



CSAC Excess Insurance Authority

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# **Comprehensive Annual Financial Report**

**Fiscal Years Ended June 30, 2016 and 2015**

**- California -**

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 and 2015**

**EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Office</b>	<b>Entity</b>
Scott Schimke	President	Glenn County
James Brown	Vice President	Merced County
Ann Richey	Public Entity Rep.	ACCEL/City of Ontario
Barbara Lubben	Risk Manager	Alameda County
Ken Hernandez	At-Large	San Bernardino County
Kerry John Whitney	At-Large	Napa County
Kimberly Greer	Public Entity Rep.	City of Richmond
Lance Sposito	At-Large	Santa Clara County
Peter Huebner	Supervisor	Sierra County
Richard Egan	CAO	Lassen County
Roberta Allen	Finance	Plumas County
Steve Underwood	Legal Counsel	EIA General Counsel
Michael Fleming	Chief Executive Officer	
Gina Dean	Chief Operating Officer	

**Office Address**

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Report Prepared By The  
**Finance Department**

Marianne Stuart, CPA, Chief Financial Officer  
Vicki Walter, CPA, Controller  
Trina Johnson, CPA, Senior Accountant  
Donna McClanahan, Accounting Technician  
Mercy Penales, Accounting Technician

**CSAC EXCESS INSURANCE AUTHORITY**  
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## **INTRODUCTORY SECTION**



December 1, 2016

Members, Board of Directors  
CSAC Excess Insurance Authority

Ladies and Gentlemen:

2016 was an eventful year for CSAC Excess Insurance Authority (the EIA or the Authority).

In the first quarter staff was busy negotiating a commutation (buy back) of the Excess Workers' Compensation claim liabilities from July, 1997 to June, 2004 from Munich Re. As a result, our net position in our largest program increased \$23 million. In September 2016, we were also able to commute coverage by Munich Re of the early years of our Primary Workers' Compensation program. Please refer to page 78 of this report for more information.

In December, our Member County of San Bernardino suffered a terrorist attack. Staff, pool members and reinsurers responded immediately. The county has enriched our knowledge by sharing what it has learned. This incident served as a catalyst for our Crisis Incident Management Program which brings together assessments, training, consulting and funding.

In our Property Program, due to a favorable renewal climate we were able to buy down and cap the earthquake deductible for our members which will make coordinating FEMA and insurance recovery easier.

In the spring at our retreat, and at the June Board meeting, staff was given the go-ahead to establish a "captive" insurance company. As we are the parent organization the captive will only insure the Authority's risks, and will be a unit of the Authority. This will allow us to better link our long term claim liabilities with an appropriate type and term of investment. The captive, appropriately named the Excess Insurance Organization, Inc. became operational on July 1, 2016 and is the vehicle for some of our 2016/17 renewal dollars. This is also covered on page 76 of this report.

In some form these events impact our Comprehensive Annual Financial Report. The EIA is responsible for the accuracy, completeness and fairness of the presentation, including all disclosures.

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EXECUTIVE COMMITTEE:

Scott Schimke President Glenn County	James Brown Vice President Merced County	Ann Richey ACCEL / City of Ontario	Barbara Lubben Alameda County	Richard Egan Lassen County	Kerry John Whitney Napa County	Roberta Allen Plumas County	Kimberly Greer City of Richmond	Ken Hernandez San Bernardino County	Lance Sposito Santa Clara County	Peter W. Huebner Sierra County
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Chief Executive Officer: Michael Fleming

Legal Counsel: Stephen Underwood

Chief Operating Officer: Gina Dean



Based upon our comprehensive framework of internal control, we believe our report is accurate in all material respects; that it fairly sets forth the financial position and results of operations of the EIA, as measured by the financial activity of its various programs and policy periods, and that all necessary disclosures for understanding the report have been included.

Gilbert Associates Inc., Certified Public Accountants, has issued an unmodified opinion that the Authority's financial statements, for the fiscal years ended June 30, 2016 and 2015, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **WHO WE ARE**

CSAC Excess Insurance Authority is a Joint Powers Authority (JPA) established under Article 1, Chapter 5, Division 7, Title I of the California Government Code (§ 6500 et seq.) in October 1979. The EIA provides two classes of membership – county members (county entities maintaining their membership in the California State Association of Counties) and public entity members (any other public entity in California). The 62 member Board of Directors is comprised of representatives from each of the 55 county members appointed by their respective boards of supervisors, and seven public entity representatives (plus three alternates) elected by the public entity membership.

The EIA has 315 members, including seven new public entity members. The 55 member counties represent more than a 95% market share of the 58 California counties. Public entity membership consists of 234 individual cities, schools, or special districts, and 26 joint powers authorities consisting of pools of cities, schools, or special districts. The county and public entity members collectively represent over 1,897 public agencies. County and public entity members actively participate in Authority policy making and governance by their committee service. Sixty-two county employees participate on various committees as do 49 different public entity members.

## **WHAT WE DO**

The EIA operates programs for excess and primary workers' compensation, two excess liability programs, a primary liability program, a property program, a medical malpractice program, a master rolling owner controlled insurance program, an employee health benefit program, a dental program and miscellaneous programs for other coverages. The EIA also provides support services for selected programs such as claims

administration, risk management, claims audits, loss prevention and training, and subsidies for actuarial studies and risk management services. The EIA's reporting entity includes financial activities relating to all programs and insurance pools of the Authority.

## **CHALLENGES IN THE RENEWAL CYCLE**

The EIA operates in an environment that mirrors the environment of its members. Because society, from the President to the man on the street, is scrutinizing the use of police force, so are our carriers. Our General Liability 2 program, whose members are large counties and cities, and which has already had large police operations claims, faced challenges in the 2016/17 renewal. The market was not willing to renew with existing terms and ultimately the program was restructured with a greater share of individual claims borne by the members.

Our workers' compensation programs, both Primary and Excess, fared better because of in place, multi-year, rate agreements. We refined our rating structure to reflect the increased risk and benefits afforded public safety (fire and police operations) employees. Despite the fact that some insurance companies were leaving the California marketplace we were able to replace AIG with Liberty Mutual on the top layer of the workers' compensation program. Indicative of the very difficult workers' compensation insurance environment, Castlepoint Insurance Company, a prior carrier in both programs went into conservatorship in August, 2016. This is covered in more detail on page 77 of this report.

Our Employee Benefit programs are also benefiting from a multi-year flat rate for the life and disability insurance program. The January 2016 Health Program renewal had single digit rate increases and the pooled Dental program is strategically lowering rates based on positive loss experience.

The Authority's programs have proven to be effective in both hard and soft insurance markets. We have seen that in a hard market, the cost to our members rises accordingly, competition decreases and the value of the Authority's programs, compared to the alternatives available, is even greater than it is in a soft market.

## **PRIMARY WORKERS' COMPENSATION**

The Primary Workers' Compensation (PWC) Program provides Excess Workers' Compensation (EWC) Program members the opportunity to convert their \$125 thousand self-insured retention in the EWC Program to first dollar coverage. The Program provides members with claims administration services, and several cost containment programs, including a Medical Provider Network and a Return to Work Program. The Program pays for claims with a blending of pooling and excess insurance. In 2015/16 the structure of the PWC Program provides that the first \$10 thousand of each claim is

paid out of the Program's pool and the Program's excess insurer pays for the balance of the claim, up to the program limit of \$125 thousand.

Since fiscal year 2007/08, the PWC Committee has declared dividends every year. Dividends to date total \$49 million, and the Committee plans to continue its dividend program with \$2 million budgeted for fiscal year 2016/17.

### **EXCESS WORKERS' COMPENSATION**

The Excess Workers' Compensation (EWC) Program provides members with statutory coverage for workers' compensation subject to the members' self-insured retentions ranging from \$125 thousand to \$5 million. Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. The Program funds a \$5 million pool and purchases reinsurance to achieve statutory limits. In January 2015, we added a major new member, California State University Risk Management Authority and its auxiliary organizations, enabling the program to add a new carrier, Safety National and create an Educational Tower. In the 2015/16 renewal we added some of our educational entities to our Educational Tower, and completed this migration with the 2016/17 renewal. With this tower we are able to offer more competitive rates for schools and colleges.

The EIA is always looking for opportunities to protect the pool exposure by purchasing reinsurance from the commercial market. In 2012/13 the EIA established a relationship with a new reinsurer, AmTrust, and restructured the SIR to \$5 million layer to cap the pool exposure. In 2015/16 we were able to negotiate a buy back of the claims liability for the years from 1998 to 2004. This added substantially to our net position in the program. We also lowered the program discount rate on claim liabilities to a more conservative 3%, to reflect the long term investment outlook.

### **PRIMARY GENERAL LIABILITY**

The Primary General Liability (PGL) Program provides General Liability<sup>1</sup> (GL1) Program members the opportunity to convert their \$100 thousand GL1 self-insured retention to a \$10 thousand deductible. The Program provides members with claims administration services, which is accomplished through third-party administrators. Under the Program's current structure, 100% of the pool's exposure (\$90 thousand excess of \$10 thousand deductible) is reinsured; the current carrier is Berkley Insurance Company.

## **GENERAL LIABILITY 1**

The General Liability 1 (GL1) Program provides members with coverage for third party liabilities (including general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to each member's self-insured retention, which can range from \$100 thousand to \$1 million (retentions as low as \$25 thousand can be provided on an exception basis). Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. The Program funds a \$5 million pool, a single \$5 million corridor over the pool limit for the combined 2015/16 and 2016/17 years, and purchases \$20 million in reinsurance to achieve the \$25 million limit.

## **GENERAL LIABILITY 2**

The General Liability 2 (GL2) Program provides members with coverage for third party liabilities (general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to the member's self-insured retention, which range from \$1 million to \$3 million. The GL2 Program was specifically designed with the objective of offering larger members the advantages of the joint purchase of excess coverage, while maintaining their ability to handle and fund their primary losses, and manage their own claims. Each member of the Program has a representative on the GL2 Committee, which was established to administer and govern the Program. Because of prior large losses in multiple policy years, there is a pooled corridor deductible in the 2014/15 policy year, which was increased for the 2015/16 year.

## **PROPERTY**

The Property Program provides coverage for physical damage to members' real and personal property as a result of "all risk" perils, including flood with overall per occurrence limits up to \$600 million. Members also have the opportunity to purchase additional earthquake coverage. The unique structure of the Program into Towers spreads risk both geographically and categorically. This spread of risk allows the Program to access higher limits at reduced costs. The Program renews on March 31st of each year. In order to provide and promote stability, the primary \$25 million in limits is written on a three-year basis. The pool exposure is protected by aggregate stop loss coverage at \$10 million. Beginning in the 2014/15 program year there was a catastrophic flood pool exposure of \$5 million, which has been partially funded with \$1 million collected in the years since. In March 2016, the pool coverage was expanded to include earthquake deductible buy down coverage, with a \$60 million cap. The overall rate decreased 4.1%, and both Earthquake and Flood rooftop limits were increased. Because the Program is fully insured over the aggregate pool limits, the primary reinsurer, Lexington, takes full responsibility for the adjustment of claims.

## **MEDICAL MALPRACTICE**

The Medical Malpractice Program provides members with coverage for medical professional services and limited general liability exposures at established healthcare facilities. The program offers limits of \$21.5 million, in addition to each member's deductible or self-insured retention, which range from \$5 thousand to \$1.1 million. For members who maintain a \$5 thousand or \$10 thousand deductible, claims administration is provided by the program's third party administrator, Risk Management Services. Members who maintain a self-insured retention above those deductible limits are able to manage their own claims. The program funds a \$1.5 million pool on a claims-made basis and purchases \$20 million of reinsurance on an occurrence basis.

## **MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**

The Master Rolling Owner Controlled Insurance Program (MROCIP) enables members to purchase workers' compensation and general liability coverage for all eligible parties (owner, general contractor, and sub-contractors) working on their construction projects. These policies, (also known as "wrap-ups"), are widely used on public sector construction projects and capital improvement programs. The MROCIP can include projects as small as \$10 million, thereby enabling members to receive the benefits of a "wrap-up" on projects that otherwise wouldn't qualify because of their size.

## **EIAHEALTH**

The EIAHealth Program, in partnership with Self Insured Schools of California (SISC), provides members with an alternative to group health insurance plans using the concept of pooling to reduce insurance premiums through consolidating the fixed costs over a larger population. Members are able to create and maintain their own plan designs within the context of the pooling arrangement that provides much greater stability than a standalone program. In addition, small group programs are available with predefined benefit options for public employers with less than 250 employees. HMO options are also available to members on an insured basis.

## **DENTAL**

The Dental Program is a pooled program with predictable and stable dental rates year-over-year. The Program partners with Delta Dental to provide administrative services and access to the Delta Dental network of providers. The administrative fees in the Program are some of the lowest offered by Delta Dental of California. The Program has both January 1st and July 1st renewal dates.

## AWARDS & ACKNOWLEDGMENT

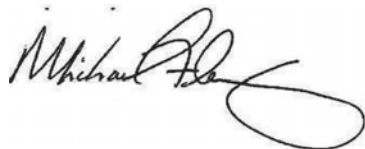
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CSAC Excess Insurance Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twenty-second consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

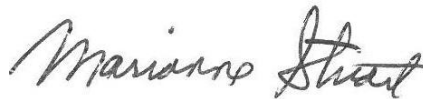
The Authority is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance. In March 2016, CAJPA renewed the Authority's "Accreditation with Excellence," the highest form of accreditation, for a three-year period ending in March, 2019.

The preparation of this report would not have been possible without the best efforts of the finance and administrative departments and we thank them for their contribution. We commend the members of the Authority's Finance Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of the Authority's finances, and each Board of Director Member and Alternate, and all committee members, for their commitment to the Authority.

Respectfully Submitted,



Michael Fleming  
Chief Executive Officer



Marianne I. Stuart, CPA  
Chief Financial Officer



Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Alameda County			X	X	X	X				Barbara Lubben, Director of Risk Management	Karen Caoile, Senior Risk and Insurance Analyst
Alpine County	X			X	X	X			X	Carol McElroy, Treasurer—Tax Collector—Auditor	Sarah Simis, HR Manager
Amador County	X	X		X	X	X	X	X	X	Richard Forster, Supervisor	Lisa Hopkins, Risk Manager
Butte County	X			X	X	X			X	Steve Weston, Safety Officer	Julia Ogonowski, Risk Management Analyst
Calaveras County	X			X	X	X	X	X	X	Shirley Ryan, County Administrative Officer	Judy Hawkins, Deputy CAO/Risk & Human Resources Director
Colusa County	X			X	X	X			X	Denise Carter, Board of Supervisors	Mark Marshall, Board of Supervisors
Contra Costa County			X	X	X	X				Sharon Hymes-Offord, Risk Manager	Denise Rojas, Assistant Risk Manager
Del Norte County	X			X	X	X		X		Vacant	Neal Lopez, Assistant County Administrator
El Dorado County			X	X	X	X		X	X	Marco Sandoval, Risk Manager	Vacant
Fresno County	X				X	X				Tracy Meador, Personnel Services Manager	Jason Blanks, Sr. Personnel Analyst
Glenn County				X						John Viegas, Supervisor	Scott Schimke, Risk Manager
Humboldt County	X			X	X	X	X		X	Dan Fulks, Personnel Director	Kelly Vizgaudis, Risk Analyst
Imperial County	X			X	X	X				Ralph Cordova, Jr., County Executive Officer	Brenda Olivas-Neujahr, Risk Management Analyst - Safety Administrator
Inyo County	X			X	X	X	X		X	Marlena Baker, Risk Manager	Kevin Carunchio, County Administrator
Kern County					X					Matt Gutierrez, Risk Manager	Brad Aragon, Loss Prevention Specialist
Kings County	X			X	X	X				Sande Huddleston, Risk Manager	Francesca Lizaola, Risk Assistant
Lake County	X	X			X	X	X	X	X	Anita Grant, County Counsel	Kathy Ferguson, Human Resources Director

Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Lassen County	X			X	X	X			X	Richard Egan, County Administrative Officer	John Mineau, Undersheriff
Madera County	X			X	X	X				Darin McCandless, Risk Management Analyst	Kevin Fries, Chief Assistant County Administrative Officer
Marin County				X						Karol Hosking, Risk Manager	Daniel Elerman , Assistant County Administrator
Mariposa County	X			X	X	X			X	Mary Hodson, Deputy CAO	Steve Johnson, Human Resources/Risk Manager
Mendocino County	X			X	X	X	X			Alan Flora, Assistant CEO/Risk Manager	Heather Correll, Department Analyst II
Merced County	X			X	X	X		X	X	James Brown, County Executive Officer	Scott De Moss, Asst. County Executive Officer
Modoc County	X			X	X	X		X	X	Chester Robertson, County Administrative Officer	Pam Randall, CFO/Assistant CAO
Mono County	X			X	X	X			X	Leslie Chapman, CAO	Margaret White, Risk Manager
Monterey County					X	X				Steve Mauck, Risk Manager	Vacant
Napa County	X			X	X	X			X	Kerry John Whitney, Risk Manager	Leanne Link, CAO
Nevada County	X			X	X	X	X		X	Rick Haffey, County Executive Officer	Mary Jo Castruccio, Risk Manager
Orange County					X					Michael Alio, Director of Risk Management	Michelle Aguirre, Chief Financial Officer
Placer County	X			X	X	X			X	Judy LaPorte, Assistant Human Resources Director	Andy Heath, Assistant CEO
Plumas County	X			X	X	X			X	Roberta Allen, Auditor/Controller/Risk Manager	Patrick Bonnett, Assistant Risk Manager/Safety Officer
Riverside County			X	X	X	X				Michael Stock, Assistant CEO/HR Director	Mike Bowers, Assistant HR Director
Sacramento County	X	X	X		X	X	X			Steve Page, Risk and Loss Control Division Manager	Paul Hight, Liability and Property Insurance Supervisor



Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
San Benito County	X			X	X	X			X	Joe Paul Gonzalez, County Auditor-Controller-Clerk-Recorder-Registrar	Janet Norris, Property Tax & Special Accounting Analyst
San Bernardino County	X				X	X				Ken Hernandez, Director of Risk Management	Rafael Viteri, Deputy Director
San Diego County					X	X				Susan Brazeau, Director, Human Resources	Janice Mazone, Deputy Director/Risk Management
San Joaquin County			X	X	X	X			X	Tanya Moreno, Safety and Risk Manager	Ted Cwiek, Director of Human Resources
San Luis Obispo County	X			X	X	X			X	Pamela Mitchell, Liability Analyst	Tami Douglas-Schatz, Human Resources Director
Santa Barbara County	X			X	X	X	X	X	X	Tom Alvarez, Budget Director	Ray Aromatorio, Risk Manager
Santa Clara County			X	X	X	X				Lance Sposito, Director of Risk Management	Vacant
Santa Cruz County			X	X	X	X			X	Enrique Sahagun, Principal Personnel Analyst	Becky McBride, Senior Risk Management Analyst
Shasta County	X			X	X	X			X	Angela Davis, Director of Support Services	Jim Johnson, Risk Management Analyst I
Sierra County	X			X	X	X			X	Van Maddox, Auditor/Treasurer/Tax Collector	Peter W. Huebner, Supervisor
Siskiyou County	X	X		X	X	X	X			Terry Barber, County Administrator	Michael Kobseff, Supervisor
Solano County	X	X		X	X	X			X	Bonnie Kolesar, Risk Manager	Marc Fox, Director of Human Resources
Sonoma County	X			X	X	X				Marcia Chadbourne, Risk Manager	Christina Cramer, Director of Human Resources
Stanislaus County	X			X	X	X			X	Peggy Huntsinger, Assistant Risk Manager	Kevin Watson, Liability and Insurance Manager
Sutter County	X			X	X	X				Vacant	Vacant
Tehama County	X			X	X	X	X	X	X	Julie Sisneros, Administrative Services Direct	Sally Hacko, Personnel Administrator
Trinity County	X			X	X	X			X	Shelly Pourian, Risk & Loss Prevention Manager	Rebecca Cooper, Loss Prevention Specialist

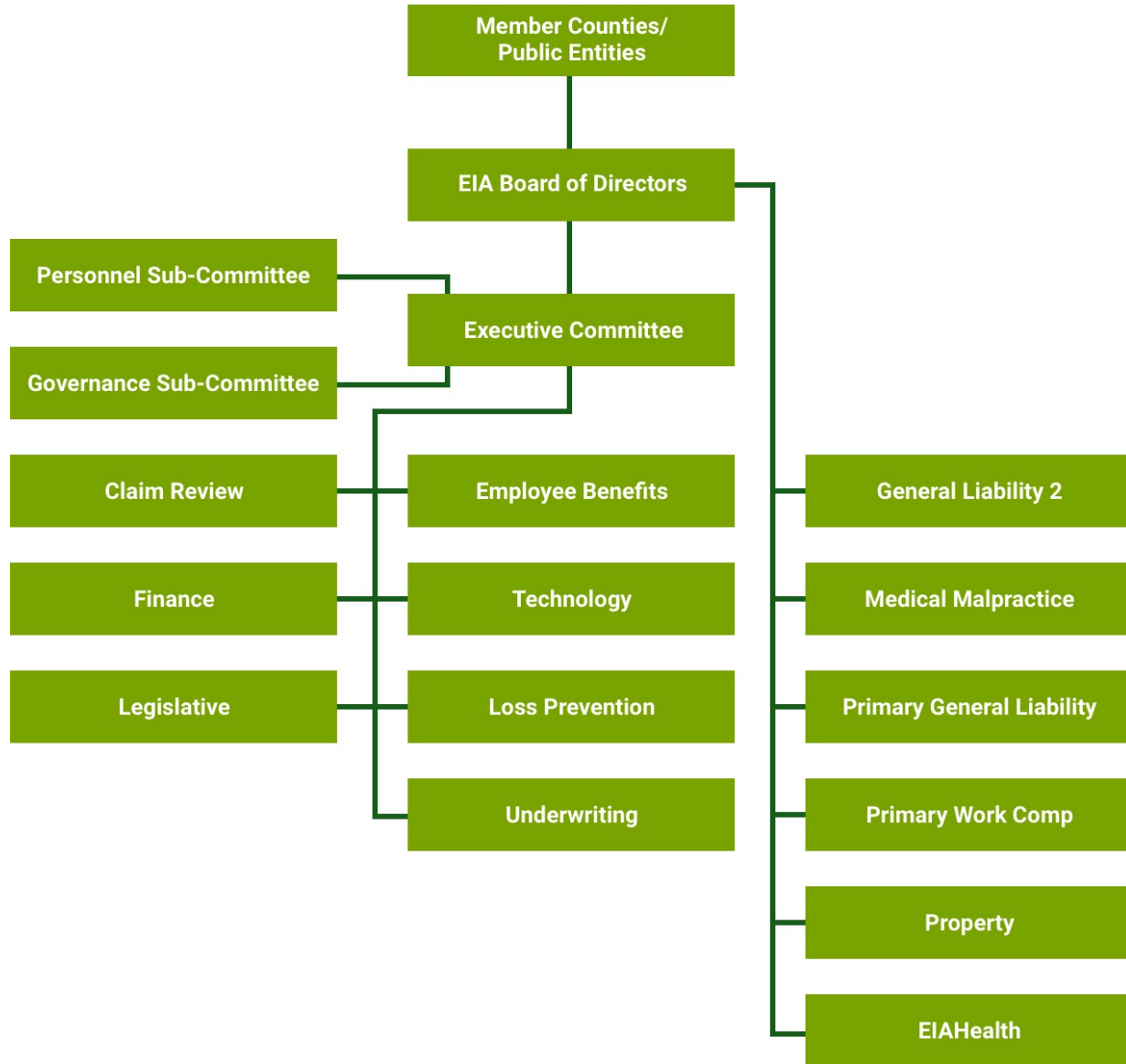
Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Tulare County	X		X	X	X	X				Robyn Henry, Risk Manager, ARM-P	Robert Anderson, Supervising Analyst
Tuolumne County	X	X		X	X	X			X	Ann Fremd, Human Resources Manager	Tracie Riggs, Deputy County Administrator
Ventura County					X					Chuck Pode, Risk Manager	Theresa Bucci, Risk Analyst
Yolo County				X					X	Jeff Tonks, Risk Manager	Mindi Nunes, Assistant County Administrator
Yuba County	X			X	X	X	X		X	Jill Abel, Director, Human Resources & Risk Management	Karen Fassler, Assistant Human Resources Director

## Board of Directors and Alternates Public Entity Participation

<b>Board Member</b>	<b>Designated Board Position / Representative</b>
Ann Richey, Risk Manager, ACCEL	At-Large
Charles Mitchell, Risk Manager, California Fair Services Authority	At-Large
Deborah Grant, Claims and Risk Manager, City of Oakland	At-Large
Kimberly Greer, Risk Manager, City of Richmond	City
Scott Schimke, Risk Manager, GSRMA	Special District
Ashley Fenton, Manager, Insurance and Risk Services, San Diego Unified School District	School
Cathy Reineke, Executive Director, San Mateo County Schools Insurance Group (SMCSIG )	At-Large
David Nelson, Executive Director, Trindel Insurance Fund	Alternate



## CSAC Excess Insurance Authority Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

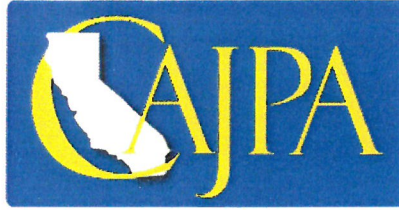
Presented to

**CSAC Excess Insurance Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



*It is the purpose of this organization to give professional recognition to properly qualified self-insurance pools.*

*THEREFORE, the Board of Directors of the California Association of Joint Powers Authorities, has conferred upon*

## **CSAC Excess Insurance Authority**

*this*

*CERTIFICATE OF ACCREDITATION WITH EXCELLENCE*

*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



*Accreditation Period: March 28, 2016 – March 28, 2019*

*David Clovis*  
President

*Michael Fleming*  
Chairman, Accreditation Committee

*James P. Marta*  
Accreditation Program Manager

## **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors and Members  
CSAC Excess Insurance Authority  
Folsom, California**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of CSAC Excess Insurance Authority (the Authority) as of June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts 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* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gilbert Associates, Inc." The signature is written in black ink on a light-colored background.

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**November 11, 2016**

## Management's Discussion & Analysis

As management of the CSAC Excess Insurance Authority (EIA), we offer readers of the EIA's financial statements this narrative overview and analysis of the financial activities of the EIA for the fiscal years ended June 30, 2016 and 2015. All references to years are to the fiscal year ending at June 30.

### **Overview of the Financial Statements**

The EIA reports as a government enterprise fund because its activities, the development and operation of public entity risk pools (Retained Risk), and group purchase of insurance (Transferred Risk), are paid for by its member users.

The EIA's basic financial statements are comprised of three components: 1) Authority-wide financial statements; 2) notes to the financial statements; and 3) fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Authority-wide financial statements* are designed to provide readers with a broad overview of the EIA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the EIA's assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets plus deferred outflows of resources minus liabilities and deferred inflows of resources is reported as net position. Net position includes the amount invested in capital assets, net of related debt.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing total revenues and total expenses and how the EIA's net position changed during the most recent fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., claims incurred but not paid, unrealized market gains on investments, earned but unused vacation leave, and pension liability).

The *Statement of Cash Flows* presents information on the sources and uses of cash during the most recent fiscal year. The Statement of Cash Flows is subdivided into three major sections to show cash provided or used by Operating, Capital and Related Financing, and Investing Activities. In 2016 there was a significant receipt of cash from the Munich Re commutation of the Excess Workers' Compensation claims, which is shown as Receipts from Others on the Cash Flow Statement. These funds were invested and will be used to pay claims.

The Authority-wide financial statements can be found on pages 38 through 42 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, and can be found beginning on page 43 of this report.

## Management's Discussion & Analysis

**Fund financial statements.** The EIA operates one enterprise, proprietary fund to account for its eleven risk management programs, general administration, and operation of the EIA's building. Each program has established its own set of accounts so that each program can be independently evaluated.

The following table shows the net position in each fund:

	Net Position
Primary Workers' Compensation	\$ 23,087,053
Excess Workers' Compensation	26,786,570
Primary General Liability	1,368,683
General Liability 1	38,278,481
General Liability 2	690,477
Property	7,967,390
Medical Malpractice	6,071,744
Master Rolling Owner Controlled Ins. Program	100,391
EIAHealth	2,197,345
Dental Program	16,221,500
Miscellaneous Programs	1,828,305
Administration and Building	13,074,678
Total Net Position	\$137,672,617

### Financial Highlights

#### Authority-Wide Financial Analysis

The EIA's assets exceeded liabilities by \$137.7 million as of June 30, 2016, and by \$112.4 million at June 30, 2015, and \$113.3 at June 30, 2014. Below is a condensed Statement of Net Position:

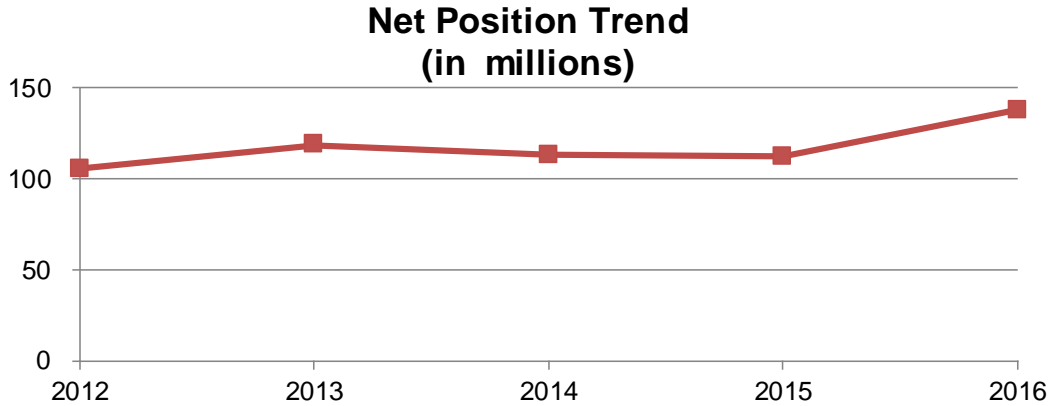
#### CSAC Excess Insurance Authority's Combined Statement of Net Position

	June 30, 2016	June 30, 2015	June 30, 2014
Other Assets	\$ 729,079,358	\$ 633,317,989	\$ 584,169,828
Capital Assets	9,578,879	9,043,933	8,414,447
Total Assets	738,658,237	642,361,922	592,584,275
Deferred Outflows	3,329,112	587,253	-
Current Liabilities	144,506,871	148,795,667	124,485,596
Noncurrent Liabilities	458,363,786	380,901,782	354,769,678
Total Liabilities	602,870,657	529,697,449	479,255,274
Deferred Inflows	1,444,075	845,081	-
Invested in Capital Assets	9,578,879	9,043,933	8,414,447
Unrestricted Net Position	128,093,738	103,362,712	104,914,554
Total Net Position	\$ 137,672,617	\$ 112,406,645	\$ 113,329,001

### Net Position

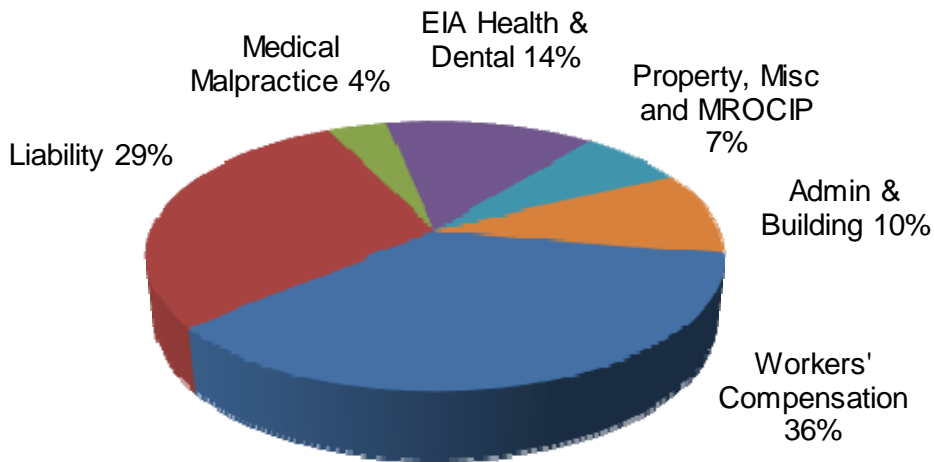
We started the fiscal year with net position of \$112.4 million and had net income of \$25.3 million, resulting in an ending Net Position of \$137.7 million at June 30, 2016. For the prior fiscal year, Net Position decreased \$900 thousand.

Our net position balances over the past five years is illustrated as follows:



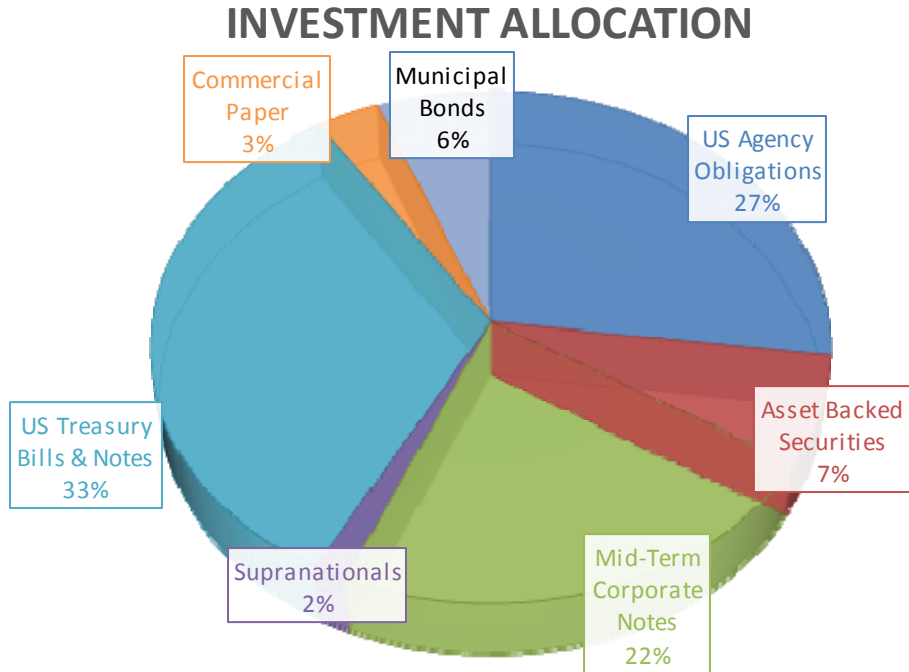
Our large, pooled risk programs, Workers' Compensation and Liability programs, account for 69% of net position as show below:

### Net Position by Program



## Management's Discussion & Analysis

Approximately 94% of our Treasury assets consist of funds held for the payment of claims. Of these funds, 5% is in cash, and 95% is invested. The following chart shows the asset allocation for the invested funds at June 30, 2016:



Even though interest rates increased slightly in fiscal year 2016, they still remained at historically low levels. During fiscal year 2016, there was a net increase in fair value recognized of \$5.0 million, compared to a net decline in fair value in fiscal year 2015 of \$1.6 million. A \$2.3 million decline in fair value was recognized in fiscal year 2014. The increases and decreases in fair market value are primarily being driven by fluctuations in the market interest rate. The potential direction of interest rates, up or down, and the interest earned are both considered at the time the investment is made.

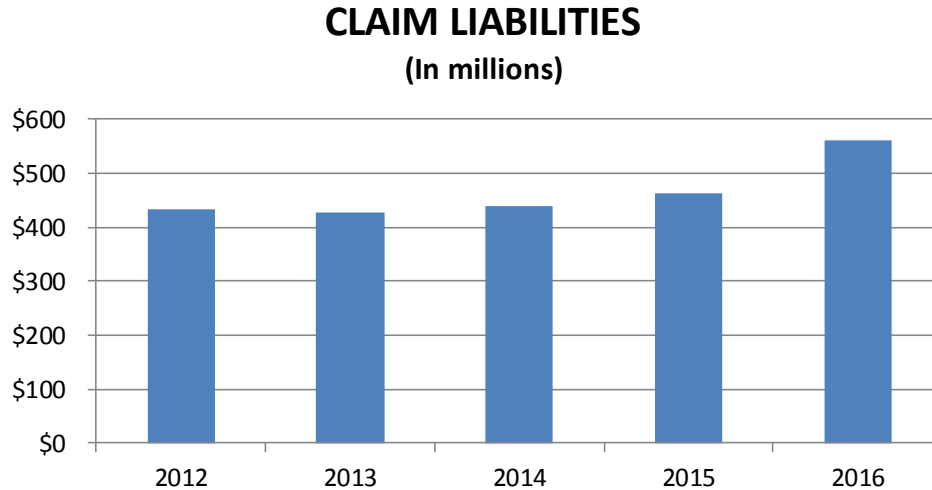
### Liabilities

As another year is added on to our Excess Workers' Compensation program, which has a long payout pattern, claim liabilities will naturally increase. We have also experienced adverse loss development in recent years. In addition, the EWC program grew significantly because of a claims commutation where the reinsurer paid the EIA to assume \$81.2 million in undiscounted claim liabilities in its layer for the 1997 – 2004 claim years. In fiscal 2016 over all programs claim liabilities increased \$98.8 million compared to an increase of \$23.9 million in 2015, and an increase of \$12.0 million in 2014.

Our claim liabilities are discounted, meaning they are stated at the present value of the future stream of claim payments. The discount rate is based on what the EIA expects to earn on the funds set aside to pay claims. The rate of return on invested funds has been less than anticipated since the recent recession started in 2008. In fiscal year 2011, the EIA made significant adjustments to the discount rates. In 2012, 2013, and again in 2016,

## Management's Discussion & Analysis

the EIA adjusted our discount rates lower to reflect the continued low interest rate environment. The claim liability trend over the past five years is as follows:



### Pension Liability

In fiscal 2015 the Authority implemented Government Accounting Standards Board Statement No. 68 which changes the way governments report their pension expense and accrued liability. No longer will they report on a pay as you go method, but will instead report the difference between funds set aside to pay pensions and their net accrued pension liability on their statement of net position. This was considered a “Change in Accounting Principle” in 2015 and the cumulative effect of the change coming into the year is shown on the Statement of Revenues, Expenses and Changes in Net Position as an adjustment to Net Position.

The Authority had estimated what the amount might be at between \$2 and \$3 million based on prior actuarial statements. The adjustment came in at \$2.5 million. The Authority has taken action and paid \$1.8 million of their liability in fiscal year 2015/16. A full explanation of how this accounting principle applies for pensions is explained in footnote 1 C. on page 45, and a description of the pension expense and changes therein is explained in footnote 7 beginning on page 69 and in the Required Supplementary Information.

## Management's Discussion & Analysis

### Target Equity

Each of the pooled programs establish Target Funding Guidelines, which determine the range of net position to retain in the program in order to provide for the uncertainty of actuarial estimates, inconsistent or inaccurate reserving, and the possibility of catastrophic claims. The purpose of the guidelines is to assist members in making funding decisions. A range is determined by looking at various ratios; for instance Gross Premium to Equity, Equity to Pool retention, Outstanding Case Reserves to Equity, and Outstanding Ultimate Reserves to Equity. The table below shows the Target Equity Range for the pooled programs and program net position:

	Target Equity Range		Program Net Position	
	In millions			
	Low	High	At June 30, 2016	
Primary Workers' Compensation	\$ 4.7	\$ 38.8	\$	23.1
Excess Workers' Compensation	\$ 30.0	\$ 75.0	\$	26.8
Primary General Liability	\$ 0.04	\$ 1.2	\$	1.4
General Liability 1	\$ 18.4	\$ 34.8	\$	38.3
Medical Malpractice	\$ 3.2	\$ 10.5	\$	6.1

As the above chart shows, all programs, with the exception of the Excess Workers' Compensation Program, are in, or exceed, their Target Equity Range.

The Excess Workers' Compensation Program net position is below their Target Equity Range. First, the ultimate cost of claims (claim liabilities) for the older years continues to increase, which decreases equity. Another factor driving the equity down has been the low returns on invested assets, creating an investment gap between what we expected to earn on funds invested, and what we did earn. See footnote 4, page 58, for additional information on the discount rate. The Board has taken steps to increase the program's equity including, raising the confidence level (what we collect) used to calculate pool premium, and transferring risk or insuring the layer between the member's self-insured retention up to \$1 million, which we did from 2008/09 to 2010/11. In the 2011/12 policy year, we reinsured the \$1 million to \$5 million layer, subject to \$3.5 million corridor retention. During the past four fiscal years, 2012/13 through 2015/16 and the current renewal, the program's liability in the pooled excess of SIR up to \$5 million layer (in the Core Tower) was capped, therefore eliminating the risk of adverse loss development. The layers above \$5 million are fully insured. Effective January 1, 2015, an Educational Tower was added to the EWC Program. Losses were also capped through a corridor retention in the first reinsurance layer. The Board will continue to address the program's Target Equity. See footnote 10 on page 77 for the disclosure of the commutation on some of the years subsequent to the end of the fiscal year.



## Management's Discussion & Analysis

The following is a condensed Statement of Revenues, Expenses and Changes in Net Position.

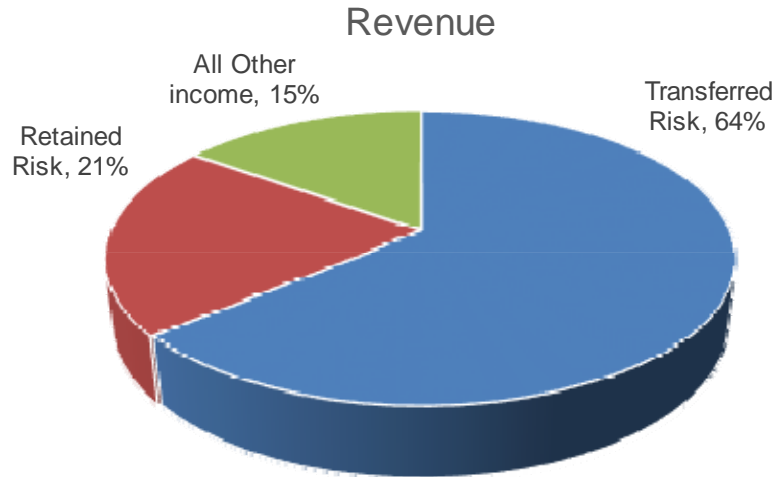
### CSAC Excess Insurance Authority's Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2016	June 30, 2015	June 30, 2014
Operating Revenues:			
Premiums for Transferred Risk	\$ 493,749,250	\$ 443,008,816	\$ 423,229,776
Broker Fees	9,385,697	8,775,741	8,342,982
Contributions for Retained Risk	163,031,197	143,354,781	124,089,007
All Other Sources	106,875,987	19,520,413	17,903,846
Total Operating Revenues	<u>773,042,131</u>	<u>614,659,751</u>	<u>573,565,611</u>
Operating Expenses:			
Member Dividends	5,554,624	4,703,871	6,179,489
Stabilization Funds Distributed	477,716	-	-
Insurance Expense	496,527,761	444,479,808	422,937,089
Broker Fees	9,125,742	8,559,724	8,079,636
Provisions for Claims	213,524,014	135,224,386	122,157,339
Unallocated Loss Adjustment Expense	9,400,117	2,119,213	2,332,280
Program Services	13,744,756	12,005,843	12,134,125
Member Services and Subsidies	2,963,429	2,852,087	2,358,826
General Administrative Services	9,574,758	8,870,057	8,584,558
Depreciation and Building Maintenance	833,093	586,504	311,987
Total Operating Expenses	<u>761,726,010</u>	<u>619,401,493</u>	<u>585,075,329</u>
Operating Income (Loss)	<u>11,316,121</u>	<u>(4,741,742)</u>	<u>(11,509,718)</u>
NonOperating Revenues (Expenses):			
Investment Income and Financing Fees	14,050,330	6,283,087	6,258,953
Lease Income	443,946	423,319	414,094
Financing and Investment Expenses	(263,803)	(123,766)	(31,157)
Building Maintenance and Depreciation	(280,622)	(301,867)	(418,567)
Total NonOperating Revenues (Expenses)	<u>13,949,851</u>	<u>6,280,773</u>	<u>6,223,323</u>
Changes in Net Position	<u>25,265,972</u>	<u>1,539,031</u>	<u>(5,286,395)</u>
Cumulative Effect of Change in Accounting Principle Pensions			
	-	(2,461,387)	-
Net Position			
Beginning Balance, July 1	112,406,645	113,329,001	118,615,396
Ending Balance, June 30	<u>\$ 137,672,617</u>	<u>\$ 112,406,645</u>	<u>\$ 113,329,001</u>

## Management's Discussion & Analysis

### Revenues

Total operating revenues were \$773.0 million during 2016, a 26% increase from the \$614.7 million in 2015. The total revenue allocation is shown in the following chart:



Other income includes \$84.3 million the EIA received to assume \$81.2 million in undiscounted claims liabilities (\$34.7 million discounted) in its layer for the 1997 – 2004 claim years.

Membership. There was some movement in membership in most of our programs. Our employee benefits programs continue to add new members and our new Master Rolling Owner Controlled Insurance Program (Wrap-up program for major construction contracts) added several new projects to our pooled program. In addition to cities, counties, and special districts we insure directly, we cover an additional 1,578 members, down slightly from 1,583 in 2015, who are part of other Joint Powers Authorities that participate in our programs.

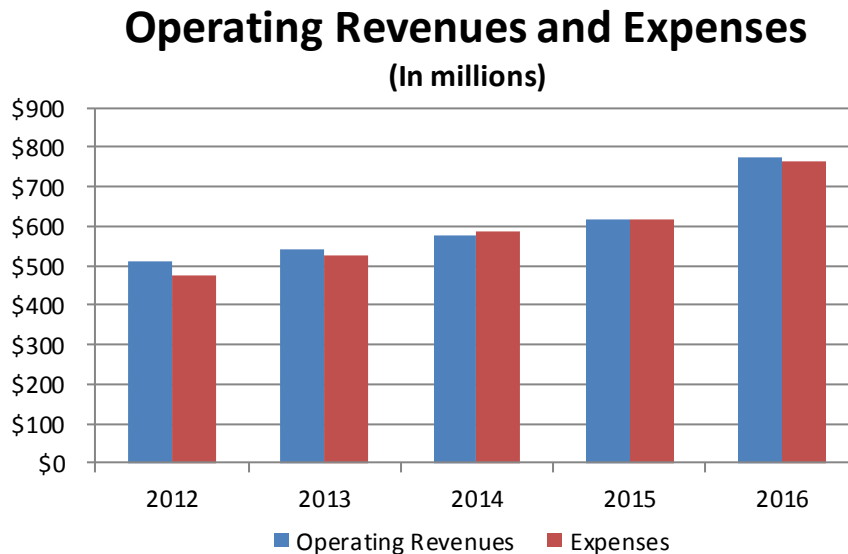
Premiums for Transferred Risk. Premiums for transferred risk increased 11.5% from \$443 million in 2015 to \$494 million in 2016. The insurance premium revenues and expenses are dependent on the cyclical insurance market. The last two years have been challenging due to market hardening in Workers' Compensation and adverse loss development in both our Workers' Compensation and Liability Programs. Our exposure base for Workers' Compensation and General Liability programs is payroll; with the economic recovery, payrolls are growing.

Contributions for Retained Risk. The EIA's contributions for retained risk revenues were \$163 million in 2016, compared to \$143 million last year, an increase of \$20 million. The contributions for retained risk, together with investment earnings, are used to finance the provision for claims.

## Expenses

Total operating expenses increased \$142.3 million in fiscal year 2016 compared to \$34.3 million in fiscal year 2015. Of this increase, \$52 million was attributable to insurance expense and \$78.3 million resulted from an increase in claims expense. The increase in claims expense resulted largely from 1) the claims commutation in the EWC Program, 2) a decrease in the claims discount factors in the EWC and PWC Programs, 3) growth in the programs and 4) increases in the self-funded aggregate layers (in both the workers' compensation and general liability programs).

Operating expense compared to revenue is shown in the following chart:



Significant expense items included:

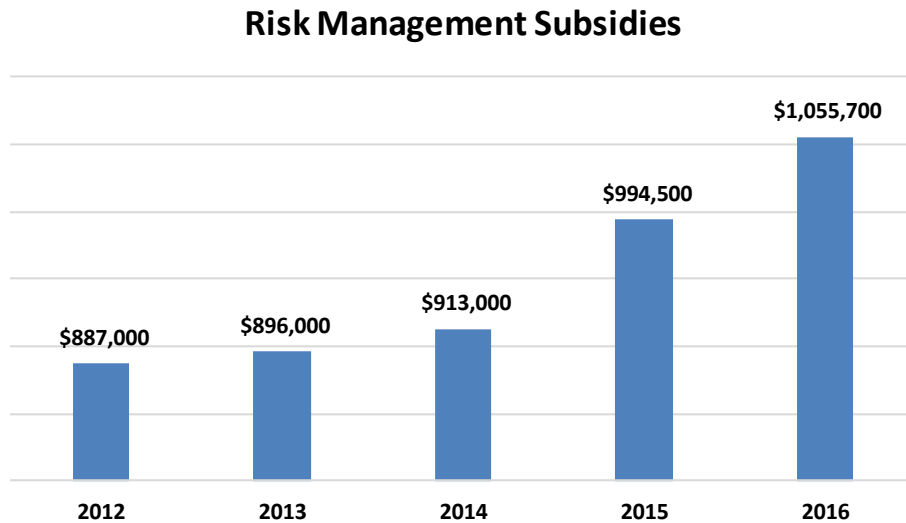
- Member dividends included a \$2.3 million dividend to members of the Primary Workers' Compensation (PWC) Program, \$3 million to General Liability 1 (GL1) Program members and \$250 thousand in no claim bonus payments.
- Insurance expense increased by \$52 million, mirroring the revenue increase in premiums for transferred risk.
- The provision for claims is a management estimate of the cost of pooled, or shared, claims. This estimate is based on a variety of actuarial and statistical techniques considering claims history, claim payment history and frequency, changes in the law, inflation, and other socio-economic factors. Because our claims are discounted to the present value, the effect of changes in the discount rate is included in the provision for claims. The overall provision for claims cost, both prior and current, increased \$78.3 million from \$135.2 million in 2015 to \$213.5 million in 2016.
- Program service expenses were up 14.5% in 2016. Program services include claims administration services, claims audits, actuarial services, legal services, and other expenses necessary for the operation of each program.

## Management's Discussion & Analysis

- Unallocated Loss Adjustment Expense (ULAE) increased by \$7.3 million from 2015 to 2016 largely due to a reduction in the discount factor from 4.0% to 1.5% in the calculation of ULAE for third party administrators in the PWC Program.
- Membership in many EIA programs includes subsidies to enhance member's risk management programs.

The actuarial subsidy is \$2,000, available in many programs. All members of the property and casualty programs are eligible for a risk management subsidy of \$1,000 per program. A total of \$6.7 million of net position is available to members to use for risk management purposes.

The following chart shows the total dollars that were added to member subsidies for the last five years:



The EIA offers a variety of risk management and loss prevention services for our members. The services offered include:

- Direct consultation on loss prevention/risk management, safety and industrial hygiene issues
- Library of video and printed resource materials
- Regional, on-site, on-demand and web based training programs
- Facility & property inspections
- Hazard and exposure assessments with realistic solutions
- Drug and Alcohol Testing Consortium
- Policy/program evaluation and development
- Credential & events management system
- Loss & risk analysis services
- Liability & Employment Law Legal Hotlines
- Resource center

## Management's Discussion & Analysis

- Electronic Pull Notice program (EPN)

We are in the process of re-evaluating and expanding services to members, including a Crisis Incident Management service.

### Capital Assets

In January 2010, the new office facility at 75 Iron Point Circle, Folsom, California was purchased at a cost of \$9.2 million. We have invested in tenant improvements, both for the space occupied by the authority and for the 43% of the building that is leased out. Other investments include scheduled replacements of office equipment and computers, and investments in new technology. We are in the fourth year of implementing a new claims system. This claims system not only replaces our current legacy system, but adds capability to bring in-house our outsourced TPA systems for the PWC Program. We also provide a claims platform for members who want to lease our system. Please refer to footnote 5 (Capital Assets), for more detailed information.

### Economic Factors

The most significant economic factors that will affect the future of the EIA include the legislation that affects changes in coverage, the insurance market, the investment market, and the financial health of our members. California entities are beginning to recover from the recent great recession with increases in sales and property tax revenues, and employment. Our members are also increasing their payrolls. The property market has sufficient capacity for our earthquake and flood risks. There are fewer markets for our workers' compensation and liability programs, but we are still able to insure risks at a competitive cost. Each EIA program committee is carefully monitoring changes to the insurance market, investment market, and their target equity as they make funding decisions at renewal.

### Other Information

In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain *Required Supplementary Information* reconciling EIA claim liabilities and claim development schedules. In addition, supplemental information on the proportionate share of the net pension liability and on pension plan contributions is provided. Required supplementary information can be found beginning on page 79 of this report. The combining and individual program statements for all EIA programs are presented immediately following the required supplementary information beginning on page 94 of this report.

### Conclusion

This financial report is designed to provide a general overview of The EIA's finances for all those with an interest in the EIA's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, 75 Iron Point Circle, Suite 200, Folsom, California 95630.

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	11,277,564	7,344,070
Cash in the EIA Treasury	28,243,566	21,945,146
	39,521,430	29,289,516
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>		
Investments	116,959,134	105,625,984
Due from Members	16,925,542	16,912,663
Investment Income Receivable	1,863,503	1,675,208
Reinsurance Claims and Deposit with Carrier	7,539,466	3,843,793
Other Receivables	189,232	38,877
Prepaid Insurance and Expenses	44,526,910	50,391,303
	227,525,217	207,777,344
<b>TOTAL CURRENT ASSETS</b>		
Noncurrent Assets:		
Investments	454,639,293	380,868,583
Prepaid Insurance	46,914,848	44,672,062
Land and Buildings, Net	7,368,878	7,497,619
Furniture and Equipment, Net	2,210,001	1,546,314
	511,133,020	434,584,578
<b>TOTAL NONCURRENT ASSETS</b>		
<b>TOTAL ASSETS</b>	738,658,237	642,361,922
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Of Resources Related to Pensions	3,329,112	587,253
	3,329,112	587,253
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	5,618,958	5,010,503
Deposits from Insurance Companies	8,426,262	9,949,841
Due to Members	14,457,782	13,767,234
Unearned Income	9,311,098	34,880,527
Claim Liabilities	106,610,685	85,118,784
Compensated Absences	82,086	68,778
<b>TOTAL CURRENT LIABILITIES</b>	<b>144,506,871</b>	<b>148,795,667</b>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Reported	271,159,424	203,532,896
Claims Incurred But Not Reported	132,866,338	132,613,056
Unallocated Loss Adjustment Expense Payable	51,885,228	42,485,111
Compensated Absences	328,343	275,114
Other Post Employment Benefits	99,524	1,043
Net Pension Liability	2,024,929	1,994,562
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>458,363,786</b>	<b>380,901,782</b>
<b>TOTAL LIABILITIES</b>	<b>602,870,657</b>	<b>529,697,449</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources Related to Pensions	1,444,075	845,081
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,444,075</b>	<b>845,081</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	9,578,879	9,043,933
Unrestricted	128,093,738	103,362,712
<b>TOTAL NET POSITION</b>	<b>\$ 137,672,617</b>	<b>\$ 112,406,645</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 493,749,250	\$ 443,008,816
Broker Fees	9,385,697	8,775,741
Contributions for Retained Risk	163,031,197	143,354,781
Dividend Income	232,389	241,593
Member Services	747,513	1,111,493
Administration Fees	18,830,010	16,107,839
Public Entity Fees	655,463	604,556
Other Income	86,410,612	1,454,932
	<b>TOTAL OPERATING REVENUES</b>	<b>614,659,751</b>
<b>OPERATING EXPENSES:</b>		
Member Dividends	5,554,624	4,703,871
Stabilization Funds Distributed	477,716	-
Insurance and Provision for Losses:		
Insurance Expense	496,527,761	444,479,808
Broker Fees	9,125,742	8,559,724
Provision for Claims		
Current Year Claims	126,500,185	107,446,103
Prior Years' Claims	87,023,829	27,778,283
Unallocated Loss Adjustment Expenses	9,400,117	2,119,213
Program Services	13,744,756	12,005,843
Member Services and Subsidies	2,963,429	2,852,087
General Administrative Services	9,574,758	8,870,057
Depreciation and Amortization	670,618	418,273
Building Maintenance	162,475	168,231
	<b>TOTAL OPERATING EXPENSES</b>	<b>619,401,493</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>(4,741,742)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	13,608,000	5,837,596
Financing Fees	442,330	445,491
Lease Income	443,946	423,319
Building Maintenance	(122,569)	(143,307)
Building Depreciation	(158,053)	(158,560)
Investment Expense	(263,803)	(123,766)
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>6,280,773</b>
	<b>CHANGES IN NET POSITION</b>	<b>1,539,031</b>
<b>NET POSITION:</b>		
Net Position, Beginning of Year	112,406,645	113,329,001
Cumulative Effect of Change in Accounting Principle- Pension	-	(2,461,387)
	<b>NET POSITION, END OF YEAR</b>	<b>112,406,645</b>
	<b>\$ 137,672,617</b>	<b>\$ 112,406,645</b>

The notes to the financial statements are an integral part to this statement.



**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 661,756,646	\$ 641,485,735
Receipts from Others	81,764,245	16,454,616
Dividends Paid	(4,714,884)	(6,883,331)
Stabilization Funds Distributed	(477,716)	-
Claims Paid	(124,152,303)	(113,415,292)
Insurance Purchased	(491,028,892)	(448,219,150)
Payments to Suppliers	(31,103,256)	(26,839,578)
Payments to Employees	(9,264,059)	(6,751,471)
	<b>NET CASH PROVIDED (USED)</b>	<b>BY OPERATING ACTIVITIES</b>
	<b>82,779,781</b>	<b>55,831,529</b>
 <b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(1,363,618)	(1,206,318)
	<b>NET CASH PROVIDED (USED) BY CAPITAL</b>	<b>AND RELATED FINANCING ACTIVITIES</b>
	<b>(1,363,618)</b>	<b>(1,206,318)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	443,946	423,319
Operating Lease Disbursements	(122,569)	(143,307)
Purchase of Securities	(375,837,416)	(357,827,226)
Sales of Securities	295,781,642	254,866,831
Cash from Investment Earnings	8,624,200	7,292,061
Cash from Finance Fees	189,751	370,741
Investment Expenses	(263,803)	(123,768)
	<b>NET CASH PROVIDED (USED)</b>	<b>BY INVESTING ACTIVITIES</b>
	<b>(71,184,249)</b>	<b>(95,141,349)</b>
	<b>INCREASE (DECREASE) IN CASH AND</b>	<b>CASH EQUIVALENTS</b>
	<b>10,231,914</b>	<b>(40,516,138)</b>
	<b>CASH &amp; EQUIVALENTS:</b>	<b>BEGINNING OF YEAR</b>
	<b>29,289,516</b>	<b>69,805,654</b>
	<b>END OF YEAR</b>	<b>\$ 29,289,516</b>
	<b>\$ 39,521,430</b>	<b>\$ 29,289,516</b>

The notes to the financial statements are an integral part to this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income/(Loss)	\$ 11,316,121	\$ (4,741,742)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation, net of leased portion	670,618	418,273
Changes in Assets and Liabilities		
Deposits, Accounts and Other Receivables, Net	(6,621,470)	17,838,454
Prepaid Insurance and Expenses	6,384,169	(5,922,072)
Deferred Outflows of Resources	(2,741,859)	(587,253)
Accounts and Other Payables	(126,096)	(69,643)
Unearned Income	(25,563,885)	24,563,905
Claim Liabilities	89,371,711	21,809,094
Unallocated Loss Adjustment Expense Payable	9,400,117	2,119,213
Deferred Inflows of Resources	593,450	845,081
Net Pension Liability	30,367	(466,825)
Other Liabilities	66,538	25,044
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 82,779,781</u>	<u>\$ 55,831,529</u>
 <b>NONCASH INVESTING, CAPITAL &amp; FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 5,048,086</u>	<u>\$ (1,593,339)</u>

The notes to the financial statements are an integral part to this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies

The accounting policies of the CSAC Excess Insurance Authority (the EIA or the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. Organization and Reporting Entity

The Authority is a Joint Powers Authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund insurance programs for member counties and other public entities. The Authority operates public entity risk pools for workers' compensation, employee benefits, comprehensive liability, property, medical malpractice, and pool purchases of excess insurance and services for members.

The Authority is under the control and direction of the Board of Directors (the Board), consisting of representatives of the member counties and other public entities. For purposes of control and daily management, the Authority annually elects an Executive Committee, which consists of a President, Vice President, and nine Directors. The immediate Past President and legal advisor are non-voting (advisory) members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer.

B. Membership

There are two classes of membership; county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently, there are 55 member counties. Each county member is entitled to appoint one representative to the Board. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members.

The following number of members participated in Authority programs, as of June 30, 2016 and 2015:

	2016	2015
Primary Workers' Compensation	38	38
Excess Workers' Compensation	167	166
Primary General Liability	23	23
General Liability 1	117	104
General Liability 2	12	11
Property	96	85
Medical Malpractice	49	49
Master Rolling Owner Controlled Insurance	8	3
EIAHealth	28	25
Dental	145	142

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments, if it is determined that contributions are insufficient. The pool considers anticipated investment income in determining if a premium deficiency exists.

If a program has sufficient net position available, a dividend may be declared. Each member shall be eligible for a portion of the dividend, as determined by the Board or governing committee.

Members may withdraw from the Authority only at the end of a policy period and only if a 60 day written notice is given. The Authority may cancel a membership at any time, upon two-thirds vote of the Board and with 60 days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods in which they have participated. Withdrawn or cancelled members are generally not eligible for future dividends, based on the conditions set forth in the Joint Powers Agreement.

C. Significant Accounting Policies

Basis of Presentation and Accounting

The accounts of the Authority are organized on the basis of governmental fund accounting. The Authority operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges. The Authority's operations consist of ten insurance programs, a miscellaneous program, a general administration program and a building program for the office facility it owns. Each program has established its own chart of accounts for its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, the Authority follows the accounting standard hierarchy established by the GASB. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. Net operating income includes the cost of providing risk financing and related services, and the expenses related to providing those services. Net nonoperating income includes investment income, rental income, and the related expenses. Major revenue accrual entries include member premium receivable and investment income receivable in the EIA Treasury. Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

For the year ended June 30, 2016, the Authority implemented GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, with required implementation for the Authority during the year ended June 30, 2016. The primary objective of the Statement is to enhance comparability between government financial statements and provide more detailed information to financial statement users about fair value and measurement techniques. Note 3 includes certain disclosures required under GASB 72 as of June 30, 2016 and 2015.

For the year ended June 30, 2015, the Authority implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71) *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, with required implementation for the Authority during the year ended June 30, 2015. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statements identify the methods and assumptions that should be used to project the benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 7 explains the effect of the GASB implementation.

Since GASB 68 requires retroactive application, the net pension liability offset by the related deferred outflow of resources as of June 30, 2014 reduces the beginning net position as of June 30, 2015. As a result, for the year ended June 30, 2015, the beginning net position decreased by \$2,461,387 as the cumulative effect of change in accounting principles.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to classifications used in the current year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash in banks and deposits in the State of California Local Agency Investment Fund to be cash equivalents.

Investments

Investments are recorded in the EIA Treasury (Note 3) at fair value. Investment income is recorded as earned.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2016 and June 30, 2015 balances in the other receivable accounts are considered 100% collectible.

Prepaid Expenses

Payments for insurance and other services that extend to future accounting periods have been recorded as prepaid expenses.

Capital Assets

Capital assets include building, furniture, equipment, software, and tenant improvements with an individual cost of \$5,000 or more. Capital assets are recorded at cost. Expenses for maintenance and repairs are reflected in current earnings as incurred. Upon sale or retirement of an asset, its cost and related accumulated depreciation are removed from the account balances and charged to current earnings.

Depreciation for office furniture, equipment, and software is computed using the straight-line method and an estimated useful life of three to seven years. Depreciation for the office building and tenant improvements is computed using the straight-line method, either over the lease term or the useful life of the component units, as appropriate, with the period ranging from three to sixty years.

Unearned Income

Unearned income includes payments from members or others for future services received, but not earned until a subsequent accounting period.

Unallocated Loss Adjustment Expenses Payable

Unallocated loss adjustment expenses (ULAE), include costs that cannot be specifically associated with particular claims, but are related to claims paid or the process of claim settlement and claims administration services. These costs include the cost of third party administrators in the Primary Workers' Compensation Program and Medical Malpractice programs to pay claim benefits and manage the claim until it is closed. Costs also include the cost of Authority staff to pay claims and seek recovery from reinsurance carriers. Since the workers' compensation programs have claims that may stay open for benefits until the death of the claimant, the associated ULAE is a significant liability.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Unallocated Loss Adjustment Expenses Payable (continued)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Primary Workers' Compensation	\$ 36,113,912	\$ 27,902,817
Excess Workers' Compensation	11,545,531	10,600,812
Primary General Liability	140,743	116,323
General Liability 1	1,552,984	1,543,491
General Liability 2	641,825	491,390
Property	116,338	127,240
Medical Malpractice	1,773,895	1,703,038
Totals	<u>\$ 51,885,228</u>	<u>\$ 42,485,111</u>

Compensated Absences

The Authority's vacation policy provides for a limited accumulation of earned vacation leave, with such leave being fully vested when earned. A liability of \$410,429 for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

At June 30, 2016, the current portion of the liability is \$82,086 and the balance of \$328,343 is considered long-term.

	Fiscal Year Ended	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Beginning Balance	\$ 343,892	\$ 318,848
Increases	329,767	316,095
Decreases	(263,230)	(291,051)
Ending Balance	<u>\$ 410,429</u>	<u>\$ 343,892</u>
Current Portion	<u>\$ 82,086</u>	<u>\$ 68,778</u>
Long Term Portion	<u>\$ 328,343</u>	<u>\$ 275,114</u>

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave, accumulated at the time of retirement, may be used in the determination of length of service for retirement benefit purposes. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Deferred Outflows/Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the Authority's pension plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the Authority's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, difference between projected and actual investment earnings, changes in proportion, and differences between the Authority's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's portion of the CalPERS Miscellaneous plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Classification of Revenues

The Authority has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, administration fees, and public entity fees.
- Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

Premiums for Transferred Risk and Contributions for Retained Risk

EIA programs blend the purchase of insurance with risk sharing pools. Premiums for transferred risk are resources collected to purchase commercial insurance. Contributions for retained risk are collected to fund our risk sharing pools and share in the cost of claims.



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Both premiums for transferred risk and contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. Workers' compensation program contributions are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

Provision for Claims

The Authority's programs include both arrangements in which the members combine resources to purchase commercial insurance products and risk sharing pools, where members pool risks and funds and share in the cost of losses. Some programs include elements of both; losses up to a certain amount are pooled, and the Authority purchases excess or reinsurance for losses not covered in the pooled layer. The provision for claims expense represents the pools' expense for claim costs.

Excess Insurance and Reinsurance

The Authority uses excess insurance and reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance covers claims in excess of each pool's retention layer. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risk reinsured. The Authority does not report reinsured risk as a liability, unless it is probable that those risks will not be recovered from reinsurance.

Services

Services donated by many officers, directors, and committee members are important to the activities of the Authority. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

Income Taxes

The Authority is a government entity exempt under Internal Revenue Code Section 115, and is not liable for federal or state income taxes. The Authority is liable for certain payroll taxes.

Management 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 that affect the reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

Net Position

Net Position represents the net investment in capital assets of \$9,578,879, net of accumulated depreciation, and unrestricted net position of \$128,093,738 as of June 30, 2016, for a total of \$137,672,617. The net position as of June 30, 2015, was \$112,406,645. The unrestricted net position balances are available for future operations or distribution.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

2. Cash

A. Cash and Cash Equivalents

Cash and cash equivalents, as of June 30, 2016 and 2015 are reported at fair value and consist of the following:

	June 30, 2016	June 30, 2015
Petty Cash	\$ 300	\$ 300
Cash in Banks		
Primary Workers' Compensation	5,582,003	6,631,920
Primary General Liability	597,240	626,182
General Administration	5,000,000	0
Iron Point	98,321	85,968
	<u>11,277,864</u>	<u>7,344,370</u>
Cash in EIA Treasury		
Cash in Bank, General Checking	4,278,223	8,545,598
Treasury Money Market	8,266,579	2,408,206
State of California,		
Local Agency Investment Fund	15,698,764	10,991,342
Total Cash in EIA Treasury	<u>28,243,566</u>	<u>21,945,146</u>
Total Cash and Cash Equivalents	<u>\$ 39,521,430</u>	<u>\$ 29,289,516</u>

B. Custodial Credit Risk

The carrying amount of the Authority's total cash in banks was \$15,555,788 at June 30, 2016, and \$15,889,668 at June 30, 2015. The bank balance was \$22,112,682 at June 30, 2016 and \$21,492,606 at June 30, 2015, and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2016, \$21,612,682 is in excess of FDIC insured amounts. California law requires depository banks to hold collateral equal to 110% of government funds on deposit. Our investment policy does not address custodial credit risk.

C. Authority Treasury

The Authority pools cash resources of its various programs in order to facilitate the management of cash. Cash available to a particular program is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities, as part of the Authority's investments.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

2. Cash (continued)

Authority treasury accounts were comprised of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Cash In Banks	\$ 12,544,802	\$ 10,953,804
Cash in State of California		
Local Agency Investment Fund	15,698,764	10,991,342
Investments	571,598,427	486,494,567
Investment Income Receivable	1,863,503	1,675,208
Total Treasury Assets	<u>\$ 601,705,496</u>	<u>\$ 510,114,921</u>

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Primary Workers' Compensation	71,854,346	\$ 67,142,773
Excess Workers' Compensation	396,498,157	312,996,165
Primary General Liability	1,328,399	1,577,772
General Liability 1	143,199,299	138,326,421
General Liability 2	9,110,568	8,988,754
Property	(85,429,446)	(83,140,054)
Medical Malpractice	35,369,334	30,388,822
Master Rolling Owner Controlled Ins Program	91,294	60,709
EIAHealth	10,809,804	10,127,774
Dental	18,007,193	17,159,416
Miscellaneous Programs	2,080,047	3,535,008
General Administration	5,340,327	9,887,637
Building Fund	(6,553,826)	(6,936,276)
Total Treasury Balances	<u>\$ 601,705,496</u>	<u>\$ 510,114,921</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

3. Investments

The Authority's investment policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. An appropriate level of risk shall be maintained by purchasing securities that are liquid, marketable, and high quality. Adequate diversification shall be applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are issues of the United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, and FHLMC), local government investment pools, municipal bonds including those issued by the State of California, bankers' acceptances, commercial paper, asset-backed and mortgage-backed securities, supranational, money market mutual funds and medium-term corporate notes. While not as liquid or marketable as prior mentioned securities, repurchase agreements and time certificates of deposit are also allowable investments. The Authority may also deposit investment funds with the State of California Local Agency Investment Fund.

The Authority's investment policy places limits on the purchase of various categories of investments as follows:

Category	Standard
Treasury Issues	No limitations
U.S. Agencies	25% max issuer
U.S. Corporate (MTNs)	"A" or higher by at least 1 NRSRO; 30% maximum; 5% max issuer; Issuer is a corporation organized and operating within the U.S. or by depository institutions licensed by U.S.
Municipal Securities	"A" or higher by at least 1 NRSRO; 30% maximum; 10% maximum for CA State issued munis; 5% max issuer for all others
Banker's Acceptances	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 40% maximum; 5% max issuer; 180 days max maturity
Certificate of Deposit (CDs)/ Time Deposit (TDs)	20% maximum; 5% max issuer; FDIC insured; Fully collateralized
Negotiable CDs	"A-1" or higher short term rating by at least 1 NRSRO; "A" or higher long term rating by at least 1 NRSRO; 30% maximum; 5% max issuer
Commercial Paper	"A-1" or higher by at least 1 NRSRO; "A" or higher by at least 1 NRSRO, if long term debt issued; 25% maximum; 5% max issuer; 270 days max maturity
Asset Backed/ Mortgage Backed/ CMOs	"AA" or higher rating by a NRSRO; "A" or higher issuer rating by a NRSRO, if long term debt issued; 20% maximum; 5% max issuer
Money Market Fund	Highest rating by 2 NRSROs; 20% maximum; 10% per fund
Supranationals	"AA" or higher by a NRSRO; 30% maximum; 10% max issuer; Includes: IBRD, IFC, and IADB
Repurchase Agreements	102% colateralization; Not used by investment adviser
LAIF	Authority may invest up to the maximum permitted by LAIF; Not used by IA
Max Callable Securities	30% of the portfolio (does not include make whole securities)
Max Per Issuer	5% of portfolio (except U.S. government, Agencies/ GSEs, Money Market Fund, LGIP)
Maximum Maturity	5 years maximum maturity

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

3. Investments (continued)

A. Investment Credit Risk

The Authority's investments at June 30, 2016 and 2015 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2016		June 30, 2015	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 188,341,405	33%	\$ 165,145,735	34%
U.S. Agencies	AA+ to A-1+	154,625,201	27%	115,166,682	24%
Asset Backed Securities	AAA	28,145,306	5%	18,508,049	4%
Asset Backed Securities	NR*	10,607,051	2%	1,861,352	<1%
Corporate Notes	AAA to A+	94,092,657	17%	117,556,173	24%
Corporate Notes	A to A-	34,466,371	6%	18,625,694	4%
Supranationals	AAA to A-1+	8,512,061	1%	-	0%
Calif. General Obligation Bonds	AA- to A+	34,071,242	6%	38,632,572	8%
Commercial Paper	A-1+ to A-1	18,737,133	3%	10,998,310	2%
<b>Total Investments</b>		<b>\$ 571,598,427</b>	<b>100%</b>	<b>\$ 486,494,567</b>	<b>100%</b>

NR\* - Not rated by Standard & Poor's. However, rated Aaa by Moody's.

B. Investment Interest Rate Risk

The Authority's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to five years maturity, or less. Investments maturing over five years must be approved by the Authority's Finance Committee.

Maturities of investments held at June 30, 2016 consist of the following:

	Fair Value	Investment Maturities		Time to Maturity
		Less than 1 Year	One to Five Years	
U.S. Agencies	\$ 154,625,202	\$ 27,471,853	\$ 127,153,349	2.96
Asset Backed Securities	38,752,356	-	38,752,356	2.72
Corporate Mid Term Notes	128,559,028	24,905,766	103,653,262	2.53
Municipal Bonds	34,071,242	-	34,071,242	2.39
Supranationals	8,512,061	3,499,211	5,012,850	0.66
Commercial Paper	18,737,133	18,737,133	-	0.37
U.S. Treasuries	188,341,405	42,345,171	145,996,234	2.57
<b>Totals</b>	<b>\$ 571,598,427</b>	<b>\$ 116,959,134</b>	<b>\$ 454,639,293</b>	<b>2.57</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

3. Investments (continued)

B. Investment Interest Rate Risk (continued)

The Authority recognizes all investments at fair value in accordance with GASB Statement 31 and GASB Statement 72. Fair value equals estimated market values obtained from the Interactive Data Corporation (IDC) pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods. Investment income includes \$5,048,086 of unrealized gain for the year ended June 30, 2016. In the year ended June 30, 2015, (\$1,593,339) of unrealized loss was recognized.

The calculation of unrealized gains and losses are shown in the following tables:

	June 30, 2016	June 30, 2015
Fair Value at June 30,	\$ 571,598,427	\$ 486,494,567
Add: Proceeds of Investments Disposed Of	295,781,642	254,866,831
Less: Cost of Investments Purchased	(375,837,416)	(357,827,226)
Less Fair Value at July 1	(486,494,567)	(385,127,511)
Change in Fair Value	\$ 5,048,086	\$ (1,593,339)

	Beginning Fair Value At			Subtotal	Ending Fair Value At		Change in Fair Value
	July 1, 2015	Purchases	Dispositions		June 30, 2016	June 30, 2015	
U.S. Agencies	\$ 115,166,682	\$ 141,546,675	\$ 103,601,066	\$ 153,112,291	\$ 154,625,202	\$ 1,512,911	
Asset Based							
Securities	20,369,401	23,823,747	5,565,706	38,627,442	38,752,356	124,914	
Corporate Notes	136,181,867	53,697,039	62,500,089	127,378,817	128,559,028	1,180,211	
Municipal Bonds	38,632,572	-	5,000,000	33,632,572	34,071,242	438,670	
Commercial Paper	10,998,310	52,684,887	44,941,743	18,741,454	18,737,133	(4,321)	
Supranationals	-	9,519,750	1,000,000	8,519,750	8,512,061	(7,690)	
U.S. Treasuries	165,145,735	94,565,318	73,173,038	186,538,015	188,341,405	1,803,390	
Totals	\$ 486,494,567	\$ 375,837,416	\$ 295,781,642	\$ 566,550,341	\$ 571,598,427	\$ 5,048,086	

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

3. Investments (continued)

C. Concentration of Credit Risk

The Authority's investment policy places limits on the amount that may be invested in any one issuer. The limits are applied at the time the investment decision is made. These limits are summarized as follows:

	Limit per Institution	Limit per type of Investment
Treasury Notes and Bills	100%	100%
U.S. Agencies	25%	100%
Asset Backed Securities	5%	20%
Commercial Paper	5%	25%
Bankers' Acceptances	5%	40%
Corporate Mid Term Notes	5%	30%
Time Certificates of Deposit	5%	20%
Municipal Bonds	varies by state	30%
Repurchase Agreements	100%	100% (A)

(A) Repurchase Agreements must be collateralized with securities authorized by California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. Maximum maturity may not exceed one year.

Investments with one institution that represent 5% or more of the total investment portfolio are listed below. Investments issued or explicitly guaranteed by the U.S. government and investments with the State of California's Local Agency Investment Fund (LAIF) have been excluded.

<u>Issuer</u>	<u>Number of Securities</u>	<u>Fair Value</u>	<u>Percentage of Total Portfolio</u>
Federal National Mortgage Assn	7	\$ 78,274,901	13.7%
Federal Home Loan Bank	6	\$ 45,753,719	8.0%
California ST	2	\$ 34,071,242	6.0%
Federal Home Loan Mortgage Corp	3	\$ 30,596,582	5.4%

D. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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3. Investments (continued)

D. Fair Value Measurements (continued)

- Level 2 Inputs to the valuation methodology include inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

- U. S. Agency Bonds, U.S. Treasury Notes, Asset Backed Securities, Corporate Mid Term Notes, Municipal Bonds, Supranationals, and Commercial Paper are valued using Level 2 inputs.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2016.

Investment type	Assets at Fair Value as of June 30, 2016		
	Level 1	Level 2	Level 3
U.S. Agencies	-	\$ 154,625,202	-
Asset Backed Securities	-	38,752,356	-
Corporate Mid Term Notes	-	128,559,028	-
Municipal Bonds	-	34,071,242	-
Supranationals	-	8,512,061	-
Commercial Paper	-	18,737,133	-
U.S. Treasuries	-	188,341,405	-
Total	\$ -	\$ 571,598,427	\$ -

The following tables sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2015.

Investment type	Assets at Fair Value as of June 30, 2015		
	Level 1	Level 2	Level 3
U.S. Agencies	-	\$ 115,166,682	-
Asset Backed Securities	-	20,369,401	-
Corporate Mid Term Notes	-	136,181,867	-
Municipal Bonds	-	38,632,572	-
Supranationals	-	-	-
Commercial Paper	-	10,998,310	-
U.S. Treasuries	-	165,145,735	-
Total	\$ -	\$ 486,494,567	\$ -



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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3. Investments (continued)

E. California's Local Agency Investment Fund (LAIF)

The Authority may also invest in the State of California's LAIF, administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, bankers acceptances, negotiable certificates of deposit, supranational debentures, and loans to various bond funds. 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, California 95814.

The total carrying cost of LAIF's pooled money investment account at June 30, 2016, is \$75,395,751,048. The fair value is estimated at \$75,442,588,513 or 1.000621222% of cost. The average maturity of LAIF investments is 167 days at June 30, 2016.

The Authority's balance in LAIF at June 30, 2016, was \$15,698,764 and is recognized at LAIF's cost. LAIF's cost approximates the fair value of the Authority's shares. The Authority's balance in LAIF at June 30, 2015, was \$10,991,342, and was also valued at LAIF's cost. LAIF is not rated by the investment rating firms.

4. Claim Liabilities

The Authority establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claim cost depends on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The governing committees have elected to establish claim liabilities in some programs at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2016 of \$719,059,799, have been presented at the net present value of \$562,521,675. At June 30, 2015, claim liabilities of \$578,690,498 are presented at their present value of \$463,749,847, discounted based on the estimated investment income yield.

Annually, the Board and committees evaluate the discount rate to be used for pool funding and for the actuarial valuation of claim liabilities. This is of particular importance for the Excess Workers' Compensation Program, the General Liability 1 Program and the Medical Malpractice Programs, because claim liabilities are paid off over a longer period of time. The rates in each program will vary because of the claims payout pattern.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

4. Claim Liabilities (continued)

The Excess Workers' Compensation Program has an extremely long payout period due to the nature of the claims. This is an "excess" program, meaning coverage sits on top of a member's self-insured retention, which can vary from \$125 thousand up to \$5 million. Much of the liability arises as a result of a future medical award, or disability award, that extends for the life of the injured worker, who may collect benefits for over 30 years. The total funds available to pay those claims earn interest for years, and because of the size of the program, a change in the discount rate results in a change in the liability of millions. The following chart shows the sensitivity of claim liabilities to the discount rate selected and the resulting effect on net position.

Discount Effect on Claim Liabilities in the EWC Program			
Discount Rate Selected	3.00%	2.00%	1.00%
Claim Liabilities	362,055,168	398,267,544	443,116,407
Net Position Balance	26,786,570	(9,425,806)	(54,274,669)

In the Primary Workers' Compensation Program, we only retain the first \$10 thousand of liability for the years 2009/10 forward. Since this is paid relatively quickly, the claims for these years are not discounted. Claim liabilities that are for years 2003/04 and prior, are discounted at 1.5%, because we have an aggregate stop loss policy covering these years and we do not expect to exceed the stop loss coverage until possibly 2023. Then we expect to pay off our liability over the next 25 years. The claims for the period 2004/05 to 2008/09 are fully insured.

The discount rate for each program is as follows:

<u>Program</u>	<u>Discount rate</u>
Primary Workers' Compensation	0% 2009/10 forward
Primary Workers' Compensation	1.5% 2003/04 and prior
Excess Workers' Compensation	3.00%
General Liability 1	1.75%
General Liability 2	no discount
Property	no discount
Medical Malpractice	1.75%
Dental	no discount

A summary of the claim liabilities by program is as follows:

	June 30, 2016	June 30, 2015
Primary Workers' Compensation	\$ 53,681,505	\$ 48,575,955
Excess Workers' Compensation	362,055,168	279,263,795
Primary General Liability	257,598	197,720
General Liability 1	104,501,966	99,142,755
General Liability 2	11,466,825	8,443,479
Property	362,062	3,842,249
Medical Malpractice	27,773,445	22,913,605
Dental	2,423,106	1,370,289
Total Claim Liabilities	\$ 562,521,675	\$ 463,749,847

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

4. Claim Liabilities (continued)

The following represents changes in those aggregate liabilities for the Authority for the past two years:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 463,749,847	\$ 439,821,540
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	135,900,302	109,565,316
Increase in Provision for Retained Risk, prior fiscal yrs	<u>87,023,829</u>	<u>27,778,283</u>
Total incurred claims & claim adjustment expenses	<u>222,924,131</u>	<u>137,343,599</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	32,945,206	32,586,549
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>91,207,097</u>	<u>80,828,743</u>
Total Payments	<u>124,152,303</u>	<u>113,415,292</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$ 562,521,675</u>	<u>\$ 463,749,847</u>
Reported Claims	\$ 377,770,109	\$ 288,651,680
Incurred But Not Reported Claims	132,866,338	132,613,056
Unallocated Loss Adjustment Expenses	<u>51,885,228</u>	<u>42,485,111</u>
Total Claim Liabilities	<u>\$ 562,521,675</u>	<u>\$ 463,749,847</u>
Current Claim Liabilities	\$ 106,610,685	\$ 85,118,784
Non-current Claim Liabilities	<u>455,910,990</u>	<u>378,631,063</u>
Total Claim Liabilities	<u>\$ 562,521,675</u>	<u>\$ 463,749,847</u>

A. Primary Workers' Compensation

The Primary Workers' Compensation (PWC) Program was established on July 1, 1997. The PWC Program is a full service program including claims administration. The Program blends pooling of workers' compensation claims with purchasing of insurance. The Program covers workers' compensation claims up to \$125 thousand, per occurrence. Claims in excess of \$125 thousand are the responsibility of the Authority's Excess Workers' Compensation Program.

The PWC Program has an aggregate stop loss policy in place with Munich Re Insurance Company for the years 1997 to 2004, as well as portfolio transfers that took place for claims prior to July 1, 1997. Workers' compensation portfolio claims incurred by the Santa Cruz County Fire Agencies Insurance Group prior to June 30, 2002, are not covered by any reinsured aggregate stop loss. The estimated ultimate claim cost has exceeded the aggregate stop loss limit. The discounted liability, above the aggregate stop loss limit, is \$6,837,495.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continued)

In March 2010, the Authority completed a Loss Portfolio Transfer to ACE Insurance Company of the claim liabilities for the July 2004 through June 2009 years. The Authority will continue to administer the claims and is responsible for the Unallocated Loss Adjustment Expense on a go forward basis for those claim years, but ACE is responsible for all claim payments.

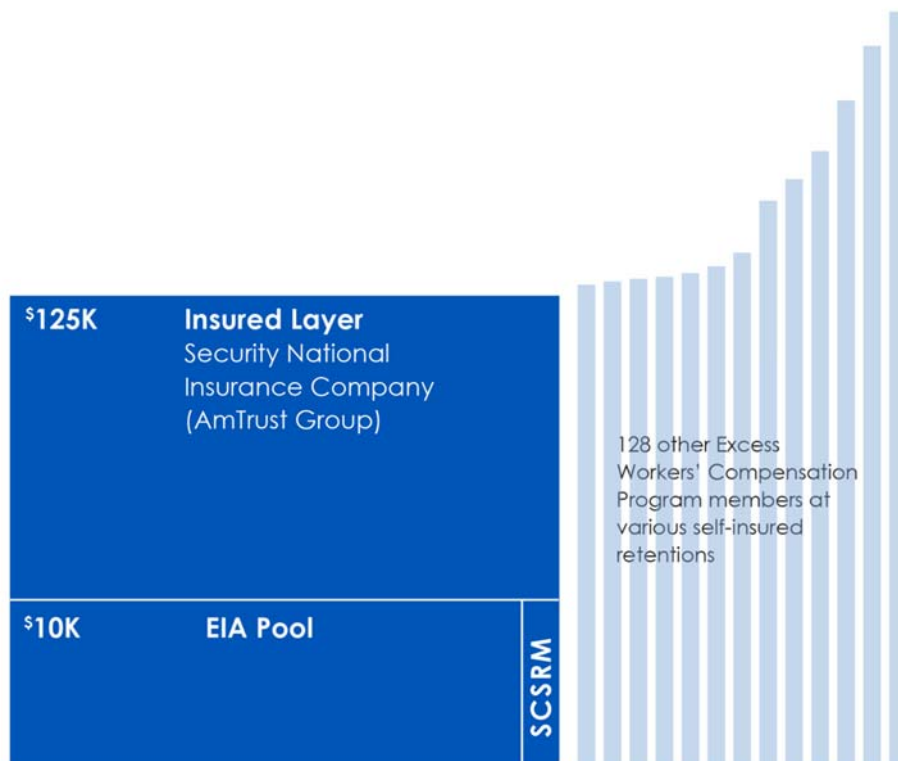
For the 2009/10 through 2015/16 policy years, the Authority purchased insurance for claim liabilities in excess of \$10 thousand (per claim) up to \$125 thousand. For the 2009/10 through the 2011/12 years the coverage was with CastlePoint National Insurance Company which has been placed in conservatorship. Any amounts not covered by CastlePoint will be covered by the California Insurance Guaranty Association (CIGA).

The program has a liability for Unallocated Loss Adjustment Expense (ULAE) of \$36,113,912 for total claim and ULAE liabilities of \$53,681,505.

The chart below shows the current structure of the Program.

**Primary Workers' Compensation**

Statutory — Excess Workers' Compensation Program



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

B. Excess Workers' Compensation

The Excess Workers' Compensation (EWC) Program was first established by the EIA in 1979. In recent years, the Authority had retained responsibility for the payment of workers' compensation claims in excess of each member's self-insured retention (SIR) up to \$5 million. On July 1, 2008, the structure of the Program changed with the EIA ceding 70% of the liability for the layer from the member's SIR to \$1 million to American Safety Casualty Insurance Company, with the EIA retaining 30% of that layer. Beginning July 1, 2010, the EIA began ceding 80% of the liability to CastlePoint National Insurance Company, with the EIA retaining 20%. In August 2016, the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship and will start the liquidation process. The California Insurance Guarantee Association (CIGA) will pay up to \$500,000 on each claim. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA to be \$2 million, and after application of the 3% discount factor, \$1,456,000 was included in the June 30, 2016 claim liabilities.

Members' SIRs vary between \$125 thousand and \$5 million and are approved by the Underwriting Committee. The Authority's coverage responsibility has varied from 1979 to present, as follows:

November 1, 1979 to October 5, 1993	SIR to \$500k
October 6, 1993 to January 1, 1995	SIR to \$750k
January 1, 1995 to June 30, 2002	SIR to \$300k
July 1, 2002 to June 30, 2008	SIR to \$5M
July 1, 2008 to June 30, 2010	SIR to \$1M - 30%-EIA; 70% - American Safety Casualty Insurance Company
July 1, 2010 to June 30, 2012	SIR to \$1M - 20%-EIA; 80% - CastlePoint National Insurance Company
July 1, 2008 to June 30, 2011	100% from \$1M to \$5M above the SIR
July 1, 2011 to June 30, 2012	\$3.5M Aggregate deductible in the \$1M to \$5M layer
July 1, 2012 to June 30, 2013	\$23.8M aggregate deductible in the SIR to \$1M layer and \$4.1M aggregate deductible in the \$1M to \$5M layer
July 1, 2013 to June 30, 2014	\$19.9M aggregate deductible in the SIR to \$5M layer
July 1, 2014 to June 30, 2015	Core Tower - \$23.5M aggregate deductible in the SIR to \$5M layer. Educational Tower effective 1/1/15 - \$8.6M aggregate corridor deductible.
July 1, 2015 to June 30, 2016	Core Tower - \$24.9M aggregate deductible in the SIR to \$5M layer. Educational Tower \$6.1M aggregate corridor

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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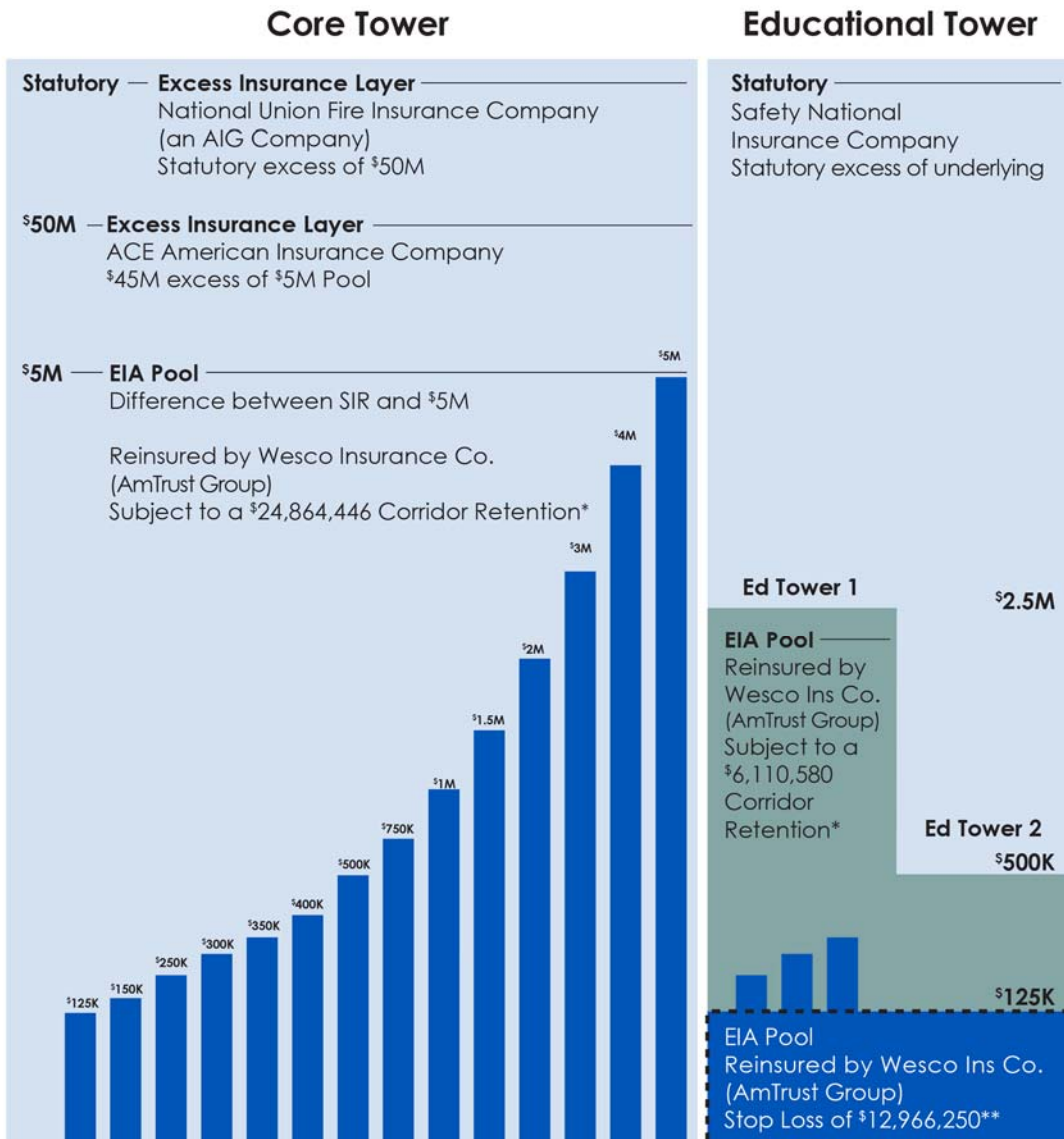
4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The Board has established the target equity (net position) range for the Program, between \$30 million and \$75 million. To support that goal, the Underwriting Committee has made the following recommendations, which were adopted by the Board, to address the risk of adverse loss development. Starting in 2008/09 and continuing to 2015/16, the EIA has purchased insurance to reduce our pool exposure in the SIR to \$5 million layer. This transfer of risk significantly reduces the effect of adverse loss development in this insured layer. In addition, the confidence level (the percent at which future claims are funded) is higher than the expected level, and the pool layer premium has been calculated without regard to any savings from insuring the layer.

The chart below shows the current structure of the Program.

Excess Workers' Compensation



\*The Corridor Retentions will be adjusted at the end of the year

\*\*Actual coverage written on an 18 - month period. 1/1/15 - 6/30/16

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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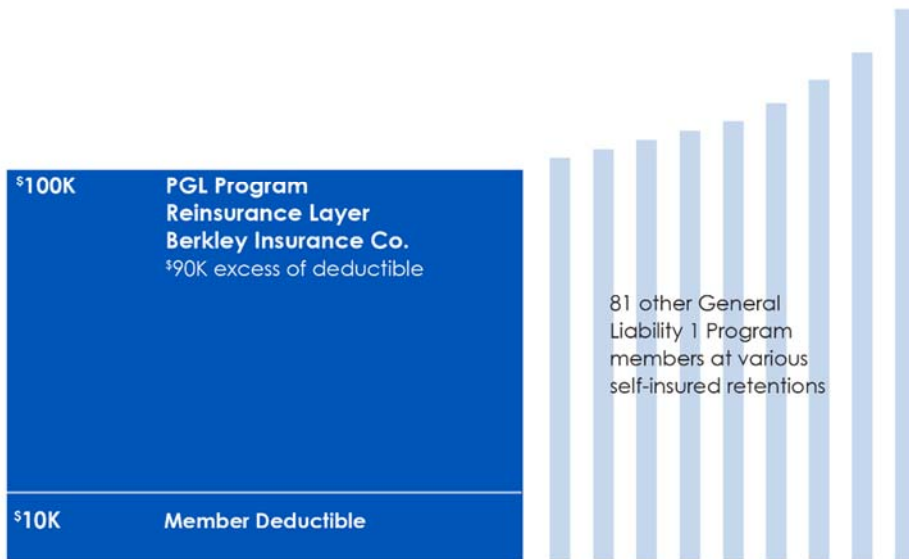
4. Claim Liabilities (continued)

C. Primary General Liability

The Primary General Liability (PGL) Program was established in 1998. Each member of the PGL Program has a \$10 thousand deductible, per claim. Claim costs above the \$10 thousand deductible, and below the \$100 thousand limit, are the responsibility of the Authority's PGL Program. Coverage in the primary layer is written to follow the form of the General Liability 1 Program. Claims are not discounted. The chart below shows the current structure of the Program.

Primary General Liability

\$25M — General Liability 1 Program



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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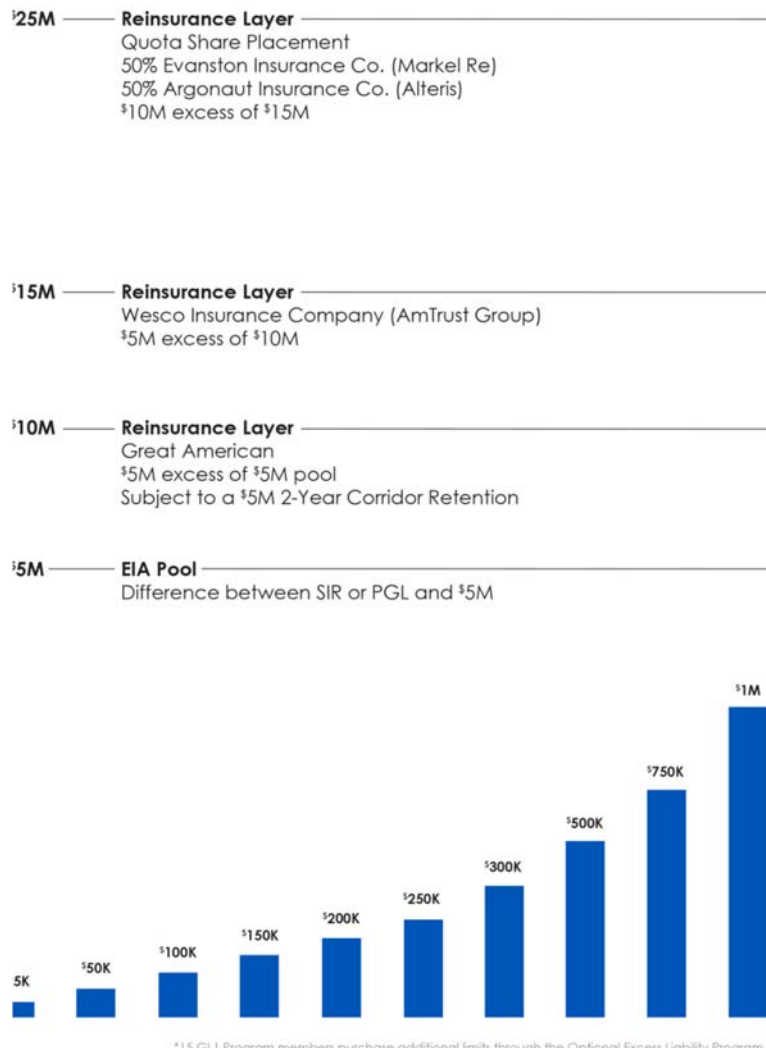
4. Claim Liabilities (continued)

D. General Liability 1

The Authority's General Liability 1 (GL1) Program began pooling risk on July 1, 1985. The GL1 Program combines risk retention, risk pooling and the purchase of excess reinsurance. Each member maintains an SIR between \$25 thousand and \$1 million. In the 2014/15 and 2015/16 fiscal years, the pool retained the responsibility for claims in excess of each member's SIR up to \$5 million and purchased reinsurance from \$5 million up to \$25 million. In addition, in the first reinsurance layer (from \$5 million to \$10 million), the Program is responsible for the first \$5 million in claims (should they occur) over the 2-year period encompassing the 2015/16 and 2016/17 fiscal years. Claim liabilities are recognized based on the actuarial estimate of the expected ultimate claim cost, discounted at 1.75%. Reinsurance has been purchased for claims in excess of the pool limits. Additional coverage can be added by purchasing optional excess liability insurance, which is available as part of the Miscellaneous Liability Programs.

The chart below shows the current structure of the Program.

**General Liability 1**





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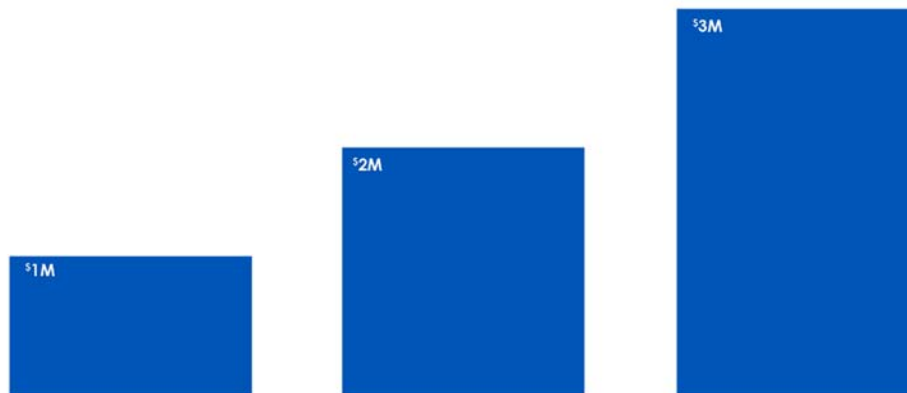
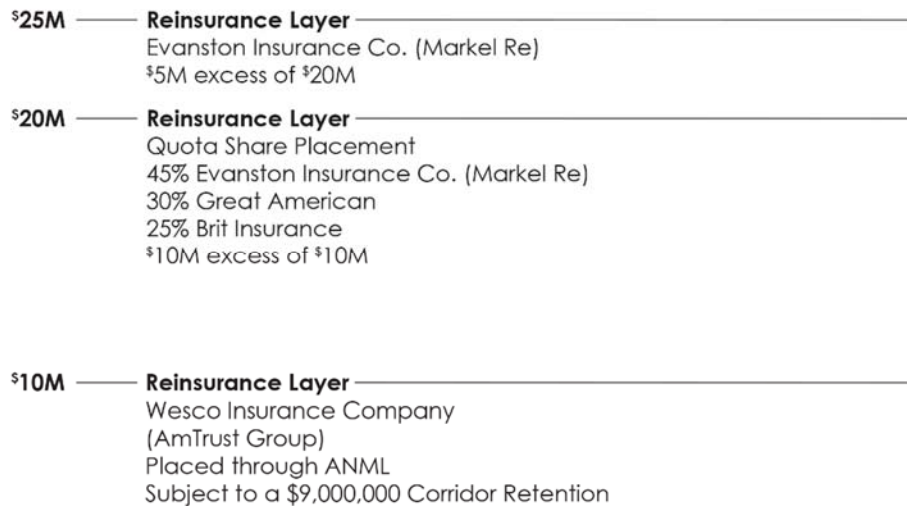
4. Claim Liabilities (continued)

E. General Liability 2

The General Liability 2 (GL2) Program was designed to meet the liability insurance needs of the larger members. The Program began February 15, 1991. Each member is responsible for their SIR ranging from \$1 million to \$3 million. The 2013/14 policy year was written on a fully insured basis. The structure changed in the 2014/15 year to add a pool funded corridor retention, which was \$9 million for the 2015/16 year and \$7 million for the 2014/15 year.

The chart below shows the current structure of the Program.

General Liability 2



\*8 GL2 Program members purchase additional limits through the Optional Excess Liability Program

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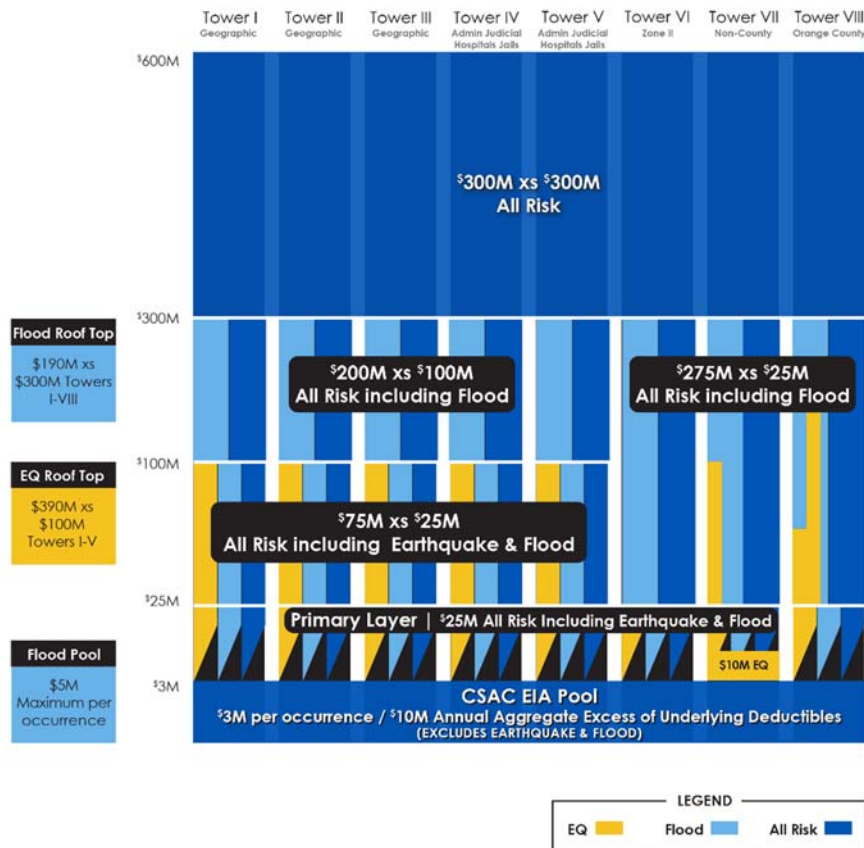
4. Claim Liabilities (continued)

F. Property

The Authority's Property Program was established to allow members to group purchase primary and excess property insurance. The coverage provides all risk, flood, boiler and machinery and earthquake limits. Members are responsible for deductibles ranging from \$5 thousand to \$100 thousand. There are other unique deductible requirements for specific types of claims. In 2016/17 the earthquake deductible was bought down to 2% of the insured value, with a deductible cap of \$100 million. The pool assumes the risk for the difference between the members' deductible and the insurance deductible. Optional coverage is available for contractor's equipment, auto physical damage, and fine arts.

The primary portion of the Property Program requires a three-year pre-payment of the premium. Members are billed each July for the coverage period April 1<sup>st</sup> to March 31<sup>st</sup>. The primary insurance policy has pool limits of \$3 million per claim and \$10 million aggregate. Beginning in 2014, we partially funded an additional \$5 million catastrophic flood pool. In the 2016/17 year, the catastrophic flood pool was combined with the earthquake buy-down risk and members were charged \$2.5 million (\$1 million for flood risk and \$1.5 million for earthquake risk) to fund the pool.

Excess insurance provides coverage for flood, earthquake, and other catastrophic events with various limits. For purposes of excess coverage including flood and earthquake, member property is divided among eight placements of "towers" to spread exposures around the State. The structure of the Property Program is as follows:



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4. Claim Liabilities (continued)

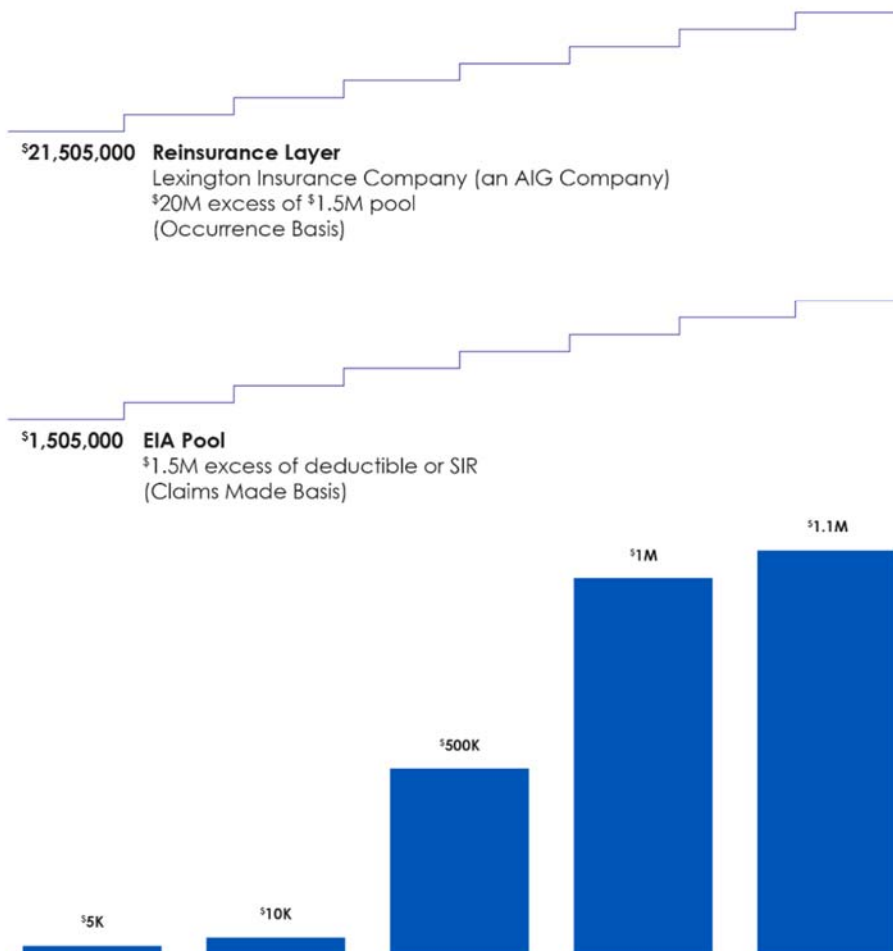
G. Medical Malpractice

The Medical Malpractice Program was established June 1, 1988, to provide medical malpractice, general liability, and blanket contract health coverage to public health facilities. The Program provides coverage to members with exposures ranging from large acute care hospitals to small public and mental health clinics. The Medical Malpractice Program combines risk retention, risk pooling, and the purchase of excess insurance. The pooled layer is \$1.5 million excess of each member's deductible or retention.

The Program is divided into two groups for underwriting purposes – Program 1 for larger members with self-insured retentions, and Program 2 for smaller members with deductibles. Medical Malpractice Program 1 members have a range of self-insured retentions from \$500 thousand to \$1.1 million. Medical Malpractice Program 2 members can elect deductibles from \$5 thousand to \$10 thousand.

The Program structure is illustrated in the following chart:

**Medical Malpractice**



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4. Claim Liabilities (continued)

H. Dental

In the pooled Dental plan claim liabilities are very predictable based on capped benefits. The claim liability at June 30, 2016 of \$2.4 million is undiscounted and is considered short term.

5. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment and software assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

A capital asset summary of the land, buildings, and equipment is presented below:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Depreciable Assets:				
Buildings and Tenant Improvements	7,920,843	167,721	-	8,088,564
Furniture and Equipment	1,224,235	118,797	(24,884)	1,318,148
Software	1,676,978	1,077,099	-	2,754,077
Total Depreciable Assets	10,822,056	1,363,617	(24,884)	12,160,789
Less Accumulated Depreciation	(2,778,123)	(828,671)	24,884	(3,581,910)
Net Depreciable Assets	8,043,933	534,946	-	8,578,879
Net Land, Buildings and Equipment	<u>\$ 9,043,933</u>	<u>\$ 534,946</u>	<u>\$ -</u>	<u>\$ 9,578,879</u>

Depreciation of furniture, equipment and software is reported as an operating expense in the General Administration Fund. Depreciation for the building and tenant improvements is reported in the Building Fund. Total accumulated depreciation is reported as follows:

Accumulated Depreciation Detail	Balance at			Balance at	
	June 30, 2015	Additions		Reductions	June 30, 2016
Buildings and Tenant Improvements	\$ (1,423,224)	\$ (296,461)	\$ -	\$(1,719,685)	
Furniture and Equipment	(1,021,597)	(101,450)	24,884	(1,098,163)	
Software	(333,302)	(430,760)	-	(764,062)	
Total	<u>\$ (2,778,123)</u>	<u>\$ (828,671)</u>	<u>\$ 24,884</u>	<u>\$(3,581,910)</u>	

Depreciation is calculated using the straight-line method. The useful life for major classes of capital assets range from 60 years for the building, 10-25 years for tenant improvements of the EIA, over the lease terms of 5-10 years for leased tenant improvements, and 3-7 years for furniture, equipment and software.

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6. Operating Leases

The Authority has leased 84% of the first floor, of its two story building, at 75 Iron Point Circle. The Authority occupies the entire second floor. Leases with various commercial tenants have been executed for periods of 5 to 10 years, with one lease having additional options to extend, but none exceeding 10 years. The cost of tenant improvements for the space under lease is \$832,305, with accumulated depreciation of \$545,822. The cost of the building and improvements under lease is \$3,299,540, with accumulated depreciation of \$859,236. The following is the schedule of lease revenue receivable under these operating leases:

2017	\$	460,563
2018		469,771
2019		478,979
2020		422,530
2021		130,595
Total	\$	1,962,438

7. Employee Retirement System

The Authority provides pension benefits to its employees through the 2% at age 55 Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plan (Classic) maintained by CalPERS, an agency of the State of California. Effective January 1, 2013, new employees not eligible to participate in the 2% at 55 plan, are covered under the new Public Employees' Pension Reform Act Plan (PEPRA), which has a different benefit structure, 2% at age 62 and other differences. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.

Collectively, the Classic Plan and the PEPRA Plan are referred to as the Plans. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Plans. This report is available at the CalPERS' website, [www.calpers.ca.gov](http://www.calpers.ca.gov), under Forms and Publications

A. General Information about the Pension Plan

Benefits Provided

The benefits for the Plans are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of services, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and a minimum of five years of CalPERS-credited services. Members after January 1, 2013 must be at least 52.

Contribution Description

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plans' actuarially determined rate is based on the estimated amount necessary to pay the Plans' allocated share of the risk pool's costs of

**CSAC EXCESS INSURANCE AUTHORITY  
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7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

benefits earned by employees during the year, and any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority's required contribution rate on covered payroll for the measurement period ended June 30, 2015 (the measurement date) was 11.7% of pensionable pay for Classic employees and 6.5% for PEPRAs employees. Employer contributions rates may change if the Plans' contracts are amended.

For the year ended June 30, 2016, the legally required contributions were \$533,877. In addition to the required contributions the Authority made a prepayment totaling \$1,847,008. The required contribution and the additional contributions are recognized as a Deferred Outflow of Resources Related to Pensions. These contributions will reduce the net pension liability reported as of June 30, 2017.

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability (TPL) was determined by rolling forward the June 30, 2014 TPL. The June 30, 2015 TPL was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table (1)	Derived using CalPERS' Membership data for all funds
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Portectoin Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

For the measurement period ended June 30, 2014 (the measurement date), the TPL was determined by rolling forward the June 30, 2013 TPL. The June 30, 2013 and June 30, 2014 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%
Mortality Rate Table (2)	Derived using CalPERS' Membership data for all funds
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Portectoin Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment and administrative expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report.

Changes in Assumptions

GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability is 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period



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NOTES TO THE FINANCIAL STATEMENTS  
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7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Sensitivity of the Authority's Proportional Share of the Net Pension Liability to the Changes in the Discount Rate

The following presents the net pension liability (asset) of the plan as of the 6/30/2015 measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

<b>6/30/2015 Measurement Date</b>	<b>Discount Rate -1% (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>Discount Rate +1% (8.65%)</b>
Plans Net Pension Liability	\$ 3,395,947	\$ 2,024,929	\$ 892,994

For the measurement date of 6/30/2014, the following presents the net pension liability (asset) of the plan calculated using the discount rate of 7.50 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<b>6/30/2014 Measurement Date</b>	<b>Discount Rate -1% (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>Discount Rate +1% (8.50%)</b>
Plans Net Pension Liability	\$ 3,553,652	\$ 1,994,562	\$ 700,624

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	2015-2016 Fiscal Year	2014-2015 Fiscal Year
Valuation Date (VD)	June 30, 2014	June 30, 2013
Measurement Date (MD)	June 30, 2015	June 30, 2014
Measurement Period (MP)	July 1, 2014 to June 30, 2015	July 1, 2013 to June 30, 2014

At June 30, 2016 the Authority reported a net pension liability (NPL) of \$2,024,929 and \$1,994,562 at June 30, 2015 for its proportionate share of the Miscellaneous Pool's NPL.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

The Authority's NPL for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2015. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. Using the Authority's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the Authority by the actuary. The Authority's proportionate share of the NPL for PERF C as of June 30, 2015 was 0.178543% and .020650% for the Classic Plan and PEPRA Plan, respectively. The Authority's proportionate share of the NPL for PERF C as of June 30, 2014 was 0.03204% and .00001% for the Classic Plan and PEPRA Plan, respectively.

For the year ended June 30, 2016, the Authority recognized pension expense of \$268,387. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 37,553	\$ -
Changes in Assumptions	-	(355,289)
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	910,674	(1,088,786)
Contributions Subsequent to the Measurement Date	2,380,885	-
<b>Total</b>	<b>\$ 3,329,112</b>	<b>\$ (1,444,075)</b>

The \$2,380,885 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2017.

For the year ended June 30, 2015, the Authority recognized pension expense of \$378,256. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	-	(670,259)
Adjustment due to Differences in Proportions	-	(174,822)
Contributions Subsequent to the Measurement Date	587,253	-
<b>Total</b>	<b>\$ 587,253</b>	<b>\$ (845,081)</b>

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8. Other Postemployment Benefits (OPEB)

A. Plan Description

At June 30, 2016, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Measurement Period Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2016	\$ (248,738)
2017	(248,738)
2018	(226,042)
2019	227,669

The Authority's defined benefit postemployment healthcare plan, CSAC Excess Insurance Authority Postemployment Healthcare Plan (CSAC EIA OPEB), provides limited medical benefits for retired employees and their beneficiaries. CSAC EIA OPEB is affiliated with the CalPERS health care program. The Authority contributes these benefits to the agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS Health Services Division. Retired employees and their beneficiaries must continue their participation in a CalPERS health care program to access CSAC EIA OPEB benefits.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their executive office, 400 Q Street, Sacramento, California 95814.

The Public Employees' Medical and Hospital Care Act of the State of California assigns the authority to establish and amend benefit provisions to the CalPERS Board of Directors. The postemployment health care benefit rates per month, per retiree, have been established by the CalPERS Board of Directors, as shown below. Retirees, or their beneficiaries, are responsible for the remaining balance of their monthly health care cost.

Calendar Year 2014	\$119.00 per month
Calendar Year 2015	\$122.00 per month
Calendar Year 2016	\$125.00 per month
Thereafter	Adjusted by the CalPERS Board to reflect changes in the medical care component of the CPI

B. Funding Policy

The Authority is contractually required to contribute, at the rates assessed by CalPERS, as shown above. The Authority's accounting policy required that the unfunded net OPEB obligation be recognized as a liability of the General Administration Program, in accordance with GASB Statement 45. In September 2013, the Authority elected to participate in an irrevocable trust. The trust, California Employees' Retirement Benefit Trust (CERBT) fund, is administered by CalPERS. The Authority has elected to fully fund the explicit portion of the EIA OPEB liability by accumulating assets in CERBT. Starting this fiscal year, because of a change in actuarial standards there will be an accumulating liability for the implicit portion of the liability. This implicit liability arises because of the inherent liability created when expected retiree medical claims exceed retiree premiums.

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8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years ended 2013 through 2016 were as follows:

Fiscal Year Ended	Net Employer Contribution	Annual OPEB Expense	% of Annual OPEB Expense Contributed	Net OPEB Obligation
June 30, 2013	\$ 10,272	\$ 75,036	13.69%	\$ 412,641
June 30, 2014	\$ 473,074	\$ 60,433	782.81%	\$ -
June 30, 2015	\$ 34,071	\$ 35,442	96.13%	\$ 1,043
June 30, 2016	\$ 58,218	\$ 156,699	37.15%	\$ 99,524

The Authority's funding progress for other postemployment benefits as of the most recent valuation date July 1, 2015 is as follows:

Actuarial accrued liability (AAL)	\$ 1,020,150
Actuarial value of plan assets	521,852
Unfunded (Overfunded) actuarial accrued liability (UAAL)	<u>\$ 498,298</u>
Funded ratio (actuarial value of plan assets/AAL)	51.15%
Projected Covered Payroll (active plan members)	\$ 5,101,501
UAAL as a percentage of covered payroll	9.77%

The value of actuarial accrued assets (AAL) in CERBT as of June 30, 2016 was \$496,974.

The annual required contribution for the fiscal year ended June 30, 2016, and the net OPEB obligation as of June 30, 2016, was as follows:

Annual Required Contribution	
Normal Cost	\$ 114,753
Amortization of UAAL (30 Years)	34,896
Interest to June 30, 2015 and ARC Adjustment	7,077
Total Annual Required Contribution (ARC)	<u>156,726</u>
Interest on Net OPEB Obligation at beginning of year	68
ARC Adjustment for current fiscal year	(95)
Less Net Employer Contribution	(58,218)
Balance forward from 2015	1,043
Net OPEB Obligation (Asset)	<u>\$ 99,524</u>

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8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, immediately following the notes to the financial statements (in the Required Supplemental Information section), presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members), and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal cost level percent of pay method was used. The actuarial assumptions included a 6.5% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4.5%, and an open 20 year amortization period. The market value of assets method was used to determine the value of assets.

9. Reliance Bankruptcy

The Authority has purchased insurance, and reinsurance, policies with Reliance Insurance Company. On May 29, 2001, Reliance was taken over by the State of Pennsylvania Insurance Department and is in the process of being liquidated. The State of Pennsylvania Department of Insurance was appointed as the liquidator. The Authority had coverage with Reliance for three of its programs; Excess Workers' Compensation (EWC), Primary General Liability (PGL), and Medical Malpractice. Although the Authority paid PGL claims that would have been covered by Reliance, the Authority is no longer pursuing any claims in bankruptcy. The Authority has received nominal amounts in recovery of Medical Malpractice claims. The Authority estimates that the ultimate cost of the EWC claims for 1996/97, insured by Reliance Insurance Company, which are not covered by the California Insurance Guarantee Association (CIGA), is \$1.1 million and is included in claims liabilities.

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10. Subsequent Events

A. Captive Formation

In July 2016 the Authority formed a captive insurance company, the Excess Insurance Organization, Inc., domiciled in Utah. The captive insurance company is a wholly owned subsidiary of the Authority and created to insure the risks of the Authority only. As an insurance company it can invest in a more diversified portfolio, including equities, and for a term that more closely matches our long term liabilities. In July the Authority transferred some of its pooled 2016-17 risk to the captive, and in September transferred its stop loss risk in the PWC program as detailed below.

B. Castlepoint Liquidation

In August 2016 the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship. We anticipate Castlepoint will go into liquidation within the upcoming fiscal year. At that time the California Insurance Guarantee Association (CIGA) will administer the liquidation and pay claims. The Authority has insured the 2010/11 and 2011/12 years in the Primary Workers' Compensation Program in the layer from \$10,000 to \$125,000 with Castlepoint. Because this is covered through CIGA we do not expect the program will have any losses.

The Excess Workers' Compensation Program also had coverage through Castlepoint on a quota-share basis in the 2010/11 and 2011/12 years on an 80% quota-share basis for the \$1 million excess of SIR layer. Here, because CIGA's coverage is limited to \$500,000 per claim, the program does have exposure due to the liquidation. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA to be \$2 million, and this amount is included in claim liabilities.

C. Commutation of Munich Re Stop Loss Coverage in Primary Workers' Compensation Program

On September 1, 2016 the Authority completed the commutation of the stop loss coverage provided by Munich Re in the PWC program. In return for a payment of \$9.2 million the Authority will take back the liability for the payment of the claims for the period, 2004 and prior. This liability was immediately transferred to our captive insurance company for a payment of premium of \$9 million.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
As of June 30, 2016  
Last 10 Years\***

	Measurement Date	
	2015	2014
Authority's Proportion of the Net Pension Liability (Asset)	0.073809%	0.03205%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,024,929	\$ 1,994,562
Authority's Covered-Employee Payroll	\$ 4,924,748	\$ 4,058,309
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	41.12%	49.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	83.03%

\*-Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**Notes to Schedule:**

**Change of benefit terms.** In 2016 and 2015, there were no changes to the benefit terms.

**Changes in assumptions.** GASB 68 states that the long-term expected rate of return should be determined net pension plan investment expenses, but without reduction for pension plan administrative expense. The discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment, which previously reduced the discount rate for administrative expenses. There were no changes in assumptions for the year ended June 30, 2015.



**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Pension Plan Contributions  
As of June 30, 2016  
Last 10 Years\***

	Measurement Date	
	2015	2014
Contractually Required Contribution (Actuarially Determined)	\$ 533,877	\$ 587,253
Contributions in Relation to the Contractually Required Contributions	(533,877)	(587,253)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered- Employee Payroll	\$ 5,449,159	\$ 4,924,748
Contributions as a Percentage of Covered-Employee Payroll	9.80%	11.92%

\*-Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**Notes to Schedule:**

The actuarial methods and assumptions used to determine contribution rates for fiscal year ended June 30, 2015 was from the June 30, 2013 valuation Date

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
salary Increases	Varies <sup>(1)</sup>
Investment Rate of Return	7.5% <sup>(2)</sup>
	CalPERS' Membership Data
Mortality <sup>(3)</sup>	
Post Retirement Benefit Increase	Up to 2.75% <sup>(4)</sup>

<sup>(1)</sup> Depending on age, service and type of employment

<sup>(2)</sup> Net of pension plan investment and administrative expenses, including inflation

<sup>(3)</sup> The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

<sup>(4)</sup> Contract COLA up to 2.75% until Purchasing Power Protective Allowance Floor on Purchasing Power applies

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Funding Progress**

**Schedule of Funding Progress - Other Postemployment Benefits (OPEB):**

Refer to footnote 8A for a description of the Plan.

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL (UAAL) as a % of Covered Payroll
July 1, 2007	\$ 313,888	\$ -	\$ 313,888	0.00%	\$ 2,663,492	11.78%
July 1, 2010	393,045	-	393,045	0.00%	3,793,952	10.36%
July 1, 2013	377,960	-	377,960	0.00%	4,531,924	8.34%

**CSAC EXCESS INSURANCE AUTHORITY  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability 1	General Liability 2	Property	Medical Malpractice	Dental	Total June 30, 2016	Total June 30, 2015
Unpaid Claims and Claim Adjustment Expenses at the										
A. Beginning of the Fiscal Year	\$ 48,575,955	\$ 279,263,795	\$ 197,720	\$ 99,142,755	\$ 8,443,479	\$ 3,842,249	\$ 22,913,605	\$ 1,370,289	\$ 463,749,847	\$ 439,821,540
Incurred Claims and Claim Adjustment Expenses:										
Provision for Claims										
Current Fiscal Year	17,307,095	35,934,062	24,420	29,594,533	9,575,435	8,127,252	5,599,472	29,738,033	135,900,302	109,565,316
Prior Fiscal Years	(3,718,225)	83,060,210	57,875	5,962,053	-	-	1,661,916	-	87,023,829	27,778,283
B. Total Incurred	13,588,870	118,994,272	82,295	35,556,586	9,575,435	8,127,252	7,261,388	29,738,033	222,924,131	137,343,599
Payments:										
Attributable to insured events of the										
Current Fiscal Year	4,228,855	13,633	-	-	-	-	17,502	28,685,216	32,945,206	32,586,549
Prior Fiscal Years	4,254,465	36,189,266	22,417	30,197,375	6,552,089	11,607,439	2,384,046	-	91,207,097	80,828,743
C. Total Payments	8,483,320	36,202,899	22,417	30,197,375	6,552,089	11,607,439	2,401,548	28,685,216	124,152,303	113,415,292
Total Unpaid Claims and Claim Adjustment Expenses at										
D. End of the Fiscal Year (A+B-C)	\$ 53,681,505	\$ 362,055,168	\$ 257,598	\$ 104,501,966	\$ 11,466,825	\$ 362,062	\$ 27,773,445	\$ 2,423,106	\$ 562,521,675	\$ 463,749,847
Claims Reported										
Claims Incurred But Not Reported	3,650,963	86,013,317	-	37,164,340	-	-	6,037,718	-	132,866,338	132,613,056
Unallocated Loss Adjustment Expenses										
	36,113,912	11,545,531	140,743	1,552,984	641,825	116,338	1,773,895	-	51,885,228	42,485,111
Total Claim Liabilities	\$ 53,681,505	\$ 362,055,168	\$ 257,598	\$ 104,501,966	\$ 11,466,825	\$ 362,062	\$ 27,773,445	\$ 2,423,106	\$ 562,521,675	\$ 463,749,847
Current Claim Liabilities										
Noncurrent Claim Liabilities	\$ 11,000,000	\$ 40,000,000	\$ 116,855	\$ 32,000,000	\$ 10,825,000	\$ 245,724	\$ 10,000,000	\$ 2,423,106	\$ 106,610,685	\$ 85,118,784
	42,681,505	322,055,168	140,743	72,501,966	641,825	116,338	17,773,445	-	455,910,990	378,631,063
Total Claim Liabilities	\$ 53,681,505	\$ 362,055,168	\$ 257,598	\$ 104,501,966	\$ 11,466,825	\$ 362,062	\$ 27,773,445	\$ 2,423,106	\$ 562,521,675	\$ 463,749,847

**CSAC EXCESS INSURANCE AUTHORITY  
REQUIRED SUPPLEMENTAL INFORMATION  
ALL PROGRAMS  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
ALL PROGRAMS  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 203,916,939	\$ 228,191,188	\$ 205,457,419	\$ 219,499,107	\$ 240,734,572	\$ 250,968,652	\$ 265,948,996	\$ 292,385,972	\$ 328,093,606	\$ 354,014,249
Less Ceded	(80,536,010)	(85,715,084)	(90,750,025)	(118,671,863)	(124,032,299)	(140,284,953)	(133,678,087)	(164,918,367)	(179,542,634)	(195,688,530)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(110,000)	(450,000)	(823,764)	-	-	-	-	-	-	-
Investment Earnings	19,503,846	18,834,822	9,834,780	8,402,101	3,025,550	2,240,311	2,955,518	2,648,443	2,680,296	1,763,413
<b>1. Total Revenues Available For Payment of Claims</b>	<b>142,774,775</b>	<b>160,860,926</b>	<b>123,718,410</b>	<b>109,229,345</b>	<b>119,727,823</b>	<b>112,924,010</b>	<b>135,226,427</b>	<b>130,116,048</b>	<b>151,231,268</b>	<b>160,089,132</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>5,163,695</b>	<b>5,446,875</b>	<b>5,581,415</b>	<b>5,637,295</b>	<b>10,067,129</b>	<b>7,847,566</b>	<b>8,147,464</b>	<b>11,280,503</b>	<b>11,058,107</b>	<b>18,775,748</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>162,757,329</b> <b>(71,965,172)</b> <b>90,792,157</b>	<b>194,182,783</b> <b>(78,219,476)</b> <b>115,963,307</b>	<b>170,076,360</b> <b>(74,730,617)</b> <b>95,345,743</b>	<b>183,926,590</b> <b>(113,217,423)</b> <b>70,709,167</b>	<b>210,588,583</b> <b>(118,226,513)</b> <b>92,362,070</b>	<b>210,117,458</b> <b>(134,379,694)</b> <b>75,737,764</b>	<b>219,734,364</b> <b>(127,385,441)</b> <b>92,348,923</b>	<b>249,641,033</b> <b>(159,600,439)</b> <b>90,040,594</b>	<b>284,122,636</b> <b>(174,175,861)</b> <b>109,946,775</b>	<b>321,095,977</b> <b>(190,101,307)</b> <b>130,994,670</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	9,187,924	11,956,063	7,844,284	10,742,041	22,910,691	27,492,705	31,424,863	30,348,507	32,067,193	37,278,207
One Year Later	25,085,043	35,294,585	31,740,599	23,775,301	33,485,624	38,125,416	42,256,357	47,662,153	54,900,548	-
Two Years Later	39,839,014	76,638,605	36,081,133	27,490,072	48,411,597	48,937,969	55,551,326	56,044,942	-	-
Three Years Later	81,433,490	91,033,594	56,503,539	43,598,044	70,637,124	56,857,493	66,795,768	-	-	-
Four Years Later	87,914,156	100,573,280	73,732,143	48,414,887	78,484,867	66,851,630	-	-	-	-
Five Years Later	93,783,550	105,408,448	79,350,732	52,121,168	85,708,080	-	-	-	-	-
Six Years Later	96,876,083	109,384,194	84,153,972	57,281,241	-	-	-	-	-	-
Seven Years Later	101,520,100	116,148,995	87,388,060	-	-	-	-	-	-	-
Eight Years Later	104,806,220	118,414,862	-	-	-	-	-	-	-	-
Nine Years Later	109,040,091	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>35,449,516</b>	<b>29,673,595</b>	<b>36,247,006</b>	<b>96,062,572</b>	<b>58,289,504</b>	<b>109,974,763</b>	<b>92,532,422</b>	<b>115,802,913</b>	<b>44,224,791</b>	<b>39,417,355</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	89,556,203	113,026,353	92,819,750	69,148,269	89,756,377	74,926,292	92,348,923	90,330,529	109,578,836	131,223,286
One Year Later	94,776,602	116,612,623	94,826,674	71,027,708	95,312,433	80,331,706	92,306,009	92,755,333	115,625,168	-
Two Years Later	96,090,069	123,144,107	98,392,221	76,969,647	94,948,024	81,126,796	93,008,024	97,238,564	-	-
Three Years Later	121,586,773	134,586,152	103,809,213	77,690,541	102,981,676	80,533,113	98,342,503	-	-	-
Four Years Later	121,087,951	135,006,373	102,537,020	76,918,295	106,384,425	84,551,699	-	-	-	-
Five Years Later	123,221,028	136,254,221	105,832,376	79,024,512	110,966,547	-	-	-	-	-
Six Years Later	123,195,203	138,464,847	109,260,054	82,359,047	-	-	-	-	-	-
Seven Years Later	127,917,937	144,348,030	110,136,677	-	-	-	-	-	-	-
Eight Years Later	130,164,539	144,559,490	-	-	-	-	-	-	-	-
Nine Years Later	136,027,442	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 45,235,285</b>	<b>\$ 28,596,183</b>	<b>\$ 14,790,934</b>	<b>\$ 11,649,880</b>	<b>\$ 18,604,477</b>	<b>\$ 8,813,935</b>	<b>\$ 5,993,580</b>	<b>\$ 7,197,970</b>	<b>\$ 5,678,393</b>	<b>\$ 228,616</b>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 46,235,265	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 53,048,120	\$ 54,860,361	\$ 54,488,670	\$ 59,245,804	\$ 61,368,317	\$ 62,248,739
Less Ceded				(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	5,307,593	5,955,628	3,245,765	726,610	582,469	225,476	151,332	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>51,542,858</b>	<b>53,584,747</b>	<b>51,618,283</b>	<b>20,814,344</b>	<b>24,729,766</b>	<b>23,761,584</b>	<b>21,979,199</b>	<b>21,865,511</b>	<b>20,419,863</b>	<b>20,089,779</b>
<b>2. Less Unallocated Loss Adjustment Expense</b>	<b>4,206,776</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>	<b>7,311,369</b>	<b>7,109,090</b>	<b>10,137,114</b>	<b>9,483,459</b>	<b>16,656,754</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>36,652,243</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>36,219,693</b>	<b>41,200,715</b>	<b>44,186,253</b>	<b>45,065,803</b>	<b>50,435,293</b>	<b>54,185,020</b>	<b>51,254,960</b>
Net Incurred Claims and Expenses, End of Policy Year	36,652,243	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	7,190,327	7,806,978	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855
One Year Later	16,927,377	18,499,334	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	-
Two Years Later	22,224,475	48,919,481	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	-	-
Three Years Later	55,165,957	48,919,481	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	-	-	-
Four Years Later	55,165,957	48,919,481	26,216,412	9,423,077	11,094,997	10,772,427	-	-	-	-
Five Years Later	55,165,957	48,919,481	26,216,412	9,500,091	11,151,713	-	-	-	-	-
Six Years Later	55,165,957	48,919,481	26,216,412	9,551,614	-	-	-	-	-	-
Seven Years Later	55,165,957	48,919,481	26,216,412	-	-	-	-	-	-	-
Eight Years Later	55,165,957	48,919,481	-	-	-	-	-	-	-	-
Nine Years Later	55,165,957	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,067,709</b>	<b>34,773,228</b>	<b>36,301,742</b>	<b>34,736,035</b>	<b>33,694,712</b>	<b>26,673,931</b>	<b>15,817,207</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	36,652,243	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000
One Year Later	40,968,782	44,407,005	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	-
Two Years Later	39,855,170	48,919,481	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	-	-
Three Years Later	55,165,957	48,919,481	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	-	-	-
Four Years Later	55,165,957	48,919,481	26,216,412	10,934,000	11,500,000	11,022,000	-	-	-	-
Five Years Later	55,165,957	48,919,481	26,216,412	10,902,000	11,450,000	-	-	-	-	-
Six Years Later	55,165,957	48,919,481	26,216,412	10,915,000	-	-	-	-	-	-
Seven Years Later	55,165,967	48,919,481	26,216,412	-	-	-	-	-	-	-
Eight Years Later	55,165,967	48,919,481	-	-	-	-	-	-	-	-
Nine Years Later	55,165,967	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 18,513,724</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (353,365)</b>	<b>\$ (849,892)</b>	<b>\$ (1,840,000)</b>	<b>\$ (1,021,000)</b>	<b>\$ (1,320,000)</b>	<b>\$ (5,103,000)</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 63,726,804	\$ 62,477,689	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 116,271,117
Less Ceded	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	9,504,093	7,037,278	1,911,413	1,942,108	1,255,731	935,202	1,633,300	1,175,891	1,474,781	667,642
<b>1. Total Revenues Available For Payment of Claims</b>	<b>52,779,445</b>	<b>47,474,759</b>	<b>21,401,386</b>	<b>20,580,413</b>	<b>20,064,102</b>	<b>18,836,348</b>	<b>39,222,680</b>	<b>31,599,869</b>	<b>41,976,558</b>	<b>48,679,913</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>903,079</b>	<b>833,462</b>	<b>512,431</b>	<b>711,680</b>	<b>607,222</b>	<b>341,797</b>	<b>671,837</b>	<b>418,413</b>	<b>804,122</b>	<b>1,120,180</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>48,038,272</b>	<b>51,656,148</b>	<b>46,380,300</b>	<b>45,844,808</b>	<b>51,347,831</b>	<b>47,772,920</b>	<b>43,142,223</b>	<b>60,295,762</b>	<b>80,522,151</b>	<b>106,542,005</b>
Less Ceded Claims	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>27,586,820</b>	<b>29,615,940</b>	<b>13,685,800</b>	<b>16,336,287</b>	<b>17,415,739</b>	<b>9,072,284</b>	<b>16,672,173</b>	<b>12,847,479</b>	<b>23,324,092</b>	<b>38,283,159</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817
One Year Later	1,500,771	149,378	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	-
Two Years Later	2,930,749	2,329,306	662,838	515,533	627,868	785,063	2,103,809	6,162,084	-	-
Three Years Later	4,609,582	3,806,626	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	-	-	-
Four Years Later	8,091,482	5,996,177	7,021,243	2,117,003	2,074,489	2,305,965	-	-	-	-
Five Years Later	10,871,389	8,591,259	12,173,038	3,129,849	5,609,885	-	-	-	-	-
Six Years Later	13,177,069	11,959,712	16,560,978	4,339,481	-	-	-	-	-	-
Seven Years Later	16,644,073	15,634,894	18,248,515	-	-	-	-	-	-	-
Eight Years Later	19,859,018	17,602,409	-	-	-	-	-	-	-	-
Nine Years Later	24,012,284	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>13,390,189</b>	<b>-</b>	<b>-</b>	<b>3,042,093</b>	<b>12,501,812</b>	<b>7,647,091</b>	<b>1,729,210</b>	<b>13,111,867</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	27,586,820	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159
One Year Later	29,842,070	28,351,050	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	-
Two Years Later	28,871,552	32,207,743	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	-	-
Three Years Later	37,566,684	34,698,516	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	-	-	-
Four Years Later	36,058,769	36,547,866	27,105,017	20,649,905	19,813,588	12,982,166	-	-	-	-
Five Years Later	39,070,613	37,627,214	28,602,557	23,837,950	24,576,756	-	-	-	-	-
Six Years Later	38,888,948	40,712,273	33,246,965	26,569,135	-	-	-	-	-	-
Seven Years Later	43,889,718	43,281,390	34,254,523	-	-	-	-	-	-	-
Eight Years Later	46,153,789	43,635,990	-	-	-	-	-	-	-	-
Nine Years Later	52,220,378	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 24,633,558</b>	<b>\$ 14,020,050</b>	<b>\$ 20,568,723</b>	<b>\$ 10,232,848</b>	<b>\$ 7,161,017</b>	<b>\$ 3,909,882</b>	<b>\$ 8,639,000</b>	<b>\$ 6,383,939</b>	<b>\$ 6,954,326</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	Fully Insured Years									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Insurance Premiums	\$ 2,910,577	\$ 3,300,530	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598
Less Ceded	(2,478,758)	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(110,000)	(450,000)	(823,764)	-	-	-	-	-	-	-
Investment Earnings	94,806	170,133	317,687	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	416,625	652,626	746,472	-	-	-	-	-	-	-
2. Unallocated Loss Adjustment Expense	21,768	14,098	80,068	-	-	-	-	-	-	-
3. Estimated Incurred Claims	1,944,886	2,674,081	1,262,000	2,127,964	1,888,464	2,035,654	1,868,680	1,742,957	1,756,708	1,917,598
Less Ceded Claims	(1,772,790)	(2,311,638)	(478,055)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)
Net Incurred Claims and Expenses, End of Policy Year	172,096	362,443	783,945	-	-	-	-	-	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	726,551	-	-	-	-	-	-	-
Four Years Later	-	2,474,714	774,908	-	-	-	-	-	-	-
Five Years Later	1,811,186	2,569,186	893,904	-	-	-	-	-	-	-
Six Years Later	1,811,226	2,687,499	1,005,269	-	-	-	-	-	-	-
Seven Years Later	1,826,515	2,777,921	1,018,638	-	-	-	-	-	-	-
Eight Years Later	1,855,522	2,778,107	-	-	-	-	-	-	-	-
Nine Years Later	1,860,301	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	1,771,627	2,308,563	468,352	2,307,574	1,273,972	909,542	1,331,269	1,897,716	966,054	347,781
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	783,945	-	-	-	-	-	-	-
Four Years Later	-	362,443	452,236	-	-	-	-	-	-	-
Five Years Later	172,096	342,604	468,874	-	-	-	-	-	-	-
Six Years Later	129,872	399,692	539,566	-	-	-	-	-	-	-
Seven Years Later	105,584	478,174	607,061	-	-	-	-	-	-	-
Eight Years Later	130,583	478,174	-	-	-	-	-	-	-	-
Nine Years Later	105,584	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (66,512)	\$ 115,731	\$ (176,884)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 18,831,951	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216
Less Ceded	(2,510,249)	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	2,925,313	3,820,646	3,759,650	3,273,470	1,157,910	870,752	821,146	1,130,202	970,034	704,441
<b>1. Total Revenues Available For Payment of Claims</b>	<b>19,247,015</b>	<b>28,708,576</b>	<b>32,740,235</b>	<b>33,665,007</b>	<b>30,373,947</b>	<b>26,722,418</b>	<b>25,994,633</b>	<b>26,532,733</b>	<b>29,949,945</b>	<b>35,315,021</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>6,028</b>	<b>36,839</b>	<b>92,563</b>	<b>18,917</b>	<b>56,835</b>	<b>97,184</b>	<b>112,405</b>	<b>294,846</b>	<b>377,878</b>	<b>420,677</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>14,191,436</b> <b>(2,510,249)</b> <b>11,681,187</b>	<b>23,929,123</b> <b>(2,052,476)</b> <b>21,876,647</b>	<b>23,946,567</b> <b>(2,013,394)</b> <b>21,933,173</b>	<b>17,650,135</b> <b>(2,381,428)</b> <b>15,268,707</b>	<b>19,593,744</b> <b>(2,742,959)</b> <b>16,850,785</b>	<b>20,336,498</b> <b>(3,745,830)</b> <b>16,590,668</b>	<b>24,388,707</b> <b>(3,702,537)</b> <b>20,686,170</b>	<b>26,973,621</b> <b>(4,268,601)</b> <b>22,705,020</b>	<b>29,751,639</b> <b>(6,267,249)</b> <b>23,484,390</b>	<b>34,824,676</b> <b>(5,239,636)</b> <b>29,585,040</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	2,847	-	653,593	-	241,064	-	-	-	-
One Year Later	39,758	2,899,925	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	-
Two Years Later	5,524,791	7,975,068	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	-	-
Three Years Later	8,404,439	15,431,317	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	-	-	-
Four Years Later	11,379,531	18,156,840	16,936,818	11,549,612	22,031,298	15,817,812	-	-	-	-
Five Years Later	12,657,464	20,302,454	17,283,899	13,166,381	24,752,158	-	-	-	-	-
Six Years Later	13,134,501	20,791,434	17,220,058	16,218,635	-	-	-	-	-	-
Seven Years Later	13,433,469	23,790,631	18,753,240	-	-	-	-	-	-	-
Eight Years Later	13,475,637	24,088,797	-	-	-	-	-	-	-	-
Nine Years Later	13,551,464	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>29,119</b>	<b>56,738</b>	<b>140,962</b>	<b>602,767</b>	<b>4,128,286</b>	<b>12,475,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,500</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	11,681,187	21,876,647	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040
One Year Later	10,508,940	19,125,703	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	-
Two Years Later	11,739,972	17,506,533	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	-	-
Three Years Later	13,803,748	25,395,916	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	-	-	-
Four Years Later	15,616,582	23,429,414	23,946,567	16,847,051	28,275,182	22,130,738	-	-	-	-
Five Years Later	14,464,385	23,929,123	25,984,055	15,642,639	28,444,064	-	-	-	-	-
Six Years Later	14,191,436	23,360,479	25,065,797	17,447,449	-	-	-	-	-	-
Seven Years Later	14,221,203	26,613,419	24,765,984	-	-	-	-	-	-	-
Eight Years Later	14,014,389	26,481,825	-	-	-	-	-	-	-	-
Nine Years Later	13,943,004	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,261,817</b>	<b>\$ 4,605,178</b>	<b>\$ 2,832,811</b>	<b>\$ 2,178,742</b>	<b>\$ 11,593,279</b>	<b>\$ 5,540,070</b>	<b>\$ (1,686,427)</b>	<b>\$ 859,975</b>	<b>\$ 1,172,774</b>	<b>\$ -</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***
Earned Premiums	\$ 13,353,917	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342
Less Ceded	(10,745,015)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	1,806,116	-	-	-	-	-	282,750
<b>1. Total Revenues Available For Payment of Claims</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>8,705,570</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>	<b>56,826</b>	<b>20,605</b>	<b>84,022</b>	<b>(2,634)</b>	<b>150,435</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>13,535,916</b>	<b>17,300,000</b>	<b>18,463,239</b>	<b>21,085,943</b>	<b>19,925,721</b>	<b>18,075,370</b>	<b>19,467,217</b>	<b>22,700,000</b>	<b>26,484,451</b>	<b>32,423,092</b>
Less Ceded Claims	(10,927,014)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>6,899,454</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	9,445	897,884	-	-	-	-	-	-	5,600,000	-
Two Years Later	16,095	3,247,624	921,340	-	5,250,000	-	-	-	-	-
Three Years Later	2,608,902	6,000,000	8,067,696	4,657,656	5,955,652	-	-	-	-	-
Four Years Later	2,608,903	6,000,000	8,067,696	7,657,656	8,578,800	-	-	-	-	-
Five Years Later	2,608,903	6,000,000	8,067,696	7,858,906	8,578,800	-	-	-	-	-
Six Years Later	2,608,903	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-
Seven Years Later	2,608,903	6,000,000	8,067,696	-	-	-	-	-	-	-
Eight Years Later	2,608,903	6,000,000	-	-	-	-	-	-	-	-
Nine Years Later	2,608,902	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>4,899,946</b>	<b>14,861,281</b>	<b>5,099,659</b>	<b>3,723,890</b>	<b>12,259,292</b>	<b>49,393,570</b>	<b>33,737,323</b>	<b>30,738,517</b>	<b>4,463,514</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	2,608,902	6,000,000	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000
One Year Later	2,608,902	6,000,000	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	-
Two Years Later	2,608,902	6,000,000	8,067,696	8,072,213	8,578,800	-	-	-	-	-
Three Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Four Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Five Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Six Years Later	2,608,902	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-
Seven Years Later	2,608,902	6,000,000	8,067,696	-	-	-	-	-	-	-
Eight Years Later	2,608,902	6,000,000	-	-	-	-	-	-	-	-
Nine Years Later	2,608,902	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,806,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Fully Insured .

\*\* Fully Insured above Corridor Deductible of \$7,000,000.

\*\*\*Fully insured above Corridor Deductible of \$9,425,000.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 42,921,015	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613
Less Ceded	(36,303,667)	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>6,617,348</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>42,892,848 (36,303,667) 6,589,181</b>	<b>53,339,625 (40,515,154) 12,824,471</b>	<b>39,149,125 (29,149,125) 10,000,000</b>	<b>50,061,693 (40,061,693) 10,000,000</b>	<b>48,415,254 (39,415,254) 9,000,000</b>	<b>50,497,951 (40,497,951) 10,000,000</b>	<b>53,216,154 (43,216,154) 10,000,000</b>	<b>56,060,305 (46,060,305) 10,000,000</b>	<b>58,677,313 (48,609,374) 10,067,939</b>	<b>58,095,613 (49,528,175) 8,567,438</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	1,997,597	4,114,386	-	-	354,341	-	58,785	65,876	247,729	-
One Year Later	6,589,181	12,770,820	4,949,559	9,000,000	2,098,639	3,795,372	4,606,136	8,941,903	10,000,000	-
Two Years Later	6,589,181	13,847,744	2,013,815	9,000,000	7,782,088	10,000,000	9,409,593	10,206,664	-	-
Three Years Later	6,589,181	12,824,471	2,013,815	9,000,000	9,457,739	10,000,000	10,000,000	-	-	-
Four Years Later	6,589,181	12,824,471	10,000,000	9,000,000	9,754,276	10,000,000	-	-	-	-
Five Years Later	6,589,181	12,824,471	10,000,000	9,000,000	9,754,276	-	-	-	-	-
Six Years Later	6,589,181	12,824,471	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	6,589,181	12,824,471	10,000,000	-	-	-	-	-	-	-
Eight Years Later	6,589,181	12,824,471	-	-	-	-	-	-	-	-
Nine Years Later	6,589,181	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>23,118,904</b>	<b>9,018,571</b>	<b>1,610,684</b>	<b>55,739,573</b>	<b>2,354,726</b>	<b>7,847,673</b>	<b>10,225,983</b>	<b>41,824,877</b>	<b>8,747,082</b>	<b>10,000,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	9,567,438
One Year Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	10,000,000	-
Two Years Later	6,588,915	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-
Three Years Later	6,588,915	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	6,589,181	12,824,471	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	6,589,181	12,824,471	10,000,000	-	-	-	-	-	-	-
Eight Years Later	6,589,181	12,824,471	-	-	-	-	-	-	-	-
Nine Years Later	6,589,181	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,000,000)</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (67,939)</b>	<b>\$ 1,000,000</b>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 15,937,410	\$ 17,155,393	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,273	\$ 12,159,182	\$ 10,753,879
Less Ceded	(8,046,869)	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	1,672,041	1,851,137	600,265	653,797	29,440	208,881	349,740	342,350	235,481	108,580
<b>1. Total Revenues Available For Payment of Claims</b>	<b>9,562,582</b>	<b>11,567,321</b>	<b>6,890,631</b>	<b>7,732,091</b>	<b>6,070,007</b>	<b>5,939,764</b>	<b>7,031,156</b>	<b>7,157,695</b>	<b>7,116,324</b>	<b>5,275,236</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>26,044</b>	<b>40,314</b>	<b>72,610</b>	<b>102,655</b>	<b>164,453</b>	<b>104,558</b>	<b>171,812</b>	<b>318,634</b>	<b>371,681</b>	<b>438,604</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>5,501,728</b>	<b>6,231,096</b>	<b>6,123,618</b>	<b>5,385,000</b>	<b>8,527,422</b>	<b>5,999,807</b>	<b>6,893,605</b>	<b>4,950,026</b>	<b>5,827,822</b>	<b>6,300,000</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>5,501,728</b>	<b>6,231,096</b>	<b>6,123,618</b>	<b>5,385,000</b>	<b>8,527,422</b>	<b>5,999,807</b>	<b>6,893,605</b>	<b>4,950,026</b>	<b>5,827,822</b>	<b>6,300,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	31,852	-	23,848	51,305	26,698	3,528	-	-	17,502
One Year Later	18,511	77,244	148,321	96,315	1,282,361	181,822	436,672	-	503,920	-
Two Years Later	2,553,723	319,382	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	-	-
Three Years Later	4,055,429	4,051,699	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	-	-	-
Four Years Later	4,079,102	6,201,597	4,715,066	3,116,185	5,261,575	4,502,133	-	-	-	-
Five Years Later	4,079,470	6,201,597	4,715,783	3,914,587	6,171,816	-	-	-	-	-
Six Years Later	4,389,246	6,201,597	5,083,559	3,914,587	-	-	-	-	-	-
Seven Years Later	5,252,002	6,201,597	5,083,559	-	-	-	-	-	-	-
Eight Years Later	5,252,002	6,201,597	-	-	-	-	-	-	-	-
Nine Years Later	5,252,002	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>5,629,920</b>	<b>3,428,442</b>	<b>15,537,160</b>	<b>5,621,059</b>	<b>3,500,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>1,645,000</b>	<b>59,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	4,437,870	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	6,893,605	5,239,961	5,527,822	5,528,616
One Year Later	4,258,727	5,904,394	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	-
Two Years Later	6,425,558	5,685,879	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	-	-
Three Years Later	5,852,567	6,747,768	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	-	-	-
Four Years Later	5,048,560	6,922,698	6,749,092	5,230,415	8,527,423	4,963,502	-	-	-	-
Five Years Later	5,149,894	6,611,328	6,492,782	5,384,999	8,227,495	-	-	-	-	-
Six Years Later	5,620,907	6,248,451	6,123,618	4,170,539	-	-	-	-	-	-
Seven Years Later	5,337,382	6,231,095	6,225,001	-	-	-	-	-	-	-
Eight Years Later	5,501,728	6,219,549	-	-	-	-	-	-	-	-
Nine Years Later	5,394,426	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ (107,302)</b>	<b>\$ (11,547)</b>	<b>\$ 101,383</b>	<b>\$ (1,214,461)</b>	<b>\$ (299,927)</b>	<b>\$ (1,036,305)</b>	<b>\$ 62,007</b>	<b>\$ 1,274,056</b>	<b>\$ 2,722,232</b>	<b>\$ (771,384)</b>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums				\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745
Less Ceded				-	-	-	-	-	-	-
Supplemental Assessments				-	-	-	-	-	-	-
Dividends Declared				-	-	-	-	-	-	-
Investment Earnings				-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	-	-	-	7,242,783	20,356,118	27,841,423	30,426,135	31,210,281	32,028,794	31,736,745
2. Unallocated Loss Adjustment Expense				-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims				5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	4,763,486	16,156,452	21,213,005	25,691,975	24,283,069	26,917,532	29,738,033
One Year Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	
Two Years Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069		
Three Years Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975			
Four Years Later	-	-	-	5,551,354	19,689,432	23,453,293				
Five Years Later	-	-	-	5,551,354	19,689,432					
Six Years Later	-	-	-	5,551,354						
Seven Years Later	-	-	-							
Eight Years Later	-	-	-							
Nine Years Later	-	-	-							
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year				5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033
One Year Later				5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	
Two Years Later				5,551,354	19,689,432	23,453,293	25,691,975	26,483,069		
Three Years Later				5,551,354	19,689,432	23,453,293	25,691,975			
Four Years Later				5,551,354	19,689,432	23,453,293				
Five Years Later				5,551,354	19,689,432					
Six Years Later				5,551,354						
Seven Years Later										
Eight Years Later										
Nine Years Later										
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,240,288	\$ -	\$ -	\$ -

\*The Dental Program started January 1, 2010

**SUPPLEMENTAL INFORMATION**

**COMBINING FINANCIAL STATEMENTS**

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS:	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	Elimination Inter-Fund Trans	Totals June 30, 2016
<b>Current Assets:</b>														
Petty Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 300
Cash in Banks	5,582,003	-	597,240	-	-	-	-	-	-	-	-	5,098,321	-	11,277,564
Cash, EIA Treasury	2,925,553	16,143,439	54,086	5,830,365	370,937	-	1,440,064	3,717	440,121	733,164	84,689	217,431	-	28,243,566
<b>Total Cash &amp; Equivalents</b>	<b>8,507,556</b>	<b>16,143,439</b>	<b>651,326</b>	<b>5,830,365</b>	<b>370,937</b>	<b>-</b>	<b>1,440,064</b>	<b>3,717</b>	<b>440,121</b>	<b>733,164</b>	<b>84,689</b>	<b>5,316,052</b>	<b>-</b>	<b>39,521,430</b>
Investments	12,114,975	66,851,423	223,974	24,144,064	1,536,083	-	5,963,433	15,393	1,822,583	3,036,096	350,706	900,404	-	116,959,134
Accounts Receivable														
Due From Members	-	649,409	124,497	-	-	14,795,766	96,708	499,046	88,666	392,413	-	279,037	-	16,925,542
Investment Income	193,027	1,065,140	3,569	384,686	24,474	-	95,015	245	29,039	48,374	5,588	14,346	-	1,863,503
Re-Ins Claims & Deposits with Carriers	998,848	2,995,406	173,389	-	3,126,823	-	-	-	-	245,000	-	-	-	7,539,466
Other Receivables	-	2,043	-	-	-	115,661	-	-	-	-	-	71,528	-	189,232
Due From Other Funds	14,159,765	22,289,452	74,677	8,050,060	512,158	96,000	1,988,315	5,132	607,682	1,012,288	116,931	300,211	(49,212,671)	-
Prepaid Insurance and Expenses	-	-	-	2,762,562	-	35,725,970	1,413,380	3,622,250	-	-	939,055	63,693	-	44,526,910
<b>Total Current Assets</b>	<b>35,974,171</b>	<b>109,996,312</b>	<b>1,251,432</b>	<b>41,171,737</b>	<b>5,570,475</b>	<b>50,733,397</b>	<b>10,996,915</b>	<b>4,145,783</b>	<b>2,988,091</b>	<b>5,467,335</b>	<b>1,496,969</b>	<b>6,945,271</b>	<b>(49,212,671)</b>	<b>227,525,217</b>
<b>Noncurrent Assets:</b>														
Investments	47,092,890	259,862,419	870,624	93,851,928	5,971,010	-	23,180,841	59,834	7,084,678	11,801,802	1,363,250	3,500,017	-	454,639,293
Due From Other Funds	5,488,553	30,286,284	101,469	10,938,196	695,906	-	2,701,666	6,973	825,701	1,375,469	158,883	407,918	(52,987,018)	-
Prepaid Insurance	-	-	-	-	-	46,914,848	-	-	-	-	-	-	-	46,914,848
Capital and Intangible Assets														
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	-	7,368,878	-	7,368,878
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	-	2,210,001	-	2,210,001
<b>Total Noncurrent Assets</b>	<b>52,581,443</b>	<b>290,148,703</b>	<b>972,093</b>	<b>104,790,124</b>	<b>6,666,916</b>	<b>46,914,848</b>	<b>25,882,507</b>	<b>66,807</b>	<b>7,910,379</b>	<b>13,177,271</b>	<b>1,522,133</b>	<b>13,486,814</b>	<b>(52,987,018)</b>	<b>511,133,020</b>
<b>Total Assets</b>	<b>88,555,614</b>	<b>400,145,015</b>	<b>2,223,525</b>	<b>145,961,861</b>	<b>12,237,391</b>	<b>97,648,245</b>	<b>36,879,422</b>	<b>4,212,590</b>	<b>10,898,470</b>	<b>18,644,606</b>	<b>3,019,102</b>	<b>20,432,085</b>	<b>(102,199,689)</b>	<b>738,658,237</b>
<b>Deferred Outflows of Resources:</b>														
Deferred Outflows Of Resources-Pensions	-	-	-	-	-	-	-	-	-	-	-	3,329,112	-	3,329,112
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,329,112</b>	<b>-</b>	<b>3,329,112</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	Elimination of Inter-Fund Trans	Totals June 30, 2016
<b>LIABILITIES:</b>														
<b>Current Liabilities:</b>														
Accounts Payable	\$ 1,086,545	\$ 8,723	\$ 9,626	\$ 19,778	\$ 80,089	\$ 2,467,873	\$ -	\$ 351,618	\$ 1,459,835	\$ -	\$ 9,608	\$ 125,263	\$ -	\$ 5,618,958
Deposits from Insurance Companies	7,611,611	500,000	314,651	-	-	-	-	-	-	-	-	-	-	8,426,262
Due to Other Funds	-	10,120,417	-	-	-	38,514,598	-	96,000	-	-	-	481,657	(49,212,672)	-
Due To Members	3,088,900	674,137	244,357	3,000,000	-	119,545	-	-	7,241,290	-	89,553	-	-	14,457,782
Unearned Income	-	-	28,610	161,636	-	1,301,929	3,034,233	3,664,581	-	-	1,091,636	28,473	-	9,311,098
Claim Liabilities	11,000,000	40,000,000	116,855	32,000,000	10,825,000	245,724	10,000,000	-	-	2,423,106	-	-	-	106,610,685
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	82,086	-	82,086
<b>Total Current Liabilities</b>	<b>22,787,056</b>	<b>51,303,277</b>	<b>714,099</b>	<b>35,181,414</b>	<b>10,905,089</b>	<b>42,649,669</b>	<b>13,034,233</b>	<b>4,112,199</b>	<b>8,701,125</b>	<b>2,423,106</b>	<b>1,190,797</b>	<b>717,479</b>	<b>(49,212,672)</b>	<b>144,506,871</b>
<b>Noncurrent Liabilities:</b>														
Due to Other Funds	-	-	-	-	-	46,914,848	-	-	-	-	-	6,072,169	(52,987,017)	-
<b>Claim Liabilities:</b>														
Claims Reported	2,916,630	224,496,320	-	33,784,642	-	-	9,961,832	-	-	-	-	-	-	271,159,424
Claims Incurred But Not Reported	3,650,963	86,013,317	-	37,164,340	-	-	6,037,718	-	-	-	-	-	-	132,866,338
<b>Unallocated Loss Adjustment Expense Payable</b>														
Compensated Absences	36,113,912	11,545,531	140,743	1,552,984	641,825	116,338	1,773,895	-	-	-	-	-	-	51,885,228
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	328,343	-	328,343
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	99,524	-	99,524
<b>Total Noncurrent Liabilities</b>	<b>42,681,505</b>	<b>322,055,168</b>	<b>140,743</b>	<b>72,501,966</b>	<b>641,825</b>	<b>47,031,186</b>	<b>17,773,445</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,524,965</b>	<b>(52,987,017)</b>	<b>458,363,786</b>
<b>Total Liabilities</b>	<b>65,468,561</b>	<b>373,358,445</b>	<b>854,842</b>	<b>107,683,380</b>	<b>11,546,914</b>	<b>89,680,855</b>	<b>30,807,678</b>	<b>4,112,199</b>	<b>8,701,125</b>	<b>2,423,106</b>	<b>1,190,797</b>	<b>9,242,444</b>	<b>(102,199,689)</b>	<b>602,870,657</b>
<b>Deferred Inflows of Resources:</b>														
Deferred Inflows on Pension Account	-	-	-	-	-	-	-	-	-	-	-	1,444,075	-	1,444,075
<b>Total Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,444,075</b>	<b>-</b>	<b>1,444,075</b>
<b>NET POSITION:</b>														
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	-	9,578,879	-	9,578,879
Unrestricted	23,087,053	26,786,570	1,368,683	38,278,481	690,477	7,967,390	6,071,744	100,391	2,197,345	16,221,500	1,828,305	3,495,799	-	128,093,738
<b>Total Net Position</b>	<b>\$ 23,087,053</b>	<b>\$ 26,786,570</b>	<b>\$ 1,368,683</b>	<b>\$ 38,278,481</b>	<b>\$ 690,477</b>	<b>\$ 7,967,390</b>	<b>\$ 6,071,744</b>	<b>\$ 100,391</b>	<b>\$ 2,197,345</b>	<b>\$ 16,221,500</b>	<b>\$ 1,828,305</b>	<b>\$ 13,074,678</b>	<b>\$ -</b>	<b>\$ 137,672,617</b>



**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	Elimination of Inter-Fund Trans	Totals June 30, 2016
<b>OPERATING REVENUES:</b>														
Premiums for Transferred Risk	\$ 43,388,696	\$ 68,841,487	\$ 1,917,598	\$ 5,513,642	\$ 22,998,092	\$ 49,474,182	\$ 5,587,223	\$ 7,686,545	\$ 259,196,813	\$ -	\$ 29,144,972	\$ -	\$ -	\$ 493,749,250
Broker Fees	1,384,660	2,819,055	44,672	923,440	419,435	14,696	5,192	-	2,255,675	1,518,872	-	-	-	9,385,697
Contributions for Retained Risk	20,163,030	50,731,618	-	34,659,277	9,142,250	9,621,430	6,624,229	-	-	32,089,363	-	-	-	163,031,197
Dividend Income	-	-	-	-	-	115,661	-	-	-	-	116,728	-	-	232,389
Member Services	-	-	-	-	-	-	-	-	-	-	-	747,513	-	747,513
Administration Fees	5,198,596	6,657,860	412,582	2,523,501	1,804,445	761,339	1,055,023	76,493	340,171	-	-	-	-	18,830,010
Public Entity Fees	163,017	284,021	1,808	73,240	57,623	75,494	260	-	-	-	-	-	-	655,463
Other Income	260,097	84,290,574	-	-	-	764,369	9,903	-	534,771	-	-	550,898	-	86,410,612
<b>Total Operating Revenues</b>	<b>70,558,096</b>	<b>213,624,615</b>	<b>2,376,660</b>	<b>43,693,100</b>	<b>34,421,845</b>	<b>60,827,171</b>	<b>13,281,830</b>	<b>7,763,038</b>	<b>262,327,430</b>	<b>33,608,235</b>	<b>29,261,700</b>	<b>1,298,411</b>	<b>-</b>	<b>773,042,131</b>
<b>OPERATING EXPENSES:</b>														
Member Dividends	2,300,000	-	-	3,000,000	-	115,661	-	-	22,235	-	116,728	-	-	5,554,624
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	477,716	-	-	-	477,716
Transferred Risk & Insurance Exp	44,733,886	70,563,030	1,917,598	5,239,636	22,998,092	49,528,175	5,587,223	7,686,545	259,196,567	-	29,077,009	-	-	496,527,761
Broker Fees	1,385,306	2,810,625	44,671	923,440	167,265	14,696	5,192	-	2,255,675	1,518,872	-	-	-	9,125,742
Provision for Claims:														
Current Year Claims	9,096,000	34,989,343	-	29,585,040	9,425,000	8,138,154	5,528,615	-	-	29,738,033	-	-	-	126,500,185
Prior Year Claims	(3,718,225)	83,060,210	57,875	5,962,053	-	-	1,661,916	-	-	-	-	-	-	87,023,829
Unallocated Loss Adjustment														
Expenses	8,211,095	944,719	24,420	9,493	150,435	(10,902)	70,857	-	-	-	-	-	-	9,400,117
Program Services	8,840,804	1,097,480	51,988	419,403	162,453	200,293	421,926	-	78,370	2,472,039	-	-	-	13,744,756
Member Services & Subsidies	-	-	-	-	-	-	-	-	-	-	-	2,963,429	-	2,963,429
General Administrative Services	-	-	-	-	-	-	-	-	-	-	-	9,574,758	-	9,574,758
Depreciation	-	-	-	-	-	-	-	-	-	-	-	670,618	-	670,618
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	162,475	-	162,475
<b>Total Operating Expenses</b>	<b>70,848,866</b>	<b>193,465,407</b>	<b>2,096,552</b>	<b>45,139,065</b>	<b>32,903,245</b>	<b>57,986,077</b>	<b>13,275,729</b>	<b>7,686,545</b>	<b>261,552,847</b>	<b>34,206,660</b>	<b>29,193,737</b>	<b>13,371,280</b>	<b>-</b>	<b>761,726,010</b>
<b>OPERATING TRANSFERS IN (OUT):</b>														
Administration														
Transfer In	-	-	-	-	-	-	-	-	-	-	-	14,937,383	(14,937,383)	-
Transfer Out	(3,974,046)	(4,542,841)	(486,024)	(2,338,802)	(1,492,134)	(531,978)	(586,283)	(30,595)	(591,626)	(231,357)	(131,697)	-	14,937,383	-
Risk Management Subsidies and Expense														
Transfer In	-	-	-	-	-	-	-	-	-	-	-	1,049,556	(1,049,556)	-
Transfer Out	(196,491)	(421,276)	(14,708)	(145,690)	(59,335)	(163,803)	(48,253)	-	-	-	-	-	1,049,556	-
<b>Total Operating Transfers</b>	<b>(4,170,537)</b>	<b>(4,964,117)</b>	<b>(500,732)</b>	<b>(2,484,492)</b>	<b>(1,551,469)</b>	<b>(695,781)</b>	<b>(634,536)</b>	<b>(30,595)</b>	<b>(591,626)</b>	<b>(231,357)</b>	<b>(131,697)</b>	<b>15,986,939</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(4,461,307)</b>	<b>15,195,091</b>	<b>(220,624)</b>	<b>(3,930,457)</b>	<b>(32,869)</b>	<b>2,145,313</b>	<b>(628,435)</b>	<b>45,898</b>	<b>182,957</b>	<b>(829,782)</b>	<b>(63,734)</b>	<b>3,914,070</b>	<b>-</b>	<b>11,316,121</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>														
Investment Income	1,614,888	7,706,914	26,006	3,098,458	171,996	2,478	695,300	2,993	203,907	353,899	46,415	229,928	(545,182)	13,608,000
Financing Fees	45,022	20,602	183	667	-	372,832	-	2,969	-	-	55	-	-	442,330
Lease Income	-	-	-	-	-	-	-	-	-	-	-	443,946	-	443,946
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	(122,569)	-	(122,569)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	(158,053)	-	(158,053)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(263,803)	-	(263,803)
Program Financing Expenses	-	-	-	-	-	(470,212)	-	(2,478)	-	-	-	(72,492)	545,182	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,659,910</b>	<b>7,727,516</b>	<b>26,189</b>	<b>3,099,125</b>	<b>171,996</b>	<b>(94,902)</b>	<b>695,300</b>	<b>3,484</b>	<b>203,907</b>	<b>353,899</b>	<b>46,470</b>	<b>56,957</b>	<b>-</b>	<b>13,949,851</b>
<b>Changes in Net Position</b>	<b>(2,801,397)</b>	<b>22,922,607</b>	<b>(194,435)</b>	<b>(831,332)</b>	<b>139,127</b>	<b>2,050,411</b>	<b>66,865</b>	<b>49,382</b>	<b>386,864</b>	<b>(475,883)</b>	<b>(17,264)</b>	<b>3,971,027</b>	<b>-</b>	<b>25,265,972</b>
Net Position:														
Beginning of Year	25,888,450	3,863,963	1,563,118	39,109,813	551,350	5,916,979	6,004,879	51,009	1,810,481	16,697,383	1,845,569	9,103,651	-	112,406,645
Cumulative Effect of Change in Account Principle	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Position, End of Year</b>	<b>\$ 23,087,053</b>	<b>\$ 26,786,570</b>	<b>\$ 1,368,683</b>	<b>\$ 38,278,481</b>	<b>\$ 690,477</b>	<b>\$ 7,967,390</b>	<b>\$ 6,071,744</b>	<b>\$ 100,391</b>	<b>\$ 2,197,345</b>	<b>\$ 16,221,500</b>	<b>\$ 1,828,305</b>	<b>\$ 13,074,678</b>	<b>\$ -</b>	<b>\$ 137,672,617</b>

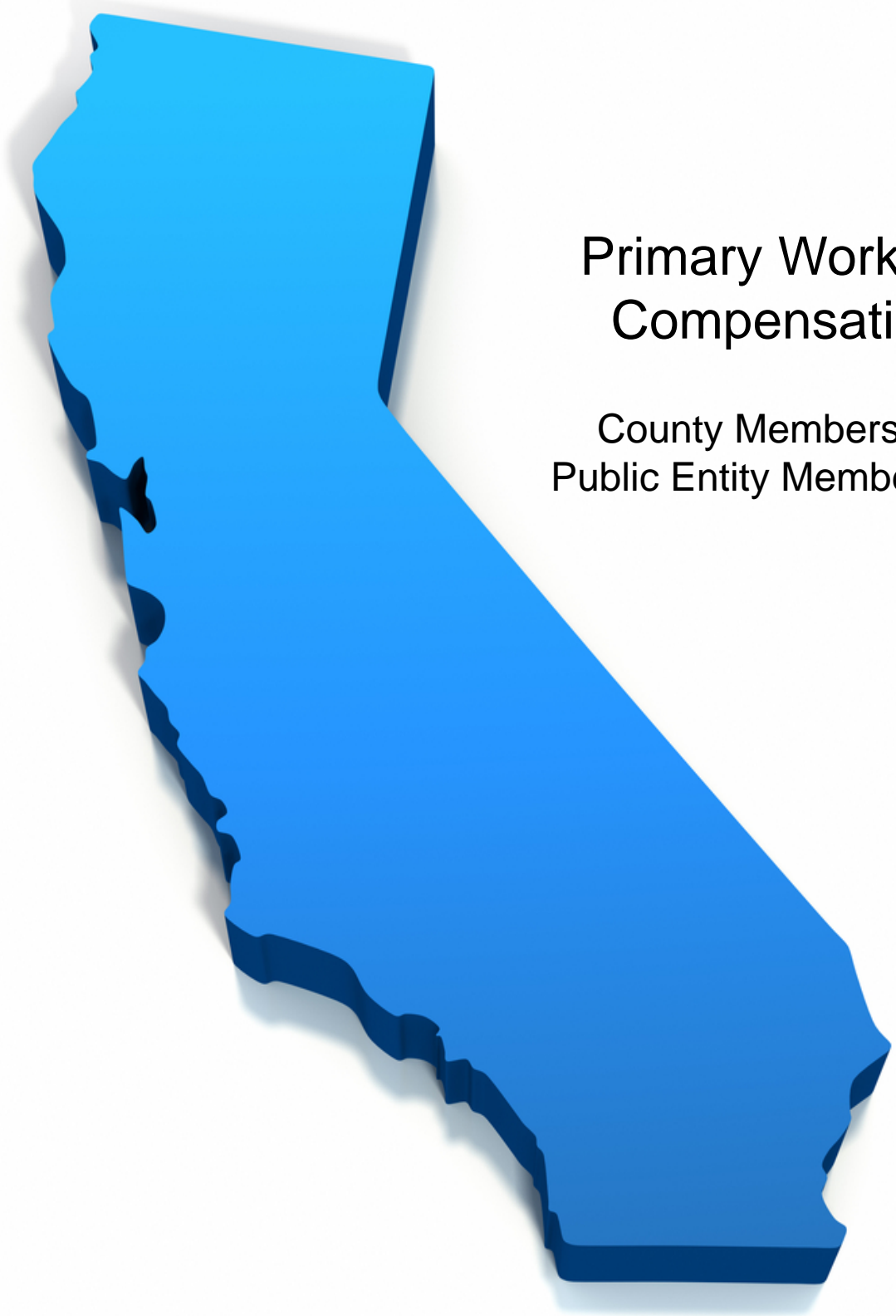
**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	Elimination of Inter-Fund Trans	Totals June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>														
Receipts from Members	\$ 71,417,301	\$ 102,522,196	\$ 2,415,325	\$ 43,854,753	\$ 34,421,845	\$ 59,117,453	\$ 13,410,333	\$ 8,318,151	\$ 262,194,330	\$ 33,879,078	\$ 29,283,222	\$ 922,659	\$ -	\$ 661,756,646
Receipts from Others	168,731	83,514,005	263,646	-	(3,028,738)	648,708	-	-	-	-	116,728	81,165	-	81,764,245
Dividends Paid	(4,000,000)	-	(450,000)	-	-	(123,234)	-	-	-	-	(141,650)	-	-	(4,714,884)
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	(477,716)	-	-	-	(477,716)
Claims Paid	(8,483,320)	(36,202,899)	(22,417)	(30,197,375)	(6,552,089)	(11,607,439)	(2,401,548)	-	-	(28,685,216)	-	-	-	(124,152,303)
Insurance Purchased	(44,733,886)	(61,080,065)	(1,917,598)	(8,002,198)	(22,998,092)	(52,117,802)	(5,653,521)	(7,883,280)	(256,014,415)	-	(30,628,035)	-	-	(491,028,892)
Payments to Suppliers	(11,777,074)	(4,434,113)	(92,728)	(1,396,935)	(341,639)	2,206,430	(435,515)	-	(5,110,168)	(3,990,911)	-	(5,730,603)	-	(31,103,256)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	-	(9,264,059)	-	(9,264,059)
Internal Activities	(41,161)	(14,146,114)	(440,087)	(712,805)	(1,410,506)	1,970,786	(763,781)	(410,764)	(505,039)	(43,840)	123,021	16,380,290	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>2,550,591</b>	<b>70,173,010</b>	<b>(243,859)</b>	<b>3,545,440</b>	<b>90,781</b>	<b>94,902</b>	<b>4,155,968</b>	<b>24,107</b>	<b>564,708</b>	<b>681,395</b>	<b>(1,246,714)</b>	<b>2,389,452</b>	<b>-</b>	<b>82,779,781</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>														
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	(1,363,618)	-	(1,363,618)
<b>NET CASH (USED) BY CAPITAL &amp; BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,363,618)</b>	<b>-</b>	<b>(1,363,618)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>														
Lease Receipts	-	-	-	-	-	-	-	-	-	-	-	443,946	-	443,946
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	-	(122,569)	-	(122,569)
Purchase of Securities	(35,482,094)	(233,833,463)	(349,423)	(69,532,953)	(3,754,876)	-	(18,797,478)	(87,519)	(4,887,412)	(8,200,129)	197,785	(1,109,854)	-	(375,837,416)
Sale of Securities	31,230,887	163,616,069	542,980	64,764,982	3,595,118	-	14,533,386	62,569	4,262,122	7,397,318	970,174	4,806,037	-	295,781,642
Cash from Investment Earnings	1,076,248	4,722,958	17,757	1,994,519	111,253	2,478	437,064	1,849	130,395	227,170	34,136	161,158	(292,785)	8,624,200
Cash from Finance Fees	45,023	20,602	-	667	-	372,832	-	2,969	-	-	55	-	-	442,148
Finance Fees Paid	-	-	-	-	-	(470,212)	-	(2,478)	-	-	-	(72,492)	292,785	(252,397)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(263,803)	-	(263,803)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(3,129,936)</b>	<b>(65,473,834)</b>	<b>211,314</b>	<b>(2,772,785)</b>	<b>(48,505)</b>	<b>(94,902)</b>	<b>(3,827,028)</b>	<b>(22,610)</b>	<b>(494,895)</b>	<b>(575,641)</b>	<b>1,202,150</b>	<b>3,842,423</b>	<b>-</b>	<b>(71,184,249)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(579,345)</b>	<b>4,699,176</b>	<b>(32,545)</b>	<b>772,655</b>	<b>42,276</b>	<b>(0)</b>	<b>328,940</b>	<b>1,497</b>	<b>69,813</b>	<b>105,754</b>	<b>(44,564)</b>	<b>4,868,257</b>	<b>-</b>	<b>10,231,914</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>9,086,901</b>	<b>11,444,263</b>	<b>683,871</b>	<b>5,057,710</b>	<b>328,661</b>	<b>-</b>	<b>1,111,124</b>	<b>2,220</b>	<b>370,308</b>	<b>627,410</b>	<b>129,253</b>	<b>447,795</b>	<b>-</b>	<b>29,289,516</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,507,556</b>	<b>\$ 16,143,439</b>	<b>\$ 651,326</b>	<b>\$ 5,830,365</b>	<b>\$ 370,937</b>	<b>\$ (0)</b>	<b>\$ 1,440,064</b>	<b>\$ 3,717</b>	<b>\$ 440,121</b>	<b>\$ 733,164</b>	<b>\$ 84,689</b>	<b>\$ 5,316,052</b>	<b>\$ -</b>	<b>\$ 39,521,430</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	Elimination of Inter-Fund Trans	Totals June 30, 2016
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>														
Operating Income (Loss)	\$ (4,461,307)	\$ 15,195,091	\$ (220,624)	\$ (3,930,457)	\$ (32,869)	\$ 2,145,313	\$ (628,435)	\$ 45,898	\$ 182,957	\$ (829,782)	\$ (63,734)	\$ 3,914,070	\$ -	\$ 11,316,121
Adjustments to reconcile operating income to net cash provided (used) by operating activities														
Depreciation	-	-	-	-	-	-	-	-	-	-	-	670,618	-	670,618
Changes in Assets and Liabilities														
Deposits, Accts & Other Receivables, net	790,457	(666,695)	284,870	(2,762,545)	(3,094,929)	(1,053,888)	(91,173)	(49,287)	(88,666)	270,843	89,855	(250,312)	-	(6,621,470)
Due From or To Other Funds	4,129,376	(9,181,997)	60,645	1,771,687	140,963	2,666,567	(129,245)	(380,169)	86,587	187,517	254,718	393,351	-	-
Prepaid Insurance and Exps	-	9,482,965	-	-	-	(2,589,627)	(66,298)	(486,762)	-	-	104,186	(60,295)	-	6,384,169
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	(2,741,859)	-	(2,741,859)
Accounts and Other Payables	(3,013,485)	(818,345)	(457,238)	2,945,908	54,270	2,413,846	(18,299)	290,027	383,830	-	(1,680,134)	(226,476)	-	(126,096)
Unearned Income	-	(26,629,382)	28,610	161,636	-	(7,122)	229,578	604,400	-	-	48,395	-	-	(25,563,885)
Claim Liabilities	(3,105,545)	81,846,654	35,458	5,349,718	2,872,911	(3,469,285)	4,788,983	-	-	1,052,817	-	-	-	89,371,711
Unallocated Loss Adjustment Expense Payable	8,211,095	944,719	24,420	9,493	150,435	(10,902)	70,857	-	-	-	-	-	-	9,400,117
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	66,538	-	66,538
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	593,450	-	593,450
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	30,367	-	30,367
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 2,550,591</b>	<b>\$ 70,173,010</b>	<b>\$ (243,859)</b>	<b>\$ 3,545,440</b>	<b>\$ 90,781</b>	<b>\$ 94,902</b>	<b>\$ 4,155,968</b>	<b>\$ 24,107</b>	<b>\$ 564,708</b>	<b>\$ 681,395</b>	<b>\$ (1,246,714)</b>	<b>\$ 2,389,452</b>	<b>\$ -</b>	<b>\$ 82,779,781</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>														
Changes in unrealized gains (loss) on investments	\$ 533,016	\$ 2,792,425	\$ 9,267	\$ 1,105,339	\$ 61,358	\$ -	\$ 248,040	\$ 1,068	\$ 72,741	\$ 126,250	\$ 16,558	\$ 82,024	\$ -	\$ 5,048,086

**PRIMARY WORKERS' COMPENSATION**



## Primary Workers' Compensation

County Members: 11  
Public Entity Members: 27

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 5,582,003	\$ 6,631,920
Cash, EIA Treasury	<u>2,925,553</u>	<u>2,454,981</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	8,507,556	9,086,901
Investments	12,114,975	11,816,269
Accounts Receivable		
Due from Members	-	881,573
Investment Income Receivable	193,027	187,404
Reinsurance Claims	998,848	907,732
Due from Other Funds	<u>14,159,765</u>	<u>18,058,205</u>
<b>TOTAL CURRENT ASSETS</b>	<u>35,974,171</u>	<u>40,938,084</u>
Noncurrent Assets:		
Investments	47,092,890	42,607,373
Due from Other Funds	<u>5,488,553</u>	<u>5,719,489</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>52,581,443</u>	<u>48,326,862</u>
<b>TOTAL ASSETS</b>	<u>88,555,614</u>	<u>89,264,946</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,086,545	1,050,610
Dividends Payable to Members	2,300,000	4,000,000
Other Due to Members	53,977	158,456
Deposits from Members	734,923	392,965
Deposits from Insurance Companies	7,611,611	9,198,510
Workers' Compensation Claims	<u>11,000,000</u>	<u>11,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>22,787,056</u>	<u>25,800,541</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	2,916,630	3,911,277
Claims Incurred But Not Reported	3,650,963	5,761,861
Unallocated Loss Adjustment Expense Payable	<u>36,113,912</u>	<u>27,902,817</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>42,681,505</u>	<u>37,575,955</u>
<b>TOTAL LIABILITIES</b>	<u>65,468,561</u>	<u>63,376,496</u>
<b>NET POSITION:</b>		
Unrestricted	<u>23,087,053</u>	<u>25,888,450</u>
<b>TOTAL NET POSITION</b>	<u>\$ 23,087,053</u>	<u>\$ 25,888,450</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 43,388,696	\$ 41,806,481
Broker Fees	1,384,660	1,340,347
Contributions for Retained Risk	20,163,030	20,744,949
Administration Fees	5,198,596	4,025,964
Public Entity Fees	163,017	158,491
Other Income	260,097	33,517
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>70,558,096</b>	<b>68,109,749</b>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	2,300,000	3,998,408
Insurance Expense	44,733,886	42,961,880
Broker Fees	1,385,306	1,340,451
Provision for Claims		
Current Year Claims	9,096,000	13,325,000
Prior Years' Claims	(3,718,225)	(2,524,908)
Provision for Unallocated Loss Adjustment Expenses	8,211,095	2,204,998
Program Services		
Claims Administration Services	6,981,293	6,071,418
Actuarial and Consulting Services	159,777	203,778
Claims Audits	95,950	55,233
Managed Care Program Review	102,000	97,080
Bank Fees and Services	37,418	35,002
Dept. of Industrial Relations Assessment	1,464,366	1,207,042
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>70,848,866</b>	<b>68,975,382</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(3,974,046)	(2,974,722)
Operating Transfer Out for Loss Prevention	(196,491)	(201,586)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(4,170,537)</b>	<b>(3,176,308)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,461,307)</b>	<b>(4,041,941)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	1,614,888	811,119
Member Financing Fees	45,022	28,276
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>1,659,910</b>	<b>839,395</b>
<b>CHANGES IN NET POSITION</b>	<b>(2,801,397)</b>	<b>(3,202,546)</b>
Net Position, Beginning of Year	<hr/>	<hr/>
	25,888,450	29,090,996
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 23,087,053</b>	<b>\$ 25,888,450</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 71,417,301	\$ 67,490,445
Receipts from Others	168,731	(226,324)
Dividends Paid	(4,000,000)	(5,498,408)
Claims Paid	(8,483,320)	(8,812,726)
Insurance Purchased	(44,733,886)	(42,961,880)
Payments to Suppliers	(11,777,074)	(7,229,416)
Internal Activities	<u>(41,161)</u>	<u>(1,287,147)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,550,591</u>	<u>1,474,544</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(35,482,094)	(35,942,920)
Sales of Securities	31,230,887	28,967,196
Cash from Investment Earnings	1,076,248	985,563
Finance Fees from Members	<u>45,023</u>	<u>28,277</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(3,129,936)</u>	<u>(5,961,884)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(579,345)	(4,487,340)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>9,086,901</u>	<u>13,574,241</u>
<b>END OF YEAR</b>	<u>\$ 8,507,556</u>	<u>\$ 9,086,901</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (4,461,307)	\$ (4,041,941)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	790,457	(1,104,877)
Due From or To Other Funds	4,129,376	1,889,161
Unearned Premium from Members	-	(12,186)
Accounts and Other Payables	(3,013,485)	552,023
Claim Liabilities	(3,105,545)	1,987,366
Unallocated Loss Adjustment Expense Payable	<u>8,211,095</u>	<u>2,204,998</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,550,591</u>	<u>\$ 1,474,544</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 533,016</u>	<u>\$ (181,093)</u>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 48,575,955</u>	<u>\$ 44,383,591</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	17,307,095	15,529,998
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(3,718,225)</u>	<u>(2,524,908)</u>
B. Total incurred claims and claim adjustment expenses	<u>13,588,870</u>	<u>13,005,090</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	4,228,855	3,951,291
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>4,254,465</u>	<u>4,861,435</u>
C. Total Payments	<u>8,483,320</u>	<u>8,812,726</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 53,681,505</u>	<u>\$ 48,575,955</u>
Current Claim Liabilities	\$ 11,000,000	\$ 11,000,000
Noncurrent Claim Liabilities	<u>42,681,505</u>	<u>37,575,955</u>
Total Claim Liabilities	<u>\$ 53,681,505</u>	<u>\$ 48,575,955</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 46,235,265	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 53,048,120	\$ 54,860,361	\$ 54,488,670	\$ 59,245,804	\$ 61,368,317	\$ 62,248,739
Less Ceded				(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	5,307,593	5,955,628	3,245,765	726,610	582,469	225,476	151,332	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>51,542,858</b>	<b>53,584,747</b>	<b>51,618,283</b>	<b>20,814,344</b>	<b>24,729,766</b>	<b>23,761,584</b>	<b>21,979,199</b>	<b>21,865,511</b>	<b>20,419,863</b>	<b>20,089,779</b>
<b>2. Less Unallocated Loss Adjustment Expense</b>	<b>4,206,776</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>	<b>7,311,369</b>	<b>7,109,090</b>	<b>10,137,114</b>	<b>9,483,459</b>	<b>16,656,754</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>36,652,243</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>36,219,693</b>	<b>41,200,715</b>	<b>44,186,253</b>	<b>45,065,803</b>	<b>50,435,293</b>	<b>54,185,020</b>	<b>51,254,960</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>36,652,243</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>11,268,365</b>	<b>12,299,892</b>	<b>12,862,000</b>	<b>12,405,000</b>	<b>13,055,000</b>	<b>13,325,000</b>	<b>9,096,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	7,190,327	7,806,978	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855
One Year Later	16,927,377	18,499,334	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	-
Two Years Later	22,224,475	48,919,481	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	-	-
Three Years Later	55,165,957	48,919,481	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	-	-	-
Four Years Later	55,165,957	48,919,481	26,216,412	9,423,077	11,094,997	10,772,427	-	-	-	-
Five Years Later	55,165,957	48,919,481	26,216,412	9,500,091	11,151,713	-	-	-	-	-
Six Years Later	55,165,957	48,919,481	26,216,412	9,551,614	-	-	-	-	-	-
Seven Years Later	55,165,957	48,919,481	26,216,412	-	-	-	-	-	-	-
Eight Years Later	55,165,957	48,919,481	-	-	-	-	-	-	-	-
Nine Years Later	55,165,957	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,067,709</b>	<b>34,773,228</b>	<b>36,301,742</b>	<b>34,736,035</b>	<b>33,694,712</b>	<b>26,673,931</b>	<b>15,817,207</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	36,652,243	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000
One Year Later	40,968,782	44,407,005	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	-
Two Years Later	39,855,170	48,919,481	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	-	-
Three Years Later	55,165,957	48,919,481	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	-	-	-
Four Years Later	55,165,957	48,919,481	26,216,412	10,934,000	11,500,000	11,022,000	-	-	-	-
Five Years Later	55,165,957	48,919,481	26,216,412	10,902,000	11,450,000	-	-	-	-	-
Six Years Later	55,165,957	48,919,481	26,216,412	10,915,000	-	-	-	-	-	-
Seven Years Later	55,165,967	48,919,481	26,216,412	-	-	-	-	-	-	-
Eight Years Later	55,165,967	48,919,481	-	-	-	-	-	-	-	-
Nine Years Later	55,165,967	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 18,513,724</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (353,365)</b>	<b>\$ (849,892)</b>	<b>\$ (1,840,000)</b>	<b>\$ (1,021,000)</b>	<b>\$ (1,320,000)</b>	<b>\$ (5,103,000)</b>	<b>\$ -</b>

**EXCESS WORKERS' COMPENSATION**



# Excess Workers' Compensation

County Members: 50  
Public Entity Members: 117

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 16,143,439	\$ 11,444,263
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>16,143,439</u>	<u>11,444,263</u>
Investments	66,851,423	55,083,321
Accounts Receivable		
Due from Members	649,409	758,031
Due from Others	2,043	-
Investment Income Receivable	1,065,140	873,610
Reinsurance Claims	2,995,406	2,222,132
Prepaid Insurance	-	9,482,965
Due from Other Funds	<u>22,289,452</u>	<u>20,312,010</u>
<b>TOTAL CURRENT ASSETS</b>	<u>109,996,312</u>	<u>100,176,332</u>
Noncurrent Assets:		
Investments	259,862,419	198,620,701
Due from Other Funds	<u>30,286,284</u>	<u>26,662,260</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>290,148,703</u>	<u>225,282,961</u>
<b>TOTAL ASSETS</b>	<u>400,145,015</u>	<u>325,459,293</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	8,723	534,731
Unearned Income	-	26,629,382
Deposits from Insurance Companies	500,000	500,000
Due to Members	674,137	966,474
Due to Other Funds	10,120,417	13,700,948
Workers' Compensation Claims	<u>40,000,000</u>	<u>35,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>51,303,277</u>	<u>77,331,535</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	224,496,320	159,646,277
Claims Incurred But Not Reported	86,013,317	74,016,706
Unallocated Loss Adjustment Expense Payable	<u>11,545,531</u>	<u>10,600,812</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>322,055,168</u>	<u>244,263,795</u>
<b>TOTAL LIABILITIES</b>	<u>373,358,445</u>	<u>321,595,330</u>
<b>NET POSITION:</b>		
Unrestricted	<u>26,786,570</u>	<u>3,863,963</u>
<b>TOTAL NET POSITION</b>	<u>\$ 26,786,570</u>	<u>\$ 3,863,963</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 68,841,487	\$ 57,820,943
Broker Fees	2,819,055	2,647,487
Contributions for Retained Risk	50,731,618	38,640,930
Administration Fees	6,657,860	5,962,411
Public Entity Fees	284,021	257,276
Other Income	84,290,574	1,059
	<b>TOTAL OPERATING REVENUES</b>	<b>213,624,615</b>
	<b>213,624,615</b>	<b>105,330,106</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	70,563,030	58,579,124
Broker Fees	2,810,625	2,646,255
Provision for Claims		
Current Year Claims	34,989,343	23,324,092
Prior Years' Claims	83,060,210	25,056,689
Provision for Unallocated Loss Adjustment Expenses	944,719	595,252
Program Services		
Actuarial, Legal & Managed Care Services	545,389	451,919
Claims Audits	552,091	500,900
	<b>TOTAL OPERATING EXPENSES</b>	<b>193,465,407</b>
	<b>193,465,407</b>	<b>111,154,231</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(4,542,841)	(3,629,999)
Operating Transfer Out for Loss Prevention	(421,276)	(381,648)
	<b>TOTAL OPERATING TRANSFERS</b>	<b>(4,964,117)</b>
	<b>(4,964,117)</b>	<b>(4,011,647)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>15,195,091</b>
	<b>15,195,091</b>	<b>(9,835,772)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	7,706,914	3,060,676
Member Financing Fees	20,602	14,175
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>7,727,516</b>
	<b>7,727,516</b>	<b>3,074,851</b>
	<b>CHANGES IN NET POSITION</b>	<b>22,922,607</b>
	<b>22,922,607</b>	<b>(6,760,921)</b>
Net Position, Beginning of Year	3,863,963	10,624,884
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,863,963</b>
	<b>\$ 26,786,570</b>	<b>\$ 3,863,963</b>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 102,522,196	\$ 131,703,651
Receipts from Others	83,514,005	1,825,216
Claims Paid	(36,202,899)	(33,924,725)
Insurance Purchased	(61,080,065)	(68,062,089)
Payments to Suppliers	(4,434,113)	(3,165,229)
Internal Activities	<u>(14,146,114)</u>	<u>1,540,202</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>70,173,010</u>	<u>29,917,026</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(233,833,463)	(185,245,553)
Sales of Securities	163,616,069	130,119,425
Cash from Investment Earnings	4,722,958	3,757,230
Finance Fees from Members	<u>20,602</u>	<u>14,175</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(65,473,834)</u>	<u>(51,354,723)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,699,176	(21,437,697)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>11,444,263</u>	<u>32,881,960</u>
<b>END OF YEAR</b>	<u><u>\$ 16,143,439</u></u>	<u><u>\$ 11,444,263</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 15,195,091	\$ (9,835,772)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(666,695)	1,114,954
Prepaid Insurance	9,482,965	(9,482,965)
Due From or To Other Funds	(9,181,997)	5,551,849
Accounts and Other Payables	(818,345)	931,678
Unearned Income	(26,629,382)	26,585,974
Claim Liabilities	81,846,654	14,456,056
Unallocated Loss Adjustment Expense Payable	<u>944,719</u>	<u>595,252</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 70,173,010</u></u>	<u><u>\$ 29,917,026</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u><u>\$ 2,792,425</u></u>	<u><u>\$ (813,461)</u></u>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 279,263,795</u>	<u>\$ 264,212,487</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	35,934,062	23,919,344
Prior fiscal years	<u>83,060,210</u>	<u>25,056,689</u>
B. Total incurred claims and claim adjustment expenses	<u>118,994,272</u>	<u>48,976,033</u>
Payments attributable to insured events of the		
Current fiscal year	13,633	640,286
Prior fiscal years:	<u>36,189,266</u>	<u>33,284,439</u>
C. Total Payments	<u>36,202,899</u>	<u>33,924,725</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 362,055,168</u></u>	<u><u>\$ 279,263,795</u></u>
Current Claim Liabilities	\$ 40,000,000	\$ 35,000,000
Noncurrent Claim Liabilities	<u>322,055,168</u>	<u>244,263,795</u>
Total Claim Liabilities	<u><u>\$ 362,055,168</u></u>	<u><u>\$ 279,263,795</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

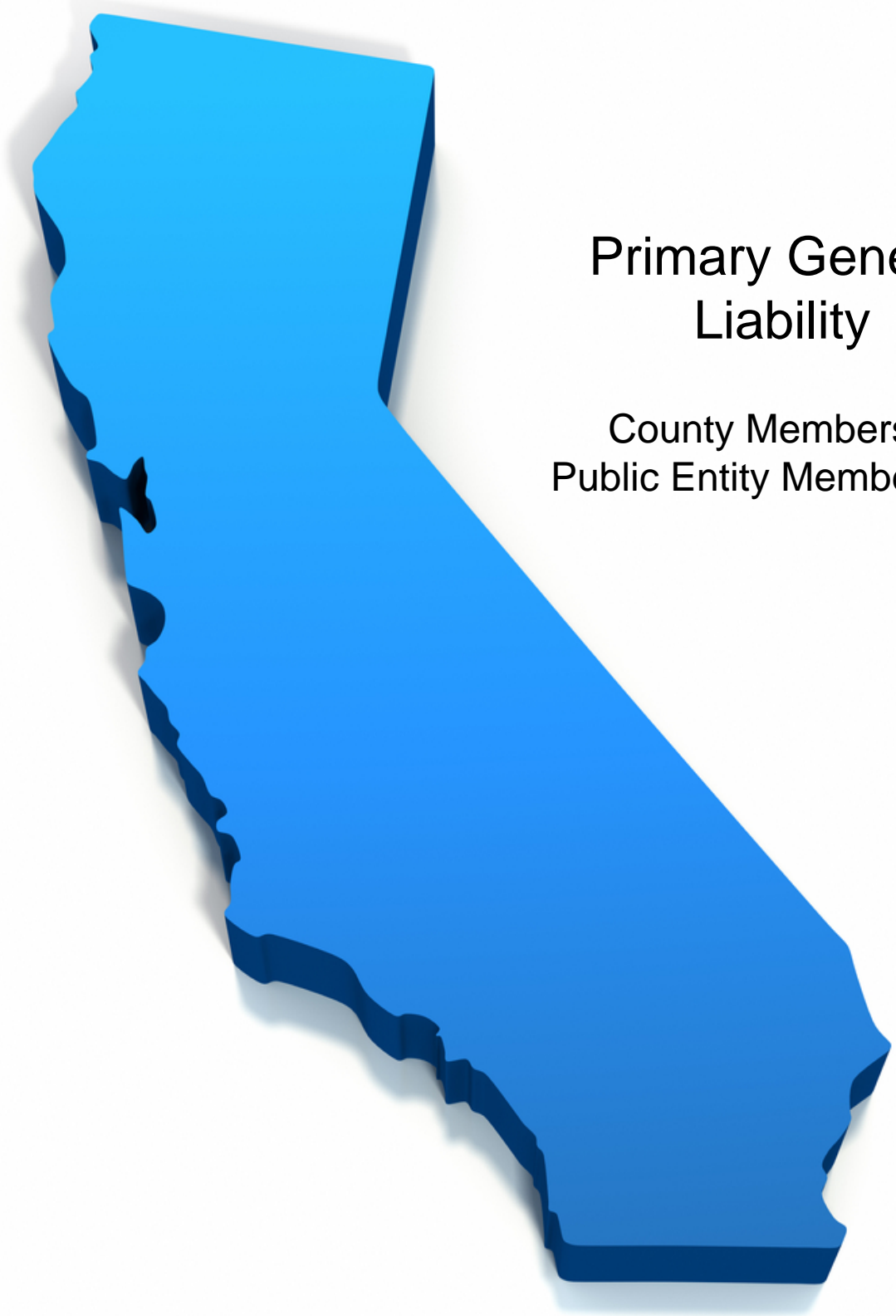
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30 2016
Earned Premiums	\$ 63,726,804	\$ 62,477,689	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 116,271,117
Less Ceded	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	9,504,093	7,037,278	1,911,413	1,942,108	1,255,731	935,202	1,633,300	1,175,891	1,474,781	667,642
<b>1. Total Revenues Available For Payment of Claims</b>	<b>52,779,445</b>	<b>47,474,759</b>	<b>21,401,386</b>	<b>20,580,413</b>	<b>20,064,102</b>	<b>18,836,348</b>	<b>39,222,680</b>	<b>31,599,869</b>	<b>41,976,558</b>	<b>48,679,913</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>903,079</b>	<b>833,462</b>	<b>512,431</b>	<b>711,680</b>	<b>607,222</b>	<b>341,797</b>	<b>671,837</b>	<b>418,413</b>	<b>804,122</b>	<b>1,120,180</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>48,038,272</b>	<b>51,656,148</b>	<b>46,380,300</b>	<b>45,844,808</b>	<b>51,347,831</b>	<b>47,772,920</b>	<b>43,142,223</b>	<b>60,295,762</b>	<b>80,522,151</b>	<b>106,542,005</b>
Less Ceded Claims	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>27,586,820</b>	<b>29,615,940</b>	<b>13,685,800</b>	<b>16,336,287</b>	<b>17,415,739</b>	<b>9,072,284</b>	<b>16,672,173</b>	<b>12,847,479</b>	<b>23,324,092</b>	<b>38,283,159</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817
One Year Later	1,500,771	149,378	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	-
Two Years Later	2,930,749	2,329,306	662,838	515,533	627,868	785,063	2,103,809	6,162,084	-	-
Three Years Later	4,609,582	3,806,626	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	-	-	-
Four Years Later	8,091,482	5,996,177	7,021,243	2,117,003	2,074,489	2,305,965	-	-	-	-
Five Years Later	10,871,389	8,591,259	12,173,038	3,129,849	5,609,885	-	-	-	-	-
Six Years Later	13,177,069	11,959,712	16,560,978	4,339,481	-	-	-	-	-	-
Seven Years Later	16,644,073	15,634,894	18,248,515	-	-	-	-	-	-	-
Eight Years Later	19,859,018	17,602,409	-	-	-	-	-	-	-	-
Nine Years Later	24,012,284	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>13,390,189</b>	<b>-</b>	<b>-</b>	<b>3,042,093</b>	<b>12,501,812</b>	<b>7,647,091</b>	<b>1,729,210</b>	<b>13,111,867</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	27,586,820	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159
One Year Later	29,842,070	28,351,050	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	-
Two Years Later	28,871,552	32,207,743	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	-	-
Three Years Later	37,566,684	34,698,516	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	-	-	-
Four Years Later	36,058,769	36,547,866	27,105,017	20,649,905	19,813,588	12,982,166	-	-	-	-
Five Years Later	39,070,613	37,627,214	28,602,557	23,837,950	24,576,756	-	-	-	-	-
Six Years Later	38,888,948	40,712,273	33,246,965	26,569,135	-	-	-	-	-	-
Seven Years Later	43,889,718	43,281,390	34,254,523	-	-	-	-	-	-	-
Eight Years Later	46,153,789	43,635,990	-	-	-	-	-	-	-	-
Nine Years Later	52,220,378	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 24,633,558</b>	<b>\$ 14,020,050</b>	<b>\$ 20,568,723</b>	<b>\$ 10,232,848</b>	<b>\$ 7,161,017</b>	<b>\$ 3,909,882</b>	<b>\$ 8,639,000</b>	<b>\$ 6,383,939</b>	<b>\$ 6,954,326</b>	<b>\$ -</b>

**PRIMARY GENERAL LIABILITY**



## Primary General Liability

County Members: 5  
Public Entity Members: 18

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 597,240	\$ 626,182
Cash, EIA Treasury	54,086	57,689
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>651,326</b>	<b>683,871</b>
Investments	223,974	277,668
Accounts Receivable		
Due From Members	124,497	145,721
Investment Income Receivable	3,569	4,404
Reinsurance Claims	173,389	437,035
Due from Other Funds	74,677	102,390
<b>TOTAL CURRENT ASSETS</b>	<b>1,251,432</b>	<b>1,651,089</b>
Noncurrent Assets:		
Investments	870,624	1,001,220
Due from Other Funds	101,469	134,401
<b>TOTAL NONCURRENT ASSETS</b>	<b>972,093</b>	<b>1,135,621</b>
<b>TOTAL ASSETS</b>	<b>2,223,525</b>	<b>2,786,710</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	9,626	69,015
Unearned Income	28,610	-
Due to Members	244,357	255,526
Dividends Payable to Members	-	450,000
Deposits from Insurance Companies	314,651	251,331
Claim Liabilities	116,855	81,397
<b>TOTAL CURRENT LIABILITIES</b>	<b>714,099</b>	<b>1,107,269</b>
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	140,743	116,323
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>140,743</b>	<b>116,323</b>
<b>TOTAL LIABILITIES</b>	<b>854,842</b>	<b>1,223,592</b>
<b>NET POSITION:</b>		
Unrestricted	1,368,683	1,563,118
<b>TOTAL NET POSITION</b>	<b>\$ 1,368,683</b>	<b>\$ 1,563,118</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums For Transferred Risk	\$ 1,917,598	\$ 1,756,708
Broker Fees	44,672	42,083
Administration Fees	412,582	331,432
Public Entity Fees	1,808	1,708
Other Income	-	14,720
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>2,376,660</b>	<b>2,146,651</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	-	450,000
Insurance Expense	1,917,598	1,756,706
Broker Fees	44,671	42,084
Provision for Claims		
Prior Years' Claims	57,875	158,555
Provision for Unallocated Loss Adjustment Expenses	24,420	12,605
Program Services		
Actuarial Services	35,920	21,195
Claims Audits	12,500	4,250
Bank Services and Fees	3,568	2,905
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,096,552</b>	<b>2,448,300</b>
	<hr/>	<hr/>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(486,024)	(401,034)
Operating Transfer Out for Loss Prevention	(14,708)	(15,332)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(500,732)</b>	<b>(416,366)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(220,624)</b>	<b>(718,015)</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Investment Income	26,006	8,908
Financing Fees	183	17
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>26,189</b>	<b>8,925</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>(194,435)</b>	<b>(709,090)</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	1,563,118	2,272,208
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,368,683</b>	<b>\$ 1,563,118</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 2,415,325	\$ 2,443,638
Receipts from Others	263,646	(391,259)
Dividends Paid	(450,000)	(450,000)
Claims Paid	(22,417)	(237,711)
Insurance Purchased	(1,917,598)	(1,756,706)
Payments to Suppliers	(92,728)	46,478
Internal Activities	<u>(440,087)</u>	<u>(194,637)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(243,859)</u>	<u>(540,197)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(349,423)	111,046
Sales of Securities	542,980	364,033
Cash from Investment Earnings	<u>17,757</u>	<u>13,462</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>211,314</u>	<u>488,541</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(32,545)	(51,656)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>683,871</u>	<u>735,527</u>
<b>END OF YEAR</b>	<u>\$ 651,326</u>	<u>\$ 683,871</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (220,624)	\$ (718,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	284,870	(74,849)
Due From or To Other Funds	60,645	221,729
Accounts and Other Payables	(457,238)	97,489
Unearned Income	28,610	-
Claim Liabilities	35,458	(79,156)
Unallocated Loss Adjustment Expense Payable	<u>24,420</u>	<u>12,605</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (243,859)</u>	<u>\$ (540,197)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 9,267</u>	<u>\$ (2,276)</u>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 197,720</u>	<u>\$ 264,271</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	24,420	12,605
Increase (Decrease) in the provision for claims of prior fiscal years	<u>57,875</u>	<u>158,555</u>
B. Total incurred claims and claim adjustment expenses	<u>82,295</u>	<u>171,160</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>22,417</u>	<u>237,711</u>
C. Total Payments	<u>22,417</u>	<u>237,711</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 257,598</u>	<u>\$ 197,720</u>
Current Claim Liabilities	\$ 116,855	\$ 81,397
Noncurrent Claim Liabilities	140,743	116,323
Total Claim Liabilities	<u>\$ 257,598</u>	<u>\$ 197,720</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	Fully Insured Years									
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Insurance Premiums	\$ 2,910,577	\$ 3,300,530	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598
Less Ceded	(2,478,758)	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(110,000)	(450,000)	(823,764)	-	-	-	-	-	-	-
Investment Earnings	94,806	170,133	317,687	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	416,625	652,626	746,472	-	-	-	-	-	-	-
2. Unallocated Loss Adjustment Expense	21,768	14,098	80,068	-	-	-	-	-	-	-
3. Estimated Incurred Claims	1,944,886	2,674,081	1,262,000	2,127,964	1,888,464	2,035,654	1,868,680	1,742,957	1,756,708	1,917,598
Less Ceded Claims	(1,772,790)	(2,311,638)	(478,055)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)
Net Incurred Claims and Expenses, End of Policy Year	172,096	362,443	783,945	-	-	-	-	-	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	726,551	-	-	-	-	-	-	-
Four Years Later	-	2,474,714	774,908	-	-	-	-	-	-	-
Five Years Later	1,811,186	2,569,186	893,904	-	-	-	-	-	-	-
Six Years Later	1,811,226	2,687,499	1,005,269	-	-	-	-	-	-	-
Seven Years Later	1,826,515	2,777,921	1,018,638	-	-	-	-	-	-	-
Eight Years Later	1,855,522	2,778,107	-	-	-	-	-	-	-	-
Nine Years Later	1,860,301	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	1,771,627	2,308,563	468,352	2,307,574	1,273,972	909,542	1,331,269	1,897,716	966,054	347,781
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	783,945	-	-	-	-	-	-	-
Four Years Later	-	362,443	452,236	-	-	-	-	-	-	-
Five Years Later	172,096	342,604	468,874	-	-	-	-	-	-	-
Six Years Later	129,872	399,692	539,566	-	-	-	-	-	-	-
Seven Years Later	105,584	478,174	607,061	-	-	-	-	-	-	-
Eight Years Later	130,583	478,174	-	-	-	-	-	-	-	-
Nine Years Later	105,584	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (66,512)	\$ 115,731	\$ (176,884)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**GENERAL LIABILITY 1**



## General Liability 1

County Members: 41  
Public Entity Members: 76

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 5,830,365	\$ 5,057,710
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	5,830,365	5,057,710
Investments	24,144,064	24,343,681
Accounts Receivable		
Due from Members	-	17
Investment Income Receivable	384,686	386,086
Prepaid Insurance	2,762,562	-
Due From Other Funds	8,050,060	8,976,748
<b>TOTAL CURRENT ASSETS</b>	<u>41,171,737</u>	<u>38,764,242</u>
Noncurrent Assets:		
Investments	93,851,928	87,779,001
Due From Other Funds	10,938,196	11,783,195
<b>TOTAL NONCURRENT ASSETS</b>	<u>104,790,124</u>	<u>99,562,196</u>
<b>TOTAL ASSETS</b>	<u>145,961,861</u>	<u>138,326,438</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	19,778	73,870
Dividends Payable to Members	3,000,000	-
Unearned Income	161,636	-
Claims Liabilities	32,000,000	20,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>35,181,414</u>	<u>20,073,870</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	33,784,642	35,837,290
Claims Incurred But Not Reported	37,164,340	41,761,974
Unallocated Loss Adjustment Expense Payable	1,552,984	1,543,491
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>72,501,966</u>	<u>79,142,755</u>
<b>TOTAL LIABILITIES</b>	<u>107,683,380</u>	<u>99,216,625</u>
<b>NET POSITION:</b>		
Unrestricted	38,278,481	39,109,813
<b>TOTAL NET POSITION</b>	<u>\$ 38,278,481</u>	<u>\$ 39,109,813</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 5,513,642	\$ 6,267,249
Broker Fees	923,440	729,210
Contributions for Retained Risk	34,659,277	28,658,551
Administration Fees	2,523,501	2,282,628
Public Entity Fees	73,240	57,690
Other Income	-	350
<b>TOTAL OPERATING REVENUES</b>	<b>43,693,100</b>	<b>37,995,678</b>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	3,000,000	-
Insurance Expense	5,239,636	5,908,399
Broker Fees	923,440	729,138
Provision for Claims		
Current Year Claims	29,585,040	23,484,390
Prior Years' Claims	5,962,053	3,494,901
Provision for Unallocated Loss Adjustment Expenses	9,493	(770,467)
Program Services		
Actuarial and Consulting Services	145,663	134,582
Legal Expenses & Labor Law Services	208,389	203,001
Claims Audits	65,351	31,426
<b>TOTAL OPERATING EXPENSES</b>	<b>45,139,065</b>	<b>33,215,370</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(2,338,802)	(1,863,547)
Operating Transfer Out for Loss Prevention	(145,690)	(138,000)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(2,484,492)</b>	<b>(2,001,547)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,930,457)</b>	<b>2,778,761</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	3,098,458	1,507,981
Member Finance Fees	667	16
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>3,099,125</b>	<b>1,507,997</b>
<b>CHANGES IN NET POSITION</b>	<b>(831,332)</b>	<b>4,286,758</b>
Net Position, Beginning of Year	39,109,813	34,823,055
<b>NET POSITION, END OF YEAR</b>	<b>\$ 38,278,481</b>	<b>\$ 39,109,813</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 43,854,753	\$ 37,966,244
Claims Paid	(30,197,375)	(17,608,534)
Insurance Purchased	(8,002,198)	(5,908,399)
Payments to Suppliers	(1,396,935)	(1,047,416)
Internal Activities	<u>(712,805)</u>	<u>139,918</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>3,545,440</u>	<u>13,541,813</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(69,532,953)	(86,752,839)
Sales of Securities	64,764,982	61,960,844
Cash from Investment Earnings	1,994,519	1,842,148
Finance Fees from Members	<u>667</u>	<u>16</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(2,772,785)</u>	<u>(22,949,831)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	772,655	(9,408,018)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>5,057,710</u>	<u>14,465,728</u>
<b>END OF YEAR</b>	<u>\$ 5,830,365</u>	<u>\$ 5,057,710</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (3,930,457)	\$ 2,778,761
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(2,762,545)	3
Due From or To Other Funds	1,771,687	2,141,465
Accounts and Other Payables	2,945,908	50,731
Unearned Income	161,636	(29,437)
Claim Liabilities	5,349,718	9,370,757
Unallocated Loss Adjustment Expense Payable	<u>9,493</u>	<u>(770,467)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 3,545,440</u>	<u>\$ 13,541,813</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 1,105,339</u>	<u>\$ (387,358)</u>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 99,142,755</u>	<u>\$ 90,542,465</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	29,594,533	22,713,923
Increase (Decrease) in the provision for claims of prior fiscal years	<u>5,962,053</u>	<u>3,494,901</u>
B. Total incurred claims and claim adjustment expenses	<u>35,556,586</u>	<u>26,208,824</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>30,197,375</u>	<u>17,608,534</u>
C. Total Payments	<u>30,197,375</u>	<u>17,608,534</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 104,501,966</u>	<u>\$ 99,142,755</u>
Current Claim Liabilities	\$ 32,000,000	\$ 20,000,000
Noncurrent Claim Liabilities	<u>72,501,966</u>	<u>79,142,755</u>
Total Claim Liabilities	<u>\$ 104,501,966</u>	<u>\$ 99,142,755</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 1 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 18,831,951	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216
Less Ceded	(2,510,249)	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	2,925,313	3,820,646	3,759,650	3,273,470	1,157,910	870,752	821,146	1,130,202	970,034	704,441
<b>1. Total Revenues Available For Payment of Claims</b>	<b>19,247,015</b>	<b>28,708,576</b>	<b>32,740,235</b>	<b>33,665,007</b>	<b>30,373,947</b>	<b>26,722,418</b>	<b>25,994,633</b>	<b>26,532,733</b>	<b>29,949,945</b>	<b>35,315,021</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>6,028</b>	<b>36,839</b>	<b>92,563</b>	<b>18,917</b>	<b>56,835</b>	<b>97,184</b>	<b>112,405</b>	<b>294,846</b>	<b>377,878</b>	<b>420,677</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>14,191,436</b>	<b>23,929,123</b>	<b>23,946,567</b>	<b>17,650,135</b>	<b>19,593,744</b>	<b>20,336,498</b>	<b>24,388,707</b>	<b>26,973,621</b>	<b>29,751,639</b>	<b>34,824,676</b>
Net Incurred Claims and Expenses, End of Policy Year	(2,510,249)	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	2,847	-	653,593	-	241,064	-	-	-	-
One Year Later	39,758	2,899,925	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	-
Two Years Later	5,524,791	7,975,068	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	-	-
Three Years Later	8,404,439	15,431,317	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	-	-	-
Four Years Later	11,379,531	18,156,840	16,936,818	11,549,612	22,031,298	15,817,812	-	-	-	-
Five Years Later	12,657,464	20,302,454	17,283,899	13,166,381	24,752,158	-	-	-	-	-
Six Years Later	13,134,501	20,791,434	17,220,058	16,218,635	-	-	-	-	-	-
Seven Years Later	13,433,469	23,790,631	18,753,240	-	-	-	-	-	-	-
Eight Years Later	13,475,637	24,088,797	-	-	-	-	-	-	-	-
Nine Years Later	13,551,464	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>29,119</b>	<b>56,738</b>	<b>140,962</b>	<b>602,767</b>	<b>4,128,286</b>	<b>12,475,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,500</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	11,681,187	21,876,647	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040
One Year Later	10,508,940	19,125,703	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	-
Two Years Later	11,739,972	17,506,533	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	-	-
Three Years Later	13,803,748	25,395,916	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	-	-	-
Four Years Later	15,616,582	23,429,414	23,946,567	16,847,051	28,275,182	22,130,738	-	-	-	-
Five Years Later	14,464,385	23,929,123	25,984,055	15,642,639	28,444,064	-	-	-	-	-
Six Years Later	14,191,436	23,360,479	25,065,797	17,447,449	-	-	-	-	-	-
Seven Years Later	14,221,203	26,613,419	24,765,984	-	-	-	-	-	-	-
Eight Years Later	14,014,389	26,481,825	-	-	-	-	-	-	-	-
Nine Years Later	13,943,004	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,261,817</b>	<b>\$ 4,605,178</b>	<b>\$ 2,832,811</b>	<b>\$ 2,178,742</b>	<b>\$ 11,593,279</b>	<b>\$ 5,540,070</b>	<b>\$ (1,686,427)</b>	<b>\$ 859,975</b>	<b>\$ 1,172,774</b>	<b>\$ -</b>

## **GENERAL LIABILITY 2**



## General Liability 2

County Members: 9  
Public Entity Members: 3

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 370,937	\$ 328,661
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	370,937	328,661
Investments	1,536,083	1,581,906
Accounts Receivable		
Investment Income Receivable	24,474	25,089
Reinsurance Claims	3,126,823	31,894
Due from Other Funds	512,158	583,329
<b>TOTAL CURRENT ASSETS</b>	<u>5,570,475</u>	<u>2,550,879</u>
Noncurrent Assets:		
Investments	5,971,010	5,704,071
Due from Other Funds	695,906	765,698
<b>TOTAL NONCURRENT ASSETS</b>	<u>6,666,916</u>	<u>6,469,769</u>
<b>TOTAL ASSETS</b>	<u>12,237,391</u>	<u>9,020,648</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	80,089	25,819
Claim Liabilities	10,825,000	7,952,089
<b>TOTAL CURRENT LIABILITIES</b>	<u>10,905,089</u>	<u>7,977,908</u>
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	641,825	491,390
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>641,825</u>	<u>491,390</u>
<b>TOTAL LIABILITIES</b>	<u>11,546,914</u>	<u>8,469,298</u>
<b>NET POSITION:</b>		
Unrestricted	690,477	551,350
<b>TOTAL NET POSITION</b>	<u>\$ 690,477</u>	<u>\$ 551,350</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 22,998,092	\$ 19,484,455
Broker Fees	419,435	367,136
Contributions for Retained Risk	9,142,250	7,000,000
Administration Fees	1,804,445	1,506,263
Public Entity Fees	57,623	49,335
Other Income	-	81,819
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>34,421,845</b>	<b>28,489,008</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	22,998,092	19,484,451
Broker Fees	167,265	152,318
Provision for Claims		
Current Year Claims	9,425,000	7,000,000
Prior Years' Claims	-	-
Provision for Unallocated Loss Adjustment Expenses	150,435	(2,634)
Program Services		
Consulting and Legal Services	110,055	86,295
Actuarial Studies	33,000	14,690
Claim Audits	19,398	26,723
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>32,903,245</b>	<b>26,761,843</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(1,492,134)	(1,170,981)
Operating Transfer Out for Loss Prevention	(59,335)	(50,622)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(1,551,469)</b>	<b>(1,221,603)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(32,869)</b>	<b>505,562</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	171,996	39,693
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>171,996</b>	<b>39,693</b>
<b>CHANGES IN NET POSITION</b>	<b>139,127</b>	<b>545,255</b>
Net Position, Beginning of Year	551,350	6,095
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 690,477</b>	<b>\$ 551,350</b>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 34,421,845	\$ 28,407,189
Receipts from Others	(3,028,738)	14,375,703
Claims Paid	(6,552,089)	(2,719,806)
Insurance Purchased	(22,998,092)	(19,484,451)
Payments to Suppliers	(341,639)	(270,263)
Internal Activities	(1,410,506)	(12,708,338)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>7,600,034</b>
	90,781	7,600,034
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(3,754,876)	(8,927,088)
Sales of Securities	3,595,118	1,630,915
Cash from Investment Earnings	111,253	24,800
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(7,271,373)</b>
	(48,505)	(7,271,373)
	<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>328,661</b>
	42,276	328,661
<b>CASH AND CASH EQUIVALENTS:</b>		
	<b>BEGINNING OF YEAR</b>	<b>-</b>
	328,661	-
	<b>END OF YEAR</b>	<b>\$ 328,661</b>
	\$ 370,937	\$ 328,661
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (32,869)	\$ 505,562
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(3,094,929)	14,293,884
Due From or To Other Funds	140,963	(11,486,735)
Accounts and Other Payables	54,270	9,763
Claim Liabilities	2,872,911	4,280,194
Unallocated Loss Adjustment Expense Payable	150,435	(2,634)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 7,600,034</b>
	\$ 90,781	\$ 7,600,034
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	\$ 61,358	\$ (10,196)

The notes to the financial statements are integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 8,443,479</u>	<u>\$ 4,165,919</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	9,575,435	6,997,366
Increase (Decrease) in the provision for claims of prior fiscal years	<u>-</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>9,575,435</u>	<u>6,997,366</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,552,089</u>	<u>2,719,806</u>
C. Total Payments	<u>6,552,089</u>	<u>2,719,806</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 11,466,825</u>	<u>\$ 8,443,479</u>
Current Claim Liabilities	\$ 10,825,000	\$ 7,952,089
Noncurrent Claim Liabilities	641,825	491,390
Total Claim Liabilities	<u>\$ 11,466,825</u>	<u>\$ 8,443,479</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY 2 PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***
Earned Premiums	\$ 13,353,917	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342
Less Ceded	(10,745,015)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	1,806,116	-	-	-	-	-	282,750
<b>1. Total Revenues Available For Payment of Claims</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>8,705,570</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>	<b>56,826</b>	<b>20,605</b>	<b>84,022</b>	<b>(2,634)</b>	<b>150,435</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>13,535,916</b>	<b>17,300,000</b>	<b>18,463,239</b>	<b>21,085,943</b>	<b>19,925,721</b>	<b>18,075,370</b>	<b>19,467,217</b>	<b>22,700,000</b>	<b>26,484,451</b>	<b>32,423,092</b>
Less Ceded Claims	(10,927,014)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>6,899,454</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000,000</b>	<b>9,425,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	9,445	897,884	-	-	-	-	-	-	5,600,000	-
Two Years Later	16,095	3,247,624	921,340	-	5,250,000	-	-	-	-	-
Three Years Later	2,608,902	6,000,000	8,067,696	4,657,656	5,955,652	-	-	-	-	-
Four Years Later	2,608,903	6,000,000	8,067,696	7,657,656	8,578,800	-	-	-	-	-
Five Years Later	2,608,903	6,000,000	8,067,696	7,858,906	8,578,800	-	-	-	-	-
Six Years Later	2,608,903	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-
Seven Years Later	2,608,903	6,000,000	8,067,696	-	-	-	-	-	-	-
Eight Years Later	2,608,903	6,000,000	-	-	-	-	-	-	-	-
Nine Years Later	2,608,902	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>4,899,946</b>	<b>14,861,281</b>	<b>5,099,659</b>	<b>3,723,890</b>	<b>12,259,292</b>	<b>49,393,570</b>	<b>33,737,323</b>	<b>30,738,517</b>	<b>4,463,514</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	2,608,902	6,000,000	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000
One Year Later	2,608,902	6,000,000	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	-
Two Years Later	2,608,902	6,000,000	8,067,696	8,072,213	8,578,800	-	-	-	-	-
Three Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Four Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Five Years Later	2,608,902	6,000,000	8,067,696	8,705,570	8,578,800	-	-	-	-	-
Six Years Later	2,608,902	6,000,000	8,067,696	8,705,570	-	-	-	-	-	-
Seven Years Later	2,608,902	6,000,000	8,067,696	-	-	-	-	-	-	-
Eight Years Later	2,608,902	6,000,000	-	-	-	-	-	-	-	-
Nine Years Later	2,608,902	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,806,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Fully Insured .

\*\* Fully Insured above Corridor Deductible of \$7,000,000.

\*\*\*Fully insured above Corridor Deductible of \$9,425,000.

## PROPERTY



# Property

County Members: 53  
Public Entity Members: 43

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Accounts Receivable:		
Due from Members	14,795,766	13,857,539
Due from Carriers	115,661	-
Prepaid Insurance	35,725,970	35,379,129
Due from Other Funds	96,000	473,175
<b>TOTAL CURRENT ASSETS</b>	<u>50,733,397</u>	<u>49,709,843</u>
Noncurrent Assets:		
Prepaid Insurance	46,914,848	44,672,062
<b>TOTAL NON-CURRENT ASSETS</b>	<u>46,914,848</u>	<u>44,672,062</u>
<b>TOTAL ASSETS</b>	<u>97,648,245</u>	<u>94,381,905</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,467,873	46,454
Due to Other Funds	38,514,598	38,467,992
Due to Members	119,545	127,118
Unearned Fronting Fees	1,301,929	1,309,051
Claim Liabilities	245,724	3,715,009
<b>TOTAL CURRENT LIABILITIES</b>	<u>42,649,669</u>	<u>43,665,624</u>
Noncurrent Liabilities:		
Due to Other Funds	46,914,848	44,672,062
Unallocated Loss Adjustment Expense Payable	116,338	127,240
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>47,031,186</u>	<u>44,799,302</u>
<b>TOTAL LIABILITIES</b>	<u>89,680,855</u>	<u>88,464,926</u>
<b>NET POSITION:</b>		
Unrestricted	7,967,390	5,916,979
<b>TOTAL NET POSITION</b>	<u>\$ 7,967,390</u>	<u>\$ 5,916,979</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 49,474,182	\$ 48,609,374
Broker Fees	14,696	28,968
Reinsurance Dividends	115,661	127,118
Contributions for Retained Risk	9,621,430	8,820,398
Administration Fees	761,339	642,960
Public Entity Fees	75,494	79,803
Other Income	764,369	674,665
	<u>60,827,171</u>	<u>58,983,286</u>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	115,661	127,118
Insurance Expense	49,528,175	48,519,577
Broker Fees	14,696	28,968
Provision for Claims	8,138,154	7,867,267
Provision for Unallocated Loss Adjustment Expenses	(10,902)	23,601
Program Services		
Property Appraisals and Consulting	200,293	74,434
	<u>57,986,077</u>	<u>56,640,965</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(531,978)	(375,305)
Operating Transfer Out for Loss Prevention	(163,803)	(159,073)
	<u>(695,781)</u>	<u>(534,378)</u>
	<u>2,145,313</u>	<u>1,807,943</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	2,478	2,206
Member Financing Fees	372,832	402,694
Program Financing Expense	(470,212)	(312,178)
	<u>(94,902)</u>	<u>92,722</u>
	<u>2,050,411</u>	<u>1,900,665</u>
Net Position, Beginning of Year	<u>5,916,979</u>	<u>4,016,314</u>
	<u>\$ 7,967,390</u>	<u>\$ 5,916,979</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 59,117,453	\$ 61,218,974
Receipts from Others	648,708	674,665
Dividends Paid	(123,234)	(115,265)
Claims Paid	(11,607,439)	(14,226,750)
Insurance Purchased	(52,117,802)	(46,967,044)
Payments to Suppliers	2,206,430	(56,948)
Internal Activities	<u>1,970,786</u>	<u>(620,354)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>94,902</u>	<u>(92,722)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash from Investment Earnings	2,478	2,206
Member Financing Fees	372,832	402,694
Program Financing Expenses	<u>(470,212)</u>	<u>(312,178)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(94,902)</u>	<u>92,722</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 2,145,313	\$ 1,807,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,053,888)	2,923,732
Due From or To Other Funds	2,666,567	(85,976)
Prepaid Insurance	(2,589,627)	1,552,533
Accounts and Other Payables	2,413,846	58,307
Deferred Premium Inflows from Members	(7,122)	(13,379)
Claim Liabilities	(3,469,285)	(6,359,483)
Unallocated Loss Adjustment Expense Payable	<u>(10,902)</u>	<u>23,601</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 94,902</u>	<u>\$ (92,722)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ -</u>	<u>\$ -</u>



**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 3,842,249</u>	<u>\$ 10,178,131</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>8,127,252</u>	<u>7,890,868</u>
B. Total incurred claims and claim adjustment expenses	<u>8,127,252</u>	<u>7,890,868</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	247,729
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>11,607,439</u>	<u>13,979,021</u>
C. Total Payments	<u>11,607,439</u>	<u>14,226,750</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u><u>\$ 362,062</u></u>	<u><u>\$ 3,842,249</u></u>
Current Claim Liabilities	\$ 245,724	\$ 3,715,009
Noncurrent Claim Liabilities	116,338	127,240
Total Claim Liabilities	<u><u>\$ 362,062</u></u>	<u><u>\$ 3,842,249</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

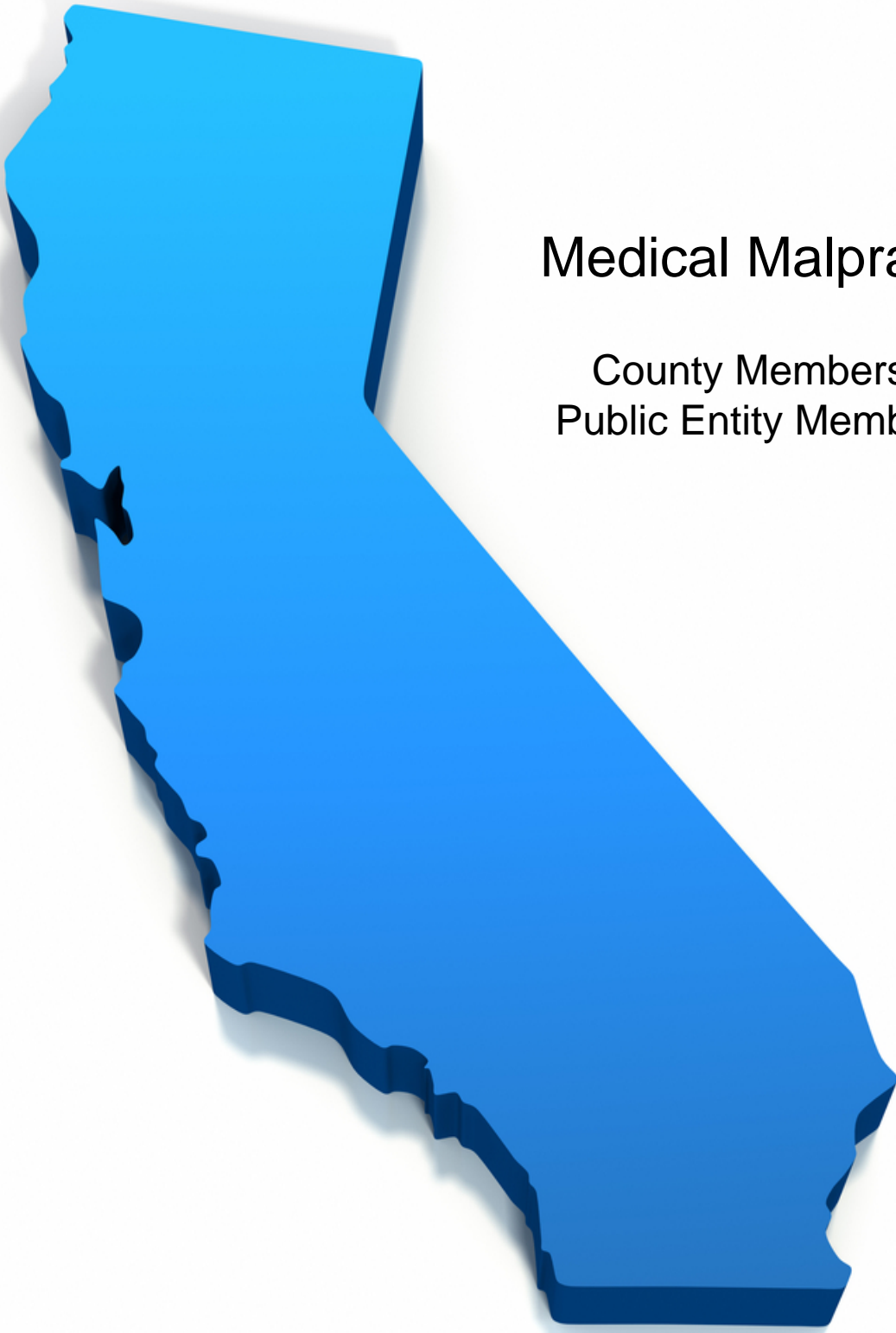
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 42,921,015	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613
Less Ceded	(36,303,667)	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>6,617,348</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>	<b>11,749,959</b>	<b>12,739,784</b>	<b>9,567,438</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>	<b>27,474</b>	<b>23,601</b>	<b>(10,902)</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>42,892,848 (36,303,667) 6,589,181</b>	<b>53,339,625 (40,515,154) 12,824,471</b>	<b>39,149,125 (29,149,125) 10,000,000</b>	<b>50,061,693 (40,061,693) 10,000,000</b>	<b>48,415,254 (39,415,254) 9,000,000</b>	<b>50,497,951 (40,497,951) 10,000,000</b>	<b>53,216,154 (43,216,154) 10,000,000</b>	<b>56,060,305 (46,060,305) 10,000,000</b>	<b>58,677,313 (48,609,374) 10,067,939</b>	<b>58,095,613 (49,528,175) 8,567,438</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	1,997,597	4,114,386	-	-	354,341	-	58,785	65,876	247,729	-
One Year Later	6,589,181	12,770,820	4,949,559	9,000,000	2,098,639	3,795,372	4,606,136	8,941,903	10,000,000	-
Two Years Later	6,589,181	13,847,744	2,013,815	9,000,000	7,782,088	10,000,000	9,409,593	10,206,664	-	-
Three Years Later	6,589,181	12,824,471	2,013,815	9,000,000	9,457,739	10,000,000	10,000,000	-	-	-
Four Years Later	6,589,181	12,824,471	10,000,000	9,000,000	9,754,276	10,000,000	-	-	-	-
Five Years Later	6,589,181	12,824,471	10,000,000	9,000,000	9,754,276	-	-	-	-	-
Six Years Later	6,589,181	12,824,471	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	6,589,181	12,824,471	10,000,000	-	-	-	-	-	-	-
Eight Years Later	6,589,181	12,824,471	-	-	-	-	-	-	-	-
Nine Years Later	6,589,181	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>23,118,904</b>	<b>9,018,571</b>	<b>1,610,684</b>	<b>55,739,573</b>	<b>2,354,726</b>	<b>7,847,673</b>	<b>10,225,983</b>	<b>41,824,877</b>	<b>8,747,082</b>	<b>10,000,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	9,567,438
One Year Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	10,000,000	-
Two Years Later	6,588,915	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-
Three Years Later	6,588,915	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-
Four Years Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	6,589,181	12,824,471	10,000,000	9,000,000	10,000,000	-	-	-	-	-
Six Years Later	6,589,181	12,824,471	10,000,000	9,000,000	-	-	-	-	-	-
Seven Years Later	6,589,181	12,824,471	10,000,000	-	-	-	-	-	-	-
Eight Years Later	6,589,181	12,824,471	-	-	-	-	-	-	-	-
Nine Years Later	6,589,181	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,000,000)</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (67,939)</b>	<b>\$ 1,000,000</b>

## **MEDICAL MALPRACTICE**



## Medical Malpractice

County Members: 46  
Public Entity Members: 3

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 1,440,064	\$ 1,111,124
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>1,440,064</u>	<u>1,111,124</u>
Investments	5,963,433	5,348,044
Accounts Receivable		
Due from Members	96,708	5,535
Investment Income Receivable	95,015	84,819
Due from Other Funds	1,988,315	1,972,095
Prepaid Insurance	1,413,380	1,347,082
<b>TOTAL CURRENT ASSETS</b>	<u>10,996,915</u>	<u>9,868,699</u>
Noncurrent Assets:		
Investments	23,180,841	19,284,099
Due from Other Funds	2,701,666	2,588,641
<b>TOTAL NONCURRENT ASSETS</b>	<u>25,882,507</u>	<u>21,872,740</u>
<b>TOTAL ASSETS</b>	<u>36,879,422</u>	<u>31,741,439</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	-	18,300
Unearned Revenue	3,034,233	2,804,655
Claim Liabilities	10,000,000	6,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>13,034,233</u>	<u>8,822,955</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	9,961,832	4,138,052
Claims Incurred But Not Reported	6,037,718	11,072,515
Unallocated Loss Adjustment Expense Payables	1,773,895	1,703,038
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>17,773,445</u>	<u>16,913,605</u>
<b>TOTAL LIABILITIES</b>	<u>30,807,678</u>	<u>25,736,560</u>
<b>NET POSITION:</b>		
Unrestricted	6,071,744	6,004,879
<b>TOTAL NET POSITION</b>	<u>\$ 6,071,744</u>	<u>\$ 6,004,879</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 5,587,223	\$ 5,278,341
Broker Fees	5,192	5,053
Contributions for Retained Risk	6,624,229	7,127,056
Administration Fees	1,055,023	997,302
Public Entity Fees	260	253
Other Income	9,903	15,844
	<b>TOTAL OPERATING REVENUES</b>	<b>13,423,849</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	5,587,223	5,278,339
Broker Fees	5,192	5,053
Provision for Claims		
Current Year Claims	5,528,615	5,527,822
Prior Years' Claims	1,661,916	1,593,046
Provision for Unallocated Loss Adjustment Expenses	70,857	55,858
Program Services:		
Actuarial and Consulting Services	48,986	38,128
Claim Administration Services	354,879	352,281
Loss Prevention Training	18,061	7,443
	<b>TOTAL OPERATING EXPENSES</b>	<b>12,857,970</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(586,283)	(527,680)
Operating Transfer Out for Loss Prevention	(48,253)	(48,248)
	<b>TOTAL OPERATING TRANSFERS</b>	<b>(575,928)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>(10,049)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	695,300	308,828
	<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>308,828</b>
	<b>CHANGES IN NET POSITION</b>	<b>298,779</b>
Net Position, Beginning of Year	6,004,879	5,706,100
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 6,004,879</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 13,410,333	\$ 13,276,689
Claims Paid	(2,401,548)	(8,137,797)
Insurance Purchased	(5,653,521)	(5,388,330)
Payments to Suppliers	(435,515)	(370,261)
Internal Activities	(763,781)	574,281
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>4,155,968</b>	<b>(45,418)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(18,797,478)	(15,526,467)
Sales of Securities	14,533,386	12,689,325
Cash from Investment Earnings	437,064	386,352
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(3,827,028)</b>	<b>(2,450,790)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>328,940</b>	<b>(2,496,208)</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>1,111,124</b>	<b>3,607,332</b>
<b>END OF YEAR</b>	<b>\$ 1,440,064</b>	<b>\$ 1,111,124</b>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (628,435)	\$ (10,049)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(91,173)	4,908
Due From or To Other Funds	(129,245)	1,150,209
Prepaid Insurance	(66,298)	(109,991)
Accounts and Other Payables	(18,299)	16,801
Unearned Income	229,578	(136,225)
Claim Liabilities	4,788,983	(1,016,929)
Unallocated Loss Adjustment Expense Payable	70,857	55,858
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 4,155,968</b>	<b>\$ (45,418)</b>
 <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<b>\$ 248,040</b>	<b>\$ (79,329)</b>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 22,913,605</u>	<u>\$ 23,874,676</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	5,599,472	5,583,680
Increase (Decrease) in the provision for claims of prior fiscal years	<u>1,661,916</u>	<u>1,593,046</u>
B. Total incurred claims and claim adjustment expenses	<u>7,261,388</u>	<u>7,176,726</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	17,502	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,384,046</u>	<u>8,137,797</u>
C. Total Payments	<u>2,401,548</u>	<u>8,137,797</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 27,773,445</u>	<u>\$ 22,913,605</u>
Current Claim Liabilities	\$ 10,000,000	\$ 6,000,000
Noncurrent Claim Liabilities	<u>17,773,445</u>	<u>16,913,605</u>
Total Claim Liabilities	<u>\$ 27,773,445</u>	<u>\$ 22,913,605</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums	\$ 15,937,410	\$ 17,155,393	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,273	\$ 12,159,182	\$ 10,753,879
Less Ceded	(8,046,869)	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	1,672,041	1,851,137	600,265	653,797	29,440	208,881	349,740	342,350	235,481	108,580
<b>1. Total Revenues Available For Payment of Claims</b>	<b>9,562,582</b>	<b>11,567,321</b>	<b>6,890,631</b>	<b>7,732,091</b>	<b>6,070,007</b>	<b>5,939,764</b>	<b>7,031,156</b>	<b>7,157,695</b>	<b>7,116,324</b>	<b>5,275,236</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>26,044</b>	<b>40,314</b>	<b>72,610</b>	<b>102,655</b>	<b>164,453</b>	<b>104,558</b>	<b>171,812</b>	<b>318,634</b>	<b>371,681</b>	<b>438,604</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>5,501,728</b>	<b>6,231,096</b>	<b>6,123,618</b>	<b>5,385,000</b>	<b>8,527,422</b>	<b>5,999,807</b>	<b>6,893,605</b>	<b>4,950,026</b>	<b>5,827,822</b>	<b>6,300,000</b>
<b>Net Incurred Claims and Expenses, End of Policy Year</b>	<b>5,501,728</b>	<b>6,231,096</b>	<b>6,123,618</b>	<b>5,385,000</b>	<b>8,527,422</b>	<b>5,999,807</b>	<b>6,893,605</b>	<b>4,950,026</b>	<b>5,827,822</b>	<b>6,300,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	31,852	-	23,848	51,305	26,698	3,528	-	-	17,502
One Year Later	18,511	77,244	148,321	96,315	1,282,361	181,822	436,672	-	503,920	-
Two Years Later	2,553,723	319,382	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	-	-
Three Years Later	4,055,429	4,051,699	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	-	-	-
Four Years Later	4,079,102	6,201,597	4,715,066	3,116,185	5,261,575	4,502,133	-	-	-	-
Five Years Later	4,079,470	6,201,597	4,715,783	3,914,587	6,171,816	-	-	-	-	-
Six Years Later	4,389,246	6,201,597	5,083,559	3,914,587	-	-	-	-	-	-
Seven Years Later	5,252,002	6,201,597	5,083,559	-	-	-	-	-	-	-
Eight Years Later	5,252,002	6,201,597	-	-	-	-	-	-	-	-
Nine Years Later	5,252,002	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>5,629,920</b>	<b>3,428,442</b>	<b>15,537,160</b>	<b>5,621,059</b>	<b>3,500,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>1,645,000</b>	<b>59,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	4,437,870	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	6,893,605	5,239,961	5,527,822	5,528,616
One Year Later	4,258,727	5,904,394	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	-
Two Years Later	6,425,558	5,685,879	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	-	-
Three Years Later	5,852,567	6,747,768	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	-	-	-
Four Years Later	5,048,560	6,922,698	6,749,092	5,230,415	8,527,423	4,963,502	-	-	-	-
Five Years Later	5,149,894	6,611,328	6,492,782	5,384,999	8,227,495	-	-	-	-	-
Six Years Later	5,620,907	6,248,451	6,123,618	4,170,539	-	-	-	-	-	-
Seven Years Later	5,337,382	6,231,095	6,225,001	-	-	-	-	-	-	-
Eight Years Later	5,501,728	6,219,549	-	-	-	-	-	-	-	-
Nine Years Later	5,394,426	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ (107,302)</b>	<b>\$ (11,547)</b>	<b>\$ 101,383</b>	<b>\$ (1,214,461)</b>	<b>\$ (299,927)</b>	<b>\$ (1,036,305)</b>	<b>\$ 62,007</b>	<b>\$ 1,274,056</b>	<b>\$ 2,722,232</b>	<b>\$ (771,384)</b>

**MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**



# MROCIP

County Members: 5  
Public Entity Members: 3

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 3,717	\$ 2,220
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	3,717	2,220
Investments	15,393	10,684
Accounts Receivable:		
Due from Members	499,046	449,759
Investment Income Receivable	245	169
Due from Other Funds	5,132	3,940
Prepaid Insurance	3,622,250	3,135,488
<b>TOTAL CURRENT ASSETS</b>	4,145,783	3,602,260
Noncurrent Assets:		
Investments	59,834	38,525
Due From Other Funds	6,973	5,171
<b>TOTAL NONCURRENT ASSETS</b>	66,807	43,696
<b>TOTAL ASSETS</b>	4,212,590	3,645,956
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	351,618	61,591
Due to Other Funds	96,000	473,175
Unearned Income	3,664,581	3,060,181
<b>TOTAL CURRENT LIABILITIES</b>	4,112,199	3,594,947
<b>TOTAL LIABILITIES</b>	4,112,199	3,594,947
<b>NET POSITION:</b>		
Unrestricted	100,391	51,009
<b>TOTAL NET POSITION</b>	\$ 100,391	\$ 51,009

**CSAC EXCESS INSURANCE AUTHORITY**  
**MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premium for Transferred Risk	\$ 7,686,545	\$ 3,340,769
Administration Fees	76,493	33,464
Other Income	-	8,075
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>7,763,038</b>	<b>3,382,308</b>
<b>OPERATING EXPENSES:</b>		
Insurance Expense	7,686,545	3,342,682
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>7,686,545</b>	<b>3,342,682</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(30,595)	(17,861)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(30,595)</b>	<b>(17,861)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>45,898</b>	<b>21,765</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	2,993	1,152
Member Financing Fees	2,969	237
Program Financing Expense	(2,478)	(2,206)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>3,484</b>	<b>(817)</b>
<b>CHANGES IN NET POSITION</b>	<b>49,382</b>	<b>20,948</b>
Net Position, Beginning of Year	51,009	30,061
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 100,391</b>	<b>\$ 51,009</b>
	<hr/>	<hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 8,318,151	\$ 3,337,616
Insurance Purchased	(7,883,280)	(3,271,594)
Internal Activities	<u>(410,764)</u>	<u>(13,607)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>24,107</u>	<u>52,415</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(87,519)	(96,829)
Sales of Securities	62,569	47,325
Cash from Investment Earnings	1,849	1,278
Finance Fees from Members	2,969	237
Program Financing Expense	<u>(2,478)</u>	<u>(2,206)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(22,610)</u>	<u>(50,195)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,497	2,220
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>2,220</u>	<u>-</u>
<b>END OF YEAR</b>	<u><u>\$ 3,717</u></u>	<u><u>\$ 2,220</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 45,898	\$ 21,765
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(49,287)	378,303
Due From or To Other Funds	(380,169)	4,254
Prepaid Insurance	(486,762)	600,795
Accounts and Other Payables	290,027	(529,707)
Unearned Income	<u>604,400</u>	<u>(422,995)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 24,107</u></u>	<u><u>\$ 52,415</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u><u>\$ 1,068</u></u>	<u><u>\$ (296)</u></u>

The notes to the financial statements are integral part of this statement.



**EIAHEALTH**



## EIAHealth

County Members: 11  
Public Entity Members: 17

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 440,121	\$ 370,308
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	440,121	370,308
Investments	1,822,583	1,782,359
Accounts Receivable		
Due from Members	88,666	-
Investment Income Receivable	29,039	28,268
Due from Other Funds	607,682	657,246
<b>TOTAL CURRENT ASSETS</b>	<u>2,988,091</u>	<u>2,838,181</u>
Noncurrent Assets:		
Investments	7,084,678	6,426,869
Due from Other Funds	825,701	862,724
<b>TOTAL NONCURRENT ASSETS</b>	<u>7,910,379</u>	<u>7,289,593</u>
<b>TOTAL ASSETS</b>	<u>10,898,470</u>	<u>10,127,774</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,459,835	1,053,804
Dividends Payable to Members	7,241,290	7,219,055
Due to Members	-	44,434
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,701,125</u>	<u>8,317,293</u>
<b>TOTAL LIABILITIES</b>	<u>8,701,125</u>	<u>8,317,293</u>
<b>NET POSITION:</b>		
Unrestricted	2,197,345	1,810,481
<b>TOTAL NET POSITION</b>	<u>\$ 2,197,345</u>	<u>\$ 1,810,481</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 241,255,956	\$ 217,379,646
Broker Fees	2,255,675	2,150,480
Health Reform Fees and Taxes	1,415,115	1,971,385
Administration Fees	340,171	325,415
TPA Claims Administration Fees	14,758,704	9,907,515
Eligibility Administration Fees	1,767,038	1,694,461
Other Income	534,771	6,250
<b>TOTAL OPERATING REVENUES</b>	<u>262,327,430</u>	<u>233,435,152</u>
<b>OPERATING EXPENSES:</b>		
Interest on Dividends to Members	22,235	13,870
Insurance Premiums and TPA Fees	256,014,414	227,286,920
Eligibility Administration	1,767,038	1,694,461
Health Reform Fees and Taxes	1,415,115	1,971,385
Broker Fees	2,255,675	2,150,480
Program Services		
Actuarial Consulting Services	26,215	25,700
EIAHealth Seminar	52,155	18,820
<b>TOTAL OPERATING EXPENSES</b>	<u>261,552,847</u>	<u>233,161,636</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	<u>(591,626)</u>	<u>(413,209)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(591,626)</u>	<u>(413,209)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>182,957</u>	<u>(139,693)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>203,907</u>	<u>103,144</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>203,907</u>	<u>103,144</u>
<b>CHANGES IN NET POSITION</b>	386,864	(36,549)
Net Position, Beginning of Year	1,810,481	1,847,030
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 2,197,345</u></u>	<u><u>\$ 1,810,481</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 262,194,330	\$ 233,320,169
Dividends Paid	-	(776,291)
Insurance Purchased	(256,014,415)	(227,286,920)
Payments to Suppliers	(5,110,168)	(5,659,686)
Internal Activities	(505,039)	46,314
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>564,708</b>	<b>(356,414)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(4,887,412)	(4,891,834)
Sales of Securities	4,262,122	4,238,059
Cash from Investment Earnings	130,395	130,145
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(494,895)</b>	<b>(523,630)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>69,813</b>	<b>(880,044)</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>370,308</b>	<b>1,250,352</b>
<b>END OF YEAR</b>	<b>\$ 440,121</b>	<b>\$ 370,308</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 182,957	\$ (139,693)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(88,666)	-
Due From or To Other Funds	86,587	459,523
Accounts and Other Payables	383,830	(676,244)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 564,708</b>	<b>\$ (356,414)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<b>\$ 72,741</b>	<b>\$ (26,495)</b>

## DENTAL



## Dental

County Members: 32  
Public Entity Members: 113

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 733,164	\$ 627,410
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	733,164	627,410
Investments	3,036,096	3,019,838
Accounts Receivable		
Due from Members	392,413	663,256
Investment Income Receivable	48,374	47,894
Deposits With Carrier	245,000	245,000
Due from Other Funds	1,012,288	1,113,567
<b>TOTAL CURRENT ASSETS</b>	<u>5,467,335</u>	<u>5,716,965</u>
Noncurrent Assets:		
Investments	11,801,802	10,889,000
Due from Other Funds	1,375,469	1,461,707
<b>TOTAL NONCURRENT ASSETS</b>	<u>13,177,271</u>	<u>12,350,707</u>
<b>TOTAL ASSETS</b>	<u>18,644,606</u>	<u>18,067,672</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Dental Claim Liabilities	2,423,106	1,370,289
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,423,106</u>	<u>1,370,289</u>
<b>TOTAL LIABILITIES</b>	<u>2,423,106</u>	<u>1,370,289</u>
<b>NET POSITION:</b>		
Unrestricted	16,221,500	16,697,383
<b>TOTAL NET POSITION</b>	<u>\$ 16,221,500</u>	<u>\$ 16,697,383</u>



**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Contribution for Retained Risk	\$ 31,736,745	\$ 32,028,794
Eligibility Admin Fee Revenue	352,618	334,103
Broker Fees	<u>1,518,872</u>	<u>1,464,977</u>
<b>TOTAL OPERATING REVENUES</b>	<u>33,608,235</u>	<u>33,827,874</u>
<b>OPERATING EXPENSES:</b>		
Provision for Claims, Current Year	29,738,033	26,917,532
Broker Fees	1,518,872	1,464,977
Stabilization Funds Distributed	477,716	-
Claims Administration and Eligibility Fees	2,467,239	2,336,798
Other Program Services	<u>4,800</u>	<u>4,800</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>34,206,660</u>	<u>30,724,107</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	<u>(231,357)</u>	<u>(175,587)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(231,357)</u>	<u>(175,587)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(829,782)</u>	<u>2,928,180</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	<u>353,899</u>	<u>171,284</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>353,899</u>	<u>171,284</u>
<b>CHANGES IN NET POSITION</b>	(475,883)	3,099,464
Net Position, Beginning of Year	<u>16,697,383</u>	<u>13,597,919</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 16,221,500</u>	<u>\$ 16,697,383</u>

The notes to the financial statements are an integral part to this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 33,879,078	\$ 34,059,644
Stabilization Funds Distributed	(477,716)	-
Claims Paid	(28,685,216)	(27,747,243)
Payments to Suppliers	(3,990,911)	(4,075,144)
Internal Activities	<u>(43,840)</u>	<u>(25,281)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>681,395</u>	<u>2,211,976</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(8,200,129)	(10,551,004)
Sales of Securities	7,397,318	7,037,812
Cash from Investment Earnings	<u>227,170</u>	<u>207,007</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(575,641)</u>	<u>(3,306,185)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	105,754	(1,094,209)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>627,410</u>	<u>1,721,619</u>
<b>END OF YEAR</b>	<u><u>\$ 733,164</u></u>	<u><u>\$ 627,410</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (829,782)	\$ 2,928,180
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	270,843	231,770
Deposits With Carrier	-	(245,000)
Due From or To Other Funds	187,517	150,306
Accounts and Other Payables	-	(23,569)
Claim Liabilities	<u>1,052,817</u>	<u>(829,711)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 681,395</u></u>	<u><u>\$ 2,211,976</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u><u>\$ 126,250</u></u>	<u><u>\$ (43,998)</u></u>

The notes to the financial statements are an integral part to this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 1,370,289	\$ 2,200,000
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>29,738,033</u>	<u>26,917,532</u>
B. Total incurred claims and claim adjustment expenses	<u>29,738,033</u>	<u>26,917,532</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	28,685,216	27,747,243
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>-</u>	<u>-</u>
C. Total Payments	<u>28,685,216</u>	<u>27,747,243</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 2,423,106</u>	<u>\$ 1,370,289</u>
Current Claim Liabilities	<u>\$ 2,423,106</u>	<u>\$ 1,370,289</u>
Total Claim Liabilities	<u>\$ 2,423,106</u>	<u>\$ 1,370,289</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2016**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost 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 incurred claims currently recognized in less mature policy years.

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

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2016**

POLICY YEAR	June 30, 2007	June 30, 2008	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Earned Premiums				\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745
Less Ceded				-	-	-	-	-	-	-
Supplemental Assessments				-	-	-	-	-	-	-
Dividends Declared				-	-	-	-	-	-	-
Investment Earnings				-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,242,783</b>	<b>20,356,118</b>	<b>27,841,423</b>	<b>30,426,135</b>	<b>31,210,281</b>	<b>32,028,794</b>	<b>31,736,745</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>				<b>5,551,354</b>	<b>19,689,432</b>	<b>21,213,005</b>	<b>25,691,975</b>	<b>26,483,069</b>	<b>26,917,532</b>	<b>29,738,033</b>
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	4,763,486	16,156,452	21,213,005	25,691,975	24,283,069	26,917,532	29,738,033
One Year Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-
Two Years Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	-	-
Three Years Later	-	-	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-
Four Years Later	-	-	-	5,551,354	19,689,432	23,453,293	-	-	-	-
Five Years Later	-	-	-	5,551,354	19,689,432	-	-	-	-	-
Six Years Later	-	-	-	5,551,354	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year				5,551,354	19,689,432	21,213,005	25,691,975	26,483,069	26,917,532	29,738,033
One Year Later				5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-
Two Years Later				5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	-	-
Three Years Later				5,551,354	19,689,432	23,453,293	25,691,975	-	-	-
Four Years Later				5,551,354	19,689,432	23,453,293	-	-	-	-
Five Years Later				5,551,354	19,689,432	-	-	-	-	-
Six Years Later				5,551,354	-	-	-	-	-	-
Seven Years Later				-	-	-	-	-	-	-
Eight Years Later				-	-	-	-	-	-	-
Nine Years Later				-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,240,288</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*The Dental Program started January 1, 2010

## MISCELLANEOUS PROGRAMS

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 84,689	\$ 129,253
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>84,689</u>	<u>129,253</u>
Investments	350,706	622,116
Accounts Receivable		
Due From Members	-	89,856
Investment Income Receivable	5,588	9,867
Due from Other Funds	116,931	229,406
Prepaid Insurance	939,055	1,043,241
<b>TOTAL CURRENT ASSETS</b>	<u>1,496,969</u>	<u>2,123,739</u>
Noncurrent Assets:		
Investments	1,363,250	2,243,240
Due from Other Funds	158,883	301,126
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,522,133</u>	<u>2,544,366</u>
<b>TOTAL ASSETS</b>	<u>3,019,102</u>	<u>4,668,105</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	9,608	1,664,820
Due to Members	89,553	114,475
Unearned Income	1,091,636	1,043,241
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,190,797</u>	<u>2,822,536</u>
<b>TOTAL LIABILITIES</b>	<u>1,190,797</u>	<u>2,822,536</u>
<b>NET POSITION:</b>		
Unrestricted	<u>1,828,305</u>	<u>1,845,569</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,828,305</u>	<u>\$ 1,845,569</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Dividends	\$ 116,728	\$ 114,475
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	3,777,285	3,368,010
Watercraft Insurance	199,468	189,139
Owner Controlled Insurance Program	-	151,606
Aviation Insurance	1,191,564	1,366,560
Course of Construction Insurance	1,242,489	1,205,545
Crime and Honesty Bonds	1,286,831	1,211,793
SPIP/SLIP	38,893	68,740
Cyber Liability	1,113,501	807,948
Pollution Liability	474,883	762,315
Inmate Medical Insurance	425,873	665,078
Employee Assistance Program	1,591,159	1,537,446
Life, Long-Term Disability and ADD Insurance	13,837,244	12,966,312
Vision Insurance	3,500,141	2,919,203
Other Miscellaneous Programs	362,796	471,794
Other Income	<u>102,845</u>	<u>-</u>
<b>TOTAL OPERATING REVENUES</b>	<u>29,261,700</u>	<u>27,805,964</u>
<b>OPERATING EXPENSES:</b>		
Member Dividends, Watercraft	116,728	114,475
Insurance Premiums:		
Optional Excess Liability Insurance	3,777,286	3,368,009
Watercraft Insurance	199,464	189,138
Owner Controlled Insurance Program	-	151,606
Aviation Insurance	1,191,564	1,366,560
Course of Construction Insurance	1,242,489	1,205,545
Crime and Honesty Bonds	1,286,828	1,211,795
SPIP/SLIP	38,894	68,740
Cyber Liability	1,100,337	812,308
Pollution Liability	474,885	762,236
Inmate Medical Insurance	425,874	665,078
Employee Assistance Program	1,581,984	1,537,559
Life, Long-Term Disability and ADD Insurance	13,894,467	12,966,312
Vision Insurance	3,500,141	2,919,203
Other Miscellaneous Programs	<u>362,796</u>	<u>471,795</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>29,193,737</u>	<u>27,810,359</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	<u>(131,697)</u>	<u>(341,893)</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(131,697)</u>	<u>(341,893)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (63,734)</u>	<u>\$ (346,288)</u>

The notes to the financial statements are integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 46,415	\$ 46,805
Member Finance Fees	<u>55</u>	<u>55</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>46,470</u>	<u>46,860</u>
<b>CHANGES IN NET POSITION</b>	(17,264)	(299,428)
Net Position, Beginning of Year	<u>1,845,569</u>	<u>2,144,997</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,828,305</u></u>	<u><u>\$ 1,845,569</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 29,283,222	\$ 26,622,210
Insurance Purchased	(30,628,035)	(27,131,737)
Receipts from Others	116,728	114,475
Dividends Paid	(141,650)	(43,367)
Internal Activities	<u>123,021</u>	<u>(93,002)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,246,714)</u>	<u>(531,421)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	197,785	(1,815,129)
Sales of Securities	970,174	1,923,133
Financing Fees	55	55
Cash from Investment Earnings	<u>34,136</u>	<u>60,291</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,202,150</u>	<u>168,350</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(44,564)	(363,071)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>129,253</u>	<u>492,324</u>
<b>END OF YEAR</b>	<u>\$ 84,689</u>	<u>\$ 129,253</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (63,734)	\$ (346,288)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	89,855	324,241
Due From or To Other Funds	254,718	248,891
Prepaid Insurance	104,186	1,501,433
Accounts and Other Payables	(1,680,134)	(866,178)
Unearned Income	<u>48,395</u>	<u>(1,393,520)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (1,246,714)</u>	<u>\$ (531,421)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 16,558</u>	<u>\$ (12,023)</u>

**GENERAL ADMINISTRATION AND BUILDING**

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Money Market - Captive Account	5,000,000	-
Cash in Bank	98,321	85,968
Cash, EIA Treasury	217,431	361,527
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	5,316,052	447,795
Investments	900,404	1,740,098
Accounts Receivable		
Due from Members	279,037	61,376
Investment Income Receivable	14,346	27,598
Other Receivables	71,528	38,877
Due from Other Funds	300,211	641,662
Prepaid Expense	63,693	3,398
<b>TOTAL CURRENT ASSETS</b>	6,945,271	2,960,804
Noncurrent Assets:		
Investments	3,500,017	6,274,484
Due from Other Funds	407,918	842,268
Capital Assets:		
Land	1,000,000	1,000,000
Building	5,737,755	5,737,755
Less Accumulated Depreciation, Building	(728,869)	(615,047)
Tenant Improvements	2,350,809	2,183,088
Less Accumulated Depreciation, Tenant Improvements	(990,817)	(808,177)
Office Furniture and Equipment	1,318,149	1,224,234
Computer Software	2,754,077	1,676,978
Less Accumulated Depreciation	(1,862,225)	(1,354,898)
<b>TOTAL NONCURRENT ASSETS</b>	13,486,814	16,160,685
<b>TOTAL ASSETS</b>	20,432,085	19,121,489
Deferred Outflows of Resources:		
Deferred Outflows of Resources Related to Pensions	3,329,112	587,253
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	3,329,112	587,253

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 125,263	\$ 411,489
Due to Members	-	38,731
Compensated Absences	82,086	68,778
Unearned Income	-	5,544
Due to Other Funds	481,657	481,657
Security Deposits	28,473	28,473
	<b>TOTAL CURRENT LIABILITIES</b>	<b>1,034,672</b>
Noncurrent Liabilities:		
Compensated Absences	328,343	275,114
Other Post Employment Benefits	99,524	1,043
Net Pension Liability	2,024,929	1,994,562
Due to Other Funds	6,072,169	6,454,619
	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>8,725,338</b>
	<b>TOTAL LIABILITIES</b>	<b>9,760,010</b>
Deferred Inflows of Resources:		
Deferred Inflows of Resources Related to Pensions	1,444,075	845,081
	<b>TOTAL INFLOWS OF RESOURCES</b>	<b>845,081</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	9,578,879	9,043,933
Unrestricted	3,495,799	59,718
	<b>TOTAL NET POSITION</b>	<b>\$ 9,103,651</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 513,592	\$ 276,817
DMV Pull Notice & Drug Consortium Fees	5,786	37,242
Loss Prevention Seminars and Target Safety Platform Fees	6,554	651,751
Insurance Certificate Tracking Service	221,581	145,683
Other Income		
Investment Management Fees	-	13,775
Personal Lines Insurance Program Income	79,900	80,982
Shared Cost Agreements	39,460	38,790
Other Income	431,538	485,086
<b>TOTAL REVENUES</b>	<b>1,298,411</b>	<b>1,730,126</b>
<b>EXPENSES:</b>		
Salaries and Benefits	7,316,580	6,568,561
Staff Support	788,059	764,423
Services and Supplies	1,470,119	1,537,073
Member Services	1,907,774	1,488,265
Subsidies	1,055,655	1,363,822
Building Maintenance and Operating Expense	162,475	168,231
Depreciation and Amortization	670,618	418,273
<b>TOTAL EXPENSES</b>	<b>13,371,280</b>	<b>12,308,648</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfers In from		
Excess Workers' Compensation	4,964,117	4,011,647
Primary Workers' Compensation	4,170,537	3,176,308
Dental	231,357	175,587
EIAHealth	591,626	413,209
General Liability I	2,484,492	2,001,547
Primary General Liability	500,732	416,366
General Liability II	1,551,469	1,221,603
Miscellaneous Programs	131,697	341,893
Property	695,781	534,378
Medical Malpractice	634,536	575,928
Master Rolling Owner Controlled Ins. Program	30,595	17,861
<b>TOTAL OPERATING TRANSFERS</b>	<b>15,986,939</b>	<b>12,886,327</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,914,070</b>	<b>2,307,805</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 229,928	\$ 143,319
Member Finance Fees	-	21
Lease Income	443,946	423,319
Investment Expenses	(263,803)	(123,766)
Building Maintenance and Operating Expense	(122,569)	(143,307)
Depreciation and Amortization	(158,053)	(158,560)
Building Program Financing Expense	<u>(72,492)</u>	<u>(53,135)</u>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>56,957</u>	<u>87,891</u>
<b>CHANGES IN NET POSITION</b>	3,971,027	2,395,696
Net Position, Beginning of Year	9,103,651	9,169,342
Cumulative Effect of Change in Accounting Principle Pension	<u>-</u>	<u>(2,461,387)</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 13,074,678</u></u>	<u><u>\$ 9,103,651</u></u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION AND BUILDING  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 922,659	\$ 1,639,266
Receipts from Others	81,165	82,140
Payments to Suppliers	(5,730,603)	(5,011,693)
Payments to Employees	(9,264,059)	(6,751,471)
Internal Activities	16,380,290	12,641,651
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,389,452</u>	<u>2,599,893</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	<u>(1,363,618)</u>	<u>(1,206,318)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(1,363,618)</u>	<u>(1,206,318)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,109,854)	(8,188,609)
Sales of Securities	4,806,037	5,888,764
Cash from Investment Earnings	161,158	174,364
Finance Fees from Members	-	21
Investment Expenses	(263,803)	(123,768)
Lease Receipts	443,946	423,319
Operating Lease Disbursements	(122,569)	(143,307)
Building Program Financing Expenses	<u>(72,492)</u>	<u>(53,135)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>3,842,423</u>	<u>(2,022,351)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,868,257	(628,776)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>447,795</u>	<u>1,076,571</u>
<b>END OF YEAR</b>	<u>\$ 5,316,052</u>	<u>\$ 447,795</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 3,914,070	\$ 2,307,805
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	670,618	418,273
Changes in Assets and Liabilities		
Accounts Receivable, Net	(250,312)	(8,615)
Due From or To Other Funds	393,351	(244,676)
Prepaid Expense	(60,295)	16,123
Deferred Outflows of Resources	(2,741,859)	(587,253)
Accounts and Other Payables	(226,476)	309,263
Compensated Absences	66,538	25,044
Deferred Inflows of Resources	593,450	830,754
Net Pension Liability	<u>30,367</u>	<u>(466,825)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,389,452</u>	<u>\$ 2,599,893</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Unrealized (loss) on investments	<u>\$ 82,024</u>	<u>\$ (36,814)</u>

The notes to the financial statements are an integral part of this statement.



**STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the CSAC Excess Insurance Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They show how revenues and expenses have developed over years. They show how our Net Position has increased, then fallen and increased again.

	<u>Page</u>
Schedule of Net Position.....	186
Schedule of Revenues, Expenses and Changes in Net Position .....	187
History of Dividends Returned to Members.....	188

### Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which the Authority's financial activities take place. The number of Workers' Compensation, General Liability 1, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability 1, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

	<u>Page</u>
Economic Statistics .....	189
Number of Claims .....	190
Property Values.....	191

### Operating Information

This schedule contains information regarding Authority employees by department, member participation by program, and the growth of office space.

	<u>Page</u>
Operating Indicators and Statistics .....	192

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since the Authority does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

**CSAC EXCESS INSURANCE AUTHORITY  
SCHEDULE OF NET POSITION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assets</b>										
Current Assets	\$ 235,454,127	\$ 228,316,329	\$ 324,629,000	\$ 315,472,521	\$ 312,575,944	\$ 343,635,991	\$ 326,533,622	\$ 309,440,001	\$ 207,777,344	\$ 227,525,217
Noncurrent Assets	231,605,589	311,602,739	264,853,912	231,292,296	251,262,932	230,227,831	261,618,903	283,144,273	434,584,578	511,133,020
Deferred Outflows - Pension	0	0	0	0	0	0	0	0	587,253	3,329,112
Total Assets	467,059,716	539,919,068	589,482,912	546,764,817	563,838,876	573,863,822	588,152,525	592,584,274	642,949,175	741,987,349
<b>Liabilities</b>										
Current Liabilities	104,301,153	111,509,290	117,108,618	104,210,436	97,435,058	108,329,137	117,831,208	124,485,595	148,795,667	144,506,871
Noncurrent Liabilities	251,654,426	290,698,960	326,580,921	324,196,776	362,089,179	359,982,865	351,705,921	354,769,678	380,901,782	458,363,786
Deferred Inflows - Pension	0	0	0	0	0	0	0	0	845,081	1,444,075
Total Liabilities	355,955,579	402,208,250	443,689,539	428,407,212	459,524,237	468,312,002	469,537,129	479,255,273	530,542,530	604,314,732
<b>Net Position</b>										
Invested in Capital Assets	1,735,344	1,608,877	1,495,191	10,706,672	9,181,260	8,848,705	8,677,508	8,414,447	9,043,933	9,578,879
Unrestricted	109,368,793	136,101,941	144,298,182	107,650,933	95,133,379	96,703,115	109,937,888	104,914,554	103,362,712	128,093,738
Total Net Position	\$ 111,104,137	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639	\$ 105,551,820	\$ 118,615,396	\$ 113,329,001	\$ 112,406,645	\$ 137,672,617

**CSAC EXCESS INSURANCE AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES:</b>										
Premiums for Transferred Risk	\$ 173,975,051	\$ 220,902,418	\$ 254,320,478	\$ 281,136,570	\$ 316,271,011	\$ 374,220,717	\$ 384,507,793	\$ 423,229,776	\$ 443,008,816	\$ 493,749,250
Broker Fees	4,580,817	5,165,546	5,297,432	5,616,485	6,459,876	7,085,654	7,382,605	8,342,982	8,775,741	9,385,697
Contributions for Retained Risk	127,674,773	141,698,901	115,099,254	102,214,702	119,707,240	108,763,785	129,253,959	124,089,007	143,354,781	163,031,197
Dividend Income	90,614	232,604	140,745	201,158	41,971	75,314	213,606	215,008	241,593	232,389
Member Services	364,496	343,927	359,000	263,004	530,052	613,490	640,078	865,314	1,111,493	747,513
Administrative Fees	8,108,616	8,340,306	8,685,053	9,963,197	10,155,392	11,487,622	12,617,685	14,400,637	16,107,839	18,830,010
Public Entity Fees	490,997	596,548	504,933	398,951	408,475	456,577	480,351	552,493	604,556	655,463
Program Development Fees	9,800	7,250	11,650	4,200	7,550	3,550	-	-	-	-
Other Income	843,635	221,866	1,359,005	617,281	2,313,897	7,673,338	1,991,075	2,284,488	1,878,251	86,854,558
Investment Income	23,342,575	30,181,440	17,746,130	15,758,005	9,726,704	5,103,554	1,782,998	6,227,796	6,159,321	13,786,527
<b>Total Revenues</b>	<b>339,481,374</b>	<b>407,690,806</b>	<b>403,523,680</b>	<b>416,173,553</b>	<b>465,622,168</b>	<b>515,483,601</b>	<b>538,870,150</b>	<b>580,207,501</b>	<b>621,242,391</b>	<b>787,272,604</b>
<b>EXPENSES:</b>										
Dividends	90,580	14,953,741	6,413,485	11,488,482	11,062,736	10,291,841	10,281,301	6,179,489	4,703,871	5,554,624
Stabilization Funds	-	-	-	-	-	-	-	-	-	477,716
Insurance Expense	172,398,005	214,718,407	246,829,609	271,385,012	303,821,702	372,467,736	383,759,144	422,937,089	444,479,808	496,527,761
Broker Fees	4,585,935	5,166,381	5,297,219	5,616,545	6,459,283	7,053,183	7,384,093	8,079,636	8,559,724	9,125,742
Provision for Insured Claims	89,400,074	126,800,379	110,454,729	117,204,060	124,443,282	101,501,141	99,860,765	122,157,339	135,224,386	213,524,014
Unallocated Loss Expenses	4,882,061	2,851,370	1,522,169	9,376,859	1,127,804	(424,706)	18,714	2,332,280	2,119,213	9,400,117
Program Services	9,287,690	10,374,736	15,520,612	19,004,605	22,809,139	13,426,729	13,831,864	12,134,125	12,005,843	13,744,756
Member Services and Subsidies	482,559	588,184	3,070,751	2,210,316	2,027,109	2,056,405	2,192,839	2,358,826	2,852,087	2,963,429
General Administration	4,760,032	5,376,551	6,087,504	6,781,774	7,150,235	7,118,673	7,702,622	8,412,166	8,870,057	9,574,758
Building Operating Expenses	-	-	-	124,242	408,073	273,723	493,848	319,244	311,538	285,044
Depreciation and Amortization	245,779	254,376	245,047	417,426	355,771	481,695	281,384	583,702	576,833	828,671
<b>Total Expenses</b>	<b>286,132,715</b>	<b>381,084,125</b>	<b>395,441,125</b>	<b>443,609,321</b>	<b>479,665,134</b>	<b>514,246,420</b>	<b>525,806,574</b>	<b>585,493,896</b>	<b>619,703,360</b>	<b>762,006,632</b>
Changes in Net Position	53,348,659	26,606,681	8,082,555	(27,435,768)	(14,042,966)	1,237,181	13,063,576	(5,286,395)	1,539,031	25,265,972
<b>NET POSITION:</b>										
Beginning Net Position	57,755,478	111,104,137	137,710,818	145,793,373	118,357,605	104,314,639	105,551,820	118,615,396	113,329,001	112,406,645
Cumulative Effect of Change in Accounting Principle-Pension									(2,461,387)	
Ending Net Position	\$ 111,104,137	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639	\$ 105,551,820	\$ 118,615,396	\$ 113,329,001	\$ 112,406,645	\$ 137,672,617

**CSAC EXCESS INSURANCE AUTHORITY  
HISTORY OF DIVIDENDS RETURNED TO MEMBERS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**

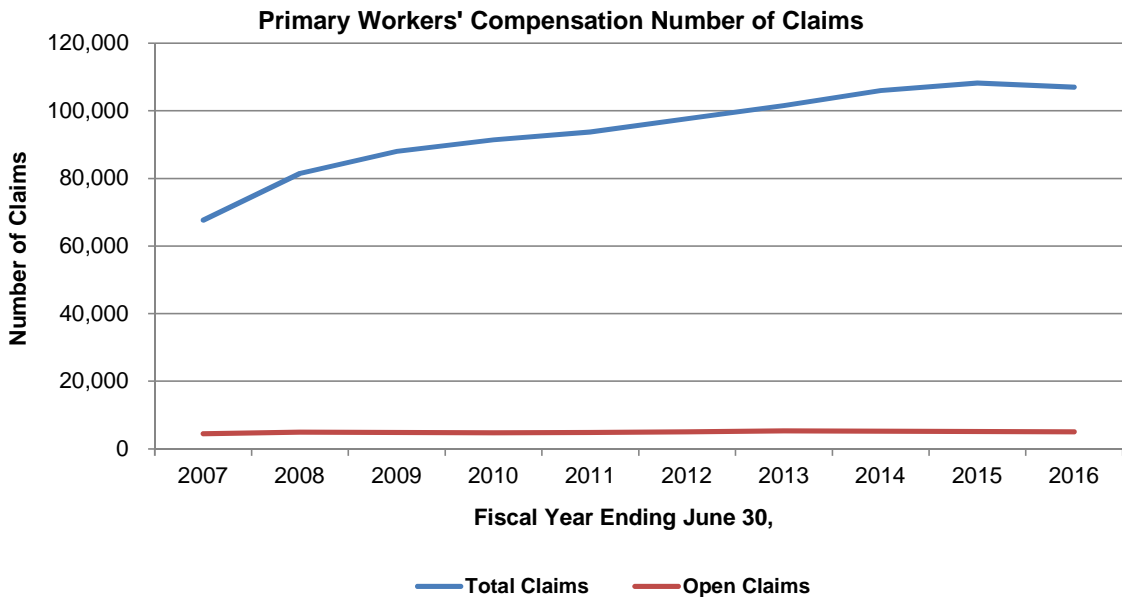
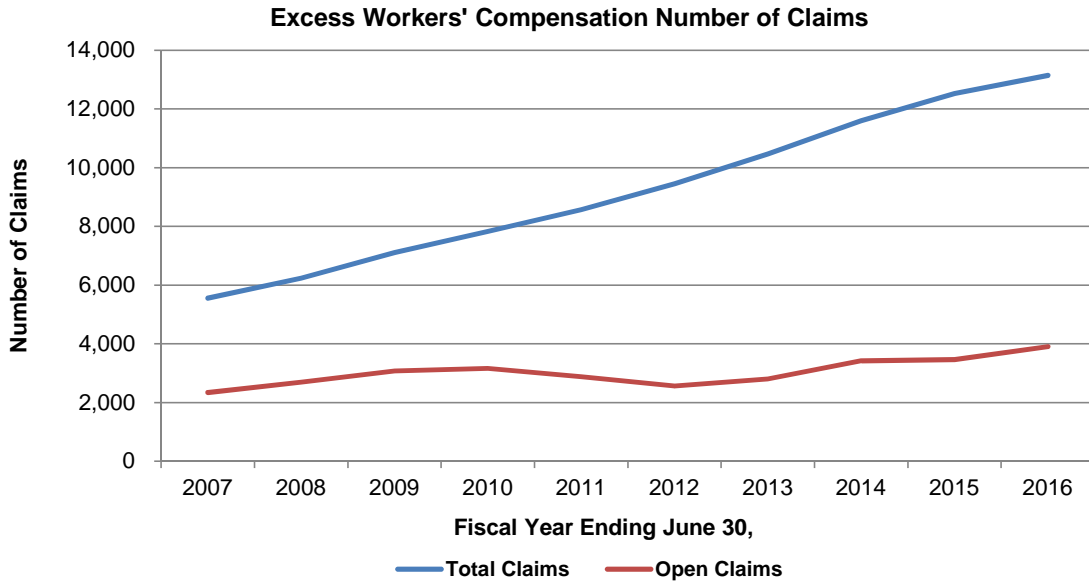
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Excess Workers' Compensation Pool Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance	-	-	-	-	-	-	-	-	-	-
Primary Workers' Compensation	-	4,000,000	4,000,000	8,000,000	7,500,000	7,000,000	6,500,000	5,500,000	3,998,408	2,300,000
Employee Benefits EIAHealth Program	-	8,721,137	172,740	1,287,324	1,202,694	29,472	17,695	14,481	13,870	22,235
General Liability 1 Program Pool Dividend	-	2,000,000	2,100,000	-	-	-	3,000,000	-	-	3,000,000
Primary General Liability	-	-	-	-	-	1,187,055	550,000	450,000	450,000	-
General Liability 2 Program Mega Fund Reinsurance	-	-	-	-	-	-	-	-	-	-
Miscellaneous Programs	35,222	134,506	140,745	102,066	-	11,173	100,827	99,743	114,475	116,728
Property	55,358	98,098	-	99,092	41,971	64,141	112,779	115,265	127,118	115,661
Medical Malpractice Mega Fund Reinsurance Pool 2	-	-	-	2,000,000	-	2,000,000	-	-	-	-
Building Fund	-	-	-	-	2,318,071	-	-	-	-	-
<b>Total</b>	<b>\$ 90,580</b>	<b>\$ 14,953,741</b>	<b>\$ 6,413,485</b>	<b>\$ 11,488,482</b>	<b>\$ 11,062,736</b>	<b>\$ 10,291,841</b>	<b>\$ 10,281,301</b>	<b>\$ 6,179,489</b>	<b>\$ 4,703,871</b>	<b>\$ 5,554,624</b>

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC STATISTICS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**

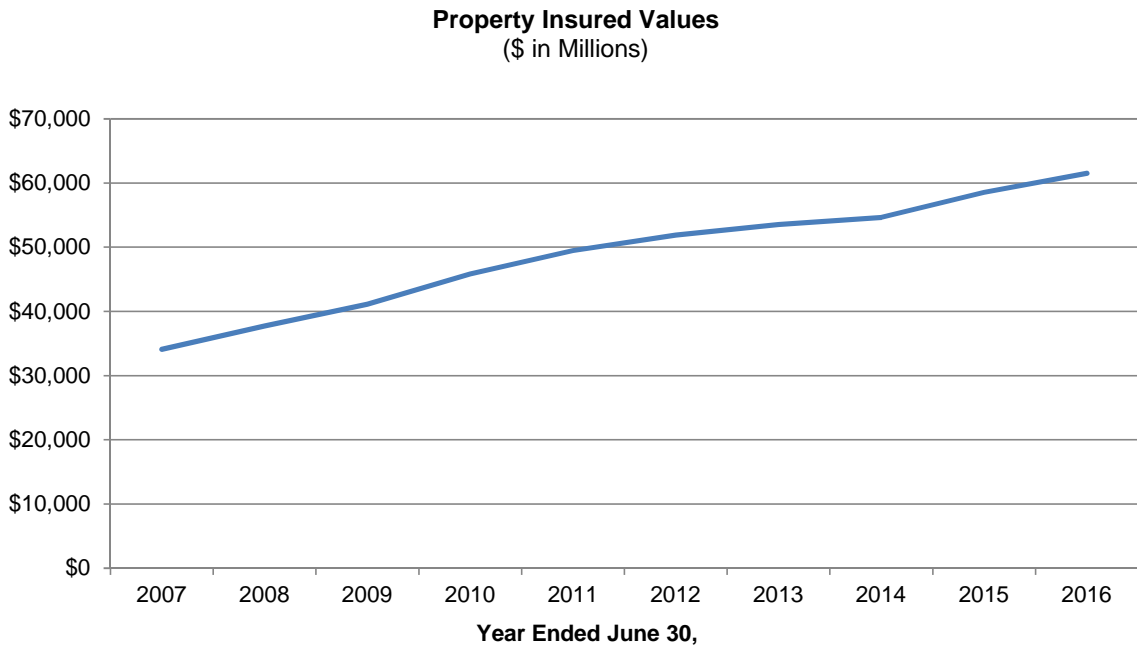
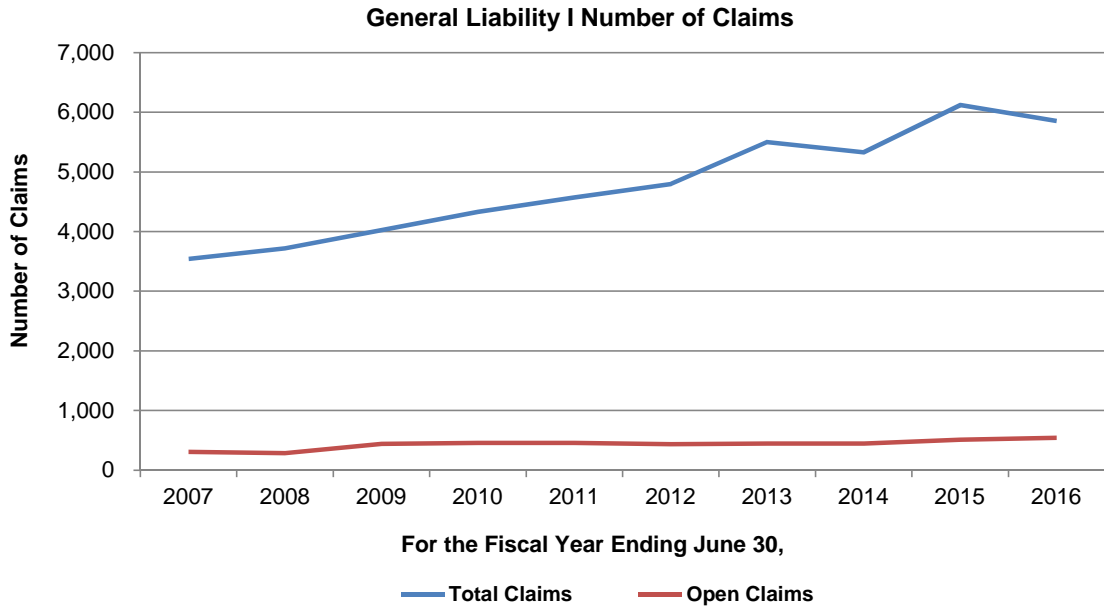
	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Excess Workers' Compensation</b>										
Total Number of Claims	5,556	6,241	7,110	7,829	8,569	9,453	10,472	11,602	12,525	13,145
Open Claims	2,342	2,693	3,073	3,165	2,884	2,561	2,800	3,424	3,465	3,904
Covered Payroll	\$ 19,963,647,283	\$ 21,233,785,218	\$ 21,185,756,039	\$ 21,271,835,420	\$ 21,247,944,019	\$ 20,727,171,214	\$ 20,360,673,861	\$ 21,071,214,181	\$ 23,245,479,774	\$ 26,384,416,150
<b>Primary Workers' Compensation</b>										
Total Number of Claims	67,672	81,486	87,972	91,403	93,795	98,618	102,474	106,031	108,204	107,009
Open Claims	4,520	4,952	4,860	4,787	4,907	5,212	5,304	5,235	5,198	5,078
Covered Payroll	\$ 2,284,268,813	\$ 2,830,424,192	\$ 2,939,832,664	\$ 2,714,848,814	\$ 2,923,194,417	\$ 2,919,336,198	\$ 2,713,847,270	\$ 2,738,537,582	\$ 2,834,695,200	\$ 2,916,995,600
<b>General Liability 1</b>										
Total Number of Claims	3,541	3,720	4,029	4,336	4,575	4,803	5,058	5,330	5,612	5,944
Open Claims	309	284	443	457	458	437	446	447	511	556
Covered Payroll	\$ 3,172,369,141	\$ 3,339,173,108	\$ 3,703,780,006	\$ 4,297,349,507	\$ 4,059,376,736	\$ 5,281,330,317	\$ 6,773,455,082	\$ 4,247,637,803	\$ 4,699,750,004	\$ 4,959,948,402
<b>Property</b>										
Total Number of EIA Claims	661	705	869	1,133	1,039	1,740	2,154	2,375	2,593	2,799
Open EIA Claims	96	46	114	130	24	95	28	118	164	28
Total Number of Excess Claims	763	896	923	1,001	1,113	1,135	1,208	1,146	1,283	1,364
Open Excess Claims	38	106	67	73	127	80	100	58	128	141
Total Property Values	\$ 34,095,145,828	\$ 37,738,459,718	\$ 41,168,435,680	\$ 45,817,222,183	\$ 49,489,556,840	\$ 51,904,952,869	\$ 53,581,274,859	\$ 54,664,987,390	\$ 58,530,759,169	\$ 61,522,521,668

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**

The best economic indicator of the financial stability for the CSAC Excess Insurance Authority is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the CAFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and EIAHealth employees and lives covered as shown on the following charts.



**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2016**





**CSAC EXCESS INSURANCE AUTHORITY  
OPERATING INDICATORS AND STATISTICS  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2016**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Full-time Equivalent Employees as of June 30</b>	39	43	46	48	51	53	54	54	59	62
<b>Number of Retirees</b>	3	3	3	3	4	4	4	4	6	6
<b>Square footage of Office Space</b>	13,324	13,324	13,324	24,448	25,000	25,000	25,000	25,000	25,000	29,000
<b>Member Units*</b>										
Primary Workers' Compensation	0	0	0	40	42	41	38	39	38	38
Excess Workers' Compensation	0	0	0	161	164	166	161	166	166	167
Primary General Liability	0	0	0	30	29	29	23	23	23	23
General Liability 1	0	0	0	97	101	103	100	104	104	117
General Liability 2	0	0	0	12	11	11	11	11	11	12
Property	0	0	0	78	81	82	82	84	85	96
Medical Malpractice	0	0	0	49	48	50	50	49	49	49
Master Owner Controlled Ins	0	0	0	0	0	0	0	2	4	8
EIAHealth	0	0	0	15	18	24	25	25	25	28
Dental	0	0	0	0	119	122	126	133	142	145
<b>Total Member Units</b>	0	0	0	482	613	628	616	636	647	683
Member Counties	54	54	55	54	54	54	54	55	55	55
Member Public Entities	144	142	166	196	289	247	245	255	262	260
<b>Total Members</b>	198	196	221	250	343	301	299	310	317	315

\* If a member participates in one program that counts as 1 member unit, if they participate in 3 programs, that counts as 3 member units.

## **BUDGET HIGHLIGHTS**

**CSAC Excess Insurance Authority  
Budget Highlights  
For the Year Ended June 30, 2016**

	Final Budget	Actual Results	Variance (\$)
<b>Revenues:</b>			
Premiums for Transferred Risk	\$ 480,254,305	\$ 493,749,250	\$ 13,494,945
Broker Fees	9,274,774	9,385,697	110,923
Contributions for Retained Risk	161,077,847	163,031,197	1,953,350
Dividend Income	95,000	232,389	137,389
Public Entity Fees	671,262	655,463	(15,799)
Investment Income	6,677,700	13,608,000	6,930,300
Financing Fees	32,000	442,330	410,330
Administration Fees	18,205,454	18,830,010	624,556
Member Services	878,891	747,513	(131,378)
Tenant Income	441,884	443,946	2,062
Other Income	940,959	86,410,612	85,469,653
<b>Total Revenues</b>	<b>678,550,076</b>	<b>787,536,407</b>	<b>108,986,331</b>
<b>Expenses:</b>			
Member Dividends and return of Stabilization Funds	3,370,000	6,032,340	(2,662,340)
Insurance Expense	470,280,381	496,527,761	(26,247,380)
Broker Fees	9,274,774	9,125,742	149,032
Provision for Claims	139,257,089	213,524,014	(74,266,925)
Unallocated Loss Adjustment Expenses	1,972,300	9,400,117	(7,427,817)
Program Services	24,598,750	13,744,756	10,853,994
Member Services and Subsidies	4,250,691	2,963,429	1,287,262
General Administrative Expense	13,641,048	9,838,561	3,802,487
Building Operation Expense	332,888	285,044	47,844
Depreciation	655,203	828,671	(173,468)
Delegated to Committees	570,000	-	570,000
<b>Total Expenses</b>	<b>668,203,124</b>	<b>762,270,435</b>	<b>(94,067,311)</b>
<b>Total Income (Loss)</b>	<b>\$ 10,346,952</b>	<b>\$ 25,265,972</b>	<b>\$ 14,919,020</b>
<b>Change in Net Position</b>	<b>\$ 10,346,952</b>	<b>\$ 25,265,972</b>	
<b>Beginning Net Position Balance July 1, 2015</b>	<b>114,509,707</b>	<b>112,406,645</b>	
<b>Ending Net Position Balance, June 30, 2016</b>	<b>\$ 124,856,659</b>	<b>\$ 137,672,617</b>	

For purposes of Actual to Budget comparison the above budgets do not include the \$50 million budgeted for both revenue and expense in the Member Growth category. New member revenue and expense is included in the appropriate revenue and expense category.