



2016/17 Annual Report



NCCSIF Program Administrators
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NCCSIF 2016/17 Annual Report

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Main Cover Photo: *City of Placerville*

Corner Photo: *City of Rio Vista Bridgewater Causeway*

Northern California Cities Self Insurance Fund

Letter to Our Members

Dear Members,

Northern California is a wonderful place to live, work, and play. Over the past 37 years, NCCSIF has become the JPA of choice in providing exceptional risk sharing services to NorCal cities and helping them maintain their high quality of life.

I am pleased to present the 2016/17 NCCSIF Annual Report at a time when the group continues to see improved results because of a renewed focus on risk management practices.

Over the last four years, NCCSIF has focused on expanding the Risk Management services and training programs available to Members. In addition to site visits, assessments, and training, Members have begun to track their progress in implementing best practices through a scorecard system that helps prioritize risks and direct scarce resources where they are most needed.

The Police Risk Management Committee has seen increased participation and ideas for training and equipment, including funding for body-worn cameras, that have reduced the frequency and severity of claims, paying dividends almost immediately after their use.

These changes have contributed to NCCSIF's financial stability and the JPA's overall financial condition improved substantially over the last year. Total Assets increased by \$3 million and net position increased almost 50% to \$14 million. This in addition to \$1.1 million returned to members as Dividends last year and \$4 million over the last three years.

The Workers' Compensation Program has seen continued improvement that enabled members to raise the annual funding

Confidence Level to 70% while maintaining a 5.3% increase. Members' continued focus on risk management techniques, including return to work and ergonomic programs, have kept rate increases modest. A renewed focus on workers' compensation claim management, with more emphasis on settling claims, has strengthened the program.

While NCCSIF continues to be financially strong, the Liability Program Shared Risk Layer remains in a deficit state. Members have responded by increasing the annual funding confidence level from 65% to 70% over the past two years and charging assessments, demonstrating their commitment to maintaining the health of the program. The JPA is committed to exploring additional measures to further strengthen the Liability Program.

Members will continue to face challenges in managing their operations, and NCCSIF will continue to be a valuable partner in providing them access to broader coverage, lower rates, and more risk management services than they could find elsewhere. I am proud to serve as NCCSIF President and support the continued success of the group in providing exceptional service and sound risk management practices to our members now and into the future.



Dave Warren
NCCSIF President
Director of Finance - City of Placerville

Northern California Cities Self Insurance Fund

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.

Protect Member Resources

Reliable

Economical

Stable

Broad Coverage

Quality Services

Risk and Claims Management

Northern California Cities Self Insurance Fund

History of the JPA

Founded in 1979 as the Northern California Cities **Workers' Compensation Fund**

Formed as a Joint Powers Authority (JPA), it is **one of the first pooled municipal programs in California**

In 1981 members formed the Liability Program to apply the same concepts of pooling coverage for:

- General and Automobile Liability,
- Personal Injury,
- Errors and Omissions, and
- Employment Practices Liability.

In 1987, NCCSIF began to offer group purchase of:

- Property,
- Crime, and
- Employee Assistance Program (EAP)

The same year the Joint Powers Authority's name was **changed to Northern California Cities Self Insurance Fund (NCCSIF)**.

The group has grown to **twenty-two cities** that **pooled coverage to a limit of \$500,000** for both Workers' Compensation and Liability.

NCCSIF joined CJPRMA in 1993 for Excess Liability Coverage

NCCSIF joined CSAC-EIA in 2003 for Excess Workers' Compensation Pooled Coverage.


NCCSIF started providing Wellness services to Members in 2008.

NCCSIF has been increasing the number and variety of risk management services and resources for members since 2008, including:

- Wellness Services through ACI
- Online training risk management resources through Target Solutions
- Sewer Operations Risk management through DKF Solutions
- Police Policy updates and training through Lexipol
- Comprehensive Risk Assessments, training and consultation from Bickmore Risk Services
- Body-worn camera grants for police agencies
- Risk Management Best Practices and Scorecard to help members benchmark and improve their programs.

Northern California Cities Self Insurance Fund

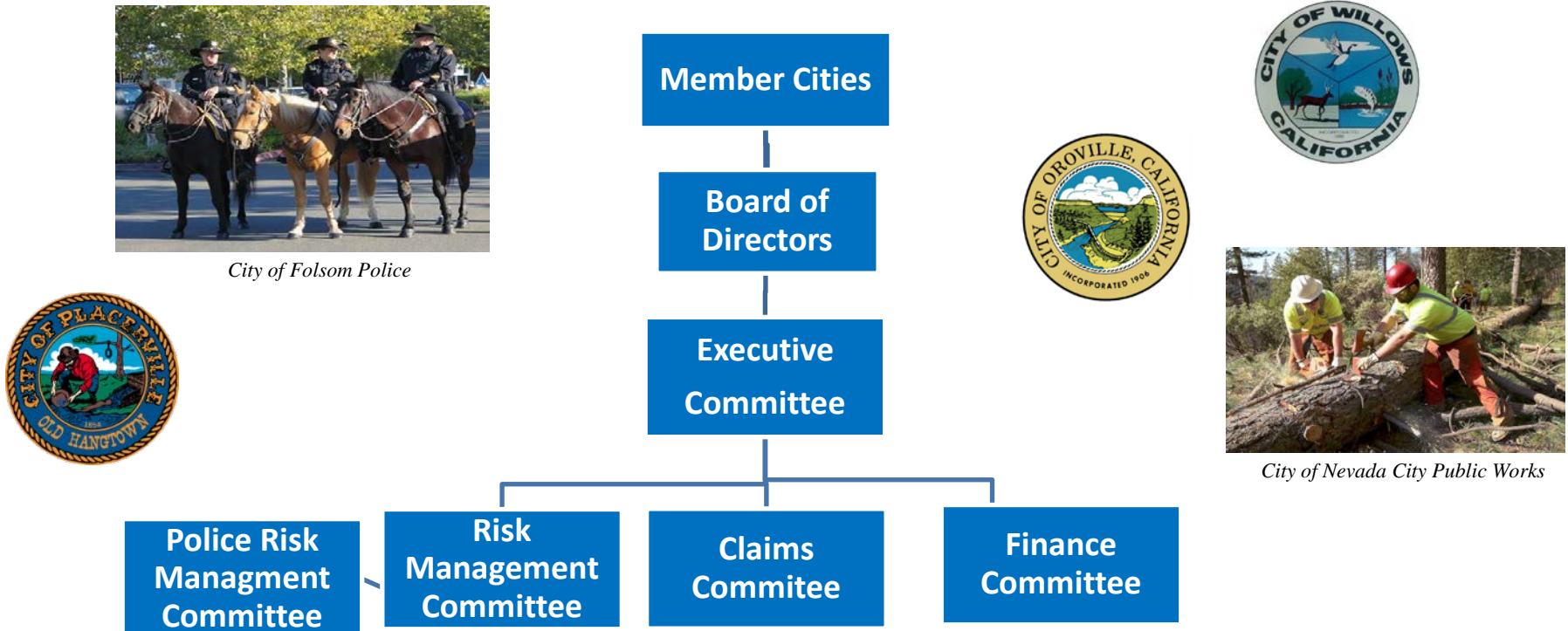
NCCSIF Historical Timeline

1979	1980's					
<p>The Northern California Cities Workers' Compensation Fund was formed in early 1979.</p> <p>It is one of the oldest pooled municipal insurance programs in the State.</p> <p>Members who joined: Anderson, Corning, Folsom, Galt, Jackson, Placerville, Rio Vista, Willows</p>	<p>1980</p> <p>Additional members join the WC JPA:</p> <p>Gridley Rocklin</p> <p>1981</p> <p>Auburn</p>	<p>1981</p> <p>A number of members apply the same concepts of pooling to Automobile and General Liability coverage.</p> <p>Anderson, Corning, Folsom, Galt, Gridley, Rocklin, Willows</p>	<p>1982</p> <p>Nevada City joins the WC JPA</p> <p>1983</p> <p>Dixon and Red Bluff join the WC JPA</p> <p>1984</p> <p>Lincoln joins the WC JPA</p>	<p>1985</p> <p>A number of the member cities join the Liability JPA:</p> <p>Lincoln Oroville Paradise Rio Vista</p> <p>1986</p> <p>Auburn Red Bluff</p>	<p>1987</p> <p>The name of the JPA was changed to Northern California Cities Self Insurance Fund (NCCSIF).</p> <p>NCCSIF offers group purchase of Property, Crime & EAP programs.</p> <p>Additional members join: Jackson - Liability Town of Paradise - WC</p>	<p>1988</p> <p>Additional members join the Liability JPA:</p> <p>Colusa, Dixon</p>
1990's			2000's			
<p>1990</p> <p>Oroville joins the WC JPA</p> <p>1991</p> <p>Marysville joins the Liability JPA</p>	<p>1991</p> <p>NCCSIF begins shared risk program for Liability and Workers' Compensation</p> <p>NCCSIF begins a Risk Management Committee</p>	<p>1992</p> <p>Yuba City joins the Liability JPA</p> <p>Additional members join the WC JPA: Colusa Marysville Yuba City</p>	<p>1993</p> <p>NCCSIF is one of the first JPAs to achieve CAJPA Accreditation with Excellence</p> 	<p>1993</p> <p>NCCSIF joins CJPRMA for Excess Liability Coverage</p>	<p>2003</p> <p>NCCSIF joins CPEIA for Excess Workers' Compensation Coverage.</p> <p>In 2007 CPEIA merged into CSAC-EIA.</p>	<p>2007</p> <p>NCCSIF's Shared Risk Liability Layer changes from \$500,000 to \$1,000,000.</p>
2008	2009	2010's				
<p>NCCSIF Revises its Dividend Formula and Distributes \$6M to Members</p> <p>Multiple risk management services are paid for by an administrative surplus.</p>	<p>NCCSIF is once again awarded the CAJPA Accreditation with Excellence</p> <p>Online risk management services are enhanced through partnerships with Target Solutions and Risk Control Online.</p>	<p>2010</p> <p>Ione joins Liability and Workers' Compensation JPA</p> <p>2012</p> <p>NCCSIF's Shared Risk Liability Layer changes from \$1,000,000 to \$500,000.</p>	<p>2013</p> <p>Elk Grove joins WC JPA</p>	<p>2014</p> <p>Identity Fraud Coverage Provided to Member Employees and Families</p> <p>Grants begun for Police body-worn cameras</p>	<p>2015</p> <p>CAJPA Accreditation with Excellence</p> <p>Risk Management Scorecard implemented to assess member best practices</p>	<p>2016</p> <p>Review and Revision of Risk Management Policies and Procedures</p>

Northern California Cities Self Insurance Fund

Governance

NCCSIF operates under the direction of its 22 Member Cities, with each member represented on the Board of Directors. The Executive Committee consists of nine members that rotate on a geographical basis, with the President, Vice President and Treasurer elected by the Board. Three other committees review and make recommendations regarding risk management, claims, or financial issues.



Northern California Cities Self Insurance Fund

Board of Directors

The Board of Directors of NCCSIF is composed of a representative appointed by the City Council of each member agency. An Alternate Member is also appointed to serve in the absence of the appointed representative. Only the Board Member - or in the Board Member's absence the Alternate Member - has voting authority.

Current Members are as follows:

Member	Board Director	Alternate	Member	Board Director	Alternate
City of Anderson*	Jeff Kiser	Liz Cottrell	City of Lincoln	Astrida Trupovnieks	Ruthann Codina
City of Auburn	Nita Wracker	<i>Vacant</i>	City of Marysville	Satwant Takhar	Walter Muncheimer
City of Colusa	Toni Benson	<i>Vacant</i>	City of Nevada City	Corey Shaver	Catrina Olson
City of Corning*	Kristina Miller	Tom Watson	City of Oroville	Liz Ehrenstrom	<i>Vacant</i>
City of Dixon	Michelle Pellegrino	Kim Stalie	City of Placerville*	Dave Warren	Cleve Morris
City of Elk Grove	Brad Koehn	Jonathan Hobbs	City of Red Bluff	Sandy Ryan	Cheryl Smith
City of Folsom*	Jim Francis	Kristine Haile	City of Rio Vista*	Donna Lee	Robert Hickey
City of Galt*	Paula Islas	Steven Rudolph	City of Rocklin	Kimberly Sarkovich	Jason Johnson
City of Gridley	Matt Michaelis	Elisa Arteaga	City of Willows*	Tim Sailsbery	<i>Vacant</i>
City of Ione	Jon Hanken	Anna Daneri	City of Yuba City	Natalie Springer	Robin Bertagna
City of Jackson*	Michael Daly	Dalacie Blankenship	Town of Paradise	Gina Will	Crystal Peters

**Founding Members*

Northern California Cities Self Insurance Fund

Committees

Executive

The Executive Committee is a standing committee of the Board that acts as a steering committee for overall operation of the JPA and has been delegated certain duties in the Bylaws. The President of the Board serves as the Chair of the Committee, while the Vice President and the Secretary are voting members of the Committee. Remaining voting seats are selected on a rotating geographical basis. The Treasurer and CJPRMA Board Representative are non-voting members of the Committee.

Executive Committee Members, as of January 1, 2017

City of Anderson	Liz Cottrell
City of Colusa	Toni Benson
City of Corning	Kristina Miller
City of Marysville	Satwant Takhar
City of Red Bluff	Sandy Ryan
City of Nevada City	Corey Shaver, <i>Secretary</i>
City of Oroville	Elizabeth Ehrenstrom, <i>Vice President</i>
City of Placerville	Dave Warren, <i>President</i>
City of Yuba City	Natalie Springer
City of Willows	Tim Sailsbery, <i>Treasurer</i>
CJPRMA Representative	Paula Islas, City of Galt

Claims

The Claims Committee reviews claims in the Shared Risk Layer, authorizes settlements and makes determinations on coverage. Authority is granted to the Executive Committee to act as or appoint members of the Claims Committee. Members have authority to settle claims in their Banking Layer for Liability and Workers' Compensation. The Claims Committee has settlement authority up to \$250,000, and the Board of Directors settles claims over \$250,000 for both Liability and Workers' Compensation.

Finance

The NCCSIF Board of Directors has delegated financial investment authority and other duties to the Executive Committee. The Executive Committee delegates these duties to the Finance Committee on an as-needed basis. A Treasurer is annually elected by the Board of Directors and serves as the Chair of the Finance Committee.

Northern California Cities Self Insurance Fund

Risk Management

NCCSIF established a formal Risk Management Committee (RMC) in 1991, comprised of one member from each City. Over the years it has been enriched by participation from employees from Public Works, Finance, Human Resources, Police, Fire, and City Management who have contributed a broad range of ideas and best practices to the members.

The Committee's goal is to foster loss control programs to guard against all types of accidents and incidents wherever possible.

Recognizing the above goal, the Committee annually recommends and administers a Risk Management Budget as approved by the Board of Directors. For 2016/17 the total budget is \$478,438, almost 50% of the total program administration expenses, less claims management.

Additionally, the Committee has adopted and frequently reviews policies and procedures on various topics, including most recently:

- **Risk Management Policy & Framework**
- **Driving Standards, Vehicle Use and Operation**
- **ADA Compliance & Transition Plans**
- **Urban Forest Management**

Additional Best Practices will be developed or revised over the next fiscal year.

Police Risk Management

Given the importance of managing public safety risks and the unique nature of their operations, members formed a separate Police Risk Management Committee, and all members with police departments are encouraged to participate. Members meet quarterly to share risk management tips and keep abreast of legislative and case law changes.

A training session is held at each Police Risk Management Committee meeting. Topics for 2016 included:

- 21st Century Policing - Lessons Learned: The Case for Change
- Managing Your Message Social Media Style
- Police Use of Force and the Mentally Ill
- Introduction to Legal Marijuana for Law Enforcement

The Committee also reviews major claims for risk management practices that can be shared or improved and evaluates equipment that can prevent or minimize losses. **In the last three years members have approved a total of \$150,000 in grant funds to purchase body-worn cameras and storage.** Each PRMC meeting includes feedback on how effective the cameras have been in **reducing the number of claims and their severity.**

Northern California Cities Self Insurance Fund

Liability Program

The Liability Program provides coverage for damages due to:

- **Bodily Injury & Property Damage,**
- **Employment Practices Liability (EPL),**
- **Personal Injury, and**
- **Public Officials’ Errors or Omissions**

Coverage is included for the Member Entity and its commissions, agencies, districts, authorities, boards, or similar entities coming under the Member Entity's direction or control.

The program is divided into three separate coverage layers - Banking, Shared Risk and Excess, as illustrated. All three coverage layers include self-insurance. The Banking Layer is funded to pay for each Member’s own claims, similar to a deductible. The Shared Risk Layer is funded to pay for claims that are shared by all NCCSIF Members.

The Excess Layer is funded through the California Joint Powers Risk Management Authority (CJPRMA), www.cjprma.org. Since 1993 NCCSIF has participated in CJPRMA, which shares risk up to \$5 Million with three other JPAs and 17 individual cities. CJPRMA purchases excess reinsurance for total limits of \$40 Million, \$10 Million for Employment Practices Liability, inclusive of NCCSIF’s retained limit of \$500,000 per occurrence.

<p><u>Excess Layer</u></p> <p>Excess Insurance: \$5,000,000 to \$40,000,000 EPL Coverage Limit: \$10,000,000 CJPRMA Members: \$500,000 to \$5,000,000</p>
<p><u>Shared Risk Layer</u></p> <p>Banking Layer Limit to \$500,000</p>
<p><u>Banking Layer</u></p> <p>Folsom: \$0 to \$100,000 All Other Members: \$0 to \$50,000</p>

As a result of sharing risk to \$5,000,000, CJPRMA is largely removed from the impact of insurance market conditions. In addition, members share in dividends declared when CJPRMA exceeds its funding goals. **In 2016 NCCSIF received dividends from CJPRMA of \$274,337 which were credited to the liability shared risk assessments.**

Total 2016/17 funding for the Liability Program is \$5,392,923. This represents a 9% increase in the rate, in addition to a 6% increase in Member payroll and an **increase in the funding Confidence Level from 67.5% to 70%.**

Northern California Cities Self Insurance Fund

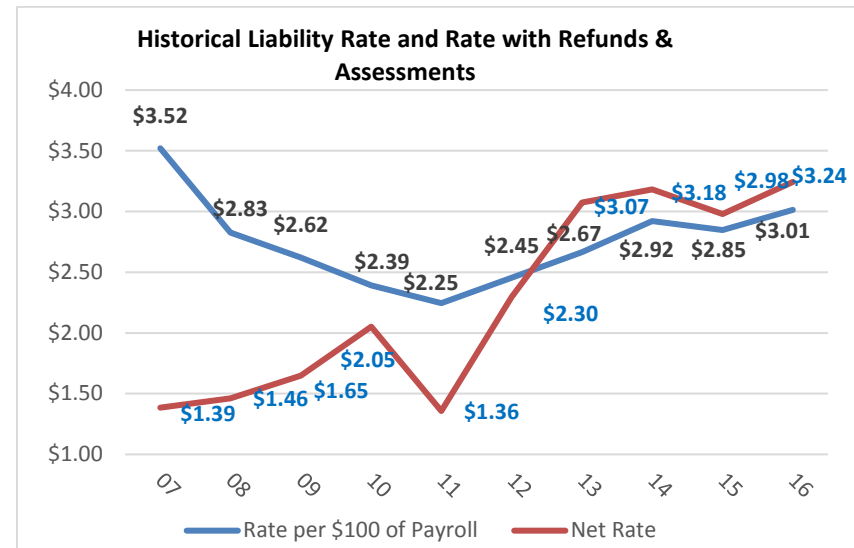
The Board of Directors annually reviews the Banking and Shared Risk financial status to evaluate the appropriateness of declaring either a refund or an assessment. **The Banking Fund returned \$392,022 to Members** who exceeded their target funding levels. **The Shared Risk Layer Fund was assessed \$325,661** this year after application of the CJPRMA refund. The following chart shows the historical rates with and without the impact of refunds and assessments.

Eight years ago the Liability Program net rates reached historic lows due to large dividends that continued for several years. The gross rate hit a low of \$2.26 in 2012 before climbing the last three years, due to an increase in anticipated losses and decreases in payroll. The increase in the net rate is due to the Shared Risk Layer Assessments for the last three years.

The following chart shows historical claims performance and illustrates that liability claims tend to be volatile.



City of Folsom Rainbow Bridge



Northern California Cities Self Insurance Fund

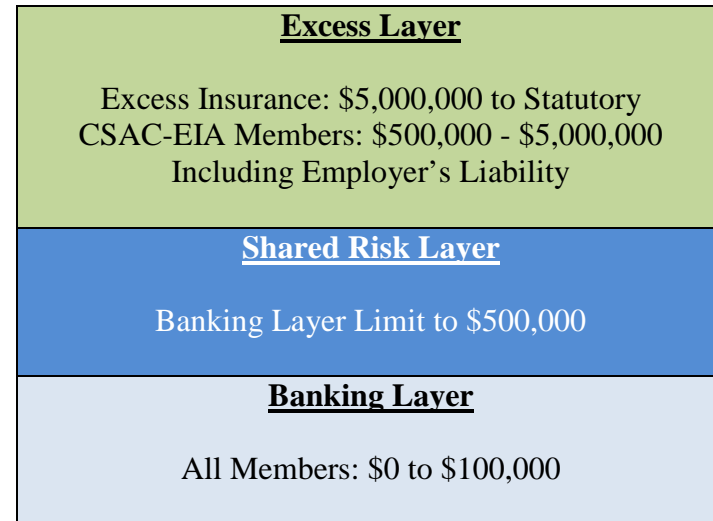
Workers' Compensation

California Workers' Compensation (WC) laws require every employer to provide benefits to employees for injury and/or illness arising out of, or in the course of, employment. Statutory benefits prescribed by law include:

- **Medical Treatment**
- **Temporary Disability Payments**
- **Permanent Disability Compensation**
- **Rehabilitation**
- **Death Benefits**

The WC program is also divided into three separate coverage layers - Banking, Shared Risk and Excess, as illustrated. All three coverage layers include self-insurance. The Banking Layer is funded to pay for each Member's own claims, similar to a deductible. The Shared Risk Layer is funded to pay for claims that are shared by all NCCSIF Members.

The Excess Layer is funded through the CSAC Excess Insurance Authority (EIA), www.csac-eia.org, a risk sharing pool of most of the counties and many cities and special districts in California. Since 2003 NCCSIF has participated in the EIA, currently providing coverage from \$500,000 to \$5 Million and purchasing excess reinsurance to provide Statutory limits. The program also provides Employer's Liability Coverage up to \$5 Million.



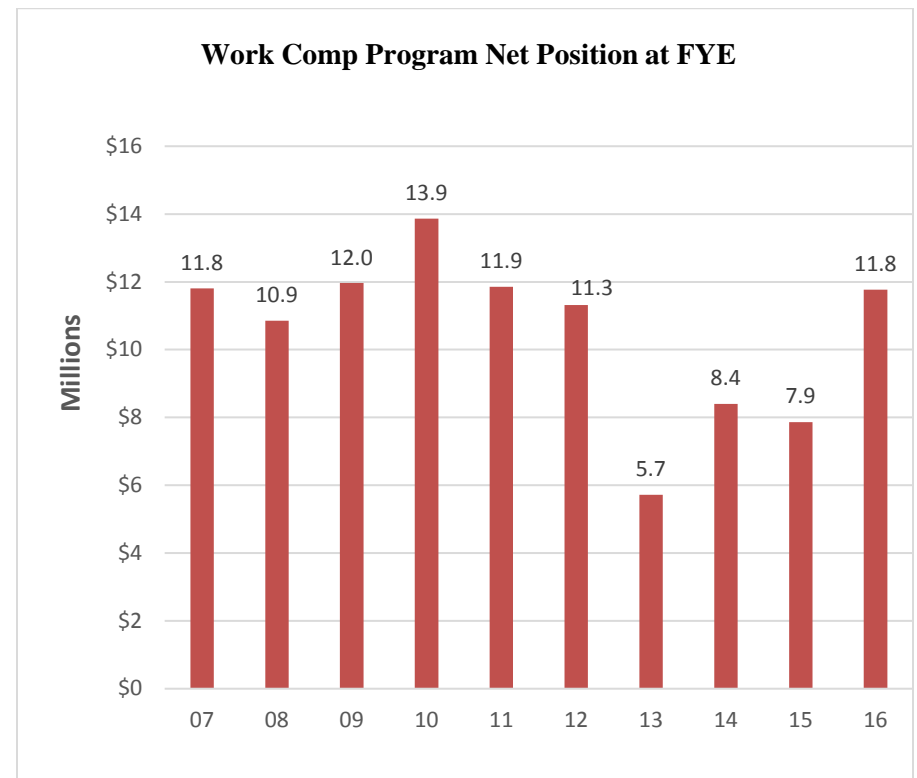
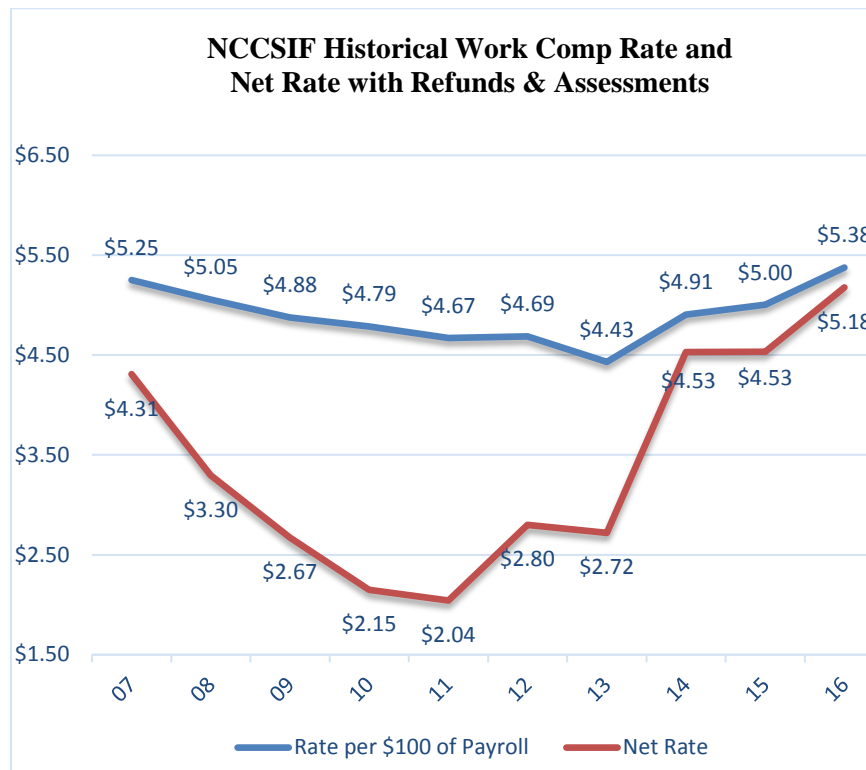
The total cost of the program for 2016/17 is \$10,570,747, before dividends, an increase of 5.3% over the prior year. However, the increase was almost entirely attributable to an **increase in the funding confidence level from 67.5% to 70%**. The funding has remained relatively stable over the last ten years, with a difference of \$0.95, or 21%, from the highest to the lowest rate.

Annually, the Board of Directors reviews the Program's financial status to evaluate the appropriateness of declaring either a refund or an assessment. In 2016 NCCSIF **returned \$280,809 in Shared Layer dividends** to its members **and \$524,915 in dividends in the Banking Layer**.

Northern California Cities Self Insurance Fund

The following chart shows the historical rates with and without the impact of refunds and assessments. The rates steadily declined from 2007 to 2013 and have been increasing since then, though members have also increased the Confidence Level from 60% to 70% over the last few years, increasing the financial stability of the pool. Factoring in the refunds and assessments over the years results in a **net rate that has dipped as low as \$2.04 per \$100 of payroll.**

These results are due to a combination of NCCSIF cost containment strategies, including encouraging return to work modified duty placement for injured workers, increased loss control training for the members, and quality claims management from York Risk Services.



Northern California Cities Self Insurance Fund

Property Program

NCCSIF continues to offer coverage through the Alliant Property Insurance Program (APIP). This group purchase program provides:

- Broad Replacement Cost coverage
- \$5,000 deductible per claim
- Boiler & Machinery Coverage at a \$100,000,000 limit per occurrence and \$2,500 deductible per claim
- Course of Construction (Builder’s Risk)
- Increased Cost of Construction (Code Upgrade)
- Auto Coverage with optional Replacement Cost
- Rental Income and Tax Interruption
- Flood coverage excess of a deductible of \$100,000, or \$250,000 for Flood Zones A & V

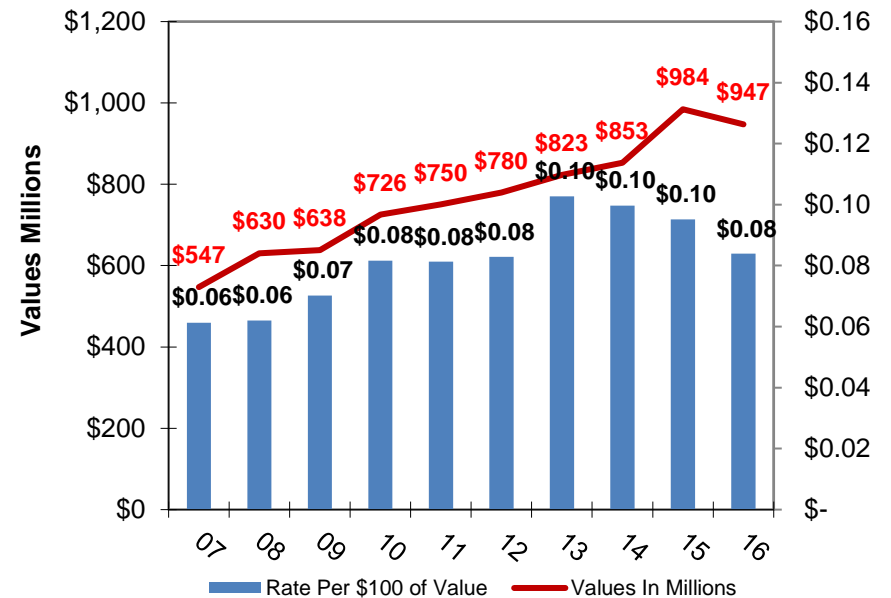
Plus Additional Liability Coverage Unique to APIP:

- Pollution Liability, and
- Cyber Liability

Property appraisals are conducted on a regular schedule to maintain accurate valuations for NCCSIF members and as needed for new properties over \$5 million.

For 2016/17 NCCSIF saw both the total insured values and the rate decrease. The values decreased to \$947 million after years of steadily rising to almost \$1 billion. The rate decreased to \$0.08 per \$100 of value, a level not seen since 2012, due largely to improved loss results.

NCCSIF Total Insured Property Values and Rates



Northern California Cities Self Insurance Fund

Crime Program

NCCSIF Member Crime Insurance was improved in 2016/17 by participation in the Alliant Crime Insurance Program (ACIP), though the coverage is still provided by National Union Insurance Company, A.M. Best Rated A++ XV.

Coverage Includes:

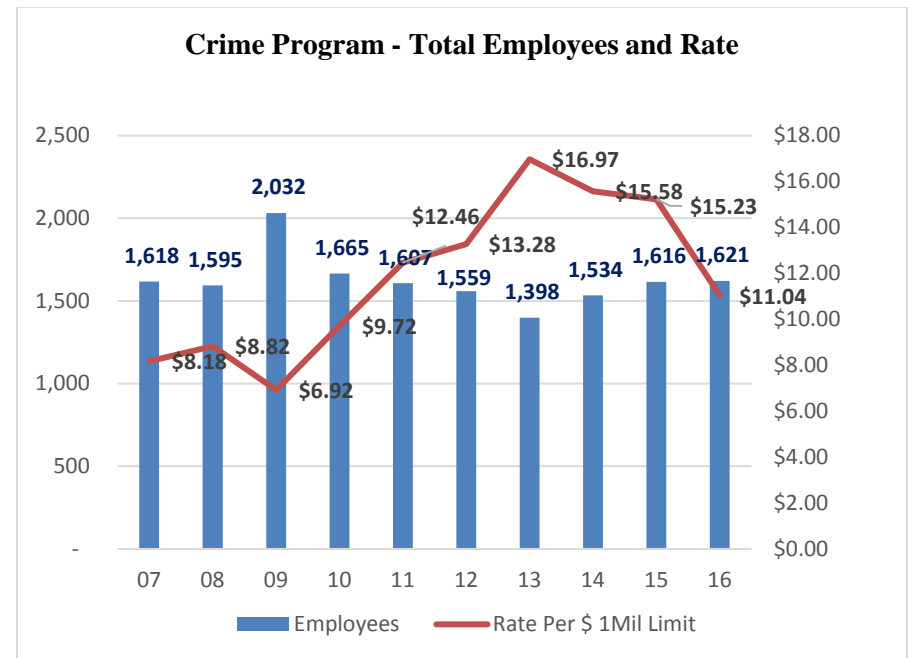
- Employee Theft
- Forgery or Alteration
- Robbery or Safe Burglary
- Computer Fraud
- Volunteers and Committee Members
- **Treasurer/Tax Collector and Bonded Employees**
- **Faithful Performance of Duty**
- \$5,000 Deductible



City of Rocklin

Program Changes & Highlights:

- **Increased per occurrence limit from \$1 to \$3 Million**
- Increased Investigative Expenses from \$50,000 to \$75,000
- **Added Impersonation Fraud** –
 - \$250,000 Limit with a \$25,000 deductible.
 Covers loss from a fraudulent instruction to transfer funds from a Member’s account or to change accounts for payments to a vendor.



Northern California Cities Self Insurance Fund

Other Programs

Motor Vehicle Program

Currently eleven Members are enrolled in the Alliant Motor Vehicle Program (AMVP), initially designed specifically for public agencies with a limited number of higher-valued vehicles or special equipment. The program has expanded to include all types of vehicles and mobile equipment.

It provides an All Risk Equipment Floater including earthquake and flood for scheduled equipment. Claims valuation is on a replacement cost basis for vehicles or equipment less than four years old, otherwise the policy pays to repair or replace damaged property on a like kind and quality basis (not new for old).

Wellness & Employee Assistance Program (EAP)

ACI Specialty Benefits provides all NCCSIF members a comprehensive Wellness Program that includes an annual Walking Challenge competition. Eighteen members also participate in the group purchase of ACI's Employee Assistance Program (EAP). The EAP assists City employees and all of their family members in identifying and resolving personal concerns, including health, marital, family, financial, alcohol, drug, legal, stress, or other personal issues that may affect job performance.

The program features a benefit package which includes:

- **Counseling and training**
- **Critical Incident Stress Debriefing (CISD)**
- **Childcare and eldercare resources**
- **Legal and financial consultation**

Identity Fraud Protection

Member employees receive protection from the impact of identity fraud with Identity Fraud Reimbursement Coverage and Resolution Services through Travelers Insurance Company, with a limit of up to \$25,000 to reimburse many of the costs and expenses associated with identity recovery, including lost wages, attorney fees, and document replacement fees.

Employees have access to a fraud specialist who will provide unlimited assistance to restore a victim's identity. They also have access to exclusive online educational resources providing tips, information and steps to avoid becoming a victim of identity theft.

Northern California Cities Self Insurance Fund

Services

Program Administration

Alliant Insurance Services provides overall program administration, including meeting agendas, underwriting, and management of governing documents and policies. In addition, Alliant provides consultation and advice regarding:

- **Insurance requirements in contracts**
- **Certificates of insurance and endorsements**
- **Safety Grant administration**
- **Best Practices for Municipal Risk Management**

Claims Management

The York claims examiner is responsible for advising the member on the merits of each claim and the appropriate action to be taken, as well as providing for necessary investigation of claims and oversight of legal defense. York manages litigated claims based on NCCSIF's Litigation Management Guidelines using a group of select attorneys chosen for their skill in public entity defense of Liability and Workers' Compensation claims.

Risk Management

NCCSIF hired Bickmore in 2012 as their Risk Control Services provider to perform a Hazard and Risk Assessment for each member and recommend policies, procedures, and training to address their individual needs. As a result, members are receiving more direct assistance in managing their operations in ways that reduce the frequency and severity of claims.

Consulting by Bickmore Risk Services includes:

- **Hotline Services – call with any safety question**
- **Hazard & Safety Assessments**
- **Program/Policy Development**
- **On-site Training**
- **Safety Materials**
- **Webinars – on a variety of Risk Management Topics**
- **Training Matrix – details the type and frequency of training required for member employees**

Northern California Cities Self Insurance Fund

Other Risk Management Services

Safety Library

On-line Video Libraries are available through the Bickmore website, riskcontrol.brsrisk.com as well as the CSAC- EIA website, csac-eia.org.

Conference Attendance

Sponsorship of members for attendance at the Annual PARMA, CAJPA or CalPELRA Risk Management Conferences.

Seminars and Training Sessions

Selection of topics determined annually by the Risk Management Committee including:

- Bickmore: on-site sessions covering employment issues such as Harassment, Skills for Supervisors, and e-mail communications
- TargetSolutions: online training services on a variety of topics including OSHA Compliance and Employment Practices
- DKF Solutions: updates wastewater safety policies and provides training at the City level on an as-needed basis

- Regional Workshops: NCCSIF conducts regional workshops on pertinent safety topics. Topics for 2016 consisted of AB 1825: Prevention of Sexual Harassment & Abusive Conduct Training, Traffic Control/Flagger & Excavation Competent Person.

Website

NCCSIF website resources, including a Risk Management tab where members can access Risk Management information.



City of Auburn

Northern California Cities Self Insurance Fund

Financial Overview

The following report reflects on the financial condition of Northern California Cities Self Insurance Fund (NCCSIF) for the fiscal year ended June 30, 2016. It is provided to highlight the information in the financial audit and should be reviewed in concert with that report.

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

	2016	2015	Percentage Change	2015	2014	Percentage Change
Operating Revenues	\$ 16,962,772	\$ 15,802,553	7%	\$ 15,802,553	\$ 15,798,109	0%
Provisions for Claims	7,750,453	10,879,465	-29%	10,879,465	7,773,183	40%
Dividends	1,121,444	1,506,568	-26%	1,506,568	1,445,334	4%
Insurance Premiums	3,004,729	2,654,843	13%	2,654,843	2,735,852	-3%
Administration	2,032,859	2,089,957	-3%	2,089,957	1,950,718	7%
Total Expenses	13,909,485	17,130,833	-19%	17,130,833	13,905,087	23%
Non-operating:						
Investment Income	1,566,145	644,473	143%	644,473	777,402	-17%
Net Income (Loss)	4,619,432	(683,807)	776%	(683,807)	2,670,424	-126%
Beginning Net Position	9,380,125	10,063,932	-7%	10,063,932	7,393,508	36%
Ending Net Position	\$ 13,999,557	\$ 9,380,125	49%	\$ 9,380,125	\$ 10,063,932	-7%

Northern California Cities Self Insurance Fund

Financial Highlights, FYE June 30, 2016

NCCSIF achieved a 49% increase in Net Position during the Fiscal Year Ending on June 30, 2016, from \$9.4 to \$14 Million, due largely to a \$3.1 million decrease in the Provisions for Claims expense and an increase in Investment Income. Net Income increased 776%, to \$4.6 Million, compared to a loss of \$683,807 in FYE 2015. Members also received a total of \$1.1 Million in Dividends.

- **Net Position increased 49%, to almost \$14 Million**
- **Dividends paid of \$1.1 Million**
- **Provisions for claims decreased by \$3.1 Million**
- **Investment income increased 143%**
- **Total Assets increased by \$3 Million**
- **Total Liabilities Decreased by \$1.6 Million**
- **Net Income increased 776%, to \$4.6 Million**
- **Operating Expenses decreased by \$3.2 Million**

Pool-Wide Financial Analysis

	June 30, 2016	Percent	June 30, 2015	Percent	June 30, 2014	Percent
Current Assets	\$ 7,684,507	14%	\$ 8,038,589	16%	\$ 12,955,780	28%
Noncurrent Assets	46,395,121	86%	42,988,439	84%	33,984,221	72%
Total Assets	54,079,628	100%	51,027,028	100%	46,940,001	100%
Current Liabilities	335,047	1%	900,740	1%	448,980	1%
Claim Liabilities	39,745,024	73%	40,746,163	80%	36,427,089	78%
Total Liabilities	40,080,071	74%	41,646,903	82%	36,876,069	79%
Net Position	13,999,557	26%	9,380,125	18%	10,063,932	21%
Total Liabilities and Net Position	54,079,628	100%	51,027,028	100%	46,940,001	100%

Northern California Cities Self Insurance Fund

Investment revenues are used to offset program costs wherever possible and reduce the required member contributions. The overall investments of the pool increased in 2015-16 from \$51,027,028 to \$54,079,628.

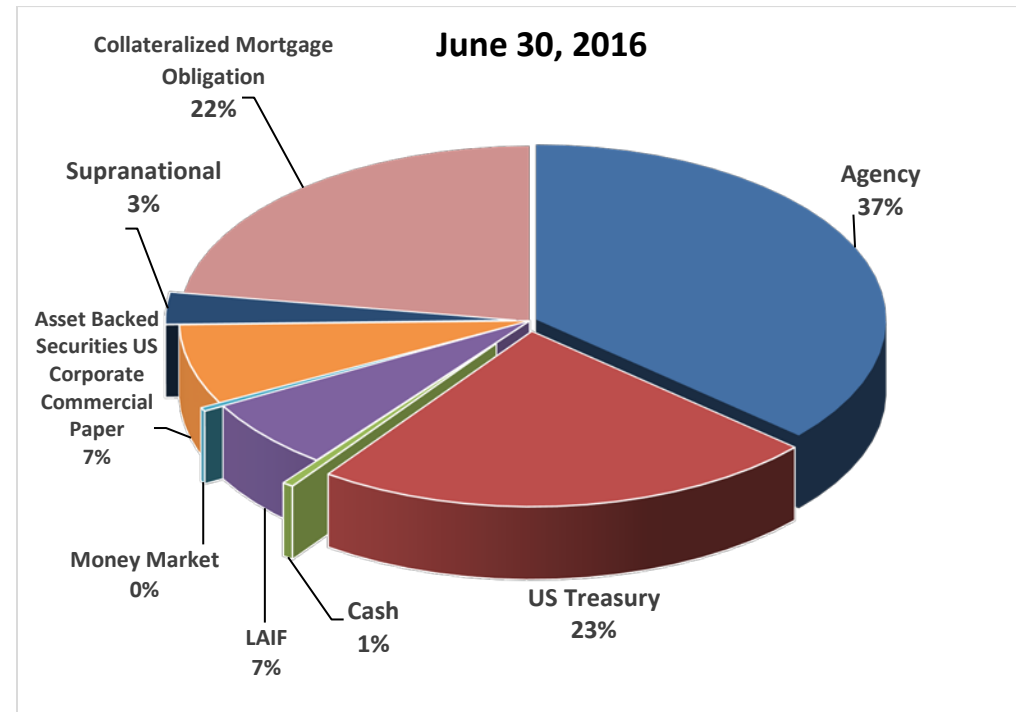
The assets needed for current operations are maintained by the Local Agency Investment Fund (LAIF), administered by the State Treasurer’s Office. Interest rates have remained low in the past two years, for example, the average rate of return for funds invested in LAIF during the fiscal year 2014 was 0.243%, in 2015 it was 0.258%, and in 2016 it was 0.425%.



City of Oroville - Lake Oroville

However, the effective **rate of return** for the overall JPA investment portfolio **increased from 1.5% in FY 2015 to 3.2% in FY 2016**. The ability of these funds to earn investment income has a direct effect on rates, as this income is used to discount future liabilities.

Components of NCCSIF Portfolio at June 30, 2016



Northern California Cities Self Insurance Fund

Service Providers and Consultants

PROGRAM ADMINISTRATORS:



Alliant Insurance Services, Inc.
Marcus Beverly, First-Vice President
Raychelle Maranan, Administration Coordinator
Joan Crossley, Account Executive
Michael Simmons, Vice Chair (Peer Review)

INVESTMENT CONSULTANTS:



Chandler Asset Management, Inc.
Martin Cassell, CFA, EVP and Chief Investment Officer
Scott Prickett, CFA, SVP, Portfolio Strategist
Kay Chandler, CFA, President and CEO

ACCOUNTING SERVICE PROVIDER:



James Marta & Company
Jim Marta, CPA, ARM
Alana, Theiss, CPA

INDEPENDENT FINANCIAL AUDITING SERVICES:



Crowe Horwath LLP
Matthew Nethaway, Financial Audit

THIRD PARTY CLAIMS ADMINISTRATION:



York Risk Services Group, Inc.
Dori Zumwalt, Account Manager
Cameron Dewey, Claims Manager - GL
Ben Burg, Claims Manager - WC

RISK CONTROL AND ACTUARIAL SERVICES:



Bickmore Risk Services
Henri Castro, Risk Control Consultant
Tom Kline, Risk Control Consultant
Jeff Johnston, Director, Risk Control Services
Mike Harrington, Director, Actuarial Services

Northern California Cities Self Insurance Fund

Please see our website at www.nccsif.org



NCCSIF

Northern California Cities Self Insurance Fund
A Joint Powers Authority

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.