367	\$ 2,046,312	\$ 1,871,658	\$ 2,337,867	\$ 2,056,253
(2) Unallocated Expenses	\$ 143,523	\$ 75,433	\$ 243,985	\$ 1,086,866	\$ 114,441	\$ 713,130	\$ 780,926	\$ 781,385	\$ 407,970	\$ 537,862
(3) Estimated incurred claims and expense, end of policy year:										
Incurred	\$ 1,105,605	\$ 1,068,180	\$ 1,156,510	\$ 1,130,321	\$ 1,025,256	\$ 1,150,635	\$ 1,339,360	\$ 1,307,777	\$ 1,171,545	\$ 1,283,641
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	\$ 1,105,605	\$ 1,068,180	\$ 1,156,510	\$ 1,130,321	\$ 1,025,256	\$ 1,150,635	\$ 1,339,360	\$ 1,307,777	\$ 1,171,545	\$ 1,283,641
(4) Net paid (cumulative) as of:										
End of policy year	\$ -	\$ 108,401	\$ 64,149	\$ 33,589	\$ 10,331	\$ 63,911	\$ 74,067	\$ 174,385	\$ -	\$ 3,037
One year later	\$ 199,876	\$ 150,653	\$ 218,339	\$ 123,840	\$ 372,286	\$ 201,278	\$ 118,022	\$ 387,662	\$ 1,040,336	\$ -
Two years later	\$ 696,285	\$ 269,190	\$ 445,901	\$ 503,293	\$ 1,068,713	\$ 411,912	\$ 173,778	\$ 890,090	\$ -	\$ -
Three years later	\$ 1,162,553	\$ 543,579	\$ 1,473,498	\$ 972,168	\$ 1,371,735	\$ 452,621	\$ 303,167	\$ -	\$ -	\$ -
Four years later	\$ 1,112,553	\$ 712,683	\$ 1,786,665	\$ 1,347,423	\$ 1,463,273	\$ 521,099	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 1,111,950	\$ 920,437	\$ 1,795,534	\$ 1,372,650	\$ 1,492,963	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 1,111,950	\$ 958,866	\$ 1,802,975	\$ 1,372,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 1,111,950	\$ 960,192	\$ 1,803,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 1,111,950	\$ 960,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 1,111,950	\$ -	\$ -	\$ 565,486	\$ -	\$ -	\$ 1,211,891	\$ -	\$ -	\$ -
(5) Reestimated ceded losses and expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(6) Reestimated net incurred losses and expenses:										
End of policy year	\$ 1,105,605	\$ 1,068,180	\$ 1,156,510	\$ 1,130,321	\$ 1,025,256	\$ 1,150,635	\$ 1,339,360	\$ 1,307,777	\$ 1,171,545	\$ 1,283,641
One year later	\$ 985,935	\$ 1,150,383	\$ 1,189,370	\$ 957,661	\$ 1,316,960	\$ 1,402,672	\$ 1,528,753	\$ 3,176,936	\$ 3,388,654	\$ -
Two years later	\$ 917,814	\$ 840,207	\$ 1,174,195	\$ 1,068,217	\$ 1,778,288	\$ 1,007,975	\$ 709,633	\$ 4,168,099	\$ -	\$ -
Three years later	\$ 1,251,616	\$ 617,599	\$ 2,109,644	\$ 1,108,958	\$ 1,748,641	\$ 542,406	\$ 778,313	\$ -	\$ -	\$ -
Four years later	\$ 1,112,969	\$ 780,227	\$ 2,044,762	\$ 1,367,612	\$ 1,484,065	\$ 621,779	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 1,112,513	\$ 1,338,273	\$ 1,833,050	\$ 1,372,650	\$ 1,515,332	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 1,111,950	\$ 958,866	\$ 1,802,975	\$ 1,392,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 1,111,950	\$ 960,192	\$ 1,803,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 1,111,950	\$ 960,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 1,111,950	\$ -	\$ -	\$ 646,743	\$ 261,985	\$ 490,076	\$ (561,047)	\$ 2,860,322	\$ 2,217,309	\$ -
(7) (Decrease) increase in estimated net incurred losses and expenses from end of policy year	\$ 6,345	\$ (107,988)	\$ 646,743	\$ 261,985	\$ 490,076	\$ (528,856)	\$ (561,047)	\$ 2,860,322	\$ 2,217,309	\$ -

(Continued)

NORTHERN CALIFORNIA FUND SELF INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION PROGRAM - SHARED RISK LAYER
June 30, 2012

	Fiscal and Policy Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
(1) Premium and investment revenue:										
Earned	\$ 1,756,850	\$ 2,229,289	\$ 3,663,072	\$ 3,795,769	\$ 3,395,144	\$ 4,070,897	\$ 2,909,886	\$ 2,482,842	\$ 3,662,217	\$ 3,640,707
Ceded	(180,100)	(473,576)	(600,432)	(539,909)	(549,189)	(604,713)	(488,650)	(693,829)	(508,538)	(510,693)
Net Earned	\$ 1,576,750	\$ 1,755,713	\$ 3,062,640	\$ 3,255,860	\$ 2,845,955	\$ 3,466,184	\$ 2,421,236	\$ 1,789,013	\$ 3,081,679	\$ 3,130,014
(2) Unallocated expenses	\$ 324,262	\$ 120,137	\$ 94,390	\$ 183,792	\$ 377,943	\$ 532,935	\$ 558,803	\$ 583,131	\$ 636,277	\$ 692,388
(3) Estimated incurred claims and expenses, end of policy year:										
Incurred	\$ 1,506,404	\$ 1,902,770	\$ 1,573,440	\$ 1,834,365	\$ 1,779,630	\$ 2,189,636	\$ 2,184,278	\$ 1,924,065	\$ 1,793,080	\$ 1,932,000
Ceded	(425,000)	-	-	-	-	-	-	-	-	-
Net Incurred	\$ 1,081,404	\$ 1,902,770	\$ 1,573,440	\$ 1,834,365	\$ 1,779,630	\$ 2,189,636	\$ 2,184,278	\$ 1,924,065	\$ 1,793,080	\$ 1,932,000
(4) Net paid (cumulative) as of:										
End of policy year	\$ 78,198	\$ 0	\$ 34,422	\$ 13,578	\$ 75,093	\$ 2,995	\$ 39,008	\$ -	\$ -	\$ -
One year later	\$ 283,712	\$ 95,782	\$ 268,536	\$ 82,162	\$ 263,367	\$ 137,962	\$ 172,095	\$ 44,864	\$ -	\$ 41,202
Two years later	\$ 572,136	\$ 301,163	\$ 411,474	\$ 156,966	\$ 306,201	\$ 223,583	\$ 369,309	\$ -	\$ -	\$ -
Three years later	\$ 712,069	\$ 423,651	\$ 467,287	\$ 177,961	\$ 533,770	\$ 292,474	\$ -	\$ -	\$ -	\$ -
Four years later	\$ 1,132,577	\$ 451,726	\$ 511,524	\$ 195,323	\$ 697,575	\$ -	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 1,234,705	\$ 453,067	\$ 555,836	\$ 230,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 1,385,678	\$ 453,620	\$ 644,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 1,495,826	\$ 454,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 1,595,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 899,557	\$ 95,099	\$ -	\$ -	\$ -	\$ -	\$ 488,650	\$ -	\$ -	\$ -
(5) Reestimated ceded losses and expenses	\$ 1,081,404	\$ 1,902,077	\$ 1,573,440	\$ 1,834,365	\$ 1,779,630	\$ 2,189,636	\$ 2,184,278	\$ 1,924,065	\$ 1,793,080	\$ 1,932,000
(6) Reestimated net incurred losses and expenses:										
End of policy year	\$ 1,214,429	\$ 1,266,111	\$ 1,272,316	\$ 1,341,922	\$ 1,542,341	\$ 1,668,569	\$ 1,833,151	\$ 1,394,741	\$ 1,637,158	\$ -
One year later	\$ 1,390,943	\$ 1,139,894	\$ 1,214,310	\$ 752,889	\$ 1,558,972	\$ 1,493,450	\$ 1,353,878	\$ 1,245,177	\$ -	\$ -
Two years later	\$ 1,821,798	\$ 1,089,481	\$ 1,294,284	\$ 811,331	\$ 1,346,744	\$ 1,214,704	\$ 1,262,558	\$ -	\$ -	\$ -
Three years later	\$ 1,571,444	\$ 1,122,648	\$ 1,208,169	\$ 781,471	\$ 1,869,546	\$ 980,941	\$ -	\$ -	\$ -	\$ -
Four years later	\$ 2,572,835	\$ 1,157,532	\$ 1,012,448	\$ 908,439	\$ 1,726,367	\$ -	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 2,129,999	\$ 973,636	\$ 919,221	\$ 1,019,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 2,186,809	\$ 840,604	\$ 1,038,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 2,441,192	\$ 749,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 2,438,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nine years later	\$ 1,355,721	\$ (1,153,712)	\$ (534,957)	\$ (814,412)	\$ (53,263)	\$ (1,208,695)	\$ (921,720)	\$ (678,888)	\$ (155,922)	\$ -

See report of independent auditors.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

The Board of Directors
Northern California Cities Self Insurance Fund
Sacramento, California

We have audited the financial statements of Northern California Cities Self Insurance Fund as of and for the year ended June 30, 2012 and have issued our report thereon dated _____, 2012, appearing on pages 1 and 2, which expresses an unqualified opinion on these financial statements.

Our audit was conducted for the purpose of forming an opinion on the 2012 financial statements as a whole. The Combining Statement of Net Assets, Combining Statement of Revenues, Expenses and Change in Net Assets, Statement of Net Assets by Member, and Statement of Revenues, Expenses and Change in Net Assets by Member are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling other information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 financial statements as a whole.

Sacramento, California
_____, 2012

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 COMBINING STATEMENT OF NET ASSETS
 June 30, 2012

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 606,833	\$ 1,753,166	\$ 2,359,999
Investments maturing within one year	1,620,394	5,253,331	6,873,725
Member receivable	60,937	105,459	166,396
Dividends receivable	304,007	-	304,007
Excess insurance receivable	556,321	490,996	1,047,317
Interest receivable	<u>130,595</u>	<u>160,282</u>	<u>209,877</u>
Total current assets	3,279,087	7,763,234	11,042,321
Investments, less portion maturing within one year	<u>8,973,351</u>	<u>29,091,717</u>	<u>38,065,068</u>
Total assets	<u>12,252,438</u>	<u>36,854,951</u>	<u>49,107,389</u>
LIABILITIES			
Current liabilities:			
Accounts payable	572,824	1,493,819	2,066,643
Dividends payable	304,007	-	304,007
Current portion of unpaid claims and claim adjustment expenses	<u>2,000,000</u>	<u>3,000,000</u>	<u>5,000,000</u>
Total current liabilities	2,876,831	4,493,819	7,370,650
Unpaid claims and claim adjustment expenses	<u>7,524,915</u>	<u>21,047,882</u>	<u>28,572,797</u>
Total liabilities	<u>10,401,746</u>	<u>25,541,701</u>	<u>35,943,447</u>
NET ASSETS			
Net assets	<u>\$ 1,850,692</u>	<u>\$ 11,313,250</u>	<u>\$ 13,163,942</u>

See independent auditors' report on supplementary information.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
 For the Year Ended June 30, 2012

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Revenues:			
Banking layer deposit	\$ 1,519,114	\$ 4,090,653	\$ 5,609,767
Shared risk layer deposit	1,215,921	2,005,378	3,221,299
Other deposits/fees	1,895,938	1,105,529	3,001,467
Banking layer assessment	71,667	157,388	229,055
Excess insurance rebate	<u>304,007</u>	<u>-</u>	<u>304,007</u>
Total revenues	<u>5,006,647</u>	<u>7,358,948</u>	<u>12,365,595</u>
Expenses:			
Provision for claims and claim adjustment expenses	5,853,900	4,616,994	10,470,894
Dividends	1,472,096	2,945,185	4,417,281
Insurance premiums	1,484,889	510,692	1,995,581
Claims administration	531,514	621,803	1,153,317
Program administration	175,759	154,410	330,169
Administrative fees	23,818	42,717	66,535
Safety services	213,317	305,410	518,727
Other expenses	<u>5,577</u>	<u>5,653</u>	<u>11,230</u>
Total expenses	<u>9,760,870</u>	<u>9,202,864</u>	<u>18,963,734</u>
Operating loss	<u>(4,754,223)</u>	<u>(1,843,916)</u>	<u>(6,598,139)</u>
Investment income:			
Net change in the fair value of investments	33,289	60,395	93,684
Investment income	<u>471,723</u>	<u>1,246,026</u>	<u>1,717,749</u>
Total investment income	<u>505,012</u>	<u>1,306,421</u>	<u>1,811,433</u>
Net loss	<u>(4,249,211)</u>	<u>(537,495)</u>	<u>(4,786,706)</u>
Net assets, beginning of year	<u>6,099,903</u>	<u>11,850,745</u>	<u>17,950,648</u>
Net assets, end of year	<u><u>\$ 1,850,692</u></u>	<u><u>\$ 11,313,250</u></u>	<u><u>\$ 13,163,942</u></u>

See independent auditors' report on supplementary information.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF NET ASSETS BY MEMBER
LIABILITY PROGRAM
June 30, 2012

	Shared Risk	Admin-istration	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Lodi
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 191,269	\$ 8,023	\$ 3,870	\$ 24,134	\$ 27,039	\$ 11,908	\$ 7,699	\$ 38,534	\$ 4,931	\$ 8,675	\$ 1,107
Investments maturing within one year	917,360	31,493	13,833	33,340	3,739	2,560	22,669	223,375	13,239	20,992	283
Member receivable	-	-	-	-	-	-	-	-	55,953	-	3,101
Dividends receivable	304,007	-	-	-	-	-	-	-	-	-	-
Excess insurance receivable	556,321	-	-	-	-	-	-	-	-	-	-
Interest receivable	48,828	11,692	1,618	5,025	1,018	672	1,575	26,220	3,324	782	(57)
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-
Total current assets	2,017,123	51,208	19,321	62,499	31,796	15,140	31,943	288,129	77,447	30,449	4,434
Investments, less portion maturing within one year	5,080,123	174,402	76,602	184,627	20,705	14,176	125,534	1,236,995	73,314	116,250	1,569
Total assets	7,097,908	225,610	95,923	247,126	52,501	29,316	157,477	1,525,124	150,761	146,699	6,003
LIABILITIES											
Current liabilities:											
Accounts payable	87,919	13,191	20	79,899	15,134	6	37	262	42	25	2
Dividends payable	304,007	-	-	-	-	-	-	-	-	-	-
Current portion of unpaid claims and claims adjustment expenses	1,589,762	-	2,437	17,925	9,441	12,230	5,620	101,814	26,366	2,231	1,637
Total current liabilities	1,981,688	13,191	2,457	97,824	24,575	12,236	5,657	102,076	26,408	2,256	1,639
Unpaid claims and claims adjustment expenses	5,981,411	-	9,166	67,440	35,520	46,015	21,147	383,072	99,202	8,393	6,164
Total liabilities	7,963,099	13,191	11,623	165,264	60,095	58,251	26,804	485,148	125,610	10,649	7,803
NET ASSETS											
Net assets	\$ (865,191)	\$ 212,419	\$ 84,300	\$ 81,862	\$ (7,594)	\$ (28,935)	\$ 130,673	\$ 1,039,976	\$ 25,151	\$ 136,050	\$ (1,800)

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF NET ASSETS BY MEMBER
LIABILITY PROGRAM
June 30, 2012

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
ASSETS											
Current assets:											
Cash and cash equivalents	\$ 10,996	\$ 10,336	\$ 3,807	\$ 2,070	\$ 79,425	\$ 65,556	\$ 50,473	\$ 16,053	\$ 29,138	\$ 11,790	\$ 606,833
Investments maturing within one year	15,006	45,606	45,163	14,209	7,892	11,052	10,829	80,840	13,071	93,843	1,620,394
Member receivable	-	-	-	-	-	1,883	-	-	-	-	60,937
Dividends receivable	-	-	-	-	-	-	-	-	-	-	304,007
Excess insurance receivable	-	-	-	-	-	-	-	-	-	-	556,321
Interest receivable	1,631	5,575	3,904	2,808	2,608	4,269	1,534	4,534	(13)	3,045	130,592
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-
Total current assets	27,633	61,517	52,874	19,087	89,925	82,760	62,836	101,427	42,196	108,678	3,279,084
Investments, less portion maturing within one year	83,102	252,554	250,099	78,687	43,702	61,205	59,970	447,673	72,385	519,680	8,973,354
Total assets	110,735	314,071	302,973	97,774	133,627	143,965	122,806	549,100	114,581	628,358	12,252,438
LIABILITIES											
Current liabilities:											
Accounts payable	22,856	40	81,093	32	45	42	63,891	74,427	27,906	105,955	572,824
Dividends payable	-	-	-	-	-	-	-	-	-	-	304,007
Current portion of unpaid claims and claims adjustment expenses	10,802	37,579	16,787	10,589	30,946	25,047	9,434	26,967	2,326	60,060	2,000,000
Total current liabilities	33,658	37,619	97,880	10,621	30,991	25,089	73,325	101,394	30,232	166,015	2,876,831
Unpaid claims and claims adjustment expenses	40,640	141,390	63,158	39,842	116,435	94,238	35,000	101,457	8,750	225,975	7,524,915
Total liabilities	74,298	179,009	161,038	50,463	147,426	119,327	108,825	202,851	38,982	391,990	10,401,746
NET ASSETS											
Net assets	\$ 36,437	\$ 135,062	\$ 141,935	\$ 47,311	\$ (13,799)	\$ 24,638	\$ 13,981	\$ 346,249	\$ 75,599	\$ 236,368	\$ 1,850,692

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF NET ASSETS BY MEMBER
WORKERS' COMPENSATION PROGRAM
June 30, 2012

	Shared Risk	Admin- istration	City of Anderson	City of Auburn	City of Colusa	City of Coming	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Ione	City of Jackson
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 931,088	\$ 166,202	\$ 18,878	\$ 10,085	\$ 10,262	\$ 63,601	\$ 41,709	\$ 64,726	\$ 23,155	\$ 10,261	\$ 24,617	\$ 28,845
Investments maturing within one year	2,531,811	46,925	55,626	105,967	27,415	11,957	109,303	746,830	141,465	73,105	5,586	43,864
Member receivable	-	-	-	-	-	17,851	40,328	-	-	-	-	-
Excess insurance receivable	490,996	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	6,016	7,841	2,747	3,803	4,804	3,121	5,044	47,762	11,164	3,341	(135)	485
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	3,959,911	220,968	77,251	119,855	42,481	96,530	196,384	859,318	175,784	86,707	30,068	73,194
Investments, less portion maturing within one year	14,020,579	259,860	308,041	586,820	151,819	66,215	605,292	4,135,767	783,400	404,841	30,931	242,911
Total assets	17,980,490	480,828	385,292	706,675	194,300	162,745	801,676	4,995,085	959,184	491,548	60,999	316,105
LIABILITIES												
Current liabilities:												
Accounts payable	721,902	16,724	45	83,080	6,952	13	83	592	96	56	7,561	14,870
Dividends payable	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of unpaid claims and claims adjustment expenses	1,638,361	-	36,778	50,961	14,913	22,548	67,973	347,087	90,272	9,920	784	18,523
Total current liabilities	2,360,263	16,724	36,823	134,041	21,865	22,561	68,056	347,689	90,368	9,976	8,345	33,393
Unpaid claims and claims adjustment expenses	11,494,679	-	259,035	357,544	104,633	158,197	476,891	2,435,220	633,347	69,597	5,499	129,956
Total liabilities	13,854,942	16,724	294,858	491,585	126,498	180,758	544,947	2,782,909	723,715	79,573	13,844	163,349
NET ASSETS												
Net assets	\$ 4,125,548	\$ 464,104	\$ 90,434	\$ 215,090	\$ 67,802	\$ (18,103)	\$ 256,729	\$ 2,212,176	\$ 235,469	\$ 411,975	\$ 47,155	\$ 152,756

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
 STATEMENT OF NET ASSETS BY MEMBER
 WORKERS' COMPENSATION PROGRAM
 June 30, 2012

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 49,546	\$ 42,094	\$ 44,377	\$ 8,651	\$ 12,425	\$ 36,083	\$ 23,433	\$ 10,145	\$ 72,452	\$ 6,737	\$ 53,794	\$ 1,753,166
Investments maturing within one year	92,800	121,995	30,635	89,355	128,974	84,783	124,549	80,935	297,876	55,479	246,296	5,253,331
Member receivable	-	-	-	-	-	47,280	-	-	-	-	-	105,459
Excess insurance receivable	-	-	-	-	-	-	-	-	-	-	-	490,996
Interest receivable	1,665	1,645	1,556	15,030	8,810	8,828	(26)	1,572	9,401	3,062	12,746	160,282
Prepaid expense	-	-	-	-	-	-	-	-	-	-	-	-
Total current assets	143,811	165,734	76,568	113,036	150,209	176,974	147,956	92,652	379,729	65,278	312,836	7,763,234
Investments, less portion maturing within one year	512,798	675,581	169,650	494,825	714,229	469,508	689,722	448,200	1,649,570	307,230	1,363,928	29,091,717
Total assets	656,609	841,315	246,218	607,861	864,438	646,482	837,678	540,852	2,029,299	372,508	1,676,764	36,854,951
LIABILITIES												
Current liabilities:												
Accounts payable	89	37,604	22	72	101	54	27,537	97,588	289,946	39,278	149,554	1,493,819
Dividends payable	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of unpaid claims and claims adjustment expenses	78,334	70,909	15,448	54,377	82,451	58,139	76,789	13,706	85,844	25,957	140,516	3,000,000
Total current liabilities	78,423	108,513	15,470	54,449	82,552	56,193	104,326	111,294	375,190	65,235	290,070	4,493,819
Unpaid claims and claims adjustment expenses	549,585	497,504	108,382	381,498	578,473	407,898	538,752	96,165	598,068	182,112	985,847	21,047,882
Total liabilities	628,008	606,017	123,852	435,947	661,025	466,091	643,078	207,459	973,258	247,347	1,275,917	25,541,701
NET ASSETS												
Net assets	\$ 28,601	\$ 235,298	\$ 122,366	\$ 171,914	\$ 203,413	\$ 180,391	\$ 194,600	\$ 333,393	\$ 1,056,041	\$ 125,161	\$ 400,847	\$ 11,313,250

See independent auditors' report on supplementary information.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS BY MEMBER
LIABILITY PROGRAM
June 30, 2012

	Shared Risk	Admin-istration	City of Anderson	City of Auburn	City of Colusa	City of Corning	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Lone
Revenues											
Banking layer deposit	\$ -	\$ -	\$ 57,066	\$ 69,629	\$ 16,655	\$ 18,960	\$ 60,457	\$ 433,416	\$ 77,603	\$ 33,231	\$ 11,169
Shared risk layer deposit	1,215,921	-	-	-	-	-	-	-	-	-	-
Other deposits/fees	1,481,188	414,750	-	-	-	-	-	-	-	-	-
Banking layer assessment	-	-	-	-	-	427	-	-	55,953	-	3,101
Excess insurance rebate	304,007	-	-	-	-	-	-	-	-	-	-
Total revenues	3,001,116	414,750	57,066	69,629	16,655	19,287	60,457	433,416	133,556	33,231	14,270
Expense:											
Provision for claims and claim adjustment expenses	4,647,811	-	(35,160)	24,607	40,217	49,265	11,278	353,540	117,110	5,884	8,079
Dividends	304,007	-	31,232	79,862	15,124	-	84,021	268,164	-	43,807	-
Insurance premiums	1,484,889	-	-	-	-	-	-	-	-	-	-
Claims administration	87,691	31,700	13,922	18,601	4,337	6,735	6,451	99,079	49,657	1,997	2,613
Program administration	-	175,759	-	-	-	-	-	-	-	-	-
Administrative fees	-	23,818	-	-	-	-	-	-	-	-	-
Safety services	-	213,317	-	-	-	-	-	-	-	-	-
Other expenses	-	5,577	-	-	-	-	-	-	-	-	-
Total expenses	6,524,398	450,171	9,994	123,070	59,678	56,000	101,750	720,783	166,767	51,688	10,692
Operating (loss) income	(3,523,282)	(35,421)	47,072	(53,441)	(43,023)	(36,713)	(41,293)	(287,367)	(33,211)	(18,457)	3,578
Investment income:											
Net change in fair value of Investments	10,437	627	533	1,154	327	190	1,050	6,123	1,176	665	(13)
Investment income	108,648	5,564	7,938	14,928	3,900	2,378	14,931	104,540	16,911	10,536	783
Total investment income	119,085	6,191	8,471	16,082	4,227	2,568	15,981	110,663	18,087	11,201	770
Net (loss) income	(3,404,197)	(29,230)	55,543	(37,359)	(38,796)	(34,145)	(25,312)	(176,704)	(15,124)	(7,256)	4,348
Net assets, beginning of year	2,539,006	241,649	28,757	119,221	31,202	5,210	155,985	1,216,680	40,275	143,306	(6,148)
Net assets, end of year	\$(865,191)	\$ 212,419	\$ 84,300	\$ 81,862	\$ (7,594)	\$ (28,935)	\$ 130,673	\$ 1,039,976	\$ 25,151	\$ 136,050	\$ (1,800)

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS BY MEMBER
LIABILITY PROGRAM
June 30, 2012

	City of Jackson	City of Lincoln	City of Marysville	City of Oroville	City of Paradise	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Revenues:											
Banking layer deposit	\$ 15,796	\$ 93,866	\$ 57,871	\$ 100,070	\$ 63,027	\$ 81,127	\$ 25,106	\$ 125,933	\$ 22,025	\$ 156,207	\$ 1,519,114
Shared risk layer deposit	-	-	-	-	-	-	-	-	-	-	1,215,921
Other deposits/fees	-	-	-	-	-	-	-	-	-	-	1,895,938
Banking layer assessment	-	10,303	-	-	-	1,883	-	-	-	-	71,667
Excess insurance rebate	-	-	-	-	-	-	-	-	-	-	304,007
Total revenues	15,796	104,169	57,871	100,070	63,027	83,010	25,106	125,933	22,025	156,207	5,006,647
Expense:											
Provision for claims and claim adjustment expenses	49,465	60,430	52,600	17,718	79,208	61,772	55,014	53,728	7,866	193,468	5,853,900
Dividends	22,839	-	81,048	173,361	96,692	-	63,863	74,328	27,886	105,862	1,472,096
Insurance premiums	-	-	-	-	-	-	-	-	-	-	1,484,889
Claims administration	5,463	39,398	17,451	26,662	14,707	26,805	15,568	27,852	2,216	32,069	531,514
Program administration	-	-	-	-	-	-	-	-	-	-	175,759
Administrative fees	-	-	-	-	-	-	-	-	-	-	23,818
Safety services	-	-	-	-	-	-	-	-	-	-	213,317
Other expenses	-	-	-	-	-	-	-	-	-	-	5,577
Total expenses	77,767	99,828	151,099	217,741	190,607	88,577	134,445	155,908	37,968	331,939	9,760,870
Operating (loss) income	(61,971)	4,341	(93,228)	(117,671)	(127,580)	(5,567)	(109,339)	(29,975)	(15,943)	(175,732)	(4,754,223)
Investment income:											
Net change in fair value of investments	429	1,135	1,208	1,137	45	1,188	404	2,615	718	2,141	33,289
Investment income	6,449	16,320	17,873	14,486	15,177	16,854	9,855	39,811	8,217	35,624	471,723
Total investment income	6,878	17,455	19,081	15,623	15,222	18,042	10,259	42,426	8,935	37,765	505,012
Net (loss) income	(55,093)	21,796	(74,147)	(102,048)	(112,358)	12,475	(99,080)	12,451	(7,008)	(137,967)	(4,249,211)
Net assets, beginning of year	91,530	113,266	216,082	1494,359	98,559	12,163	113,061	333,798	82,607	374,335	6,099,903
Net assets, end of year	\$ 36,437	\$ 135,062	\$ 141,935	\$ 47,311	\$ (13,799)	\$ 24,638	\$ 13,981	\$ 346,249	\$ 75,599	\$ 236,368	\$ 1,850,692

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS BY MEMBER
WORKERS' COMPENSATION PROGRAM
June 30, 2012

	Shared Risk	Admin-istration	City of Anderson	City of Auburn	City of Colusa	City of Coming	City of Dixon	City of Folsom	City of Galt	City of Gridley	City of Lone	City of Jackson
Revenues:												
Banking layer deposit	\$ -	\$ -	\$ 94,053	\$ 95,543	\$ 23,625	\$ 111,189	\$ 220,448	\$ 1,016,658	\$ 207,450	\$ 97,891	\$ 27,095	\$ 76,034
Shared risk layer	2,005,378	-	-	-	-	-	-	-	-	-	-	-
Other deposits/fees	510,693	594,836	-	-	-	50,720	40,328	-	-	-	-	-
Banking layer assessment	(10,730)	-	-	-	-	-	-	-	-	-	-	-
Excess insurance rebate	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2,505,341	594,836	94,053	95,543	23,625	111,189	260,776	1,016,658	207,450	97,891	27,095	76,034
Expenses:												
Provision for claims and claim adjustment expenses	1,026,169	-	113,186	134,738	6,421	158,986	147,134	428,660	235,844	10,478	184	106,161
Dividends	1,697,090	-	8,716	82,996	6,930	-	-	123,362	25,668	107,150	7,555	14,832
Insurance premiums	510,692	-	-	-	-	-	-	-	-	-	-	-
Claims administration	-	129,802	12,318	10,737	7,728	9,254	25,759	122,008	29,280	5,467	165	6,239
Program administration	-	154,410	-	-	-	-	-	-	-	-	-	-
Administrative fees	-	42,717	-	-	-	-	-	-	-	-	-	-
Safety services	95,481	209,929	-	-	-	-	-	-	-	-	-	-
Other expenses	-	5,653	-	-	-	-	-	-	-	-	-	-
Total expenses	3,329,432	542,511	134,218	288,471	21,079	188,250	172,893	674,030	290,792	123,095	7,904	127,232
Operating (loss) income	(824,091)	52,325	(40,165)	(132,928)	2,546	(57,061)	87,883	342,628	(83,342)	(25,204)	19,191	(51,198)
Investment income:												
Net change in fair value of investments	28,899	600	713	1,622	474	272	1,436	7,574	1,570	884	(55)	565
Investment income	496,738	14,293	15,651	29,426	7,683	4,649	29,497	206,460	33,345	20,844	1,569	12,766
Total investment income	525,637	14,893	16,364	31,048	8,157	4,921	30,933	214,034	34,912	21,728	1,514	13,331
Net (loss) income	(298,454)	67,218	(23,801)	(101,880)	10,703	(52,140)	118,816	556,662	(48,427)	(3,476)	20,705	(37,867)
Net assets, beginning of year	4,424,002	396,886	114,235	316,970	57,099	34,127	137,913	1,655,514	283,896	415,451	26,450	190,623
Net assets, end of year	\$ 4,125,548	\$ 464,104	\$ 90,434	\$ 215,090	\$ 67,802	\$ (18,013)	\$ 256,729	\$ 2,212,176	\$ 235,469	\$ 411,975	\$ 47,155	\$ 152,756

(Continued)

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS BY MEMBER
WORKERS' COMPENSATION PROGRAM
June 30, 2012

	City of Lincoln	City of Marysville	City of Nevada City	City of Oroville	City of Paradise	City of Placerville	City of Red Bluff	City of Rio Vista	City of Rocklin	City of Willows	City of Yuba City	Total
Revenues:												
Banking layer deposit	\$ 197,230	\$ 165,305	\$ 93,007	\$ 182,881	\$ 233,774	\$ 179,633	\$ 185,548	\$ 84,227	\$ 425,862	\$ 42,537	\$ 381,403	\$ 4,090,653
Shared risk layer deposit	-	-	-	-	-	-	-	-	-	-	-	2,005,378
Other deposits/fees	-	-	-	-	-	-	-	-	-	-	-	1,105,529
Banking layer assessment	29,790	-	-	-	47,280	-	-	-	-	-	-	157,388
Excess insurance rebate	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	227,020	165,305	93,007	182,881	233,774	226,913	185,548	84,227	425,862	42,537	381,403	7,358,948
Expenses:												
Provision for claims and claim adjustment expenses	357,108	97,890	100,171	29,997	(178,639)	456,276	237,180	(179,728)	296,073	194,363	838,332	4,616,994
Dividends	-	37,502	7,723	92,995	40,639	-	27,443	186,284	289,722	39,233	149,345	2,945,185
Insurance premiums	-	-	-	-	-	-	-	-	-	-	-	510,692
Claims administration	20,558	27,093	9,202	27,547	30,472	23,574	28,865	11,303	32,678	9,023	42,733	621,803
Program administration	-	-	-	-	-	-	-	-	-	-	-	154,410
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	42,717
Safety services	-	-	-	-	-	-	-	-	-	-	-	305,410
Other expenses	-	-	-	-	-	-	-	-	-	-	-	5,653
Total expenses	377,666	192,485	117,096	150,539	(107,528)	479,850	293,488	17,859	618,473	242,619	1,030,410	9,202,864
Operating (loss) income	(150,646)	2,820	(24,089)	32,322	341,302	(252,937)	(107,940)	66,368	(192,611)	(200,082)	(649,007)	(1,843,916)
Investment income:												
Net change in fair value of investments	1,531	1,599	247	1,651	(516)	2,228	1,614	359	3,385	1,060	2,683	60,395
Investment income	32,125	35,291	7,362	28,513	30,455	21,357	33,189	19,644	78,541	16,159	70,469	1,246,026
Total investment income	33,656	36,890	7,609	30,164	29,939	23,585	34,803	20,003	81,926	17,219	73,152	1,306,421
Net (loss) income	(116,990)	39,710	(16,480)	62,486	371,241	(229,352)	(73,137)	86,371	(110,685)	(182,863)	(575,855)	(537,495)
Net assets, beginning of year	145,591	195,588	138,846	109,428	(167,828)	409,743	267,737	247,022	1,166,726	308,024	976,702	11,850,745
Net assets, end of year	\$ 28,601	\$ 235,298	\$ 122,366	\$ 171,914	\$ 203,413	\$ 180,391	\$ 194,600	\$ 333,393	\$ 1,056,041	\$ 125,161	\$ 400,847	\$ 11,313,250

See independent auditors' report on supplementary information.

INDEPENDENT AUDITORS' 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

To the Board of Directors and Members
Northern California Cities Self Insurance Fund
Sacramento, California

We have audited the financial statements of Northern California Cities Self Insurance Fund (the "Fund"), as of and for the year ended June 30, 2012, and have issued our report thereon dated _____, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Northern California Cities Self Insurance Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Northern California Cities Self Insurance Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern California Cities Self Insurance Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern California Cities Self Insurance Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern California Cities Self Insurance Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and others within the Fund and is not intended to be and should not be used by anyone other than those specified parties.



Sacramento, California
_____, 2012

Preliminary Draft





Board of Directors
October 18, 2012

Agenda Item I.3

ANNUAL SHARED RISK LAYER TARGET EQUITY RATIO REVIEW

INFORMATION ITEM

ISSUE: On an annual basis, NCCSIF compares the current claims and financial experience with our Target Equity Plan as stated in Administrative Policy and Procedure A-17, *Shared Risk Layer Plan Target Equity*. We also show the results for the Banking Layer.

The annual **Target Equity Review** is used as another benchmark judging the stability and strength of the programs. This year the results indicate that for the Liability Shared Risk Layer we have fallen below Equity to SIR recommended ratio of 3-5 times the SIR amount. The Liability Shared Risk Equity is currently at \$(865,191). This suggests that NCCSIF should not have any redistribution next year from the Liability Shared Risk Layer. The Workers' Compensation Shared Risk Layer Equity to SIR ratio is over 10 to 1.

FISCAL IMPACT: Review of this plan could result in more conservative funding of the liability shared risk layer for the 2013/14 fiscal year.

RECOMMENDATION: Staff recommends the Board review the Target Equity Plan and the results for the year ending June 30, 2012 for both the shared risk layer and the JPA as a whole.

BACKGROUND: This policy and procedure was developed in 2005 to meet CAJPA Accreditation guidelines and to establish additional benchmarks against which the JPA could measure itself. Previously, NCCSIF relied upon loss analysis to determine trends and the financial audit and actuarial studies to determine financial stability.

The Target Equity benchmarks use insurance industry standards that have been amended slightly to recognize the difference between pooling and insurance.

ATTACHMENTS:

1. Policy and Procedure A-17, *Shared Risk Layer Plan Target Equity*
2. Target Equity Powerpoint Presentation



ADMINISTRATIVE POLICY AND PROCEDURE # A-17

SUBJECT: SHARED RISK LAYER PLAN TARGET EQUITY POLICY

Policy Statement:

This policy will operate in conjunction with the following policies and procedures:

L – 1: SHARED RISK LAYER LIABILITY DEPOSIT DEVELOPMENT PLAN

WC – 1: SHARED RISK LAYER WORKERS’ COMPENSATION DEPOSIT DEVELOPMENT PLAN

A – 12: SHARED RISK LAYER PLAN FUND ADJUSTMENTS

It shall be the goal of this policy is to develop guidelines setting target funding levels for the Shared Risk Layers in the Liability and Workers’ Compensation programs. The policy seeks to establish a prudent funding threshold to ensure the programs are actuarially sound. When equity exceeds the target the Board may determine any surplus to be distributed through a dividend in accordance with Policy and Procedure A – 12 Shared Risk Layer Plan Fund Adjustments.

Funding shortfalls under the target may lead the Board to raise funding rates to re-capitalize a program.

1. FUNDING CRITERIA

The programs shall utilize expected liabilities at a 55% confidence level (CL) when reporting liabilities in the NCCSIF Financial Statements and Audit.

The program goals will be to maintain a “contingency fund” with assets equal to the difference between expected liabilities (55% CL) and discounted liabilities at a (90% CL).

The programs may pay dividends when surplus equity exceeds the 90% discounted CL and as per Policy and Procedure A – 12 above.

The programs may use surplus for rate stabilization.

The programs will fund current years at a 60% CL or higher.

2. FUNDING BENCHMARKS

In addition to the program maintaining a discounted target equity of 90%, other benchmark ratios will be reviewed annually to ensure prudent funding levels be maintained.

The programs will endeavor to meet the following ratios:

- ☞ **Equity to SIR** **Target = 3 to 5:1**
This ratio is a measure of the maximum amount equity could decline due to a single full limits loss. It also measures the funds available to take a higher SIR. A high ratio is desirable.
- ☞ **Net Premiums to Equity** **Target = .5 to 1**
This ratio measures whether inadequate funding for new years could adversely affect equity.
- ☞ **Claims Reserves plus IBNR to Equity** **Target = Less than < 3.5 to 1**
This ratio is a measure of how equity is leveraged against total reserves.
- ☞ **Change in Prior Year's Loss Development** **Target = < 20%**
This ratio is a measure of the development in prior years' ultimate net loss run from one year to the next.
- ☞ **Change in Member Equity** **Target = < 10%**
This ratio measures if a decline in equity in excess of 10% has taken place. If it has then NCCSIF may want to consider an increase in pricing.

3. DEFINITIONS

This policy contains terms and words with special meaning to risk funding. Those terms and others are defined below:

Claims Reserves: Estimate of the funds needed to pay for known claims against members that have been reported to NCCSIF. The Third Party Claims Administrator will establish a reserve for each open claim.

Confidence Level (CL): The probability premium collected or program equity is sufficient to pay the actuarially projected ultimate net loss. Expected value is equal to a 55% probability funds are sufficient to pay claims. A 90% confidence level predicts there is only a 10% probability there is insufficient funding to pay the ultimate net loss.

Contingency Fund: Net assets held to pay claims above "expected liabilities".

Dividend: Amount payable to members from surplus funds in a program.

Expected Liabilities: Claims reserve plus IBNR, discounted, and reported at a 55% CL for all program years.

Equity: Total assets less total liabilities. Stated as retained earnings, equity or net assets on the balance sheet.

Incurred But Not Reported (IBNR) Claims: Estimate of the funds needed to pay for covered losses that have occurred but have not been reported; and expected future loss development on claims already reported.

Self Insured Retention (SIR): Dollar amount of pooled risk before any excess coverage is triggered.

Ultimate Net Loss: The sum of claims paid to date, claim reserves and IBNR. This is an actuarial estimate of the total value of all claims that will ultimately be paid at a given point in time.

4. POLICY REVIEW

The Program Administrator will submit a yearly report summarizing the programs financial positions against the guidelines established in this policy. The policy will be periodically reviewed by the Board and revised as necessary.

Effective Date: December 18, 2005



Financial Puzzle

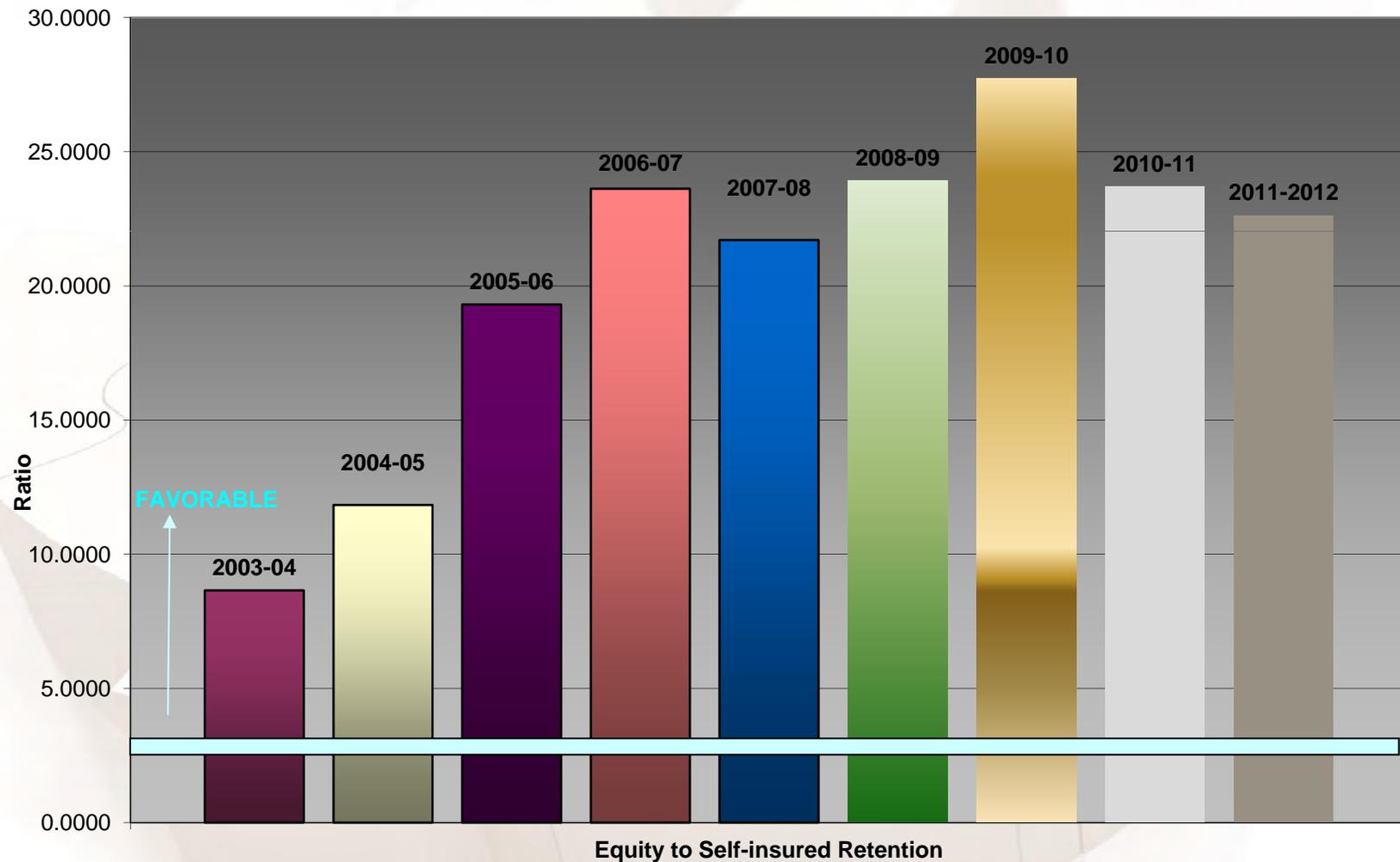
NCCSIF Target Equity Ratios Presentation

October 18, 2012



WC EQUITY TO SELF INSURED RETENTION – SHARED RISK LAYER

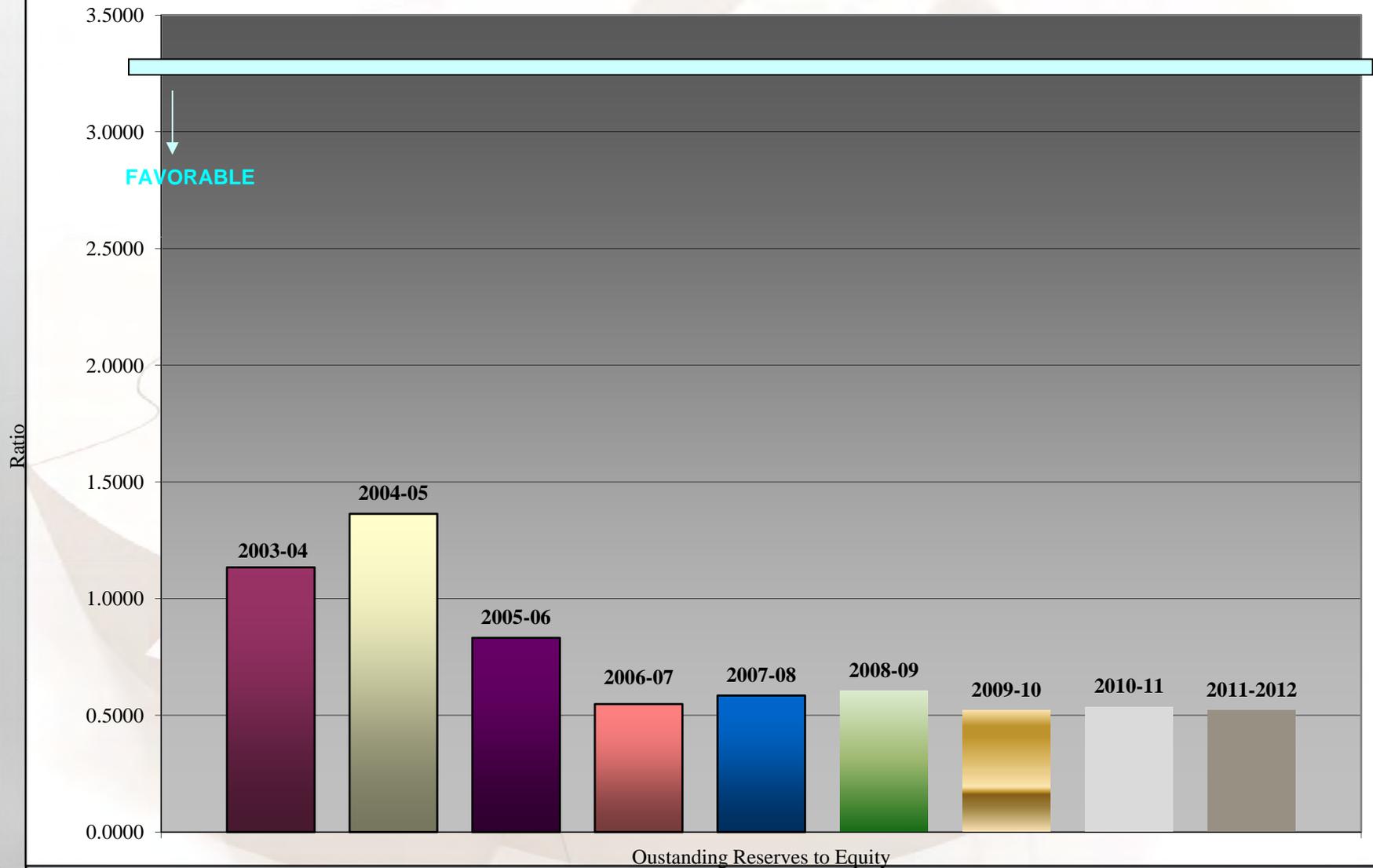
Target $\geq 3.5:1$





WC OUTSTANDING RESERVES TO EQUITY – SHARED RISK LAYER

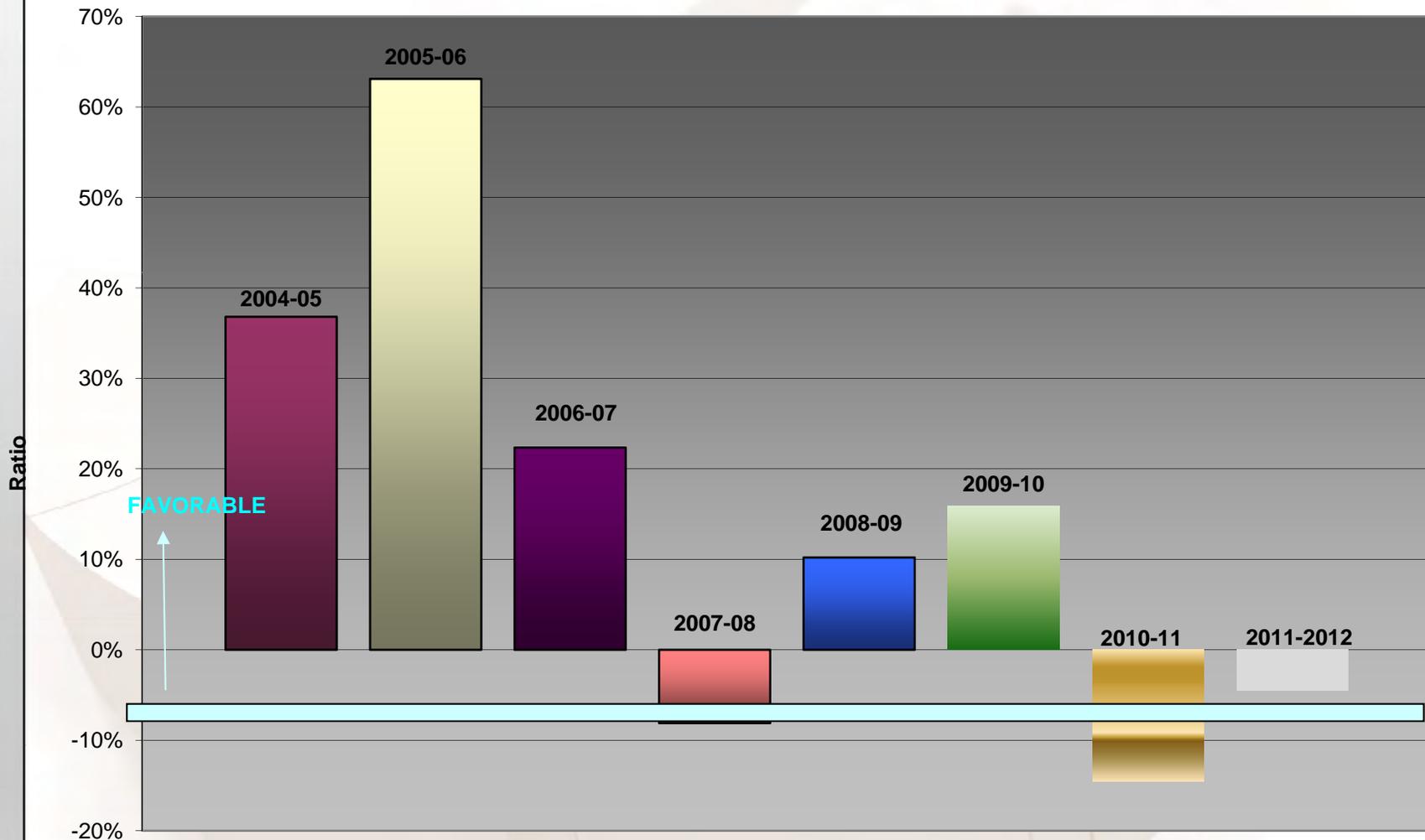
Target $\leq 3.5:1$





WC CHANGE IN EQUITY - SHARED RISK LAYER

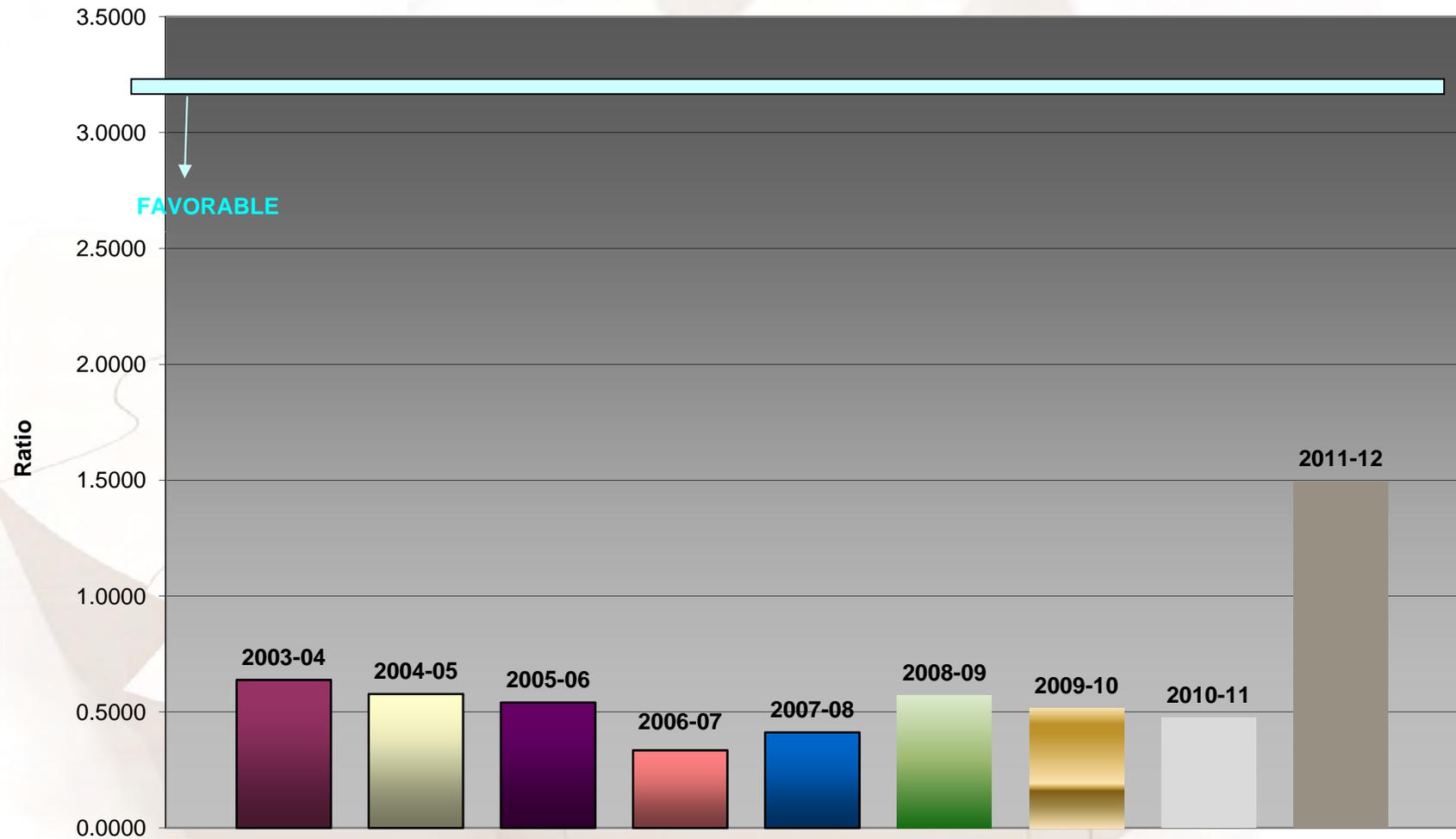
Target Ratio $\geq -10\%$





LIABILITY O/S RESERVES TO EQUITY – SHARED RISK LAYER

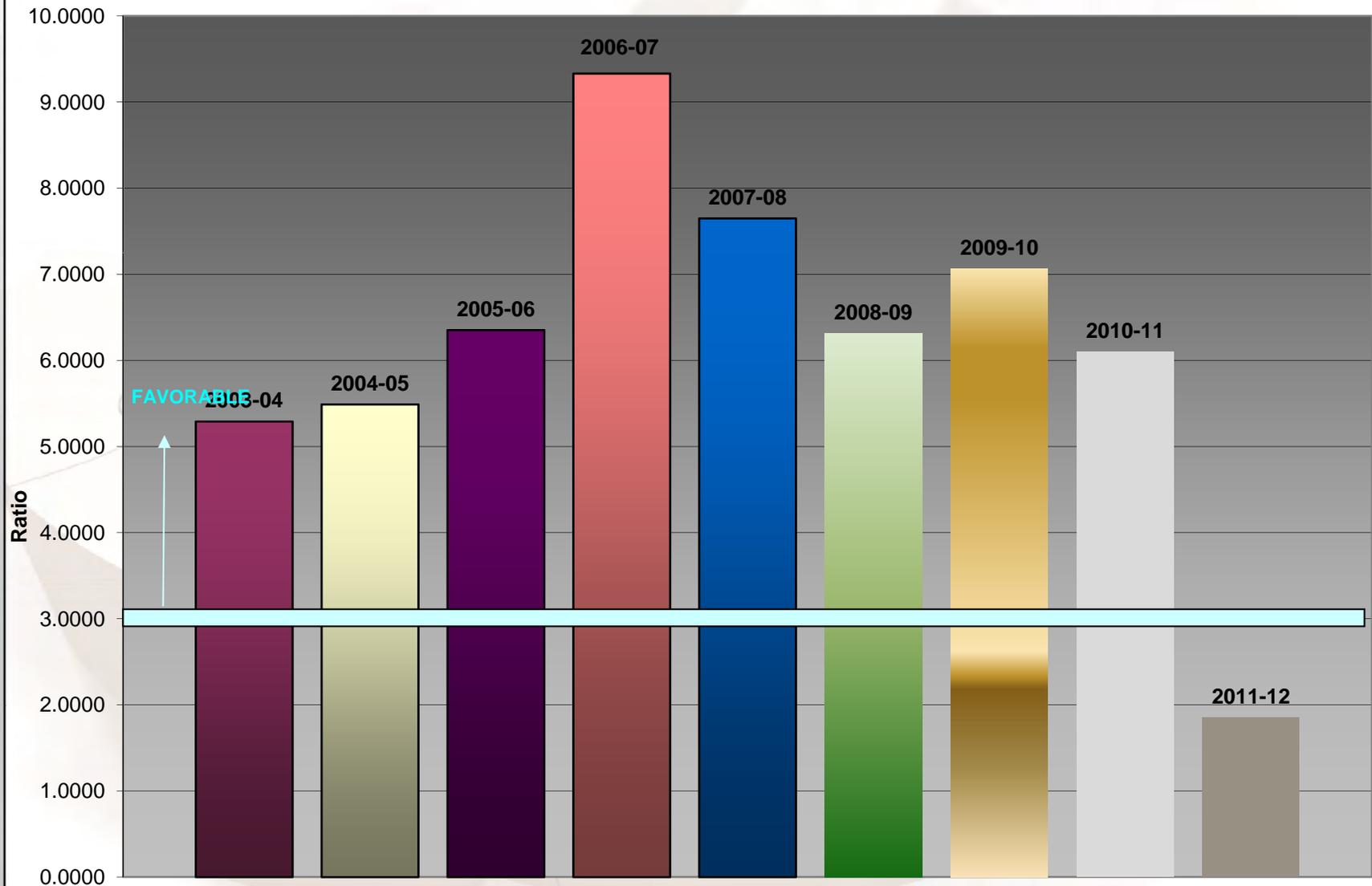
Target Ratio $\leq 3.5:1$





LIABILITY EQUITY TO SELF INSURED RETENTION – SHARED RISK LAYER

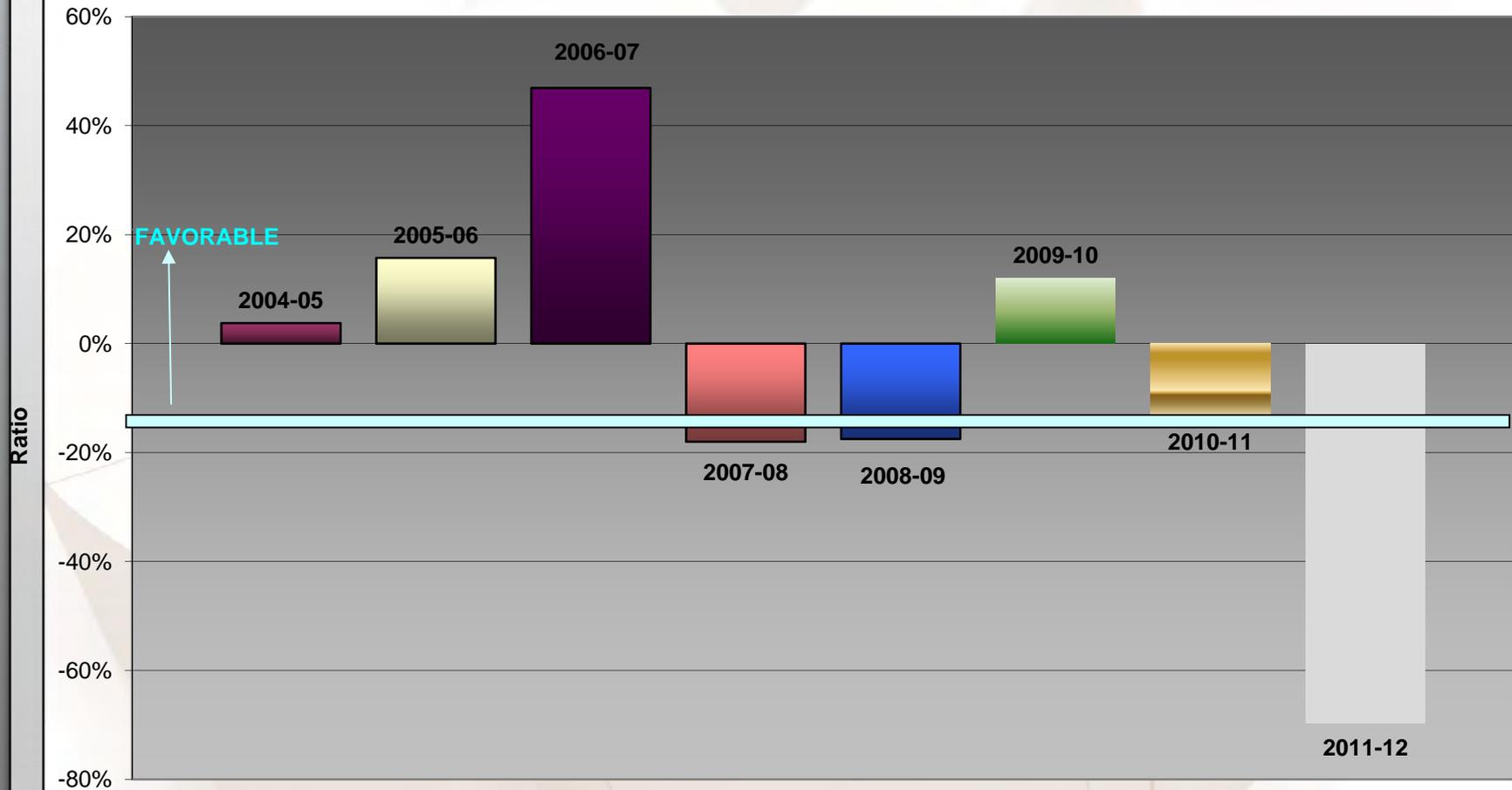
Target - $\geq 3.5:1$





LIABILITY CHANGE IN EQUITY – SHARED RISK LAYER

Target Ratio $\geq -10\%$





WHAT HAPPENED TO THE SHARED RISK LAYER LIABILITY EQUITY?

FYE	2010	2011	2012
Total Assets	\$6,954,847	\$7,818,844	\$7,097,908
Unpaid Claims & LAE	\$3,601,143	\$4,629,051	\$7,571,173
Dividends Declared	\$357,947	\$502,233	\$0
Total Liabilities	\$3,974,882	\$5,279,841	\$7,963,099
NET ASSETS	\$2,979,965	\$2,539,003	\$(865,191)



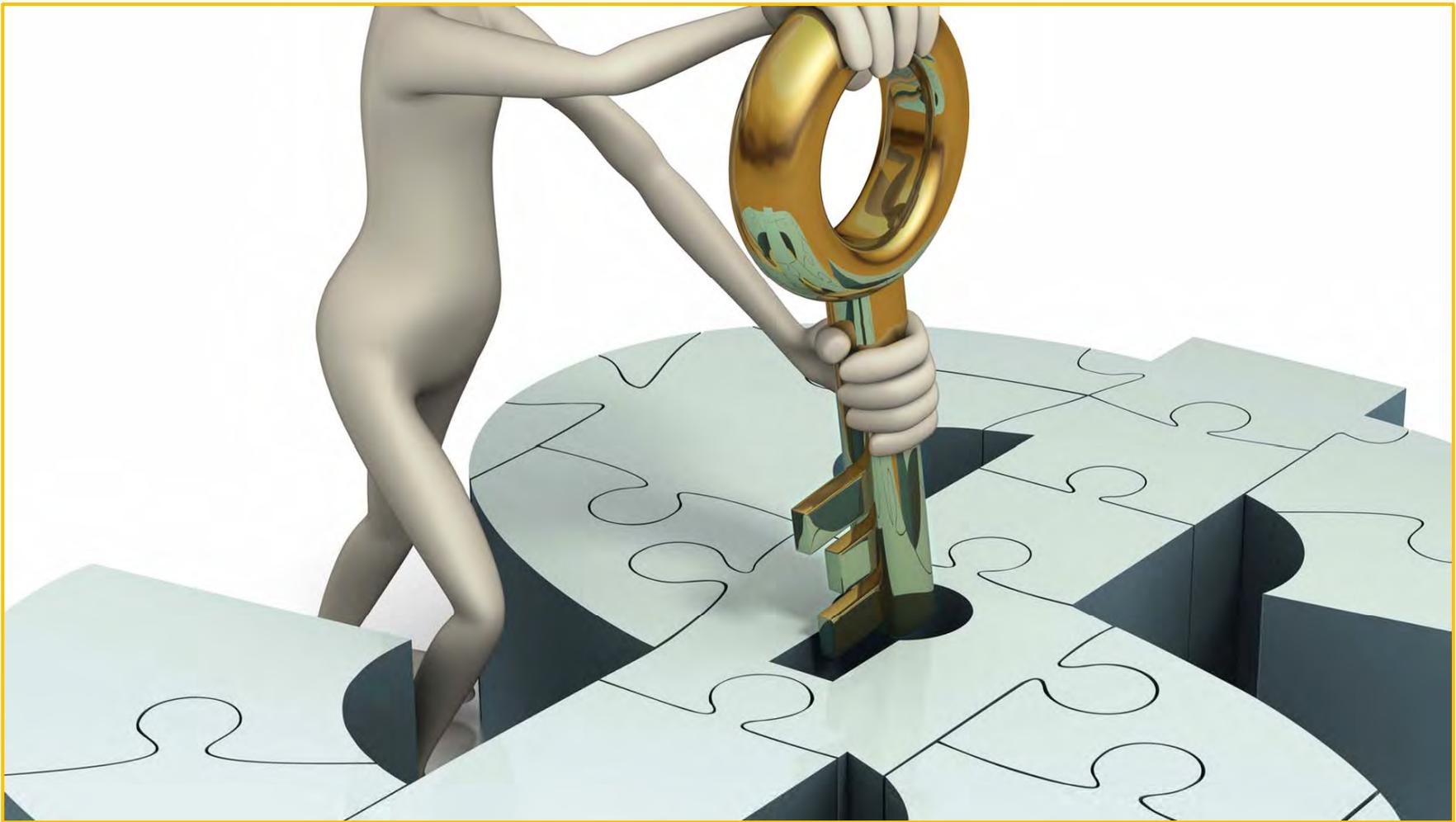
WHAT HAPPENED TO THE SHARED RISK LAYER LIABILITY EQUITY?

FYE	Chg. in Incurred Losses & ALAE from end of Policy Year	Self Insured Retention
2003	\$6,345	\$500,000
2004	\$(107,988)	\$500,000
2005	\$646,743	\$500,000
2006	\$261,985	\$500,000
2007	\$490,076	\$500,000
2008	\$(528,856)	\$1,000,000
2009	\$(561,047)	\$1,000,000
2010	\$2,860,322	\$1,000,000
2011	\$2,217,309	\$1,000,000
2012	\$0	\$1,000,000
TOTAL	\$5,284,889	



LARGE LOSSES

	INCURRED	TYPE	SIR
2005/2006	\$2,447,050	EPL	\$500,000
2009/2010	\$1,207,918	Sewer	\$1,000,000
	\$1,030,000	Civil Rights	\$1,000,000
2011/2012	\$1,050,000	Auto	\$1,000,000



This discussion and analysis will continue during NCCSIF's Strategic Planning Session December 13, 2012



**Board of Directors
October 18, 2012**

Agenda Item I.4.

NCCSIF INVESTMENT POLICY

ACTION ITEM

ISSUE: Chandler Investments, NCCSIF's Investment Manager and James Marta have reviewed NCCSIF's Investment policy and are recommending proposed clarification changes. In general, NCCSIF's policy follows California Government Code, but within the existing policy, the summary table for permitted investments was not fully descriptive (and aligned) with what could be invested in per state code. The permitted investment table and the Appendix were updated to complement the revised table.

FISCAL IMPACT: None.

RECOMMENDATION: Consider approval of the proposed changes.

BACKGROUND: Pursuant to Government Section Code 43646 (a) (2), the NCCSIF Statement of Investment Policy must be reviewed annually and amended as necessary. At Staff's request, James Marta and Company, Chandler Asset Management and NCCSIF's Treasurer reviewed the Policy and recommended changes to this policy. The last update was made in December 2011.

ATTACHMENTS:

1. Red-Line Strike Out of NCCSIF Statement of Investment Policy.



STATEMENT OF INVESTMENT POLICY

A. PURPOSE

This statement provides guidelines for the prudent investment of the funds of the Northern California Cities Self Insurance Fund (NCCSIF) and outlines the policies and procedures for maximizing the efficiency of NCCSIF's cash management system. The ultimate goal is to enhance the economic status of NCCSIF, while protecting its pooled funds.

B. SCOPE

NCCSIF's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling NCCSIF to invest funds to the fullest extent possible. NCCSIF will attempt to obtain the highest yield obtainable, as long as investments meet the criteria established for safety and liquidity.

NCCSIF operates its pooled idle fund investments under the prudent person rule (Civil Code Section 2261, et seq.)

C. PRUDENCE

NCCSIF shall strive to invest 100 % of all idle funds based upon, projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the NCCSIF Finance Committee, of which the NCCSIF Treasurer is a committee member.

Persons authorized to make investment decisions on behalf of local agencies are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, 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 considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law. (Government Code Section 53600.3)

D. OBJECTIVES

NCCSIF shall use the following criteria, in order of priority, when selecting investment options:

1. Safety

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. All "allowable investments" are of a very high quality and would be considered extremely safe and conservative. Safety of principal is the foremost objective of the investment program.

2. Liquidity

An adequate percentage of the portfolio will be maintained in liquid short-term securities that can be converted to cash as necessary to meet disbursement requirements. The liquidity percentage will be determined and adjusted as necessary based upon projected cash flow reports. Investments will be made in securities with active secondary or resale markets.

3. Yield

Within the constraints of safety and liquidity, the highest and best return will be sought. The portfolio will be designed to attain a market average rate of return, taking into account NCCSIF's risk constraints, the cash flow characteristics of the portfolio and state law.

4. Maturity

Maturities shall be selected to anticipate cash needs, thus avoiding forced liquidations. Since funds are invested for the specific purpose of providing for medium and long-term growth, and since the cash flow requirements of NCCSIF are met through investment in LAIF, the Board of Directors hereby grants authority for the purchase of securities with maturities in excess of five years. Such purchases shall be of U.S. Treasury and federal agency securities only (including mortgage-backed securities). The maximum maturity of individual securities is limited to ten years. Not more than 25% of the investment portfolio will be at the maximum maturity term.

5. Diversification

The portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. No more than 5% of the portfolio may be invested in any one security issuer or institution, excluding U.S. government and agency securities.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

6. 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.

7. Non Discriminatory

NCCSIF shall not knowingly make or allow investments in any institution, company, corporation, subsidiary or affiliate that practices or supports, directly or indirectly through its actions, discrimination on the basis of race, religion, creed, national or ethnic origin, age, sex, sexual preference or physical disability.

E. AUTHORITY TO INVEST MONIES

Section 53600 et seq. of the California Government Code provides legal authorization for investment of funds of local agencies. All investments of NCCSIF shall conform to the provisions of those laws.

F. DELEGATION OF AUTHORITY

The NCCSIF Board of Directors has designated the Finance Committee as investment managers of NCCSIF and responsible for ensuring that all investment activities are within the guidelines of these policies. Administrative procedures for the operation of the investment program are established under NCCSIF Administration Policy and Procedure A-13, *Review and Control of Investment Activities*. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial and staffing considerations.

The Agency may engage the services of external investment managers to assist in the management of the Agency's investment portfolio in a manner consistent with the Agency's objectives. The external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. In addition, the manager must be registered under the Investment Advisers Act of 1940.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
STATEMENT OF INVESTMENT POLICY

G. REPORTING

1. Monthly

The investment advisor shall submit a monthly report to the NCCSIF Finance Committee Chair, the Accounting Services Provider and the NCCSIF Treasurer. This report will include all items required by Government Code Section 53646.

These items are:

- a. Type of investment;
- b. Issuer;
- c. Date of Maturity;
- d. Amount of deposit and cost of the security;
- e. Current market value of securities and the source of the valuation;
- f. Interest rate;
- g. A statement of compliance with the investment policy;
- h. Accrued interest;
- i. Interest earned to date;
- j. Average weighted book yield;
- k. Average term to maturity;
- l. Transactions;
- m. Percentage distribution of investment types;
- n. Modified duration;
- o. Total rate of return.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

2. Quarterly

The NCCSIF Treasurer shall submit quarterly a report to the Board of Directors of all cash and investments of NCCSIF in compliance with Government Code Sections §53646 and §53607.

3. Annually

The NCCSIF Treasurer shall prepare and provide to the Board of Directors an annual portfolio investment performance report as of June 30. The annual report and the Investment Policy shall be submitted for review and approval annually at the meeting of the Board of Directors.

H. INVESTMENT GOALS

Funds available for investment shall be invested to meet two specific goals:

- 1.** To match its duration to the duration of NCCSIF's actuarially determined liabilities;
- 2.** To provide funds to pay losses as they come due and to pay the expenses of operating NCCSIF.

The NCCSIF Finance Committee Chair will inform the investment advisor from time to time of amounts of funds needed to pay claims and operating expenses. The NCCSIF Program Administrator will provide current actuarial information to the investment advisor in order to determine the appropriate duration.

I. INVESTMENT PARAMETERS

- 1.** Investments shall be managed to a duration not to exceed the current duration of loss payment liabilities.
- 2.** The maximum stated final maturity of securities in the account shall be ten years.
- 3.** The NCCSIF Treasurer shall maintain sufficient short-term liquidity to pay claims and operating expenses as they arise.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

J. INVESTMENT INSTRUMENTS AND MATURITIES

1. Permitted Investments^[TP1]

Securities purchased will be maintained within statutory limits imposed by California Government Code Section 53601. The Government Code currently allows for the following:

PERMITTED INVESTMENTS/DEPOSITS	MAXIMUM % OF PORTFOLIO	MINIMUM QUALITY BY S&P or MOODY	MAXIMUM MATURITY
Asset Backed and Mortgage Backed Securities	20%	AA	5 years
Bankers Acceptances	40%	AA	180 days
Commercial Paper	25%	A1/P1	270 days
LAIF	As law permits		
Medium Term Notes	30%	A	5 years
Money Market Account	20%	AAA	
Mutual Funds	20%	AAA	
Negotiable Certificates of Deposit	30%	A	5 years
Repurchase Agreements	10%		1 years
Time Certificates of Deposit	Unlimited		5 years
Treasury Bills and Notes	Unlimited		10 years
US Government and Agency Securities	Unlimited		10 years

<u>PERMITTED INVESTMENTS – Summary of CGC 53601</u>	<u>MAXIMUM % OF PORTFOLIO</u>	<u>MINIMUM QUALITY BY S&P or MOODY</u>	<u>MAXIMUM MATURITY</u>
<u>Asset Backed and Mortgage Backed Securities</u>	<u>20%</u>	<u>AA</u>	<u>5 years</u>
<u>Bankers Acceptances</u>	<u>40%</u>	<u>None</u>	<u>180 days</u>
<u>Collateralized Bank Deposits</u>	<u>None</u>	<u>None</u>	<u>5 years</u>
<u>Commercial Paper</u>	<u>25%</u>	<u>A-1/P-1</u>	<u>270 days</u>
<u>LAIF</u>	<u>As law permits</u>	<u>None</u>	<u>N/A</u>
<u>Medium Term Notes – corporate debt</u>	<u>30%</u>	<u>A</u>	<u>5 years</u>
<u>Money Market Mutual Funds</u>	<u>20%</u>	<u>As law permits</u>	<u>N/A</u>
<u>Mutual Funds</u>	<u>20%</u>	<u>As law permits</u>	<u>N/A</u>
<u>Municipal Obligations of California or other States</u>	<u>None</u>	<u>None</u>	<u>5 years</u>
<u>Municipal Obligations of California local agencies</u>	<u>None</u>	<u>None</u>	<u>5 years</u>
<u>Negotiable Certificates of Deposit</u>	<u>30%</u>	<u>None</u>	<u>5 years</u>
<u>Repurchase Agreements</u>	<u>None</u>	<u>None</u>	<u>1 year</u>
<u>Reverse Repurchase Agreements</u>	<u>20%</u>	<u>None</u>	<u>92 days</u>
<u>Time Certificates of Deposit</u>	<u>None</u>	<u>None</u>	<u>5 years</u>

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

<u>U.S. Treasury Obligations</u>	<u>None</u>	<u>None</u>	<u>10 years*</u>
<u>U.S. Government and Agency Obligations</u>	<u>None</u>	<u>None</u>	<u>10 years*</u>

*as specified by this investment policy, Section I, 2.; as permitted by California Government Code

~~Shares of beneficial interest issued by diversified management companies that are money[TP2] market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience investing in securities and obligations authorized by Government Code Section 53601 and with assets under management in excess of \$500,000,000.~~

~~Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay through bond, equipment lease backed certificate, consumer receivable passthrough certificate or consumer receivable backed bond of a maximum of five years' maturity. Securities eligible for investment shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and rated in a rating category of "AA" or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized may not exceed 20 percent of NCCSIF's portfolio.~~

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. NCCSIF may from time to time be invested in a security whose rating is downgraded. If a rating drops below "A," the investment advisor shall notify the Treasurer and recommend a plan of action. The Treasurer shall contact the Finance Committee to appraise it of the downgrade and the investment advisor's recommendation. The Committee shall report both the downgrade and any action taken to the Board of Directors at the Board of Directors' next regularly scheduled meeting.

If the Government Code adopts more restrictive investment restrictions, then those restrictions will have precedence over those listed above.

Investments shall be purchased according to the minimum credit standards listed. NCCSIF will own no more than 5% of any single issuer.

2. Excluded Investments

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

The following investments are not permitted under this Statement of Investment policy.

- a. Investments not specifically stated under "allowable investments," such as common or preferred stock, convertible or junk bonds, commodities, options, limited partnerships, GIC's, reverse repurchase agreements, uninsured deposits, inverse floaters, range notes, mortgage derived, interest only strips, or in any security that could result in zero interest if held to maturity, etc.;
- b. Investments denominated in any currency other than US dollars; or
- c. Collateralized Mortgage Obligations with collateral not specifically GNMA, FHLMC or FNMA.

K. PERFORMANCE EVALUATION

As a reference point for the performance of NCCSIF's portfolio, the quarterly total return of the portfolio will be compared with the quarterly return for LAIF, the quarterly total return of a 1 to 5 year government index benchmark, and the quarterly total return for a 1 to 10 year government index benchmark.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

L. SAFEKEEPING AND CUSTODY

Securities purchased from broker/dealers will be held in a third-party custodian safekeeping account except the collateral for time deposits in banks and savings and loans. Collateral for time deposits shall be held in accordance with California law.

M. CONFLICT OF INTEREST

Officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment officials shall disclose to the NCCSIF Finance Committee any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of NCCSIF's portfolio.

Adopted: January 6, 2005
First Revision: April 14, 2006
Second Revision: June 20, 2008
Third Revision: October 21, 2010
Fourth Revision: December 14, 2011

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

Appendix A Explanation of Allowable Instruments^[TP3]

U.S. Treasuries:

- ~~U.S. Treasury Bills: U.S. Treasury bills, commonly referred to as T-Bills, are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three month, six month and one year maturities. T Bills do not accrue interest but are sold at a discount to pay face value at maturity.~~
- ~~U.S. Treasury Notes: U.S. Treasury Notes are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.~~
- ~~U.S. Treasury Bonds: U.S. treasury Bonds are the same as U.S. Treasury Notes, except they have original maturities of ten year or longer.~~

~~U.S. Government Agency Issues: U.S. Government Agency issues include securities which fall into these categories: 1) Issues which are unconditionally backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States, and 3) Issues which are not backed by the full faith and credit of the United States.~~

~~Issues that are unconditionally backed by the full faith and credit of the United States include the Small business Administration and the General Services Administration (GSA).~~

~~Issues that are issued by corporations under the Federal Deposit Insurance Corporation (FDIC) Temporary Liquidity Guarantee Program (TLGP). These notes are backed by the full faith and credit of the United States Government.~~

~~Issues which are not backed by the full faith and credit of the United States include the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System (FFCB), Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Immediate Credit Banks (FICB), Federal Home Loan Mortgage Corporation (FHLMC), Tennessee Valley Authority (TVA), or other government sponsored enterprises (GSEs).~~

~~While all of the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have de facto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.~~

~~**Repurchase Agreement:** A repurchase agreement is a contractual arrangement between a financial institution or dealer and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.~~

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

Asset Backed and Mortgage Backed Securities: Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond of a maximum of five years' maturity.

Bankers' Acceptances: A bankers' acceptance is a time draft drawn on and accepted by a bank for payment of the shipment or storage of merchandise. The initial obligation of payment rests with the drawer, but the bank substitutes its credit standing for that borrower and assumes the obligation to pay face value at maturity.

Commercial Paper: Commercial Paper is a short-term unsecured obligation issued by both financial companies and non-financial companies to help satisfy their short term funding needs.

Local Agency Investment Fund (LAIF): LAIF is a voluntary program offering local agencies the opportunity to participate in a multi-billion dollar portfolio. LAIF is part of the State of California' Pooled Money Investment Account (PMIA). Oversight of the PMIA is provided by a board whose members include the State Treasurer, Director of Finance and the State controller. All securities are purchased under the authority of the California Government Code.

Medium-Term Notes (MTNs): MTNs are unsecured promissory notes issued by corporations and financial institutions. MTNs are typically issued through a shelf registration process filed with the Securities and Exchange Commission, with original maturities of one to five years. MTNs offer higher yields than Treasury or agency securities because of the additional risk of purchasing unsecured corporate debt for a period of years. Credit quality varies with the issuer and MTNs are rated by several national securities rating services such as Standard and Poor's or Moody's.

~~**Certificates of Deposit (CDs):** Time CDs are a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specific rate of interest. The first \$100,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC) if with a bank. Time CDs with California institutions are required to be collateralized by the financial institution, as specified in the California Government Code.~~

Money Market Mutual Funds: Pooled investment funds, which legally are shares of beneficial interest issued by diversified management companies registered with the Securities and Exchange Commission. Money market funds operate under strict guidelines regarding maximum maturities and diversification requirements and seek to maintain a constant net asset value of \$1.00 per share.

Mutual Funds: An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Municipal Obligations: Debt obligations issued by state and local governments.

Negotiable Certificates of Deposit: Negotiable CDs are a marketable receipt for funds deposited in a bank for a fixed time period at a stated rate of interest. Negotiable CDs are not required to be collateralized.

Repurchase Agreement and Reverse Repurchase Agreement: A repurchase agreement (or reverse repurchase agreement) is a contractual arrangement between a financial institution or dealer and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

~~**Local Agency Investment Fund (LAIF):** LAIF is a voluntary program offering local agencies the opportunity to participate in a multi-billion dollar portfolio. LAIF is part of the State of California' Pooled Money Investment Account (PMIA). Oversight of the PMIA is provided by a board whose members include the State Treasurer, Director of Finance and the State controller. All securities are purchased under the authority of the California Government Code.~~

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U.S. Treasuries:

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NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND

STATEMENT OF INVESTMENT POLICY

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Issues that are unconditionally backed by the full faith and credit of the United States include the Small business Administration and the General Services Administration (GSA).

Issues that are issued by corporations under the Federal Deposit Insurance Corporation (FDIC) Temporary Liquidity Guarantee Program (TLGP). These notes are backed by the full faith and credit of the United States Government.

Issues which are not backed by the full faith and credit of the United States include the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System (FFCB), Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Immediate Credit Banks (FICB), Federal Home Loan Mortgage Corporation (FHLMC), Tennessee Valley Authority (TVA), or other government sponsored enterprises (GSEs).

While all of the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have de facto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.



**Board of Directors
October 18, 2012**

Agenda Item J.1

**SB863 – WORKERS’ COMPENSATION REFORM SUMMARY
INFORMATION ITEM**

ISSUE: The Board of Directors will receive a presentation from York Risk Services regarding Workers’ Compensation Reform Senate Bill SB 863.

FISCAL IMPACT: Unknown at this time.

RECOMMENDATION: None. This is provided as information only.

BACKGROUND: SB 863 was signed into law on September 19, 2012 to be effective January 1, 2013.

ATTACHMENTS: York SB 863 Workers’ Compensation Reform Summary.

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p><u>MPN</u></p>	<ul style="list-style-type: none"> • Eliminates requirement that an MPN contain at least 25% of physicians who are non-occupational providers; • Permits Administrative Directive to approve generically an MPN without requiring approval for each employer location individually • Requires an MPN to have “medical Access Assistants” personnel available Monday through Saturday, available to assist injured workers to obtain immediate access to medical treatment and schedule medical appointments within the MPN • Establishes limits and prohibitions against injured workers procuring out-of-network treatment. • Establishes requirements for expedited hearing process at the WCAB to resolve disputes arising from out-of-network treatment or other disputes related to treatment within an approved MPN • Establishes new application and renewal process for A.D. approval of an MPN 	<p><input checked="" type="checkbox"/> Yes to all – new regulations required</p> <ul style="list-style-type: none"> • Many of these changes are in place with WellComp’s MPN and require very little change as infrastructure is in place. • Limits on injured workers and their counsel procuring out-of-network treatment is positive as this has cost the employer payment for extended periods of T.D. and prolongation of treatment with out-of-network treatment due to adverse appellate decisions. 	<p>WCIRB is unable to provide an estimate of the impact of these savings.</p>
<p><u>IMRO and IMR Process</u></p>	<ul style="list-style-type: none"> • Effective for injuries on/after 01/01/13 • Establishes Independent Medical Review Organizations (IMRO) under the provisions of the Government Code which extend to the A.D. contractual authority for and development of “reasonable” review fees for these organizations. Creates process of independent Medical Review (IMR) similar to the Department of Managed Health Care (DMHC) for the purpose of providing impartial review and resolution of health care disputes pertaining to “medical necessity” of treatment for an injured worker. • Permits the employee to appeal a utilization review determination pertaining to the “medical necessity” of the treatment by requesting an IMR immediately or seeking a second level UR determination; 	<p><input checked="" type="checkbox"/> Yes to all – new regulations required</p> <p>While these new changes can have positive impact on employers by saving costs with unnecessary QME, AME, or Agreed Panel medical-legal exams and WCAB intervention, the bill now eliminates any legal remedy for appeal.</p> <ul style="list-style-type: none"> • Cost for dispute resolution review, screening of physician’s in the IMRO for impartiality and timeframes for review has yet to be determined. Also impact on whether this will positively/negatively impact length of time for claim resolution also remains to be seen. • A.D. is charged with developing a fee 	<p>\$90 million in savings</p>

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p style="text-align: center;"><u>IMRO and IMR Process (continued)</u></p>	<ul style="list-style-type: none"> • Eliminates current second surgical spine opinion [under §4062(b)] process and mandates that spinal surgery disputes arising out of UR determinations will also be resolved through IMR process. • Eliminates WCAB authority/jurisdiction to adjudicate any disputes pertaining to UR determinations of “medical necessity” of treatment and extends binding authority to resolve these disputes to the IMRO and A.D. (except for authority of the WCAB to adjudicate decisions of the IMR related to “bias, conflict of interest, race, gender, ethnicity and excessive abuse of A.D. authority”). <p>Establishes authority of A.D. to develop schedule of administrative penalties related to failure of the claims administrator to notify the employee of right to IMR process (up to \$5,000 per day for failure to inform employee of IMR process and \$5,000 for each day the IMR decision not implemented if treatment dispute is resolved in favor of the employee;</p> <ul style="list-style-type: none"> • Effective 01/01/14 physicians who work for or provide IMR dispute resolution cannot be a QME Administrative Director charged with promulgation of regulations for IMR physician standards. 	<p>schedule for these reviews including costs for A.D. to administer the IMR program- The cost of review and administrative costs will be assessed to the employer—This could have a negative impact since it will take regulation to determine what frequency of dispute resolution occurs and the cost to employers for yet to be regulated UR dispute resolution fees.</p> <ul style="list-style-type: none"> • Employers and their claims administrator have no reason to dispute their own UR determinations-Frequency of dispute will be driven by attorneys and providers. 	<p>See above</p>
<p style="text-align: center;"><u>IBRO and IBR Process</u></p>	<ul style="list-style-type: none"> • Effective for injuries on/after 01/01/13 • Establishes Independent Bill Review Organizations (IBRO) to resolve provider fee disputes which extend to the A.D. contractual authority for and development of “reasonable” review fees for these organizations (Similar provisions as new IMR statutes) • IBR determinations are binding on the parties; WCAB jurisdiction is eliminated (except for decisions that are appealed based on issues of “bias, conflict of interest, race, gender, ethnicity, fraud and excessive abuse of A.D. authority”). 	<p><input checked="" type="checkbox"/> Yes to all – new regulations required</p> <ul style="list-style-type: none"> • Intent of legislation is to reduce excessive volume of lien filing and resolution at the WCAB. Positive impact on employers may be earlier resolution of claims and reduction in excessive claim financial exposures. • Negative -The fee for IBR dispute resolution is initially borne by the provider. If the IBRO determination finds additional sums are owed in excess 	<p>WCIRB is unable to provide an estimate of the impact of these savings.</p>

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p><u>IBRO and IBR Process</u> <u>(cont.)</u></p>		<p>of the CA Official Medical Fee Schedule OMFS), then the employer will be under A.D. order to pay additional bill amount(s) and reimburse disputing providers for cost of review.</p> <ul style="list-style-type: none"> • Since the A.D. is charged through regulation promulgation to develop IBR fees yet to be determined, this could have negative financial impact on employers • The disputing party would be the provider not employers' own bill review organizations. 	
<p><u>Liens</u></p>	<ul style="list-style-type: none"> • Prohibits filing of any lien by a provider for any amounts related to IMR or IBR determination orders. • Requires lien claimant to pay \$150 filing fee for any lien filed (after 01/01/13), only recoverable from the employer if the lien claimant prevails on the lien by an award of the WCAB. • Establishes a \$100 filing fee for liens filed prior to 01/01/13, recoverable from the employer if the lien claimant prevails by an award of the WCAB. • Establishes criteria and rules that the lien claimant must be the owner of the lien for services. • Establishes a statute of limitations for lien filing 	<p><input checked="" type="checkbox"/> Yes to all – new regulations required</p> <ul style="list-style-type: none"> • Likely positive impact to employers as to elimination of “zombie” liens” that are filed years after the underlying claim-in-chief has closed, thereby requiring needless cost of litigation and increased financial exposures. 	<p>\$450 million in savings</p>
<p><u>Fee Schedules</u></p>	<ul style="list-style-type: none"> • Requires A.D. to develop a medical-fee schedule based on Medicare's resource based Relative Value Scale (RBRVS). • Mandates promulgation of ambulatory surgery fee schedule. • Mandates promulgation of photocopy fee schedule and rules governing the parameters of these services. 	<p><input checked="" type="checkbox"/> Yes to all – new regulations required</p> <ul style="list-style-type: none"> • Development and promulgation of fee schedules is a positive for employers to reduce financial exposures but will be developed through A.D. regulations. • Fee schedule and rules to limit excessive photocopy abuse will have a positive financial impact on employers as photo- 	<p>WCIRB is unable to provide an estimate of the impact of these savings.</p>

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<u>Fee Schedules (cont.)</u>	<ul style="list-style-type: none"> • Mandates promulgation of Home Health Care utilization review services and fee schedules for these in-home services; • Prohibits re-opening of claims for home health care services not authorized prior to provision of these services. • Prohibits payment for home health care services when these services were being provided prior to the industrial injury. 	<p>copy abuse is rampant in our system currently.</p> <ul style="list-style-type: none"> • Development of regulations to establish limits and fee schedule for home health care will have a positive financial impact on employers because while these claims are in the minority, home health care costs being awarded currently without restrictions for pre-approval and after the fact are a significant unexpected cost to employers. 	See above
<u>Med-Legal Process</u>	<ul style="list-style-type: none"> • Limits the number of office locations to 10 that a QME panel physician can have to evaluate injured workers. • Further streamlines the medical-legal (QME/AME) process in litigated claims and gives preference to unrepresented worker application for QME panel assignments. • Establishes limits on chiropractic treatment and limits chiropractic QMEs to Doctors of Chiropractic Medicine, also certified for approval by the A.D. • Provides that a chiropractor who has reached the 24 visit limit under §4604.5 can no longer be recognized as the employee's primary treating physician (PTP). 	<p><input checked="" type="checkbox"/> Yes – regulations required and revisions to existing QME regulations</p> <ul style="list-style-type: none"> • Potentially positive impact for all employers to reduce QME panel assignment abuse as this is done by random assignment but 10% of QME panel physicians come up for assignment geographically 90% of the time due to those medical-legal physicians establishing numerous office address locations. • Potentially positive to reduce chiropractic treatment and referrals by chiropractors to pain management specialists. • Regulations have been in place since 1991 for the Medical Director of the DWC to police and screen QME panels without the resources to enforce these regulations. 	WCIRB is unable to provide an estimate of the impact of these savings.
<u>Interpreters</u>	<ul style="list-style-type: none"> • Requires A.D. to promulgate regulations for certification on WCAB and UR interpreters. • Interpreting services at a physician's office must be pre-approved by the employer or claims administrator to assert liability for payment 	<p><input checked="" type="checkbox"/> Yes – minor regulations required</p> <ul style="list-style-type: none"> • Positive change and eliminates use of employed personnel in physician's offices to provide interpretation who are not certified and bill without pre-authorization. 	

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p><u>Interpreters</u></p>	<ul style="list-style-type: none"> Requires A.D. to promulgate regulations for certification on WCAB and UR interpreters. Interpreting services at a physician's office must be pre-approved by the employer or claims administrator to assert liability for payment 	<p><input checked="" type="checkbox"/> Yes – minor regulations required</p> <ul style="list-style-type: none"> Positive change and eliminates use of employed personnel in physician's offices to provide interpretation who are not certified and bill without pre-authorization. 	<p>WCIRB is unable to provide an estimate of the impact of these savings.</p>
<p><u>Permanent Disability</u></p>	<ul style="list-style-type: none"> The \$740 Million increase in injured worker benefits which will occur over a two-year period (injuries on/after 01/01/13 and 01/01/14) is contained in the provisions of this legislation and pertains to permanent disability benefits Injuries on/after 01/01/13 – minimum permanent partial weekly rates based on 2/3 of average weekly earnings will increase from \$130 per week to \$160 per week regardless of percent of rated PD. Maximum permanent partial weekly based on 2/3 of average weekly wages will be set according to a graduated scale of the percentage of PPD. Adjusted PPD under 55% will pay the current maximum of \$230/week. Adjusted PPD 55% and under 70% will pay the current maximum of \$270/week. Adjusted PPD of 70% and under 100% will increase to \$290/week. Injuries on/after 01/01/14, the minimum PPD weekly rate based on 2/3 of average weekly earnings will remain at \$160/week. Maximum weekly PPD rate based on 2/3 of average weekly earnings will be paid at \$290/week regardless of the adjusted PPD rating. Injuries on/after 01/01/13 – AMA Guides, 5th edition will remain the current source of impairment ratings for which the physician will calculate whole person impairment (WPI) prior to adjustment in the CA Rating Schedule. While the current Future Earning Capacity (FEC) rankings (8 rankings used to adjust WPI in the CA Rating) 	<p><input checked="" type="checkbox"/> No – statutory provisions, limited or no regulations required</p> <ul style="list-style-type: none"> Positive impact -Provisions eliminating impairment/PD ratings for psychiatric disorders, sleep and sexual dysfunction (injuries on/after 01/01/13) as a compensable consequence of a physical injury (except under limited exceptions) have been eliminated. This should result in reduction in litigated claims costs for add-ons to these claims (particularly C.T. claims) Negative impact (to insured and self-insured claims) – substantial reserve increases and payments of amount of adjusted PPD owed. 	<p>\$550 million in estimated costs</p>



SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p><u>Permanent Disability</u> <u>(cont.)</u></p>	<p>schedule has been eliminated, all whole person impairment standards will be adjusted by 1.4% regardless of medical condition, thereby increasing the WPI by 40% prior to adjustment in the rating schedule for occupation and age. [The 1.4% is the basis for adjustment for the highest FEC ranking (psychiatric claims)] in the current rating system.</p> <ul style="list-style-type: none"> • Eliminates requirement to commence weekly PPD payments within 14 days of termination of TD (§4650 (b) to those injured workers who have returned to work at 85% of pre-injury earnings (modified/alternate duty employment) or at 100% of pre-injury earnings (no lost time claims). For these claims, PD is owed when a PD award is made, retroactively to the last payment of TD or date employee became MMI • <u>Compensable consequence of physical injury -</u> Injuries on/after 01/01/13 – permits no increased impairment (permanent disability) related to psychiatric disorders, sleep or sexual dysfunction or combination thereof arising as a consequence to a compensable physical injury (treatment for these conditions is permitted) [Limited exception wherein impairment for psychiatric disorders is permitted for injuries resulting from being a victim of or witness to a violent act or catastrophic injuries such as loss of limb, severe burns, paralysis, etc.). • Injuries on/after 01/01/13 – Eliminates 15% increase/decrease to employee's weekly permanent partial disability rate if employer offers (reduction) or fails to offer permanent regular, modified or alternative work within 60 days of employee becoming MMI (increase)(eliminates altogether current provisions of §4658 (d) for these dates of injury -“Bump up/Bump down” statute) 		<p style="text-align: center;">See above</p>

SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<p><u>Supplemental Job Displacement Voucher (SJDB)</u></p>	<ul style="list-style-type: none"> • Effective on/after 1/1/13 for injuries with PPD • Aggregate voucher amount up to \$6,000 regardless of extent of PPD • Impermissible to settle voucher obligation • Voucher is owed to employee within 60 days of receipt of PTP, QME or AME report in which employee is MMI from all medical conditions for which compensation is claimed. • Voucher is not owed if employer offers permanent regular, modified or alternative work lasting 12 months within same period. • Voucher is sent to employee within 20 days of expiration of the 60-day time period unless an offer of work is made as outlined above. • Voucher entitlement includes up to \$500 for employee's "miscellaneous" expenses not subject to submission of receipts. • Establishes 2-year statute of limitation or within 5 years from date of injury (whichever is later) for use of the voucher and expiration of liability for the employer. • Statute appears to apply to any vouchers issued after 01/01/13 for injuries prior to that date • No employer liability for injuries sustained by employees while utilizing the Voucher. 	<p><input checked="" type="checkbox"/> No – only limited revisions to current regulations</p> <ul style="list-style-type: none"> • Positive – If the employer develops job descriptions, claims examiners are responsible for forwarding to physician for comment on employee's ability/capacity to perform work and physical limitations and required to submit form to employer when received. • Negative – voucher amount can't be settled to terminate liability earlier than statute of limitations permits. • Negative – for public sector employers who require itemized receipts for any payments made (\$500 for miscellaneous costs of voucher without itemization) 	<p>WCIRB anticipates no change as a result of the utilization of the voucher due to the new LC Section 4658.7.</p>
<p><u>Miscellaneous</u></p>	<ul style="list-style-type: none"> • Establishes 45 calendar day time frame to remit payment for submitted paper medical bills (rather than working days under current §4603.2 statute) • Establishes 60 calendar day time frame for public agency employers to remit payment for submitted paper medical bills (rather than current working day timeframe under the current §4603.2 statute). • Increases burial fee reimbursement for death claims to \$10,000 for injuries on/after 01/01/13. • Establishes dependency death benefits for any person dependent on the decedent employee for support 	<p><input checked="" type="checkbox"/> No – statutory and requires limited or no regulatory action.</p> <ul style="list-style-type: none"> • Meaning of class of dependents appears to have been extended to non-familial members. 	<p>WCIRB is unable to provide an estimate of the impact of these savings.</p>



SB 863 - WORKERS' COMPENSATION REFORM

Reform Topic	Highlights	Regulations Required Yes/No	WCIRB Est. Savings
<u>Public Agency</u>	<ul style="list-style-type: none"> • Refer to Section of statute Labor Code §3702.2, §3702.4, §3702.5 • This legislation would require public self-insured employers to provide specific information to the Director of Department of Industrial Relations (DIR) • Would require the Commission on Health and Safety and Workers' Compensation to conduct an examination of the public self- insurance program and to publish a preliminary and final report on its website. • Instead of the cost of administration of the Public Self Insured program being a General Fund item, the cost will now be borne by the Workers' Compensation Administration Revolving Fund • Time to remit payment for medical bills as a Governmental public agency has been shortened from 60 working days to 60 calendar days under §4603.2 • The SJDB voucher entitlement includes provision for up to \$500 miscellaneous expenses to be reimbursed to the employee without requirement for itemization or receipts (§4658.7) 	<input checked="" type="checkbox"/> Yes	WCIRB is unable to provide an estimate of the impact of these savings.



**Board of Directors
October 18, 2012**

Agenda Item J.2

**PEPIP POLLUTION COVERAGE BEST REPORTING PRACTICES
INFORMATION ITEM**

ISSUE: PEPIP has developed PEPIP Pollution Best Practices for Loss Reporting. This document outlines the steps that should be taken at the time of an environmental incident to assure that the Pollution coverage offered with ACE through PEPIP is fully available for claims payment.

FISCAL IMPACT: None

RECOMMENDATION: None. This is provided as information only.

BACKGROUND: The Public Entity Property Insurance Program (PEPIP) includes some coverage for pollution.

ATTACHMENTS: PEPIP Pollution: Essential Loss Reporting Practices document.

PEPIP Pollution: Essential Loss Reporting Practices

We are pleased to provide you with the attached document titled *PEPIP Pollution Essential Loss Reporting Practices*. These four pages outline the steps that should be taken at the time of an environmental incident to assure that the Pollution coverage offered with ACE through PEPIP is fully available for claims payment. We ask that you review this document and provide copies to all appropriate colleagues in advance of a possible incident.

Coverage under Pollution policies is dependent on specific compliance with claims and loss reporting; *especially* in the case of “Emergency Response” expenses that you may incur to address a ***Sudden and Accidental*** type loss. For these “Emergency Response” expenses there is a strict seven (7) day window, following discovery of a “Pollution Condition” by the “Insured”, after which reasonable expenses will not be reimbursed unless the carrier has given prior consent. It is **Extremely Important** that a Sudden and Accidental exposure be reported **immediately**, and clearly no later than seven (7) days. The following pages provide you with relevant information and material to comply with this important client obligation.

We would like to point out to you some of the key sections of the 2012/13 ACE policy which address the “Emergency Response” and reporting provisions; they include the following:

III. DEFENSE AND SETTLEMENT

C. The “insured” shall have the right and duty to retain a qualified environmental consultant to perform any investigation and/or remediation of any “pollution condition” covered pursuant to this Policy. The “insured” must receive the written consent of the Insurer prior to the selection and retention of such consultant, except in the event of an “emergency response”. Any costs incurred prior to such consent shall not be covered pursuant to this Policy, or credited against the “self-insured retention”, except in the event of an “emergency response”.

Alliant Comment: *This section of the policy says the Insured has the RIGHT AND DUTY to retain a qualified consultant to do the work, then makes the insured get written agreement **first** unless it is an “emergency response” (see definition below) situation.*

V. DEFINITIONS

F. “**Emergency response**” means actions taken and reasonable “remediation costs” 7 days following the discovery of a “pollution condition” by an “insured” in order to abate or respond to an imminent and substantial threat to human health or the environment arising out of such “pollution condition”.

T. “**Pollution condition**” means:

2. The discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.

V. “**Remediation costs**” means reasonable expenses incurred to investigate, quantify, monitor, mitigate, abate, remove, dispose, treat, neutralize, or immobilize “pollution conditions” to the extent required by “environmental law”.

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item **7.a.** of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

The Bottom Line is; if you have a **Sudden and Accidental** spill, please and **Call us Immediately** - - let’s get the any Incident reported to properly protect coverage for these unexpected events.

Contact your Alliant representatives:

- **Susan Adams #916-643-2704** sadams@alliantinsurance.com
- **Mike Simmons #415-403-1425** msimmons@alliantinsurance.com

PLEASE NOTE: Additional PEP/IP limits are included in the main form under the General Provisions Section I., Limits of Liability. Coverage for Accidental Contamination has an additional sublimit of \$250,000 excess of your standard PEP/IP deductible so coverage can also be trigger under the terms of that policy. Reporting follows the standard claims system currently in place.



Environmental Risk

IN THE EVENT OF AN
ENVIRONMENTAL EMERGENCY:

- 1) *Follow your company procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to ACE Environmental Risk immediately at:*

888-310-9553

**All pollution incidents must be reported within:
SEVEN (7) days of Discovery**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

- 4) *Contact your Alliant representatives and use the reporting guidelines that follow:*
 - **Susan Adams #916-643-2704 sadams@alliantinsurance.com**
 - **Mike Simmons #415-403-1425 msimmons@alliantinsurance.com**

DO follow your company's detailed response plan
DO contact your management as well as appropriate authorities
DO ensure anyone who could come in contact with a spill or release is kept away

DO NOT ignore a potential spill or leak
DO NOT attempt to respond beyond your level of training or certification



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager
BY MAIL: ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510
BY FAX: (800) 951-4119
BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@acegroup.com
CC Alliant Insurance: dsutton@alliantinsurance.com
And your Alliant representative

Today's Date: _____
Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
 Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: David Sutton

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 415-403-1400

Policy Information

Policy Number: PPL G24544837 002 Policy Period: 7/1/12 to 7/1/13

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ Signature: _____



**Board of Directors
October 18, 2012**

Agenda Item J.3.a

NCCSIF LONG RANGE PLANNING ITEMS LIST

INFORMATION ITEM

ISSUE: The Long Range Planning Items List provides the Board with a working document detailing items that have developed from Long Range Planning meetings, the action to be taken, who are responsible and the status.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends the Board of Directors review the attached Long Range Planning Items List and provides feedback and/or amendments to this timeline while also indentifying any other specific topics that should be added to this document for consideration during the upcoming Long Range Planning Session in December 2012.

BACKGROUND: At least every two years the Board conducts a Long Range Planning meeting to consider and develop Action Items to further address during the years(s). Historically this has been held in December. The NCCSIF Board of Directors is tasked with the development of Long Range Planning to establish its long-range vision for NCCSIF and assign responsibilities and tasks in order to accomplish its vision. The last meeting was held December 14, 2011.

ATTACHMENT(S): Long Range Planning Items List.

NCCSIF Long Range Planning Items List

ITEM	TITLE	ACTION	RESPONSIBILITY	STATUS/COMPLETION
1.	MEMBER GROWTH	<ol style="list-style-type: none"> 1. Identify prospective members and whether or not to share risk 2. Discuss pros and cons of prospective member becoming a member of the JPA. 3. Progress Reports 4. Evaluate prospects and determine whether or not to proceed 	<ol style="list-style-type: none"> 1. EC; BOD 2. EC; BOD 3. Alliant Staff; EC; BOD 4. Alliant Staff; EC; BOD 	<ol style="list-style-type: none"> 1. December 2011 2. March – April 2012 3. Ongoing 4. Ongoing
2.	NEW COVERAGE PROGRAMS	<p><i>Evaluate insurable risks and evaluate cost effectiveness.</i></p> <ol style="list-style-type: none"> 1. Review current NCCSIF coverages and industry trends to identify where programs can be improved or develop new program (i.e. Health Ins.; SLIP; Special Events, etc.) 2. Form Ad Hoc Committee 3. Define scope of risk 4. Discuss pros and cons of prospective program 5. Report progress of findings and recommendations 6. Evaluate results and determine whether or not to develop prospective program 	<ol style="list-style-type: none"> 1. Alliant Staff; EC; BOD 2. EC; BOD 3. Ad Hoc; Alliant Staff 4. Ad Hoc; Alliant Staff 5. Ad Hoc; Alliant Staff; EC; BOD 6. Alliant Staff; EC; BOD 	<ol style="list-style-type: none"> 1. Ongoing 2. March – April 2012 3. Ongoing 4. Ongoing 5. Ongoing 6. Ongoing
<p>2012 – Marketed the property insurance program and crime program. Found that the current programs have the best coverage and price.</p> <p>We will look at JPA Board Errors and Omissions coverage in the spring for 2013. We previously were asked to obtain a quote. But when we reported the costs of the other JPA's who purchase this coverage in San Francisco, it was decided not to pursue at that time.</p>				
3.	RISK MANAGEMENT	<p><i>Enhance services to provide improved loss control.</i></p> <ol style="list-style-type: none"> 1. Communicate training matrix 2. Coordinate training between all Service Providers 3. Provide sample list of available training to members via Training Matrix and website 4. Create "Safety Awards" to be presented annually 	<ol style="list-style-type: none"> 1. Alliant/BRS Staff 2. Alliant/BRS Staff 3. Alliant Staff 4. Staff; BOD 	<ol style="list-style-type: none"> 1. Ongoing 2. Ongoing 3. Ongoing 4. Ongoing

NCCSIF Long Range Planning Items List

ITEM	TITLE	ACTION	RESPONSIBILITY	STATUS/COMPLETION
		5. Distribute Quarterly Risk Management newsletter 6. ADA Transition Plans 7. Develop Scorecard to monitor compliance	5. BOD 6. Alliant/BRS Staff 7. BRS Staff	5. Ongoing 6. Ongoing 7. Ongoing
<p>Jan. 2012, NCCSIF contracted with Bickmore Risk Services for risk management services. BRS completed a matrix which has been presented to the Board and is available on the website. The Matrix provides the types of training available and how to avail the training, i.e., on site or on line and the cost if any. BRS will be issuing quarterly newsletters.</p> <p>BRS is currently evaluating each member by doing assessments of the cities. They will provide a scorecard after these are finalized and develop training needs for individual members as well as the entire JPA as a whole.</p>				
4.	MARKETING EXCESS PLACEMENTS	<i>Consideration of marketing excess placements</i> 1. Review of current Excess Placements and identify placements for prospective marketing 2. Define prospective markets 3. Report progress of findings and recommendations 4. Evaluate results and determine whether or not to market	1. EC; BOD 2. Alliant Staff; EC; BOD 3. Alliant Staff; EC; BOD 4. EC; BOD	1. Ongoing 2. Ongoing 3. Ongoing 4. Ongoing
<p>We have looked at alternatives for the Excess Workers' Compensation program as well as the Excess Liability program and found that they are not as competitive and the terms and conditions are not as favorable.</p>				
5.	NEW BOARD MEMBER ORIENTATION	<i>Enhance the education process for new Board members</i> 1. Review of current new BOD member orientation 2. Define areas for improvement and develop orientation 3. Survey BOD members "what do you want to know about..." 4. Report findings from survey and offer recommendations 5. Develop timeline for conducting orientations; conduct orientations	1. Alliant Staff 2. Alliant Staff 3. Alliant Staff; BOD 4. Alliant Staff; BOD 5. Alliant Staff; BOD	1. Dec 2011 – March 2012 2. Dec 2011 – March 2012 3. April 2012 BOD Meeting 4. June 2012 BOD Meeting 5. June 2012 - Ongoing
<p>Staff has provided new Board members and their staff with orientations presentation on who NCCSIF is, programs, etc. During 2011/12 we have met with Folsom, Marysville, Red Bluff and Rocklin.</p>				

NCCSIF Long Range Planning Items List

ITEM	TITLE	ACTION	RESPONSIBILITY	STATUS/COMPLETION
6.	WHAT CAN NCCSIF DO FOR ITS MEMBERS	<p><i>Define services NCCSIF can provide to the members (i.e. talk to member's City Council; Develop additional Risk Management Committees or Sub-Committees</i></p> <ol style="list-style-type: none"> 1. Identify areas where NCCSIF can assist the members (i.e. talk to City Council; develop additional RMC, etc.) 2. Survey BOD members "what do you want to know about..." 3. Report findings from survey and offer recommendations 4. Develop process and timeline 5. Become more involved in legislative issues that affect members. 	<ol style="list-style-type: none"> 1. Alliant Staff 2. Alliant Staff; BOD 3. Alliant Staff; BOD 4. Alliant Staff; BOD 5. Alliant Staff; BOD 	<ol style="list-style-type: none"> 1. Alliant Staff 2. Alliant Staff; BOD 3. Alliant Staff; BOD 4. Alliant Staff; BOD 5. Alliant Staff; BOD
<p>Staff has met with members to provide educational presentations on Insurance Requirements in Contract – risk transfer; Special Events programs – which members can purchase to transfer risk.</p>				
7.	WEBSITE ENHANCEMENTS	<ol style="list-style-type: none"> 1. Survey membership and determine possible enhancements 2. Report findings from survey and offer recommendations 3. Develop timeline and implement enhancements 	<ol style="list-style-type: none"> 1. Alliant Staff 2. Alliant Staff; BOD 3. Alliant Staff 	<ol style="list-style-type: none"> 1. Alliant Staff 2. Alliant Staff; BOD 3. Alliant Staff
<p>We are continuing to update the website to contain current member information, staff information, claims administrator information and risk management services contact information. The website also contains agendas, minutes, governing documents and risk control information. The website should be the first stop for members looking for information.</p>				



Board of Directors
October 18, 2012

Agenda Item J.3.b

NCCSIF LONG RANGE PLANNING SESSION UPDATE

INFORMATION ITEM

ISSUE: Long Range Planning Session is an important process for improved JPA operations and is required by CAJPA for NCCSIF's accreditation every two years. At the September 13, 2012 Executive Committee meeting the Committee decided to hold a Long Range Planning Session to address the financial components of the NCCSIF pool that are currently impacted due to the economy which would include the following:

1. Reduction of equity in the Liability shared layer;
2. Confidence level funding;
3. Investment income earned verses rates used for discounting losses;
4. Assessment and Distributions from Retrospective Rating programs; and
5. Financial solvency of members.

FISCAL IMPACT: None (except for regular Board meeting costs).

RECOMMENDATION: Board Members should review the following outline and comment on content and suggest additional topics that may be appropriate.

BACKGROUND: Long Range Planning can take many forms. This year the EC is suggesting that NCCSIF hold a Long Range Planning Session to discuss the key items as outlined above.

ATTACHMENT(S): None.



**Board of Directors
October 18, 2012**

Agenda Item J.4

CSAC-EIA Payroll Audit 11/12 Assessment

INFORMATION ITEM

ISSUE: CSAC-EIA annually performs a Payroll Audit for its members to determine whether an assessment or a credit should be applied upon receipt of members' June 30th DE-9 Reports. This year NCCSIF's Actual 2011/12 Payroll was \$159,050,675 which was \$7,282,950 higher than the estimated payroll of \$151,767,725 resulting in an additional premium of \$22,635 for the policy year.

Members should take action on payment options as listed below:

1. Receive an invoice to be paid separately by members prior to June 30, 2013.
2. Apply payment to the 2013/14 CSAC-EIA Excess Workers' Compensation premium.

FISCAL IMPACT: \$22,635 additional premium due to CSAC-EIA.

RECOMMENDATION: None.

BACKGROUND: This is an annual Payroll Audit done by CSAC-EIA according to their Excess Workers' Compensation program provisions.

ATTACHMENT(S): CSAC-EIA Payroll Audit 11/12 Assessment Calculations.

NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND
CSAC-EIA 11-12 Audit Assessment Calculations

Member	11-12 Estimated Payroll	11-12 Actual Payroll	Relative Payroll Rate	Difference	Rate 0.311	Fees	11-12 Assessment
Anderson	\$ 3,307,508	\$3,108,036	1.9541%	(\$199,471)	(\$620)	\$10	(\$610)
Auburn	\$ 5,326,879	\$5,615,224	3.5305%	\$288,345	\$897	\$19	\$916
Colusa	\$ 2,131,043	\$2,113,616	1.3289%	(\$17,427)	(\$54)	\$7	(\$47)
Corning	\$ 2,328,610	\$2,744,801	1.7257%	\$416,191	\$1,294	\$9	\$1,304
Dixon	\$ 7,198,757	\$7,071,952	4.4464%	(\$126,805)	(\$394)	\$24	(\$371)
Folsom	\$ 37,232,611	\$39,851,380	25.0558%	\$2,618,769	\$8,144	\$134	\$8,279
Galt	\$ 9,217,843	\$8,098,233	5.0916%	(\$1,119,610)	(\$3,482)	\$27	(\$3,455)
Gridley	\$ 3,655,136	\$4,337,584	2.7272%	\$682,448	\$2,122	\$15	\$2,137
Ione*	\$ 1,144,698	\$1,261,563	0.7932%	\$116,865	\$363	\$4	\$368
Jackson	\$ 1,805,859	\$2,247,773	1.4132%	\$441,914	\$1,374	\$8	\$1,382
Lincoln	\$ 12,280,228	\$10,594,258	6.6609%	(\$1,685,970)	(\$5,243)	\$36	(\$5,208)
Marysville	\$ 2,840,494	\$3,082,971	1.9384%	\$242,477	\$754	\$10	\$764
Nevada City	\$ 1,964,801	\$2,114,116	1.3292%	\$149,315	\$464	\$7	\$471
Oroville	\$ 6,563,275	\$7,638,693	4.8027%	\$1,075,418	\$3,345	\$26	\$3,370
Town of Paradise	\$ 6,471,881	\$5,827,688	3.6640%	(\$644,193)	(\$2,003)	\$20	(\$1,984)
Placerville	\$ 4,817,774	\$4,687,301	2.9470%	(\$130,473)	(\$406)	\$16	(\$390)
Red Bluff	\$ 4,792,997	\$4,589,837	2.8858%	(\$203,160)	(\$632)	\$15	(\$616)
Rio Vista	\$ 1,993,364	\$2,415,461	1.5187%	\$422,097	\$1,313	\$8	\$1,321
Rocklin	\$ 17,058,342	\$20,108,298	12.6427%	\$3,049,956	\$9,485	\$68	\$9,553
Willows	\$ 1,904,007	\$1,825,288	1.1476%	(\$78,719)	(\$245)	\$6	(\$239)
Yuba City	\$ 17,908,841	\$19,716,602	12.3964%	\$1,807,761	\$5,622	\$66	\$5,689

\$ 151,944,948 \$ 159,050,675 \$ 7,105,727 \$22,099 \$536 \$22,635

11-12 Assessment: \$ 22,099
Fees: \$ 536
Total Assessment: \$ 22,635



**Board of Directors
October 18, 2012**

Agenda Item J.5

PRELIMINARY 2013 MEETING CALENDAR

INFORMATION ITEM

ISSUE: The Board of Directors should review the proposed Preliminary 2013 Meeting Calendar for NCCSIF to determine if any dates should be changed due to conflicts with other meetings and advise staff so that the calendar can be finalized at the November Executive Committee meeting.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends the Board of Directors review the proposed dates and advise staff of any changes to be made at the next Executive Committee meeting in November 2012 so that the calendar can be approved and finalized.

BACKGROUND: Annually, the Board of Directors reviews and approves the meeting calendar for NCCSIF Board, Executive, Risk Management, Claims, Police Risk Management and Finance Committees.

ATTACHMENT(S): 2013 Preliminary Meeting Calendar.

2013 MEETING CALENDAR

BOARD OF DIRECTORS 12:00 p.m.	EXECUTIVE COMMITTEE 10:30 a.m.	CLAIMS COMMITTEE 12:30 p.m.
April 25	March 14	March 14
June 13	May 9	May 9
October 10	September 12	September 12
December 12	November 14	November 14

RISK MANAGEMENT COMMITTEE 9:30 a.m.	POLICE RISK MANAGEMENT COMMITTEE 10:30 a.m.	FINANCE COMMITTEE 10:30 a.m.
April 25	January	Periodically as needed
June 13	April	
October 10	August	
December 12	November	

ALL MEETINGS ARE SCHEDULED ON THURSDAYS

Risk Management Committee meetings are scheduled for 9:30 a.m.

Board of Director Meetings will start at 12:00 p.m.

**This meeting will follow the EC meeting, as the Claims Committee members will be selected at that meeting.*

CJPRMA 2013 MEETING DATES –

- March 21, 2013 – Board of Directors
- May 15-17, 2013 – Annual Membership Meeting
- June 20, 2013 – Board Meeting
- October 17, 2013 – Board Meeting
- December 19, 2013 – Board Meeting

**NCCSIF Board Members and Alternates
April, 2012**

CITY/TOWN	BOARD OF DIRECTORS	ALTERNATE/BOD	RISK MANAGEMENT COMMITTEE	EXECUTIVE COMMITTEE	TO BE INCLUDED
CITY OF ANDERSON	JEFF KISER jkiser@ci.anderson.ca.us		JUANITA BARNETT jbarnett@ci.anderson.ca.us	JEFF KISER jkiser@ci.anderson.ca.us	
CITY OF AUBURN	ANDY HEATH ah Heath@auburn.ca.gov	JOANNA BELANGER jb elanger@auburn.ca.gov	ROBERT RICHARDSON rrichardson@auburn.ca.gov		
CITY OF COLUSA	SHELLY KITTLE cityclerk@cityofcolusa.com	N/A	SHELLY KITTLE cityclerk@cityofcolusa.com		
CITY OF CORNING	STEPHEN J. KIMBROUGH stevek@corning.org	TOM WATSON twatson@corningpd.org	TOM WATSON twatson@corningpd.org	STEPHEN J. KIMBROUGH stevek@corning.org	
CITY OF DIXON	STEVE JOHNSON sjohnson@ci.dixon.ca.us	KIM STALIE kstalie@ci.dixon.ca.us	KIM STALIE kstalie@ci.dixon.ca.us		
CITY OF FOLSOM	BRUCE CLINE bcline@folsom.ca.us	KRISTINE WILFONG kwilfong@folsom.ca.us	LOO NG l ng@folsom.ca.us		
CITY OF GALT	PAULA ISLAS pislas@ci.galt.ca.us	JASON BEHRMANN jbehrmann@ci.galt.ca.us	PAULA ISLAS pislas@ci.galt.ca.us		
CITY OF GRIDLEY	KARIN HELVEY khelvey@gridley.ca.us	ELISA ARTEAGA	KARIN HELVEY khelvey@gridley.ca.us	KARIN HELVEY khelvey@gridley.ca.us	
CITY OF IONE	JEFF BUTZLAFF jbutzlaff@ione-ca.com	N/A	N/A		
CITY OF JACKSON	MICHAEL DALY mdaly@ci.jackson.ca.us	CARLA SORACCO csoracco@ci.jackson.ca.us	CARLA SORACCO csoracco@ci.jackson.ca.us		
CITY OF LINCOLN	JOHN LEE jlee@ci.lincoln.ca.us	SHELIA VANZANDT svanzandt@ci.lincoln.ca.us	JOHN LEE jlee@ci.lincoln.ca.us		
CITY OF MARYSVILLE	DIXON COULTER acoulter@marysville.ca.us	STEVE CASEY scasey@marysville.ca.us	DIXON COULTER acoulter@marysville.ca.us		
CITY OF NEVADA CITY	CATRINA ANDES catrina.andes@co.nevada.ca.us	GENE ALBAUGH gene.albaugh@co.nevada.ca.us	CATRINA ANDES catrina.andes@co.nevada.ca.us		
CITY OF OROVILLE	HAROLD DUFFEY duffeygh@cityoforoville.org	LIZ EHRENSTROM ehrenstromem@cityoforoville.org	LIZ EHRENSTROM ehrenstromem@cityoforoville.org	LIZ EHRENSTROM ehrenstromem@cityoforoville.org	

**NCCSIF Board Members and Alternates
April, 2012**

CITY/TOWN	BOARD OF DIRECTORS	ALTERNATE/BOD	RISK MANAGEMENT COMMITTEE	EXECUTIVE COMMITTEE	TO BE INCLUDED
TOWN OF PARADISE	GINA WILL gwill@townofparadise.com	CRYSTAL PETERS cpeters@townofparadise.com	CRYSTAL PETERS cpeters@townofparadise.com	GINA WILL gwill@townofparadise.com	
CITY OF PLACERVILLE	DAVE WARREN dwarren@cityofplacerville.org	JOHN DRISCOLL jdriscoll@cityofplacerville.org	DAVE WARREN dwarren@cityofplacerville.org		
CITY OF RED BLUFF	SANDY RYAN sryan@ci.red-bluff.ca.us	CHERYL SMITH csmith@ci.red-bluff.ca.us	TESSA PRITCHARD tpritchard@ci.red-bluff.ca.us	SANDY RYAN sryan@ci.red-bluff.ca.us	
CITY OF RIO VISTA	MARNI RITTBURG mrtrittburg@ci.rio-vista.ca.us	N/A	N/A	N/A	ROEL BRIONES rbriones@ci.rio-vista.ca.us
CITY OF ROCKLIN	RUSSELL HILDEBRAND Russell.Hildebrand@rocklin.ca.us	COLLEEN LAUBINGER Colleen.Laubinger@rocklin.ca.us	RUSSELL HILDEBRAND Russell.Hildebrand@rocklin.ca.us		
CITY OF WILLOWS	TIM SALISBERY tsalisbe@cityofwillows.org	STEVE HOLSINGER sholsinger@cityofwillows.org	WAYNE PEABODY wpeabody@cityofwillows.org	TIM SALISBERY tsalisbe@cityofwillows.org	
CITY OF YUBA CITY	STEVE KROEGER skroeger@yubacity.net	ROBIN BERTAGNA rbertagna@yubacity.net	NATALIE WALTER nwalter@yubacity.net	STEVE KROEGER skroeger@yubacity.net	

2012 MEETING CALENDAR

BOARD OF DIRECTORS 12:00 p.m.	EXECUTIVE COMMITTEE 10:30 a.m.	CLAIMS COMMITTEE 12:30 p.m.
April 26	March 22	March 22
June 14	May 10	May 10
October 25	September 13	September 13
December 13	November 15	November 15

RISK MANAGEMENT COMMITTEE 9:30 a.m.	POLICE RISK MANAGEMENT COMMITTEE 10:30 a.m.	FINANCE COMMITTEE 10:30 a.m.
January 12	Periodically as needed	Periodically as needed
April 26		
June 14		
October 25		
December 13		

ALL MEETINGS ARE SCHEDULED ON THURSDAYS

Risk Management Committee meetings are scheduled for 9:30 a.m.

Board of Director Meetings will start at 12:00 p.m.

**This meeting will follow the EC meeting, as the Claims Committee members will be selected at that meeting.*

CJPRMA 2012 MEETING DATES –

March 15, 2012 – Board of Directors

May 16-18, 2012 – Board and Annual Membership Meeting

June 21, 2012 – Board of Directors

October 18, 2012 – Board of Directors

December 20, 2012 – Board of Directors

Northern California Cities State Self Insurance Fund

Travel Reimbursement Expense Form

Member Representative: _____

Entity: _____

Payee Address: _____

Meeting or Committee: _____

Date of Meeting: _____

Location of Meeting: _____

Total Mileage: _____

Payment Made to:

Signature _____ Date _____

NCCSIF RESOURCE CONTACT GUIDE

April 2012

PROGRAM ADMINISTRATION Alliant Insurance Services, Inc. www.alliantinsurance.com Main: (916) 643-2700 Fax: (916) 643-2750		
SUBJECT	MAIN CONTACT	
COVERAGE / RISK MANAGEMENT ISSUES – <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverages, 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 	Susan Adams Joan Crossley	
JPA MANAGEMENT ISSUES – program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant	Susan Adams Joan Crossley Johnny Yang	
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.	Johnny Yang Susan Adams Joan Crossley	
COVERAGE 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	Susan Adams Joan Crossley	
Susan Adams Johnny Yang Joan Crossley Mike Simmons Marylin Kelley	(916) 643-2704 / (916) 203-1541 (cell) (916) 643-2712 (916) 643-2708 (415) 403-1425 / (925) 708-3374 (cell) (415) 403-1448	sadams@alliantinsurance.com jyang@alliantinsurance.com jcrossley@alliantinsurance.com msimmons@alliantinsurance.com mkelley@alliantinsurance.com

NCCSIF RESOURCE CONTACT GUIDE

April 2012

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