



CSAC Excess Insurance Authority

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2018 and 2017

- California -

CSAC EXCESS INSURANCE AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 and 2017

EXECUTIVE COMMITTEE

Name	Office	Entity
James Brown	President	Merced County
Kerry John Whitney	Vice President	Napa County
John Viegas	Supervisor	Glenn County
Matt Gutierrez	Risk Manager	Kern County
Scott Schimke	Public Entity Rep.	GSRMA
Richard Egan	CAO	Lassen County
Kimberly Greer	Public Entity Rep.	City of Richmond
Lance Sposito	At-Large	Santa Clara County
Sherri Adams	At-Large	Solano County
Janell Crane	At-Large	Sonoma County
Nathan Black	Finance	Sutter County
Steve Underwood	Legal Counsel	EIA General Counsel
Michael Fleming	Chief Executive Officer	
Gina Dean	Chief Operating Officer	

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Report Prepared By The
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Dee Ranaweera, CPA, Controller
Trina Johnson, CPA, Senior Accountant
Donna McClanahan, Accountant
Tanya Andreyeva, Accounting Technician
Ven Barrameda, Accounting Technician

CSAC EXCESS INSURANCE AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Cover Page and Table of Contents	1
Letter of Transmittal	8
Board of Directors	16
Organizational Chart	23
Certificate of Achievement for Excellence in Financial Reporting.....	24
Certificate of Accreditation with Excellence, CAJPA	25
 <u>FINANCIAL SECTION</u>	
Report of Gilbert Associates, Inc., Independent Auditors	27
Management's Discussion and Analysis	30
Basic Financial Statements	
Statement of Net Position	44
Statement of Revenues, Expenses, and Changes in Net Position	46
Statement of Cash Flows	47
Notes to the Financial Statements	49
Required Supplemental Information	
Schedule of Proportionate Share of the Net Pension Liability	89
Schedule of Pension Plan Contributions	90
Schedule of Changes in the Net OPEB Liability and Related Ratios	91
Schedule of the Authority's OPEB Contributions	92
Reconciliation of Unpaid Claims Liabilities.....	93
Notes to Earned Premiums and Claims Development Information.....	94
Schedule of Earned Premium and Claims Development	95
Supplemental Information	
Combining Schedule of Programs	
Combining Schedule of Net Position	106
Combining Schedule of Revenues, Expenses, and Changes in Net Position.....	108
Combining Schedule of Cash Flows	110

CSAC EXCESS INSURANCE AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
Individual Program Schedules	
Primary Workers' Compensation	
Program Membership Data	112
Statement of Net Position.....	113
Statement of Revenues, Expenses, and Changes in Net Position	114
Statement of Cash Flows	115
Reconciliation of Unpaid Claims Liabilities	116
Notes to Earned Premiums and Claims Development Information.....	117
Schedule of Earned Premiums and Claims Development	118
Excess Workers' Compensation	
Program Membership Data	119
Statement of Net Position.....	120
Statement of Revenues, Expenses, and Changes in Net Position	121
Statement of Cash Flows	122
Reconciliation of Unpaid Claims Liabilities	123
Notes to Earned Premiums and Claims Development Information.....	124
Schedule of Earned Premiums and Claims Development	125
Primary General Liability	
Program Membership Data	126
Statement of Net Position.....	127
Statement of Revenues, Expenses, and Changes in Net Position	128
Statement of Cash Flows	129
Reconciliation of Unpaid Claims Liabilities	130
Notes to Earned Premiums and Claims Development Information.....	131
Schedule of Earned Premiums and Claims Development	132
General Liability 1	
Program Membership Data	133
Statement of Net Position.....	134
Statement of Revenues, Expenses, and Changes in Net Position	135
Statement of Cash Flows	136
Reconciliation of Unpaid Claims Liabilities	137
Notes to Earned Premiums and Claims Development Information.....	138
Schedule of Earned Premiums and Claims Development	139

CSAC EXCESS INSURANCE AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
General Liability 2	
Program Membership Data	140
Statement of Net Position.....	141
Statement of Revenues, Expenses, and Changes in Net Position	142
Statement of Cash Flows	143
Reconciliation of Unpaid Claims Liabilities	144
Notes to Earned Premiums and Claims Development Information.....	145
Schedule of Earned Premiums and Claims Development	146
Property	
Program Membership Data	147
Statement of Net Position.....	148
Statement of Revenues, Expenses, and Changes in Net Position	149
Statement of Cash Flows	150
Reconciliation of Unpaid Claims Liabilities	151
Notes to Earned Premiums and Claims Development Information.....	152
Schedule of Earned Premiums and Claims Development	153
Medical Malpractice	
Program Membership Data	154
Statement of Net Position.....	155
Statement of Revenues, Expenses, and Changes in Net Position	156
Statement of Cash Flows	157
Reconciliation of Unpaid Claims Liabilities	158
Notes to Earned Premiums and Claims Development Information.....	159
Schedule of Earned Premiums and Claims Development	160
Master Rolling Owner Controlled Insurance Program	
Program Membership Data	161
Statement of Net Position.....	162
Statement of Revenues, Expenses, and Changes in Net Position	163
Statement of Cash Flows	164
EIAHealth	
Program Membership Data	165
Statement of Net Position.....	166
Statement of Revenues, Expenses, and Changes in Net Position	167
Schedule of Cash Flows.....	168

CSAC EXCESS INSURANCE AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

<u>FINANCIAL SECTION</u> (continued)	<u>Page</u>
Dental	
Program Membership Data	169
Statement of Net Position.....	170
Statement of Revenues, Expenses, and Changes in Net Position	171
Statement of Cash Flows	172
Reconciliation of Unpaid Claims Liabilities	173
Notes to Earned Premiums and Claims Development Information.....	174
Schedule of Earned Premiums and Claims Development Information.....	175
Miscellaneous Programs	
Program Membership Data	176
Statement of Net Position.....	177
Statement of Revenues, Expenses, and Changes in Net Position	178
Statement of Cash Flows	180
General Administration and Building	
Statement of Net Position.....	182
Statement of Revenues, Expenses, and Changes in Net Position	184
Statement of Cash Flows	186
Excess Insurance Organization	
Statement of Net Position.....	188
Statement of Revenues, Expenses, and Changes in Net Position	189
Statement of Cash Flows	190
Reconciliation of Unpaid Claims Liabilities	191
Notes to Earned Premiums and Claims Development Information.....	192
Schedule of Earned Premiums and Claims Development Information.....	193
<u>STATISTICAL SECTION</u>	
(Not covered by Independent Auditor's Report)	
Statistical Section.....	195
Schedule of Net Position	196
10-Year History of Revenues, Expenses and Changes in Net Position	197
10-Year History of Dividends Returned to Members	198
Economic Statistics.....	199
10-Year History Number of Claims.....	200
10-Year History Property Values.....	201
Economic Indicators and Information	202
<u>BUDGET HIGHLIGHTS</u>	204

INTRODUCTORY SECTION



December 13, 2018

Members, Board of Directors
CSAC Excess Insurance Authority

Ladies and Gentlemen:

Fiscal year 2017/18 was a successful year for the CSAC Excess Insurance Authority (the EIA or the Authority). All programs of the EIA are fully funded and continue to maintain a surplus (net position), membership has grown in most programs, and program structures have improved in spite of some challenging reinsurance renewals this year. Demand for the EIA's services is strong and the Member Services Department is responding to meet this demand.

The EIA continues to be a leader in our industry. We are recognized as one of the largest and most successful pools in the nation. For 2017/18, our annual revenue was \$895M, and for 2018/19 we estimate the revenue to be around \$900M.

Membership is growing at a steady and healthy pace. Year-over-year, our number of members as well as the number of member units (each member in each major program) increased. There are now approximately 2,000 entities, including members of members, which are covered in one or more of our major programs.

A captive insurance company, the Excess Insurance Organization (EIO or the Captive), domiciled in and subject to the Utah Insurance Department's regulations, was formed to insure only the Authority's risks celebrated its second year of operations. The EIO investment program continues to perform very well with the total rate of return on the equity portfolio returning 10.23% and 11.13% in the 2016/17 and 2017/18 years, respectively. The surplus position of the EIO grew from \$9M to \$13.6M during the 2017/18 fiscal year.

The EIO took on the risk transferred from the EIA within fixed corridors in the workers' compensation, liability and property programs. Over \$174M in premium has been collected by the EIO in the first two years of operations from six EIA programs. The EIO covered \$103.4M of corridor risk in program year 2017/18 as compared to \$84.6M in program year 2016/17. In total, the EIO covered fixed risks of \$188M across all participating programs.

The EIA increased staffing levels with six new positions designed to meet the growing needs and complexities of our membership. This includes two staff positions added to the Data & Analytics team in 2017/18. Progress is being made toward producing a

benchmarking tool for members and several members are providing data on a monthly basis. Quality of data issues are critically important as it relates to liability claims. In the spring of 2019, the EIA plans to add a Data Scientist position to the Authority's staff, which will allow for a whole new level of analysis and further the EIA's position as an industry leader.

In the spring at the EIA's retreat and at the June board meeting, the overall strategic plan for the EIA was discussed. We focused on 3 strategic initiatives: national expansion, investment opportunities for our members, and transferring actuarial risk to the EIO. All of these support our existing strategic plan's goals. After further discussion, the EIA Board has conceptually approved national expansion of the EIO under the existing Pure Captive model. Actual implementation will be on a program-by-program basis, as directed and approved by the Authority's Board. This will enable the EIA to expand our reach outside of the State of California to spread and diversify risk, leverage reinsurance markets, and to identify and implement industry wide best practices.

All these strategic initiatives impact our Comprehensive Annual Financial Report. The EIA is responsible for the accuracy, completeness, and fairness of the presentation, including all disclosures.

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. Because the cost of control should not exceed the benefits to be derived, our objective is to provide reasonable, rather than absolute assurance, that our financial statements are free of any material misstatements.

Gilbert Associates Inc., Certified Public Accountants, has issued an unmodified opinion that the Authority's financial statements, for the fiscal years ended June 30, 2018 and 2017, 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 342 members, consisting of 55 counties and 287 public entities. The 55 member counties represent more than a 95% market share of the 58 California counties. Public entity membership consists of individual cities, schools, or special districts, and almost 30 joint powers authorities consisting of pools of cities, schools, or special districts. The members collectively represent nearly 2,000 public agencies. Over 136 public agency members from 92 entities actively participate in the Authority's policy making and governance by their service on the Board of Directors and committees.

WHAT WE DO

The EIA operates programs for excess and primary workers' compensation, two excess liability programs (including an option for primary liability coverage), 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 and the newly formed captive.

THE RENEWAL CYCLE

The EIA operates in an environment that is affected by the evolving exposures of our membership as well as the overall insurance market. The EIA's programs typically feature layers of member self-insurance, layers of pooled risk, and layers of risk transfer to the commercial insurance market. Based on the loss trends of our membership and the state of the insurance market, the structure of the EIA's programs evolve to provide the most stable and least costly solution for our members.

The least stable environment is the liability market where we are seeing growing trends toward higher settlements and larger adverse verdicts. The General Liability 2 (GL2) Program faced a very tough renewal for the 2018/19 year resulting in members retaining more individual and pooled risk, and significant rate increases from reinsurers. The General Liability 1 (GL1) Program is expecting to face a tough renewal on July 1, 2019 due to similar negative loss trends that showed up in the first six months of 2018. This resulted in a drop in net position of nearly \$27M as of June 30, 2018. For the 2019/20 renewal, large rate increases are expected on the GL1 Program's pooled layer to bolster the Program's net position, but a multi-year agreement with reinsurers on the first excess layer will help to mitigate some of the rate increases.

In addition to GL1, we have successfully used multi-year reinsurance agreements to stabilize rates in the Property, Primary WC, Excess WC, and Medical Malpractice Programs. The other tool typically used to respond to changing market conditions is to

expand and contract pooled risk layers. This can be done with a traditional unaggregated pooled layer funded based upon actuarial recommendations, or on an aggregated corridor basis.

Our employee benefit programs are also benefiting from a multi-year flat rate or rate reduction. The January 2018 EIAHealth Program, vision, and life & disability renewed flat while dental rates decreased, and the pooled Dental Program is strategically lowering rates based on positive loss experience and intention to utilize program equity.

PRIMARY WORKERS' COMPENSATION

The Primary Workers' Compensation (PWC) Program provides Excess Workers' Compensation (EWC) Program members the opportunity to convert their \$125k 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 (MPN), a 24/7 Nurse Triage Service, and a Return-to-Work Program. The Program pays for claims with a blending of pooling (both unaggregated pooling and corridor pooling) and excess insurance. In 2017/18, the structure of the PWC Program provided that the first \$10k 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 \$125k. This layer is also subject to a corridor retention that was transferred to the EIO. While the structure has remained the same, during the 2017/18 program year, by reinsuring with ACE/Chubb, a new carrier on the program, the Program was able to increase the corridor retention from \$5M to \$12.4M, which was transferred to the EIO.

The PWC Committee has declared dividends since 2007/08 every year. On July 1, 2017, \$2.5M was declared. Although the Program remains well-funded, the PWC Committee chose not to declare a dividend in 2017/18 as the reinsurer for the 2010/11 and 2011/12 years had been placed in conservatorship. In fiscal year 2016/17, we were able to negotiate a buy-back of the claims liability for the years from 1997 to 2004, which was subsequently transferred to the EIO. This added to our net position in the Program.

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 \$125k to \$5M. 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. There are two towers in this program- the Educational Tower is for our school members and the Core Tower is for all of our other members. In our Educational Tower, the Program funds a pool between \$125k and \$2.5M subject to member self-insured retentions and purchases reinsurance above the pooled layer to secure statutory limits.

In the Core Tower, the Program funds a \$5M pool, subject to member self-insured retentions and purchases reinsurance to secure statutory limits. Pooled layers for both of these towers are also subject to large corridor retentions that were transferred to the EIO. The Pool layer is reinsured with Great American and the EIA maintained a large (\$45M) Corridor Retention for 2017/18, which was shared between the Educational Tower and the Core Tower. The Educational Tower maintained a \$16M corridor in its pool layer. Both corridors were transferred to the EIO.

PRIMARY GENERAL LIABILITY

The Primary General Liability (PGL) Program provided GL1 Program members the opportunity to convert their \$100k GL1 self-insured retention to a \$10k deductible. The PGL Program has operated successfully since 1998 providing low deductible coverage for members that do not want the risks associated with self-insured programs. As of July 1, 2018 the GL1 Program assumed all future risks of the PGL Program. By merging the PGL Program into the GL1 Program, all of the benefits of PGL participation have been preserved as a Deductible Buy-Down option within the GL1 Program.

GENERAL LIABILITY 1

The GL1 Program provides members with coverage for third party liabilities (including general, automobile, employment practices, and errors and omissions), up to a limit of \$25M, subject to each member's self-insured retention, which can range from \$100k to \$1M (retentions as low as \$25k 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 \$5M pool and purchases \$20M in reinsurance from various reinsurers to achieve the \$25M limit. Within the first reinsurance layer of \$5M to \$10M, there is a single \$7.5M corridor for the combined 2015/16, 2016/17, and 2017/18 years that is transferred to the EIO. Net position in this Program had been stable in the range of \$30M to \$40M until 2017/18 fiscal year. As of June 30, 2018, net position has dropped to \$8.8M, which is well below target goals. Significant rate increases beginning in 2019/20 are expected to reverse this trend. Recent adverse loss development is an industrywide phenomenon being felt by most entities in the General Liability insurance market.

GENERAL LIABILITY 2

The GL2 Program provides members with coverage for third party liabilities (general, automobile, employment practices and errors and omissions), up to a limit of \$25M, subject to the member's self-insured retention, which range from \$1M to \$5M. Some members also have Individual Member Corridor Deductibles (IMCD) sitting on top of their member self-insured retention. 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. Within the first

reinsurance layer between a member's self-insured retention to \$10M, there is a large group corridor deductible (\$18M for 2017/18 and \$24.5M for 2018/19) that sits on top of the members' self-insured retentions and IMCDs, if applicable. This corridor is also transferred to the EIO. Due to market conditions and the loss experience of the GL2 membership, the reinsurance purchased on the first \$10M layer is subject to an annual aggregate limit, which is well in excess of expected claims.

PROPERTY

The Property Program provides coverage for physical damage to members' real and personal property as a result of "all risk" perils, limits up to \$600M in All Risk, and \$550M in Flood. Members also have the opportunity to purchase additional earthquake coverage. The members who purchase earthquake coverage have access to \$540M in earthquake coverage in one or more of five towers. 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 \$25M in limits is written on a three-year basis. The pool exposure is protected by an aggregate corridor of \$10.4M that is covered by the EIO. This Program has a pool that is designed to buy-down member deductibles for the Catastrophic Flood and Earthquake losses of up to \$4M for flood and \$30M for earthquake. The members continue to add monies to this pool which is currently funded at \$12.3M. At the March 31, 2018 renewal, pricing and terms were very favorable considering the Program's recent loss history and a hardening property insurance marketplace. The structure of the Program evolved to allow the public entity tower to share earthquake limits within the Tower and with the earthquake rooftop layer. 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 \$21.5M, in addition to each member's deductible or self-insured retention, which range from \$5k to \$1.1M. For members who maintain a \$5k or \$10k 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 \$1.5M pool on a claims-made basis and purchases \$20M of reinsurance on an occurrence basis. This Program has an annual renewal date of October 1st each year. The EIA has entered into a multi-year reinsurance deal with Medical Protective Company (Med Pro) for the 2018-2020 period.

MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM

The Master Rolling Owner Controlled Insurance Program (MR OCIP) 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 MR OCIP can include projects as small as \$10M, thereby enabling members to receive the benefits of a “wrap-up” on projects that otherwise wouldn’t qualify because of their size. This Program continues to see growth with two new members added.

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 200 employees/retirees. HMO options are also available to members on an insured basis. The Program started in 2018 with 25% growth in membership, adding 6 new members representing an additional 7,000 employee/retiree lives. Membership now covers 36 entities, providing coverage for 31,000 employees/retirees.

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. In light of the Program’s strong net position (\$16.7M as of June 30, 2018), the Employee Benefits Committee has approved a rate structure in each of the last three years to subsidize rates by as much as \$2M per year.

AWARDS & ACKNOWLEDGMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to CSAC Excess Insurance Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 24th 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



Puneet Behl, CPA
Chief Financial Officer



Board of Directors and Alternates With Programs

As of 6/30/2018

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Alameda County		✓			✓	✓	✓				Vacant	Karen Caoile, Senior Risk and Insurance Analyst
Alpine County		✓		✓		✓	✓			✓	Carol McElroy, Treasurer, Tax Collector, Auditor, Controller	Sarah Simis, Deputy CAO to Personnel and Risk Management
Amador County	✓	✓	✓	✓		✓	✓		✓	✓	Richard Forster, Supervisor	Lisa Hopkins, Risk Manager
Butte County		✓		✓		✓	✓				Julia Ogonowski, Risk Manager	Sang Kim, Deputy Administrative Officer
Calaveras County	✓	✓		✓		✓	✓		✓	✓	Timothy Lutz, CAO	Judy Hawkins, Deputy CAO/Risk & Human Resources Director
Colusa County		✓		✓		✓	✓			✓	Wendy G. Tyler, CAO	Todd Manouse, Safety Officer
Contra Costa County		✓			✓	✓	✓				Sharon Hymes-Offord, Risk Manager	Denise Rojas, Assistant Risk Manager
Del Norte County		✓		✓		✓	✓		✓		Neal Lopez, Assistant County Administrative Officer	Cathy Hafterson, Human Resources/Risk Manager
El Dorado County		✓			✓	✓	✓		✓	✓	Robert Schroeder, Risk Manager	Vacant
Fresno County		✓		✓			✓				Berta Mims, Human Resources Manager	Jason Blanks, Senior Human Resources Analyst



Board of Directors and Alternates With Programs

As of 6/30/2018

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Glenn County						✓					John Viegas, Supervisor	Scott Schimke, Risk Manager
Humboldt County	✓	✓		✓		✓	✓			✓	Kelly Barns, Assistant HR Director	Kacy Green, Risk Manager
Imperial County		✓		✓		✓	✓		✓		Rodolfo Aguayo, Director of HR & RM	Brenda Olivas-Neujahr, Human Resources Manager
Inyo County	✓	✓		✓		✓	✓			✓	Marlena Baker, Risk Manager	Kevin Carunchio, County Administrator
Kern County							✓	✓			Matt Gutierrez, Risk Manager	Brad Aragon, Loss Prevention Specialist
Kings County		✓		✓		✓	✓	✓			Sande Huddleston, Risk Manger	Francesca Lizaola, Risk Assistant
Lake County	✓	✓	✓	✓			✓		✓	✓	Anita Grant, County Counsel	Kathy Ferguson, Human Resources Director
Lassen County		✓		✓		✓	✓			✓	Richard Egan, County Administrative Officer	Tony Shaw, Deputy County Administrative Officer
Madera County		✓		✓		✓	✓				Darin McCandless, Deputy CAO	Joel Bugay, Deputy CAO
Marin County						✓					Maria Boehne, Risk Manager	Daniel Eilerman, Assistant County Administrator



Board of Directors and Alternates With Programs

As of 6/30/2018

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Mariposa County		✓		✓		✓	✓			✓	Dallin Kimble, Interim CAO	Vacant
Mendocino County	✓	✓		✓		✓	✓				Carmel Angelo, Chief Executive Officer	Heather Correll, Risk Analyst
Merced County		✓		✓		✓	✓	✓	✓	✓	James Brown, County Executive Officer	Scott De Moss, Assistant County Executive Officer
Modoc County		✓		✓		✓	✓			✓	Chester Robertson, County Administrative Officer	Pamela Randall, CFO/Assistant CAO
Mono County		✓		✓		✓	✓			✓	Leslie Chapman, CAO	Jay Sloane, Risk Manager
Monterey County		✓					✓				Charles McKee, County Counsel	Vacant
Napa County		✓		✓		✓	✓			✓	Kerry John Whitney, Risk Manager	Helene Franchi, Deputy CEO
Nevada County	✓	✓		✓		✓	✓			✓	Rick Haffey, County Executive Officer	Mary Jo Castruccio, Risk Manager
Orange County							✓				Michael Alio, Director of Risk Management	Michelle Aguirre, Chief Financial Officer
Placer County		✓		✓		✓	✓	✓		✓	Kate Sampson, Deputy County Executive Officer	Joe Ney, Assistant Risk Manager



Board of Directors and Alternates With Programs

As of 6/30/2018

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Plumas County		✓		✓		✓	✓			✓	Roberta Allen, Auditor/Controller/Risk Manager	Nicholas Poole, Assistant Risk Manager/Safety
Riverside County		✓			✓	✓	✓	✓			Vacant	Mike Bowers, Assistant Human Resources Director
Sacramento County		✓			✓		✓				Vacant	Paul Hight, Risk and Loss Control Division Manager
San Benito County		✓		✓		✓	✓		✓	✓	Joe Paul Gonzalez, County Auditor-Controller-Clerk-Recorder-Registrar	Vacant
San Bernardino County		✓			✓		✓				LeAnna Williams, Director of Risk Management	Rafael Viteri, Deputy Director
San Diego County		✓					✓	✓			Janice Mazone, Deputy Director, Human Resources	Debra Howell, Senior Risk & Insurance Analyst
San Joaquin County		✓			✓	✓	✓			✓	Tanya Moreno, County Safety and Risk Manager	Ted Cwiek, Director of Human Resources
San Luis Obispo County		✓		✓		✓	✓		✓	✓	Pamela Mitchell, Liability Analyst	Tami Douglas-Schatz, Human Resources Director
Santa Barbara County	✓	✓		✓		✓	✓	✓	✓	✓	Ray Aromatorio, Risk Manager	Jeff Frapwell, Assistant County Executive Officer
Santa Clara County		✓			✓	✓	✓				Lance Sposito, Director of Risk Management	Vacant



Board of Directors and Alternates With Programs

As of 6/30/2018

Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Santa Cruz County		✓			✓	✓	✓			✓	Enrique Sahagun, Risk Manager	Edgar Nolasco
Shasta County		✓		✓		✓	✓			✓	Angela Davis, Director of Support Services	Jim Johnson, Risk Management Analyst III
Sierra County		✓		✓		✓	✓			✓	Van Maddox, Auditor/Treasurer/Tax Collector	Caleb Nelson, Chief Deputy Auditor
Siskiyou County	✓	✓	✓	✓		✓	✓				Terry Barber, County Administrator	Michael Kobseff, Supervisor
Solano County		✓	✓	✓		✓	✓	✓		✓	Sherri Adams, Risk Manager	Marc Fox, Director of Human Resources
Sonoma County		✓		✓		✓	✓				Janell Crane, Risk Manager	Marcia Chadbourne, Human Resources Deputy Director
Stanislaus County		✓		✓		✓	✓			✓	Kevin Watson, Liability and Insurance Manager	Cari Griffin, Benefits Manager
Sutter County		✓		✓		✓	✓		✓	✓	Nathan Black, Auditor-Controller	Steven M. Smith, Assistant County Administrator
Tehama County	✓	✓		✓		✓	✓		✓	✓	Julie Sisneros, Risk Manager	Missi Bullington, Personnel Director
Trinity County		✓		✓		✓	✓			✓	Shelly Nelson, HR Director/Risk Manager	Rebecca Cooper, Loss Prevention Specialist



Board of Directors and Alternates With Programs

As of 6/30/2018

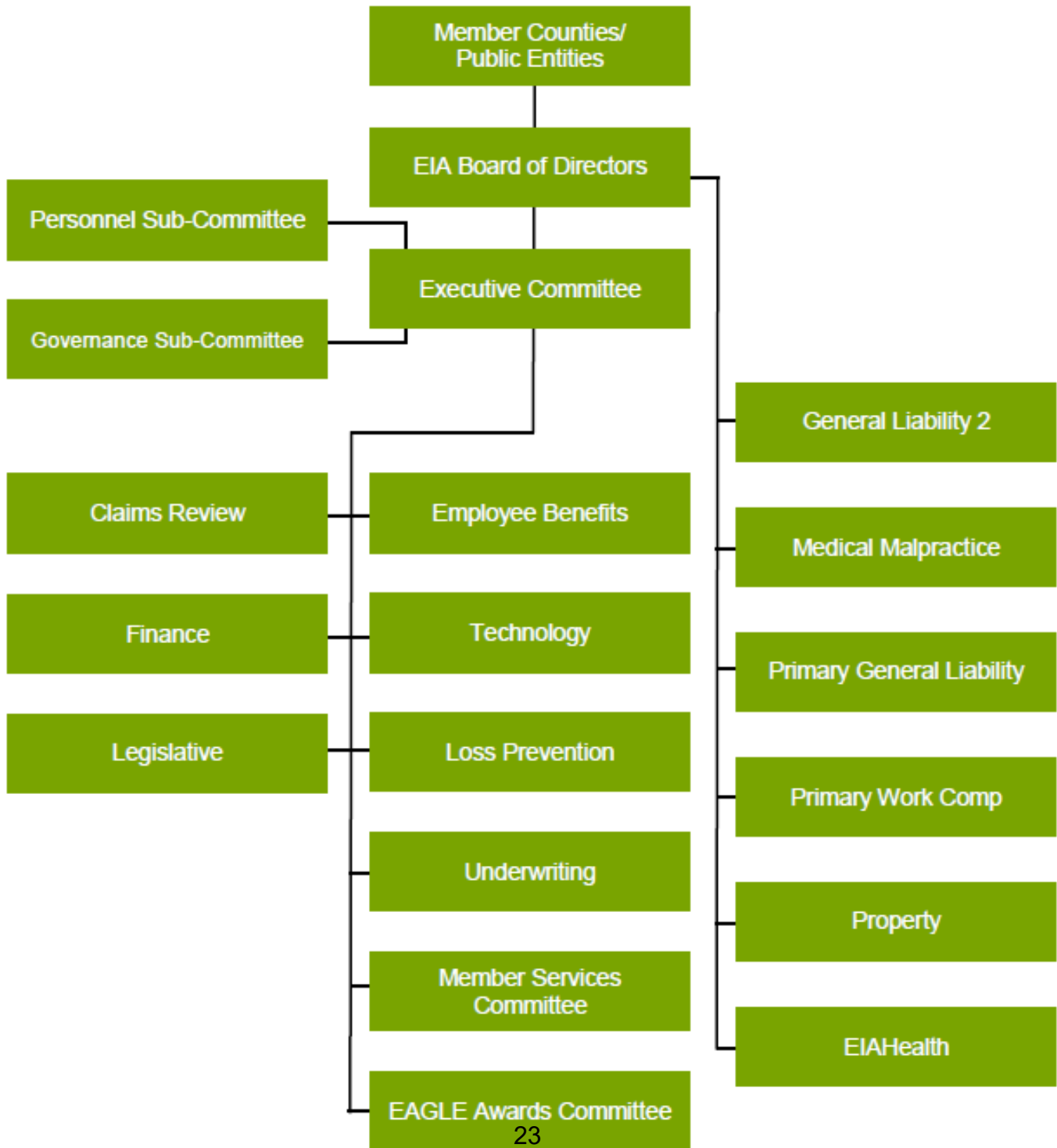
Entity	PWC	EWC	PGL	GL1	GL2	MEDMAL	Property	MROCIP	Health	Dental	Board Primary	Board Alternate
Tulare County		✓		✓	✓	✓	✓	✓			Susan Cox, Risk Manager	Robert Anderson, Supervising Analyst
Tuolumne County		✓	✓	✓		✓	✓	✓		✓	Ann Fremd, Human Resources Manager	Kimberly Phipps, HR Analyst
Ventura County							✓				Chuck Pode, Senior Deputy Executive Officer	Theresa Bucci, Risk Analyst
Yolo County						✓				✓	Marinda Griese, Staff Investigator	Mindi Nunes, Assistant County Administrator
Yuba County	✓	✓		✓		✓	✓			✓	Jill Abel, Director, Human Resources & Risk Management	Karen Fassler, Assistant Human Resources Director



Board Member	Public Entity	Designated Board Position/Representative
Barbara Esquivel, WC Claims Manager	Municipal Pooling Authority (MPA)	Alternate
C. Paul Frydendal, Chief Operating Officer	Special District Risk Management Authority (SDRMA)	At-Large
Claudia Castillo del Muro, Program Manager	City of San Diego	Alternate
Greg Borboa, Risk Manager	City of Manhattan Beach	City
Janice Galleher, Senior Risk Mgt Specialist	City of Chula Vista	At-Large
Kimberly Greer, Risk Manager	City of Richmond	At-Large
Mike James, Public Works Director	City of Lemon Grove	At-Large
Rhonda Haynes, Risk Management Analyst	Orange County Fire Authority	Alternate
Scott Schimke, Risk Manager	GSRMA	Special District



CSAC Excess Insurance Authority Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

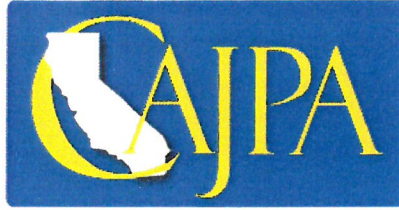
**CSAC Excess Insurance Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

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, 2018 and 2017, 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, 2018 and 2017, 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 28, 2018, 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

November 28, 2018

Management's Discussion & Analysis

As management of the 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, 2018, 2017, and 2016. All references to years are to the fiscal year ending at June 30th.

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 including the EIO, a component unit; 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* presents 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 net 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.

The Authority-wide financial statements can be found on pages 44 through 48 of this report.

Notes to the Financial Statements

The notes provide additional information that are essential to a full understanding of the data provided in the financial statements and can be found beginning on page 49 of this report.

Management's Discussion & Analysis

Captive

On June 30, 2018, the Authority's captive insurance company, the EIO, a blended component unit of the Authority, completed its second year of operations. The EIO is domiciled in, and subject to, the Utah Department of Insurance regulations to insure only the Authority's risks. The EIO allows the Authority to better link their long term claim liabilities with an appropriate type and term of investment. See Footnote 3 for the Investment Policy of the EIO and Footnote 4 for a schedule of the liabilities insured through the EIO. The governing board is made up of current EIA Board, committee, and staff members along with EIA General Counsel and Utah Counsel.

Fund Financial Statements

The EIA operates one enterprise, proprietary fund to account for its 11 risk management programs, general administration and operation of the EIA's building, and the EIO. 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	\$ 24,891,716
Excess Workers' Compensation	29,370,828
Primary General Liability	296,372
General Liability 1	8,820,856
General Liability 2	630,031
Property	15,146,422
Medical Malpractice	7,304,709
Master Rolling Owner Controlled Ins. Program	332,924
EIAHealth	1,629,312
Dental Program	16,745,817
Miscellaneous Programs	1,914,309
Administration and Building	6,828,091
EIO net of Elimination	8,659,207
Total Net Position	\$ 122,570,594

Management's Discussion & Analysis

Financial Highlights

Authority-Wide Financial Analysis

The EIA's assets and deferred outflows exceeded liabilities and deferred inflows by \$122.6M as of June 30, 2018, by \$140.5M at June 30, 2017, and by \$137.7M at June 30, 2016. Following is a condensed Statement of Net Position:

	June 30, 2018	June 30, 2017	June 30, 2016
Other Assets	\$ 824,109,709	\$ 781,525,113	\$ 729,079,358
Capital Assets	10,205,042	9,838,240	9,578,879
Total Assets	<u>834,314,751</u>	<u>791,363,353</u>	<u>738,658,237</u>
Deferred Outflows	<u>1,718,920</u>	<u>1,537,233</u>	<u>3,329,112</u>
Current Liabilities	183,323,834	153,724,595	144,506,871
Noncurrent Liabilities	<u>528,994,951</u>	<u>497,188,376</u>	<u>458,363,786</u>
Total Liabilities	<u>712,318,785</u>	<u>650,912,971</u>	<u>602,870,657</u>
Deferred Inflows	<u>1,144,292</u>	<u>1,466,353</u>	<u>1,444,075</u>
Invested in Capital Assets	10,205,042	9,838,240	9,578,879
Unrestricted Net Position	<u>112,365,552</u>	<u>130,683,022</u>	<u>128,093,738</u>
Total Net Position	<u>\$ 122,570,594</u>	<u>\$ 140,521,262</u>	<u>\$ 137,672,617</u>

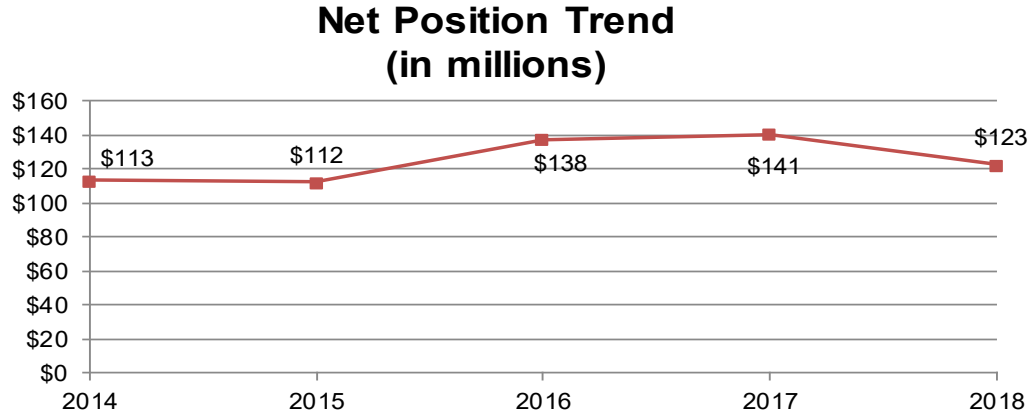
Net Position

Net position is defined as the difference between Total Assets plus deferred outflows and Total Liabilities plus deferred inflows. The EIA started fiscal year 2017/18 with a net position of \$140.5M. The beginning net position was adjusted down by \$6.2M as a net result of GASB 75 OPEB accounting, the SANDPIPA merger, and reclassification of certain member deposits as Liabilities on the books. Additionally, we had a net loss of \$11.8M in fiscal year 2017/18 after declaring dividends of \$1.1M. Our ending balance in net position at June 30, 2018 was \$122.6M, down \$18M from fiscal year 2016/17. The decrease in net position was largely driven by adverse development in prior year claims expense, especially in the GL1 Program. The adjustment to beginning net position also contributed to this decrease. Detailed information on these adjustments is in Footnote 1 to the financial statements.

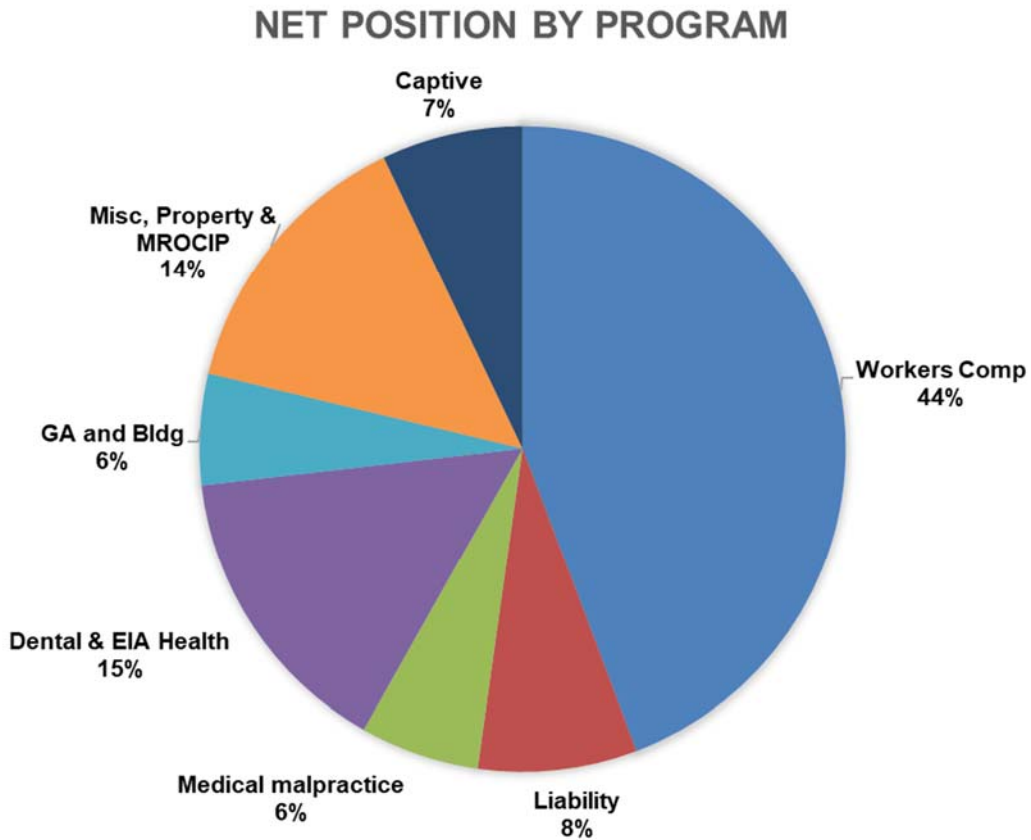
We started fiscal year 2017 with a net position of \$137.7M and had net income of \$2.8M, resulting in an ending net position of \$140.5M at June 30, 2017. The net income was lower than expected due to adverse development in prior year's claims and lower investment income that was in turn a result of negative fair market value adjustment.

Management's Discussion & Analysis

Our net position balances over the past 5 years are illustrated as follows:



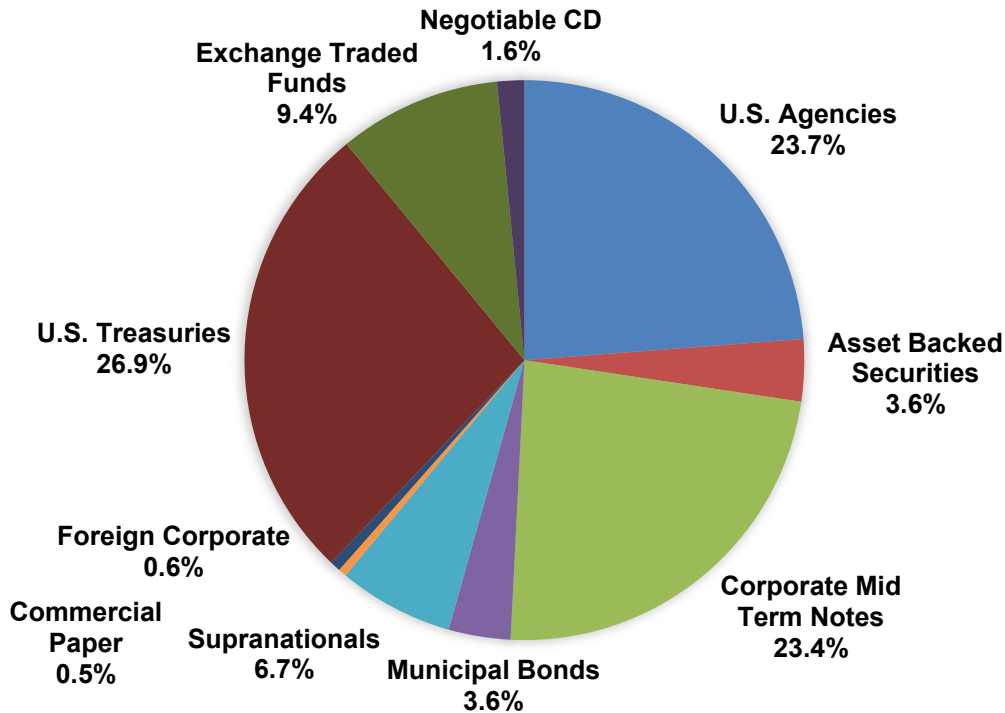
Our large pooled risk programs, workers' compensation and liability programs, account for 52% of net position as of June 30, 2018 as show below:



Management's Discussion & Analysis

Approximately 97% 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, 2018:

INVESTMENT ALLOCATION



During the 2017/18 fiscal year, interest rates continued to increase on a year-over-year basis, which caused the underlying principal value of the existing fixed income investments to fall similar to our experience in fiscal year 2016/17. An increase in interest rates drove the fair market value of the EIA's current investments down, causing unrealized losses as a result of mark to market valuation basis. During fiscal year 2017/18, there was a net decrease in fair value of \$7.2M, compared to a net decrease in fair value in fiscal year 2016/17 of \$6.1M. 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.

Claims Liabilities

As another year is added on to our programs, some with a long payout pattern, claim liabilities will naturally increase. We also experienced larger than expected loss development in prior years in the GL1 Program resulting in \$ 24.2M reduction in net position in that program in fiscal year 2017/18. Claim liabilities increased from \$610.7M as of June 30, 2017 to \$664.5M at June 30, 2018. An increase of \$30.8M and \$72.2M in claim liabilities for the GL1 Program and the EIO, respectively, contributed to the overall

Management's Discussion & Analysis

increase in claims liabilities. The decrease of \$56.1M in claim liabilities for the EWC Program provided some offset to the overall increase. On July 1, 2017, the Authority merged with SANDPIPA (a JPA of Cities in San Diego County) and assumed all outstanding claim liabilities in their GL1 Program. In fiscal year 2016/17, overall program claim liabilities increased \$48.2M from \$562.5M at the end of fiscal year 2015/2016 to \$610.7M at the end of fiscal year 2016/17. We experienced a lower adverse development in prior years' claims in fiscal year 2016/17 for \$21.6M as compared to \$56.6M in fiscal year 2017/18.

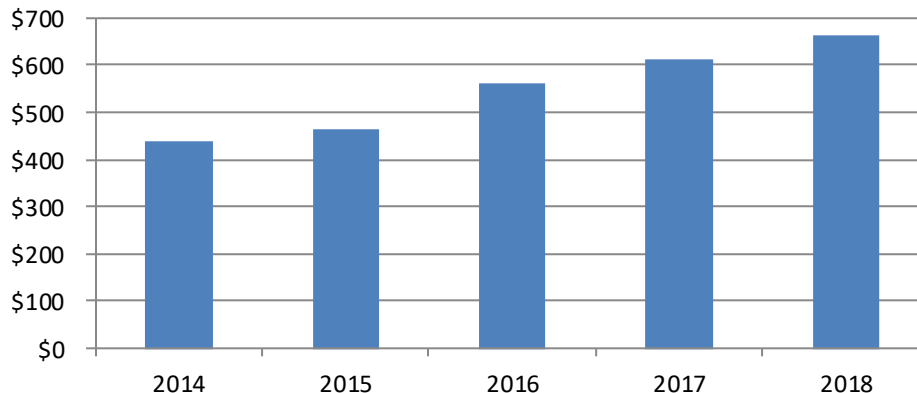
In August 2016, the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship. Castlepoint has been in liquidation since March 1, 2017. California Insurance Guarantee Association (CIGA) is administering the liquidation and paying claims. Our Primary and Excess Workers' Compensation Programs had coverage through Castlepoint. Although CIGA has paid on some claims, it has issued denials if other insurance is available to cover the exposure. The total exposure to the Authority that is considered unrecoverable is approximately \$7.5M, discounted, and this amount is included in claim liabilities.

Our PGL Program has operated successfully since 1998 providing low deductible coverage for members that do not want the risks associated with self-insured programs. However, the PGL Program faced unique challenges that impacted its ability to self-insure the pooled risk, and spread EIA administrative charges to its members. As a result, effective July 1, 2018, the GL1 Program will assume current claims liabilities and all future risks of the PGL Program. The claim liabilities as of June 30, 2018 are included in the EIA's total claims liabilities.

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, 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:

CLAIM LIABILITIES

(in millions)



Management's Discussion & Analysis

Pension Liability

The Authority merged with SANDPIPA (a JPA of Cities in San Diego County) as of July 1, 2017, and became the successor in interest to SANDPIPA's California Public Employers' Retirement (PERS) contract. Adjustments have been made to the PERS calculations to provide a conservative transfer of this risk. Because of this merger, the Authority's beginning net pension liability, deferred inflow of resources, and deferred outflow of resources are adjusted to reflect net pension liability, deferred inflow of resources, and deferred outflow of resources of SANDPIPA. The pension liability was \$1.6M, \$1.1M and \$2M at the end of fiscal years 2017/18, 2016/17 and 2015/16, respectively.

Other Post Employment Benefit (OPEB)

For the year ended June 30, 2018, the Authority implemented GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions – this Statement replaced GASB Statement No. 45, and amended requirements of GASB 57 (OPEB Measurement By Agent Employers and Agent Multiple –Employer Plans). The primary objectives of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. 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.

Since GASB 75 requires retroactive application, the net OPEB liability offset by the related deferred outflow of resources as of June 30, 2018 reduces the beginning net position as of June 30, 2017. As a result, for the year ended June 30, 2018, the beginning net position decreased by \$562k as the cumulative effect of change in accounting principles. A description of the OPEB expense and changes therein is explained in Footnote 8 beginning on page 82 and in the Required Supplementary Information.

Management's Discussion & Analysis

Target Equity

Each of the pooled programs have established 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 following table shows the Target Equity Range for the pooled programs and program net position:

Program	Target Equity Range in millions of \$		Program Net Position in millions of \$
	Low	High	2018
Primary Workers' Compensation	14.20	41.90	24.89
Excess Workers' Compensation	32.90	103.11	29.37
Primary General Liability	0.01	1.23	0.30
General Liability 1	22.20	34.80	8.82
Medical Malpractice	3.60	12.25	7.30

The EWC Program's net position is below their Target Equity Range. Reasons for lower target equity ranges are: first, the ultimate cost of claims (claim liabilities) for the older years continues to be higher than expected and the return on invested assets has been lower than expected. The EIA has taken steps in recent years to increase the equity in the Program by capping the loss exposure to the Program through aggregate limits and in 2016/17 and 2017/18, transferring the aggregate exposure to the EIO to increase earnings.

The GL1 Program's net position is below their Target Equity Range as a result of adverse development in fiscal year 2017/18 in their prior year claims. Surplus in this program had been stable towards the high end of the target equity range until 2017/18 fiscal year. Recent adverse loss development is an industrywide phenomenon being felt by most entities in the general liability insurance market.

Management's Discussion & Analysis

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

	June 30, 2018	June 30, 2017	June 30, 2016
Operating Revenues:			
Premiums for Transferred Risk	\$ 639,585,449	\$ 535,583,984	\$ 493,749,250
Broker Fees	10,678,116	9,996,927	9,385,697
Contributions for Retained Risk	212,774,426	196,118,073	163,031,197
All Other Sources	25,326,989	24,873,174	106,875,987
Total Operating Revenues	<u>888,364,980</u>	<u>766,572,158</u>	<u>773,042,131</u>
Operating Expenses:			
Member Dividends	1,082,497	2,970,796	5,554,624
Stabilization Funds Distributed	47,210	64,106	477,716
Insurance Expense	638,628,836	537,135,168	496,527,761
Broker Fees	10,636,299	10,056,293	9,125,742
Provisions for Claims	231,224,547	185,159,424	213,524,014
Unallocated Loss Adjustment Expense	(5,702,516)	4,035,629	9,400,117
Program Services	13,382,182	13,006,216	13,744,756
Member Services and Subsidies	2,634,689	2,753,144	2,963,429
General Administrative Services	12,910,631	12,500,483	9,574,758
Depreciation and Building Maintenance	1,424,832	849,659	833,093
Total Operating Expenses	<u>906,269,207</u>	<u>768,530,918</u>	<u>761,726,010</u>
Operating Income (Loss)	<u>(17,904,227)</u>	<u>(1,958,760)</u>	<u>11,316,121</u>
NonOperating Revenues (Expenses):			
Investment Income and Financing Fees	6,718,500	4,929,440	14,050,330
Lease Income	446,444	463,338	443,946
Financing and Investment Expenses	(435,403)	(327,220)	(263,803)
Building Maintenance and Depreciation	(580,614)	(258,153)	(280,622)
Total NonOperating Revenues (Expenses)	<u>6,148,927</u>	<u>4,807,405</u>	<u>13,949,851</u>
Changes in Net Position	<u>(11,755,300)</u>	<u>2,848,645</u>	<u>25,265,972</u>
Adjustment to Beginning Net Position	(6,195,368)	-	-
Net Position			
Beginning Balance, July 1, as previously reported	140,521,262	137,672,617	112,406,645
Ending Balance, June 30	<u>\$ 122,570,594</u>	<u>\$ 140,521,262</u>	<u>\$ 137,672,617</u>

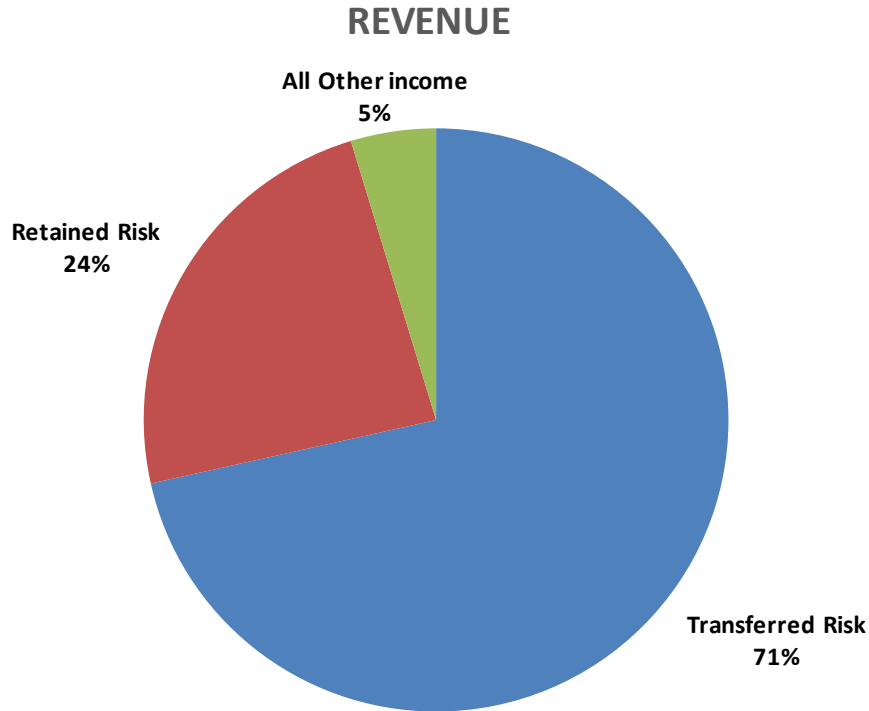
Management's Discussion & Analysis

Revenues

Total operating revenues were \$888M during 2018, an increase from \$767M in 2017. All programs have reported higher total revenue compared to 2017 except the PWC, PGL, and Miscellaneous Programs. Increase in investment income also contributed to an increase in total revenue compared to fiscal year 2016/17. Additionally, both premium and pool revenue is up partly due to rising payrolls which is the exposure base for many programs. For the 2017/18 renewal, the GL1, GL2, EWC (excess layers) and Medical Malpractice Programs experienced rate increases, whereas the Dental, EWC (pool layer), PWC, and PGL Programs had rate decreases. The rates were flat for the Property and EIAHealth Program renewals.

In fiscal year 2016/17, total operating revenues experienced a slight decrease from the \$773M in fiscal year 2015/16 to \$767M, mainly because fiscal year 2015/16 operating revenue included commutation of claims in the EWC Program.

The total revenue allocation as of June 30, 2018 is shown in the following chart:



Membership The Authority represents nearly 2,000 public entities statewide. Our membership includes 95% of the counties in California and nearly 70% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and almost 30 other Joint Powers Authorities. There was some movement in membership in most of our programs with a net increase of 22 members for a total of 732 in 2017/18 up from 710 in 2016/17. Our employee benefits programs continue to add new members and our new MR OCIP (wrap-up program for major construction contracts) added several new projects to our pooled program. In addition to cities, counties, and special districts we

Management's Discussion & Analysis

insure directly, we cover an additional 1,644 members, up from 1,602 in 2017, who are part of other Joint Powers Authorities that participate in our programs.

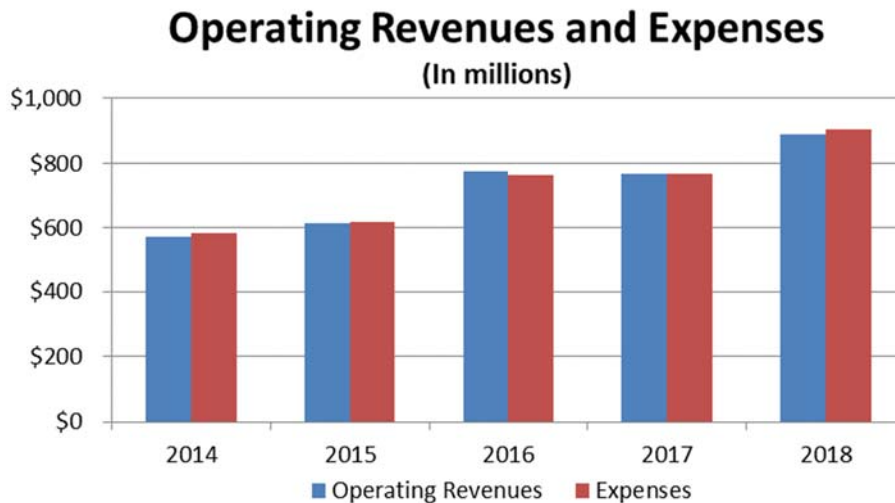
Premiums for Transferred Risk Premiums for transferred risk increase continues to increase from \$493M in 2016 to \$536M in 2017 and \$640M in 2018, up 19% from 2017. Much of this increase is in our EIAHealth program. Our exposure base for workers' compensation and general liability programs is payroll; with the economic recovery, payrolls are growing as well.

Contributions for Retained Risk The EIA's contributions for retained risk revenues were \$213M in 2018, compared to \$196M last year and \$163M in 2016. The contributions for retained risk, together with investment earnings, are used to finance the provision for claims. We have also experienced increase contribution for retained risk as we have expanded our corridors and transferred those to our newly established captive.

Expenses

Total operating expenses increased by \$137.7M in fiscal year 2017/18 compared to \$6.8M increase in 2017 as compared to fiscal year 2016/17. The significant increase in year 2018 was due to increase in insurance expense, primarily in the EIAHealth program, with a corresponding increase in revenue. Additionally, \$46M increase in claim expenses in 2018 compared to 2017 contributed to overall increase in operating expenses as well.

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



Significant expense items in fiscal year 2017/18 included:

- Member dividends included \$981k to members of the PGL Program, and \$102k to Property, EIAHealth and Miscellaneous Program members.
- Insurance expense increased by \$101.5M, mirroring the revenue increase in premiums for transferred risk, primarily in the EIAHealth Program.

Management’s Discussion & Analysis

- 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 by \$46M from \$185.2M in 2017 to \$231.2M in 2018.
- Program service expense was 3% higher in 2018 at \$13.4M compared to 2017. Program services include claims administration services, claims audits, actuarial services, legal services, and other expenses necessary for the operation of each program.
- Unallocated Loss Adjustment Expense (ULAE) decreased by \$9.7M from 2017 to negative \$5.7M in 2018 because there was a change in ULAE calculation methodology and change in payout patterns in various programs.
- Membership in many EIA programs includes subsidies to enhance member’s risk management programs.
- General Administrative expense was 3% higher in 2018 at \$12.9M compared to 2017. General Administrative services include salaries and benefits of the EIA staff, meetings and conferences, office expenses, and other expenses necessary for the operation of the EIA.

The actuarial subsidy is \$2k, available in many programs. All members of the property and casualty programs are eligible for a risk management subsidy of \$1k per program. A total of \$8.9M reclassified from the net position to the Authority’s liabilities on the Statement of Net Position because these are being held by the EIA on behalf of their members.

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



Management's Discussion & Analysis

The EIA offers a variety of Risk Control, Claims, and Risk Management services for our members. The services offered include:

- On-site and telephonic consultation
- Video, electronic and printed resource material
- Regional, on-site and web based training programs
- Facility inspections
- Hazard and exposure assessments with realistic solutions
- Crisis Incident Management and Consultation
- Drug and Alcohol Monitoring Consortium
- Policy/program evaluation and development
- Subsidy program to fund risk management services
- A Risk Management Practitioners Program
- Background Check Services
- Cybersecurity Services
- An Enterprise Risk Consultants Program
- An online Risk Assessment Tool, and many more.

Capital Assets

In January 2010, the new office facility at 75 Iron Point Circle, in Folsom, California was purchased at a cost of \$9.2M. 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. Capital assets include scheduled replacements of office equipment and computers, and investments in new technology, including a new phone system. Implementation of the last viable workers' compensation third party administrator into our claims system was completed and opportunities to automate claims management processes were implemented. We continue to provide a claims system for members who want to lease our system. Development continues on a member analytic dashboard, as well as the EIA's pool management system, including a combined WC and GL renewal application.

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. While the property market shows signs of beginning to harden, sufficient capacity remains for our earthquake and flood risks. There are fewer markets for our workers' compensation program, but we are still able to insure risks at a competitive cost. The least stable environment is the liability market where we are seeing growing trends toward higher settlements and larger adverse verdicts. Large loss developments in the GL1 Program resulted in a drop in net position of nearly \$27M as of June 30, 2018.

Management's Discussion & Analysis

Each EIA program committee is carefully monitoring changes to the insurance market, investment market, and their target equity as they make funding decisions at each renewal. We have successfully used multi-year reinsurance agreements to stabilize rates in the GL1, Property, PWC, EWC, and Medical Malpractice Programs. The other tool typically used to respond to changing market conditions is to expand and contract pooled risk layers. This can be done with a traditional un-aggregated pooled layer that is funded based upon actuarial recommendations, or on an aggregated corridor basis.

Other Information

Annually, as a subcontracted part of the financial audit, the Authority's actuarial data produced by its in-house actuarial staff and used in the production of the year-end financial statements, is peer reviewed by AON Consulting. The AON peer reviewers assess the propriety of the methodologies used and assumptions made in determining the actuarial results and the Ultimate Loss estimates, which underlie the estimates of IBNR liabilities within self-insured programs.

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, on pension plan contributions, a schedule of changes in the net OPEB liability and related ratios, and a schedule of the Authority's OPEB contributions is provided. Required supplementary information can be found beginning on page 89 of this report. The combining and individual program statements for all EIA programs are presented immediately following the required supplementary information beginning on page 106 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, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	6,255,801	8,730,355
Cash in the EIA Treasury	28,514,286	28,160,795
	TOTAL CASH & CASH EQUIVALENTS	36,891,450
Investments	55,304,622	120,857,797
Accounts Receivable:		
Due from Members	19,784,488	20,111,994
Investment Income Receivable	3,316,364	2,320,764
Reinsurance Claims and Deposit with Carrier	9,444,083	7,237,930
Other Receivables	2,722	126,069
Prepaid Insurance and Expenses	54,047,088	49,999,366
	TOTAL CURRENT ASSETS	237,545,370
Noncurrent Assets:		
Investments	596,324,205	496,134,754
Prepaid Insurance	51,115,750	47,844,989
Land and Buildings, Net	6,858,675	7,106,266
Furniture and Equipment, Net	3,346,367	2,731,974
	TOTAL NONCURRENT ASSETS	553,817,983
	TOTAL ASSETS	791,363,353
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows on Pensions and OPEB	1,718,920	1,537,233
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,537,233

**CSAC EXCESS INSURANCE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 7,549,273	\$ 7,272,062
Deposits from Insurance Companies	6,105,542	5,345,760
Due to Members	8,465,337	6,629,181
Unearned Income	16,828,693	19,206,007
Claim Liabilities	144,273,052	115,179,759
Compensated Absences	101,937	91,826
TOTAL CURRENT LIABILITIES	183,323,834	153,724,595
Noncurrent Liabilities:		
Due to Members	5,974,043	-
Claim Liabilities		
Claims Reported	260,832,333	282,625,800
Claims Incurred But Not Reported	209,246,269	156,974,802
Unallocated Loss Adjustment Expense Payable	50,108,000	55,920,857
Compensated Absences	407,748	367,306
Net OPEB Liability	823,272	207,584
Net Pension Liability	1,603,286	1,092,027
TOTAL NONCURRENT LIABILITIES	528,994,951	497,188,376
TOTAL LIABILITIES	712,318,785	650,912,971
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows on Pensions and OPEB	1,144,292	1,466,353
TOTAL DEFERRED INFLOWS OF RESOURCES	1,144,292	1,466,353
NET POSITION:		
Net Investment in Capital Assets	10,205,042	9,838,240
Unrestricted	112,365,552	130,683,022
TOTAL NET POSITION	\$ 122,570,594	\$ 140,521,262

CSAC EXCESS INSURANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 639,585,449	\$ 535,583,984
Broker Fees	10,678,116	9,996,927
Contributions for Retained Risk	212,774,426	196,118,073
Dividend Income	93,904	192,828
Member Services	637,546	935,244
Administration Fees	22,797,612	21,294,667
Public Entity Fees	138,545	738,862
Program Development Fees	-	2,400
Other Income	1,659,382	1,709,173
	888,364,980	766,572,158
OPERATING EXPENSES:		
Member Dividends	1,082,497	2,970,796
Stabilization Funds Distributed	47,210	64,106
Insurance and Provision for Losses:		
Insurance Expense	638,628,836	537,135,168
Broker Fees	10,636,299	10,056,293
Provision for Claims		
Current Year Claims	174,581,092	163,523,365
Prior Years' Claims	56,643,455	21,636,059
Unallocated Loss Adjustment Expenses	(5,702,516)	4,035,629
Program Services	13,382,182	13,006,216
Member Services and Subsidies	2,634,689	2,753,144
General Administrative Services	12,910,631	12,500,483
Depreciation and Amortization	815,174	664,821
Building Maintenance	609,658	184,838
	906,269,207	768,530,918
	OPERATING INCOME (LOSS)	(1,958,760)
NONOPERATING REVENUES (EXPENSES):		
Investment Income	5,737,366	4,136,903
Financing Fees	981,134	792,537
Lease Income	446,444	463,338
Building Maintenance	(459,919)	(128,412)
Building Depreciation	(120,695)	(129,741)
Investment Expense	(435,403)	(327,220)
	6,148,927	4,807,405
	CHANGES IN NET POSITION	2,848,645
NET POSITION:		
Beginning of Year, as Previously Reported	140,521,262	137,672,617
Adjustment to Beginning Net Position	(6,195,368)	-
	134,325,894	137,672,617
	NET POSITION, END OF YEAR	\$ 140,521,262
	\$ 122,570,594	\$ 140,521,262

**CSAC EXCESS INSURANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 882,716,883	\$ 769,489,091
Receipts from Others	2,498,120	8,758,110
Payments to Others	(5,340,866)	(4,512,436)
Dividends Paid	(2,908,282)	(5,509,098)
Stabilization Funds Distributed	(47,210)	(64,106)
Claims Paid	(171,763,595)	(141,015,510)
Insurance Purchased	(637,433,855)	(547,244,932)
Payments to Suppliers	(29,755,986)	(31,749,180)
Other Program Expenses	(70,934)	(37,948)
Payments to Employees	(9,350,413)	(8,775,813)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	39,338,178
	28,543,862	
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Purchase of Capital Assets	(1,302,670)	(1,053,923)
	NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,053,923)
	(1,302,670)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Lease Receipts	446,444	463,338
Operating Lease Disbursements	(459,919)	(128,410)
Purchase of Securities	(405,059,781)	(384,804,828)
Sales of Securities	363,190,281	333,320,929
Cash from Investment Earnings	11,975,049	10,148,247
Cash from Finance Fees	981,074	413,709
Investment Expenses	(435,403)	(327,220)
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(40,914,235)
	(29,362,255)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(2,121,063)	(2,629,980)
CASH & EQUIVALENTS: BEGINNING OF YEAR		
	36,891,450	39,521,430
END OF YEAR		
	\$ 34,770,387	\$ 36,891,450

**CSAC EXCESS INSURANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income/(Loss)	\$ (17,904,227)	\$ (1,958,760)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation, net of leased portion	815,174	664,821
Changes in Assets and Liabilities		
Deposits, Accounts and Other Receivables, Net	5,676,931	(13,030,287)
Prepaid Insurance and Expenses	(10,068,371)	(6,415,273)
Deferred Outflows of Resources	(181,687)	1,791,879
Accounts and Other Payables	(1,412,203)	1,078,172
Unearned Income	(2,381,336)	9,884,159
Claim Liabilities	59,571,293	44,143,914
Unallocated Loss Adjustment Expense Payable	(5,812,857)	4,035,629
Deferred Inflows of Resources	(320,668)	28,122
Net Pension Liability	511,260	(932,902)
Other Liabilities	50,553	48,704
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 28,543,862	\$ 39,338,178
 NONCASH INVESTING, CAPITAL & FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ (7,236,536)	\$ (6,089,775)

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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.

At the June 2016 Board meeting, the Authority gave staff the go-ahead to establish a captive insurance company, domiciled in and subject to the Utah Insurance Department regulations to insure only the Authority's risks. This allows the Authority to better link their long-term claim liabilities with an appropriate type and term of investment. The Captive, Excess Insurance Organization, Inc. (the EIO or the Captive), is reported as a blended component unit of the EIA. See Footnote 3 for the Investment Policy of the Captive and Footnote 4 for a schedule of the liabilities insured through the Captive. The governing board is made up of current EIA Board, committee, and staff members along with EIA General Counsel and Utah Counsel.

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 counties members of the Authority. Each county member is entitled to appoint two representatives to the Board, one voting and one alternate. 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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

The following number of members participated in Authority programs, as of June 30, 2018 and 2017:

	2018	2017
Primary Workers' Compensation	39	39
Excess Workers' Compensation	172	171
Primary General Liability	22	22
General Liability 1	122	114
General Liability 2	17	15
Property	102	98
Medical Malpractice	52	51
Master Rolling Owner Controlled Insurance	16	15
EIAHealth	36	32
Dental	154	153

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, a building program for the office facility it owns and the newly formed Captive. 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

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

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 and EIO 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. The financial statements are presented on a consolidated basis including the EIO but net of elimination of intercompany transactions between the EIA and the EIO.

For the year ended June 30, 2018, the Authority implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions – this Statement replaced GASB Statement No. 45, and amended requirements of GASB 57 (OPEB Measurement By Agent Employers and Agent Multiple –Employer Plans)* with required implementation for the Authority during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other post-employment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It requires employers to report a net OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project the benefit payment identifies, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 8 explains the effect of the current year GASB implementation.

Since GASB 75 requires retroactive application, the net OPEB liability offset by the related deferred outflow of resources as of June 30, 2017 reduces the beginning net position as of June 30, 2018. As a result, for the year ended June 30, 2018, the beginning net position decreased by \$562k as the cumulative effect of a 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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

Investments

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

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, 2018 and June 30, 2017 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 \$5k 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

ULAE includes 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 PWC Program and Medical Malpractice Program 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, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

The discounted outstanding ULAE is as follows:

	June 30, 2018	June 30, 2017
Primary Workers' Compensation	\$ 41,256,000	\$ 38,074,137
Excess Workers' Compensation	5,615,000	12,406,656
Primary General Liability	48,000	240,291
General Liability 1	955,000	2,545,810
General Liability 2	1,073,000	692,828
Property	10,000	120,341
Medical Malpractice	1,151,000	1,840,794
Totals	<u>\$ 50,108,000</u>	<u>\$ 55,920,857</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 \$510k for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

At June 30, 2018, the current portion of the liability is \$102k and the balance of \$408k is considered long term.

	Fiscal Year Ended	
	June 30, 2018	June 30, 2017
Beginning Balance	\$ 459,133	\$ 410,429
Increases	450,096	355,706
Decreases	(399,543)	(307,002)
Ending Balance	<u>\$ 509,686</u>	<u>\$ 459,133</u>
Current Portion	<u>\$ 101,937</u>	<u>\$ 91,827</u>
Long Term Portion	<u>\$ 407,749</u>	<u>\$ 367,306</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.

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.

CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Significant Accounting Policies (continued)

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. Contributions made to the Authority's pension 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 are amortized over various periods. See Footnote 7 for further details related to these pension deferred outflows and inflows.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's portion, and additions to/deductions from Authority's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the Authority recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Additional factors involved in the calculation of the Authority's OPEB expense, and net OPEB 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 Footnote 8 for further details related to these OPEB deferred outflows and inflows.

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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

- Non-operating revenues: Non-operating 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

The EIA's 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.

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 pool's 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 the 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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

1. Organization and Significant Accounting Policies (continued)

Net Position

Net position represents the net investment in capital assets of \$10.2M, net of accumulated depreciation, and unrestricted net position of \$112.4M as of June 30, 2018, for a total of \$122.6M. The unrestricted net position balances are available for future operations or distribution. The net position as of June 30, 2017, was \$140.5M. There were three adjustments to the beginning net position of 2018 reducing the beginning net position to \$134.3M.

Adjustment to the Beginning Net Position

The three adjustments made to the beginning net position add up to \$6.2M and are explained below:

- GASB 75 implementation in 2017/18 required a change in reporting the OPEB obligation on the Authority's Statement of Net Position. The beginning net position is reduced by \$562k to account for this change.
- The Authority's merger with SANDPIPA was effective July 1, 2018. This resulted in an increase in beginning net position of \$3.2M.
- The member balances of approximately \$8M in Risk Management Subsidy accounts and \$900k in Legacy Stabilization Fund were accounted for as part of the net position in General Administration and Dental Programs, respectively. These monies are being reclassified from the net position to the Authority's liabilities on the Statement of Net Position because these are being held by the EIA on behalf of their members. This caused a reduction in beginning net position of \$8.9M.

2. Cash

A. Cash and Cash Equivalents

Cash and cash equivalents, as of June 30, 2018 and 2017 are reported at fair value and consist of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash in Banks		
Primary Workers' Compensation	\$ 4,681,141	\$ 7,640,159
Primary General Liability	318,438	532,686
General Administration	830,787	278,916
Iron Point	425,435	278,594
Total Cash in Banks	<u>6,255,801</u>	<u>8,730,355</u>
Cash in EIA Treasury		
Cash in Bank, General Checking	8,493,897	15,635,054
Treasury Money Market	10,948,645	5,462,438
State of California,		
Local Agency Investment Fund	9,071,744	7,063,303
Total Cash in EIA Treasury	<u>28,514,286</u>	<u>28,160,795</u>
Total Cash and Cash Equivalents	<u>\$ 34,770,087</u>	<u>\$ 36,891,150</u>

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

2. Cash (continued)

B. Custodial Credit Risk

The carrying amount of the Authority's total cash in banks was \$14,749,698 at June 30, 2018, and \$24,365,409 at June 30, 2017. The bank balance was \$22,426,326 at June 30, 2018 and \$36,063,841 at June 30, 2017, and was partially insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2018, \$21,676,326 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.

The Authority and EIO's treasury accounts were comprised of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash In Banks in EIA Treasury	\$ 19,442,542	\$ 21,097,492
Cash in State of California		
Local Agency Investment Fund	9,071,744	7,063,303
Investments	651,628,827	616,992,551
Investment Income Receivable	3,316,364	2,320,764
Total Treasury Assets	<u>\$ 683,459,477</u>	<u>\$ 647,474,110</u>

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Primary Workers' Compensation	\$ 69,977,884	\$ 67,258,290
Excess Workers' Compensation	320,475,617	366,079,183
Primary General Liability	1,278,523	1,620,935
General Liability 1	157,325,837	155,784,430
General Liability 2	(402,274)	534,091
Property	(98,290,835)	(84,607,750)
Medical Malpractice	41,374,699	38,480,861
Master Rolling Owner Controlled Ins Program	378,609	316,112
EIAHealth	7,552,185	4,920,101
Dental	18,277,435	18,204,933
Miscellaneous Programs	1,925,560	1,903,302
General Administration	13,599,520	12,544,600
Building Fund	(6,554,581)	(6,168,786)
EIO	156,541,298	70,603,808
Total Treasury Balances	<u>\$ 683,459,477</u>	<u>\$ 647,474,110</u>

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments

The investments in the financial statements are governed by the EIA and EIO's investment policies.

The EIA'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 EIA'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, 2018 AND 2017**

3. Investments (continued)

The EIO's investment policy identifies procedures that will foster a prudent and systematic investment program designed to seek EIO objectives through a diversified investment portfolio. An appropriate level of risk shall be maintained by purchasing investments within the context of a well-diversified portfolio. Adequate diversification between Equities and Fixed Income securities shall be applied to prevent an undue amount of investment risk with any one area. The EIO strives to achieve returns and control risk by meeting certain asset allocation targets set forth in the EIO investment policy. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are Equity and Fixed Income investments of U.S. and non-U.S. issuers, Real Estate Investment Trusts, and Commodities. The investment policy also lists out some prohibited transactions such as direct short sales of individual securities, direct margin purchases, direct investment in commodities future contracts, direct investment in real estate or direct real estate lending, and hedge funds.

A. Investment Credit Risk

The Authority's investments at June 30, 2018 and 2017 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2018		June 30, 2017	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 175,364,160	26.9%	\$ 171,135,717	27.7%
U.S. Agencies	AA+ to A-1+	155,036,488	23.8%	152,539,708	24.7%
Asset Backed Securities	AAA	11,478,105	1.8%	23,076,907	3.7%
Asset Backed Securities	NR*	11,850,872	1.8%	23,410,958	3.8%
Corporate Notes	AAA to A+	70,468,004	10.9%	91,257,305	14.8%
Corporate Notes	A to BBB	82,154,057	12.6%	39,259,893	6.4%
Supranationals	AAA to A-1+	30,401,273	4.7%	32,477,580	5.3%
Supranationals	NR*	13,078,301	2.0%	6,023,994	1.0%
Calif. General Obligation	AA- to A+	23,253,100	3.6%	33,455,975	5.4%
Commercial Paper	A-1+ to A-1	3,090,459	0.5%	13,147,215	2.1%
Foreign Corporate Notes	AAA to A	4,030,378	0.6%	609,085	0.1%
Negotiable Certificates of Mortgage Pass Thru	A-1+ to A-1	10,204,238	1.6%	-	-
Mortgage Pass Thru	Aaa	1,264,714	0.2%	-	-
International Equity	NR	5,663,143	0.9%	1,617,182	0.3%
International Real Estate	NR	1,164,165	0.2%	-	-
Large Cap US Equity	NR	20,233,278	3.1%	12,865,679	2.1%
Mid Cap US Equity	NR	6,132,259	0.9%	3,040,009	0.5%
Real Estate	NR	3,194,876	0.5%	560,088	0.1%
Emerging Market Equity	NR	5,245,376	0.8%	620,943	0.1%
Small Cap US Equity	NR	18,321,581	2.8%	11,894,313	1.9%
Total Investments		\$ 651,628,827	100%	\$ 616,992,551	100%

NR - Not Rated

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. The Authority's Finance Committee must approve investments maturing over five years for the EIA.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments (continued)

Maturities of investments held at June 30, 2018 consist of the following:

	<u>Investment Maturities</u>			Time to Maturity
	Fair Value	Less than 1 Year	One to Five Years	
U.S. Agencies	\$ 155,036,488	\$ 13,704,383	\$ 141,332,105	2.51
Asset Backed Securities	23,328,977	164,752	23,164,225	2.39
Corporate Mid Term Notes	152,622,061	1,116,555	151,505,506	3.24
Municipal Bonds	23,253,100	23,253,100	-	0.84
Supranationals	43,479,574	-	43,479,574	3.03
Mortgage Pass Thru	1,264,714	-	1,264,714	28.85
Negotiable Certificates of Deposit	10,204,238	10,204,238	-	
Commercial Paper	3,090,459	3,090,459	-	0.29
Foreignn Corporate	4,030,378	-	4,030,378	2.24
U.S. Treasuries	175,364,160	3,771,135	171,593,025	3.39
Totals	\$ 591,674,149	\$ 55,304,622	\$ 536,369,527	2.67

*Excludes Exchange Traded Funds (ETF) which has a maturity more than 5 years

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 \$7.2M of unrealized loss for the year ended June 30, 2018. In the year ended June 30, 2017, \$6.1M of unrealized loss was recognized.

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

	June 30, 2018	June 30, 2017
Fair Value at June 30,	\$ 651,628,827	\$ 616,992,551
Add: Proceeds of Investments Disposed Of	363,190,281	333,320,929
Less: Cost of Investments Purchased	(405,059,781)	(384,804,828)
Less Fair Value at July 1	(616,992,551)	(571,598,427)
Change in Fair Value	\$ (7,233,224)	\$ (6,089,775)

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments (continued)

	Beginning Fair Value At July 1, 2017	Purchases	Dispositions	Subtotal	Ending Fair Value At June 30, 2018	Change in Fair Value
U.S. Agencies	\$ 152,539,708	\$ 75,203,248	\$ 67,537,139	\$ 160,205,817	\$ 155,036,488	\$ (5,169,329)
Asset Based Securities	46,487,866	18,162,100	41,475,956	23,174,010	23,328,977	154,967
Corporate Notes	130,517,197	73,026,141	45,789,729	157,753,609	152,622,061	(5,131,548)
Municipal Bonds	33,455,975	-	10,000,000	23,455,975	23,253,100	(202,875)
Certificates of Deposit	-	10,703,852	-	10,703,852	10,204,238	(499,614)
Commercial Paper	13,147,215	55,582,473	68,318,895	410,793	3,090,459	2,679,666
Supranationals	38,501,574	13,086,916	7,300,000	44,288,490	44,744,289	455,799
U.S. Treasuries	171,135,717	121,157,286	113,018,087	179,274,916	175,364,160	(3,910,756)
Foreign Corporate Notes	5,876	3,258,249	-	3,264,125	4,030,378	766,253
International Equity	2,220,391	4,110,171	-	6,330,562	5,663,143	(667,419)
International Real Estate	560,088	597,947	-	1,158,035	1,164,165	6,130
Large Cap US Equity	12,865,679	10,000,180	4,708,425	18,157,434	20,233,278	2,075,844
Mid Cap US Equity	1,545,198	4,180,536	-	5,725,734	6,132,259	406,525
Real Estate	1,494,811	1,695,524	-	3,190,335	3,194,876	4,541
Emerging Market Equity	620,943	5,126,654	-	5,747,597	5,245,376	(502,221)
Small Cap US Equity	11,894,313	9,168,504	5,042,050	16,020,767	18,321,581	2,300,814
Totals	616,992,551	405,059,781	363,190,281	658,862,051	651,628,827	(7,233,224)

C. Concentration of Credit Risk

The EIA'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.

The EIO's investment policy places long-term asset allocation targets stated below:

	<u>EIO Target</u>
Equities	0% - 50%
Fixed Income	50% - 100%

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments (continued)

1. The equity allocation limitation are specific to the surplus funds of the Captive.
2. The asset manager will be responsible for determining the asset allocation within the targets and rebalance as necessary.
3. The Fixed Income allocation includes the liquidity portion to meet short-term cash flow requirements. The liquidity portfolio will maintain cash and cash equivalents of \$250,000 as required by the Utah Insurance Department regulations.
4. It is further noted the maximum amount of equity exposure, at time of purchase, will be limited to 40% of the aggregated surplus of the CSAC EIA and the EIO.

The investments in the EIO portfolio as of June 30, 2018 conform to these guidelines.

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	13	\$ 79,697,371	12.2%
Federal Home Loan Bank	13	\$ 46,607,263	7.2%

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.
- 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, Foreign Corporate Notes and Commercial Paper are valued using Level 2 inputs. International equity, International real estate, Negotiable

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments (continued)

CD's, Large-Cap equity, Mid-Cap equity, Real Estate, Emerging market equity, Small-Cap U.S. equity, and Mortgage Pass Thru are valued using Level 1 inputs.

Level 2 investments are evaluated on market-based measurements that are processed through a rules based pricing application and represent our good faith determination as to what the holder may receive in an orderly transaction (for an institutional round lot position typically \$1M or greater current value U.S. Dollar or local currency equivalent) under current market conditions.

The following table sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2018.

Investment type	Assets at Fair Value as of June 30, 2018		
	Level 1	Level 2	Level 3
US Agencies	\$ -	\$ 155,036,488	\$ -
Asset Backed Securities	-	23,328,977	-
Corporate Medium Term Notes	-	152,622,061	-
Foreign Corporate Notes	-	4,030,378	-
Municipal Bonds	-	23,253,100	-
Supranationals	-	43,479,574	-
Commercial Paper	-	3,090,459	-
US Treasuries	-	175,364,160	-
International Equity	5,663,143	-	-
International Real Estate	1,164,165	-	-
Negotiable Certificates of Deposit	10,204,238	-	-
Large Cap US Equity	20,233,278	-	-
Mid Cap US Equity	6,132,259	-	-
Real Estate	3,194,876	-	-
Emerging Market Equity	5,245,376	-	-
Small Cap US Equity	18,321,581	-	-
Mortgage Pass Thru	1,264,714	-	-
Total	\$ 71,423,630	\$ 580,205,197	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

3. Investments (continued)

The following tables sets forth by level, within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2017.

Investment type	Assets at Fair Value as of June 30, 2017		
	Level 1	Level 2	Level 3
U.S. Agencies	\$ -	\$ 152,539,708	\$ -
Asset Backed Securities	-	46,487,866	-
Corporate Medium Term Notes	-	130,517,198	-
Foreign Corporate Notes	-	609,085	-
Municipal Bonds	-	33,455,975	-
Commercial Paper	-	13,147,215	-
Supranationals	-	38,501,574	-
U.S. Treasuries	-	171,135,716	-
International Equity	1,617,182	-	-
International Real Estate	560,088	-	-
Large Cap US Equity	12,865,679	-	-
Mid Cap US Equity	1,545,198	-	-
Real Estate	1,494,811	-	-
Emerging Market Equity	620,943	-	-
Small Cap US Equity	11,894,313	-	-
Total	\$ 30,598,214	\$ 586,394,337	\$ -

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. State of California 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 at 915 Capitol Mall C-15, Sacramento, California 95814.

The total amortized cost of Pooled Money Investment Account at June 30, 2018, was \$88,964,875,827. The fair value is estimated at \$88,798,232,977 or 0.998126869% of cost. The average maturity of LAIF investments is 193 days at June 30, 2018.

The Authority's balance in LAIF at June 30, 2018, was \$9,071,744 and was recognized at LAIF's cost. State of California LAIF's cost approximates the fair value of the Authority's shares. The Authority's balance in LAIF at June 30, 2017, was \$7,063,303, and was also valued at LAIF's cost. State of California LAIF is not rated by the investment rating firms.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 were 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, 2018 of \$832M, have been presented at the net present value of \$665M. At June 30, 2017, claim liabilities of \$770M are presented at their present value of \$611M, 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 EWC Program, the GL1 Program, and the Medical Malpractice Program, 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.

The EWC 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 \$125k up to \$5M. 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	\$282,695,641	\$312,255,064	\$349,035,423
Net Position Balance	\$29,370,828	(\$188,595)	(\$36,968,954)

In the PWC Program, the Authority only retains the first \$10k of liability for the years 2009/10 to 2017/18. Since this is paid relatively quickly, the claims for these years are not discounted. Starting 2016/17 program year, corridors in \$10k-\$125k layer adding up to \$16.7M for 2016/17 and 2017/18 years was transferred to the Captive. Additionally, in fiscal year 2016/17, the Authority commuted or bought back the claim liabilities for the 1997-2004 years of \$9.8M, which was the balance of the aggregate stop loss coverage. The Authority transferred this risk to the Captive. Over and above the stop loss coverage, the Authority estimates a claim liability of \$8.6M, which is retained by the EIA and discounted at 1.5%. The claims for the period 2004/05 to 2008/09 are fully insured.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

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
Primary Workers' Compensation ULAE	1.50%
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:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Primary Workers' Compensation	\$ 63,276,229	\$ 55,218,289
Excess Workers' Compensation	282,695,641	338,799,058
Primary General Liability	63,221	273,240
General Liability 1	150,183,672	119,396,406
General Liability 2	1,569,647	3,925,012
Property	40,840	245,341
Medical Malpractice	31,956,007	30,274,229
Dental	1,826,677	1,927,909
EIO Captive	132,847,720	60,641,734
Total Claim Liabilities	<u>\$ 664,459,654</u>	<u>\$ 610,701,218</u>

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 610,701,218</u>	<u>\$ 562,521,675</u>
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	168,878,576	167,558,994
Increase in Provision for Retained Risk, prior fiscal years	<u>56,643,455</u>	<u>21,636,059</u>
Total incurred claims & claim adjustment expenses	<u>225,522,031</u>	<u>189,195,053</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	50,982,380	52,749,238
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>120,781,215</u>	<u>88,266,272</u>
Total Payments	<u>171,763,595</u>	<u>141,015,510</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$ 664,459,654</u>	<u>\$ 610,701,218</u>
Reported Claims	\$ 405,105,385	\$ 397,805,559
Incurred But Not Reported Claims	209,246,269	156,974,802
Unallocated Loss Adjustment Expenses	<u>50,108,000</u>	<u>55,920,857</u>
Total Claim Liabilities	<u>\$ 664,459,654</u>	<u>\$ 610,701,218</u>
Current Claim Liabilities	\$ 144,273,052	\$ 115,179,759
Non-current Claim Liabilities	<u>520,186,602</u>	<u>495,521,459</u>
Total Claim Liabilities	<u>\$ 664,459,654</u>	<u>\$ 610,701,218</u>

A. Primary Workers' Compensation

The 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 \$125k, per occurrence. Claims in excess of \$125k are the responsibility of the Authority's EWC Program.

In March 2010, the Authority completed a LPT with ACE Insurance Company for the claim liabilities for the July 2004 through June 2009 years. The Authority will continue to administer the claims and is responsible for the ULAE on a go forward basis for those claim years, but ACE is responsible for all claim payments. In August 2016, we commuted or bought back the claim liabilities for the 1997 to 2004 years of \$9.8M, which was the balance of the aggregate stop loss coverage. We transferred this risk to the Captive.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continued)

For the 2009/10 through 2015/16 policy years, the Authority purchased insurance for claim liabilities in excess of \$10k (per claim) up to \$125k. For the 2010/11 and 2011/12 years, the coverage was with CastlePoint National Insurance Company, which has been placed in conservatorship. Any amounts not covered by CastlePoint are to be covered by the CIGA. Although CIGA has paid on some claims, it has issued denials if other insurance is available to cover the exposure. The total exposure to the PWC Program that is considered unrecoverable as of June 30, 2018, is approximately \$1.1M, discounted, and this amount is included in claim liabilities in the PWC Program.

Starting in the 2016/17 policy year, there were corridor risks transferred to the EIO. The coverage in excess of \$10k (per claim) up to \$125k was purchased subject to a corridor retention of \$4.3M for 10 months from July 2016 to April 2017 from AmTrust Group and another corridor retention of \$12.4M for 14 months from May 2017 to June 2018 from ACE/Chubb. These corridor risks were transferred to the EIO. The proportionate corridor of \$1.6M for two months, May and June 2017, was transferred to the EIO in fiscal year 2016/17, while the remaining corridor of \$10.8M was transferred to the EIO in fiscal year 2017/18. The Program has a liability for total claims and ULAE of \$63.3M out of which ULAE liabilities are at \$41.3M.

Primary Workers' Compensation

Statutory — Excess Workers' Compensation Program



* 14 Month Policy, 5/1/17 - 7/1/18

** The Corridor Retention will be adjusted at the end of the year.

*** CSR's deductible is \$25K effective 7/1/17

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

B. Excess Workers' Compensation

The 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 SIR up to \$5M. 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 \$1M to American Safety Casualty Insurance Company, with the EIA retaining 30% of that layer. From July 1, 2010 to June 30, 2012, 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) into conservatorship/liquidation. CIGA will pay up to \$500k on each claim. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA, to be \$1M, and after application of the discount factor, \$750k was included in the June 30, 2018 claim liabilities. Additionally, CIGA has issued denials if other insurance is available to cover the exposure. The additional exposure to the EWC Program that is considered unrecoverable as of June 30, 2018, is approximately \$5.6M, discounted, and this amount is included in claim liabilities in the EWC Program, as well.

Members' SIRs vary between \$125k and \$5M 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 deductible.
July 1, 2016 to June 30, 2017	Core Tower - \$22.06M aggregate transferred to the EIO. Educational Tower \$10.4M aggregate corridor transferred to the EIO
July 1, 2017 to June 30, 2018	Core Tower & Educational Tower - \$44.8M aggregate transferred to the EIO. Educational Tower- corridor for the primary layer of \$16.4M transferred to the EIO.

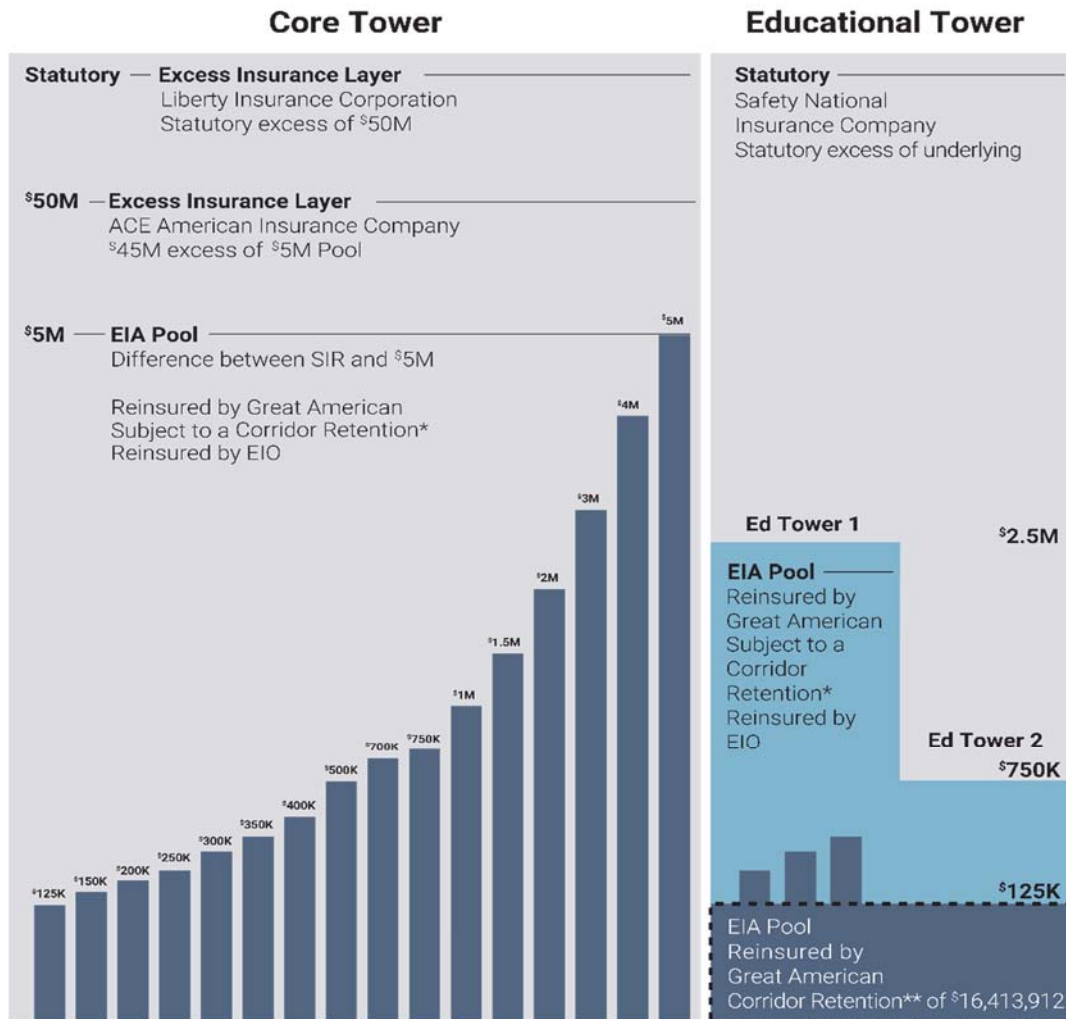
**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The Board has established the target equity (net position) range for the Program, between \$33M and \$103M. 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 2017/18, the EIA has purchased insurance to reduce our pool exposure in the SIR to \$5M 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. Starting with the 2016/17 year, aggregate deductible corridors were transferred to the Captive to earn upfront discounts due to higher investment earnings. These discounts were passed on to the members. The chart below shows the current structure of the Program.

Excess Workers' Compensation



* The Corridor Retention will be adjusted at the end of the year. The Core and Educational Towers are subject to a single, shared corridor retention of \$44,864,854 (does not include primary <\$125k layer).

** The Corridor Retention will be adjusted at the end of the year.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

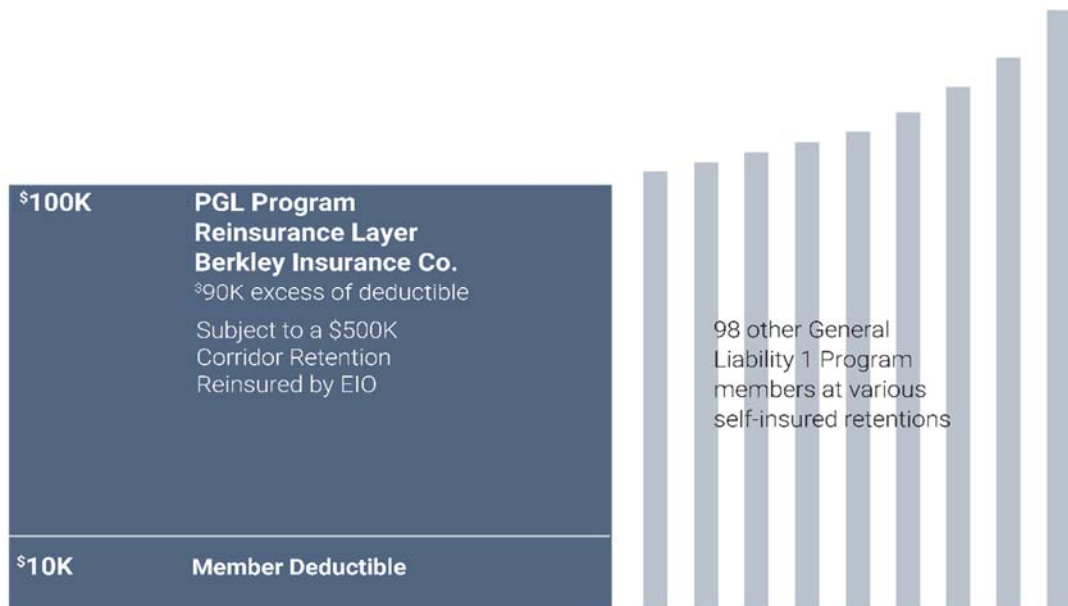
4. Claim Liabilities (continued)

C. Primary General Liability

The PGL Program was established in 1998. Each member of the PGL Program had a \$10k deductible, per claim. Claim costs above the \$10k deductible, and below the \$100k limit, was the responsibility of the Authority's PGL Program and was insured by Berkley Insurance Company. Coverage in the primary layer was written to follow the form of the GL1 Program. Claims are not discounted. For the 2017/18 year, a corridor of \$500k was transferred to the EIO from this Program's \$10k-\$100k layer. The chart below shows the structure of the Program. In February of 2018, the PGL Committee approved the dissolution of the PGL Program and a merger with the GL1 Program through a new Deductible Buy-Down option, effective July 1, 2018.

Primary General Liability

\$25M — General Liability 1 Program



**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

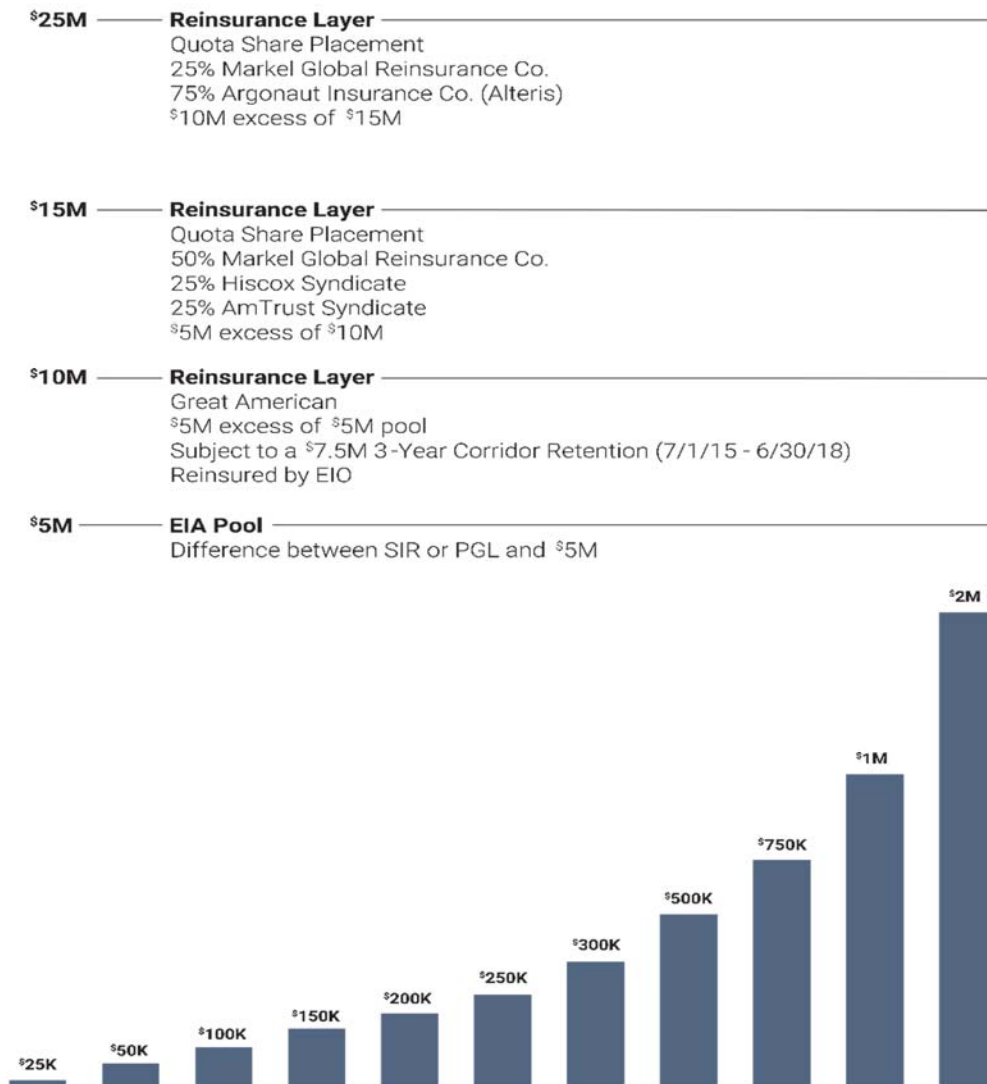
4. Claim Liabilities (continued)

D. General Liability 1

The Authority's 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 a SIR between \$25k and \$1M. In the 2016/17 and 2017/18 fiscal years, the pool retained the responsibility for claims in excess of each member's SIR up to \$5M and purchased reinsurance from \$5M up to \$25M. In addition, in the first reinsurance layer (from \$5M to \$10M), the Program is responsible for the first \$7.5M in claims (should they occur) over the 3-year period encompassing the 2015/16 to 2017/18 fiscal years. This risk is transferred to the Captive. 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 Programs.

The chart below shows the current structure of the Program.

General Liability 1



* 37 GL1 Program members purchase additional limits through the Optional Excess Liability Program.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

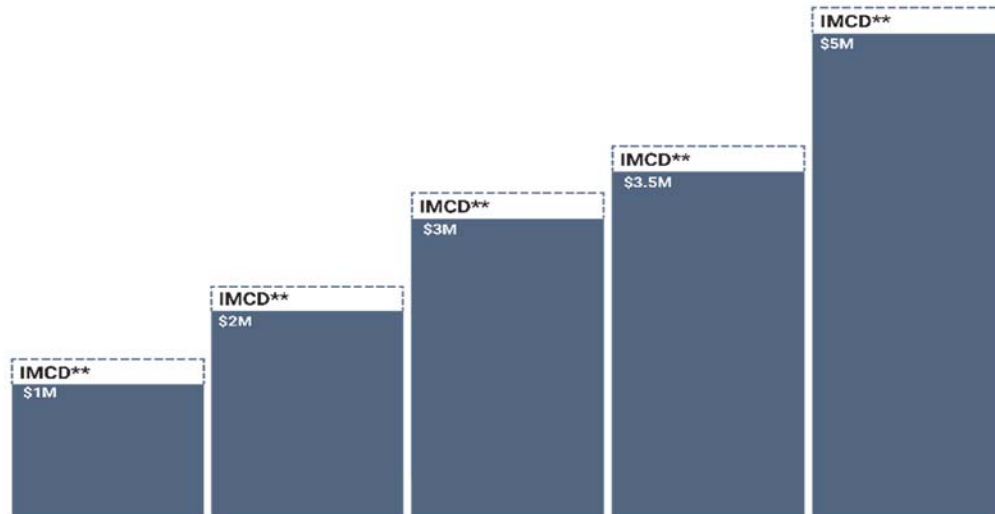
4. Claim Liabilities (continued)

E. General Liability 2

The 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 \$1M to \$5M. 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 \$18M for the 2017/18 year and \$17.8M for the 2016/17 year. Starting in the 2016/17 program year, these corridors were transferred to the Captive.

The chart below shows the current structure of the Program.

General Liability 2



* I 2 GL2 Program members purchase additional limits through the Optional Excess Liability Program.

**Individual Member Corridor Deductible (IMCD) where applicable.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

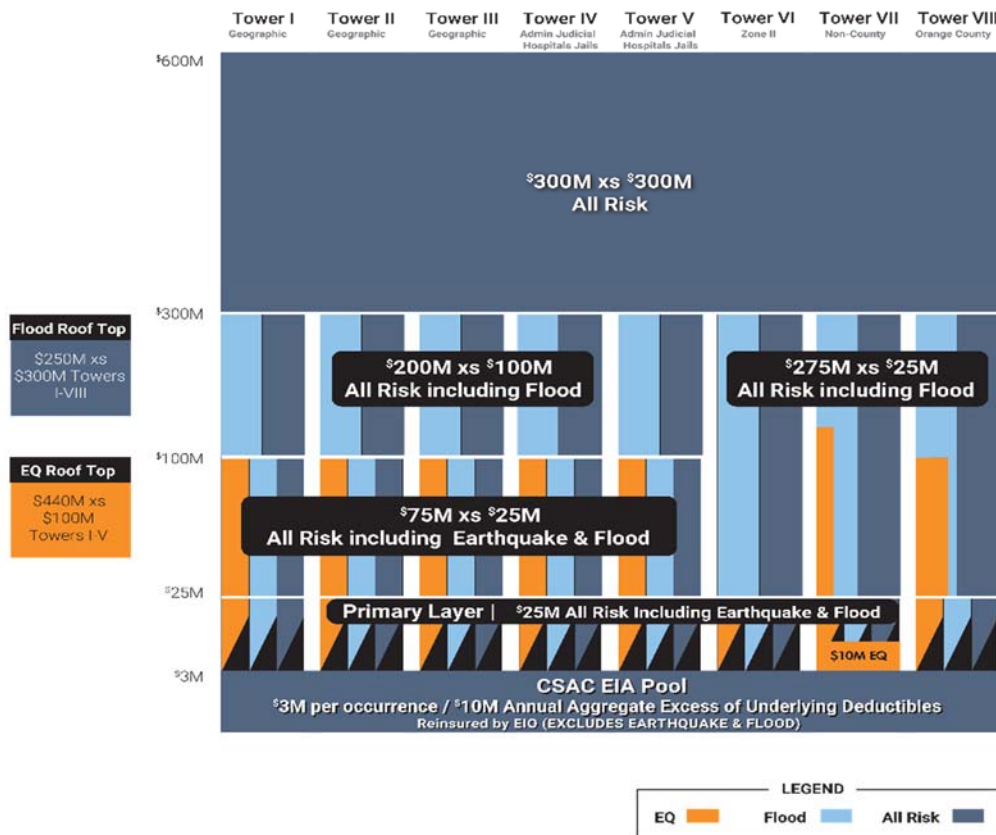
4. Claim Liabilities (continued)

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 \$5k to \$100k. There are other unique deductible requirements for specific types of claims. In 2017/18, the earthquake deductible was bought down to 2% of the insured value, with a deductible cap of \$100M. The pool assumes the risk for the difference between the member's 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 of April 1st to March 31st. The primary insurance policy has pool limits of \$3M per claim and \$10.4M aggregate in 2017/18 program year. The pool risk was transferred to the Captive in the 2016/17 and 2017/18 years. Beginning in 2014, the Authority started funding a catastrophic flood pool with a target of \$30M. In the 2017/18 year, the catastrophic flood pool was combined with the earthquake buy-down risk and members were charged \$2.5M (\$1M for flood risk and \$1.5M for earthquake risk) to fund the pool. As of June 30, 2018, the Authority is partially funded at \$12.3M in the catastrophic flood 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:



**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

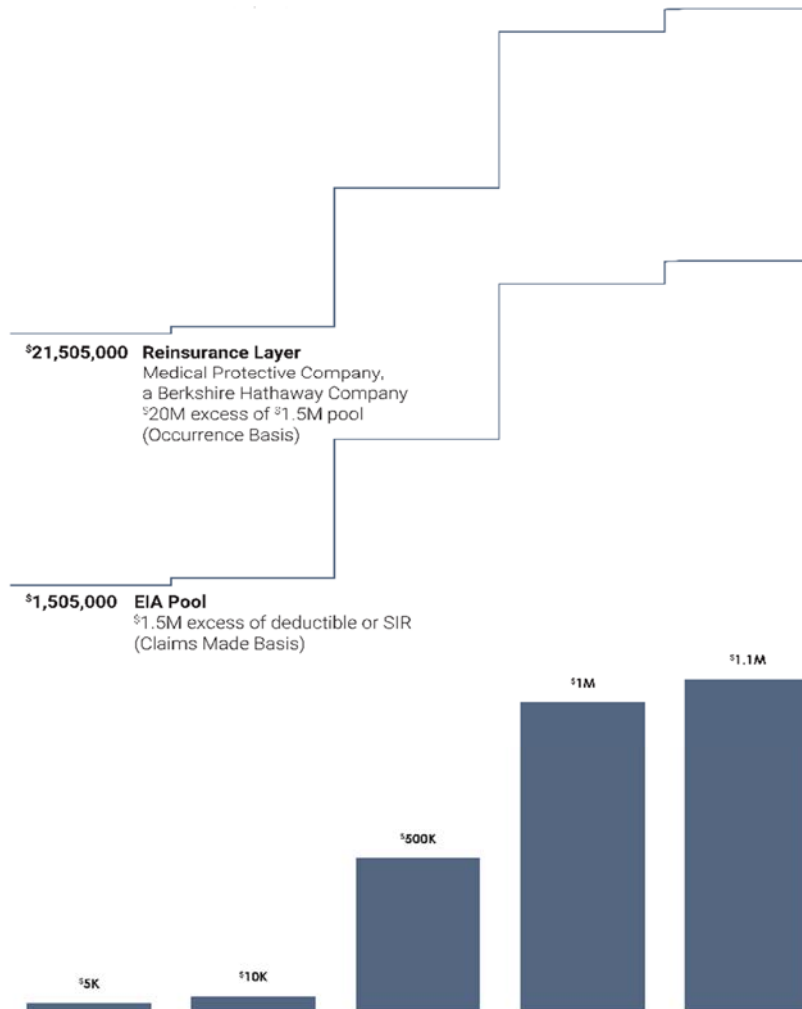
G. Medical Malpractice

The Medical Malpractice Program was established on 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 \$1.5M in excess of each member's deductible or retention.

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

The Program structure is illustrated in the following chart:

Medical Malpractice



**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

4. Claim Liabilities (continued)

H. Dental

In the pooled Dental plan, claim liabilities are very predictable based on capped benefits. The claim liabilities at June 30, 2018 and June 30, 2017 of \$1.8M and \$1.9M, respectively, are undiscounted and are considered short term.

I. EIO

Total claim liabilities of the EIO at June 30, 2018 of \$148,574,155 have been presented at the net present value of \$132,847,720 using a 3.75% discount rate. For fiscal year ended June 30, 2017 total claim liabilities of \$68,234,483 have been presented at the net present value of \$60,641,734 using a 4.3% discount rate.

5. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment, and software assets with an initial, individual cost of more than \$5k and an estimated useful life in excess of one year. A capital asset summary of the land, buildings, and equipment is presented below:

	June 30, 2016	Additions/ Deductions	June 30, 2017	Additions/ Deductions	June 30, 2018
Land	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Depreciable Assets:					
Buildings and Tenant Improvements	8,088,564	11,527	8,100,091	17,500	8,117,591
Furniture and Equipment	1,318,148	63,381	1,381,529	156,890	1,538,419
Software	2,754,077	961,967	3,716,044	1,122,080	4,838,124
Total Depreciable Assets	12,160,789	1,036,875	13,197,664	1,296,470	14,494,134
Less Accumulated Depreciation	(3,581,910)	(777,514)	(4,359,424)	(929,668)	(5,289,092)
Net Depreciable Assets	8,578,879	259,361	8,838,240	366,802	9,205,042
Net Land, Buildings and Equipment	\$ 9,578,879	\$ 259,361	\$ 9,838,240	\$ 366,802	\$ 10,205,042

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:

	Balance at June 30, 2016	Additions/ Deductions	Balance at June 30, 2017	Additions/ Deductions	Balance at June 30, 2018
Accumulated Depreciation Detail					
Buildings and Tenant Improvements	\$ (1,719,685)	\$ (274,139)	\$ (1,993,824)	\$ (265,092)	\$ (2,258,916)
Furniture and Equipment	(1,098,163)	(72,082)	(1,170,245)	(58,813)	(1,229,058)
Software	(764,062)	(431,293)	(1,195,355)	(605,763)	(1,801,118)
Total	\$ (3,581,910)	\$ (777,514)	\$ (4,359,424)	\$ (929,668)	\$ (5,289,092)

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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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 \$843,832 with accumulated depreciation of \$698,370. The cost of the building and improvements under lease is \$3,318,592 with accumulated depreciation of \$1,109,671. The following is the schedule of lease revenue receivable under these operating leases for the next five years:

2019	\$	481,919
2020		441,106
2021		268,460
2022		139,730
2023		143,790
Total	\$	<u>1,475,005</u>

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 of 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 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 service, 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 joining after January 1, 2013 must be at least 52.

Employees covered by the benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Active members	77
Inactive members receiving benefits	<u>9</u>
Total	<u>86</u>

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

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 1st 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 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, 2017 (the measurement date) was 9.887% and 7.045% of annual pay for the Classic and PEPRA plans respectively.

For the year ended June 30, 2018, the legally required contributions were \$612,233. The required contribution is recognized as a Deferred Outflow of Resources Related to Pensions.

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the Total Pension Liability (TPL) was determined by rolling forward the June 30, 2016 TPL. The June 30, 2017 and June 30, 2016 TPL were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
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.

Changes in Assumptions

There were no changes in assumptions during the measurement period ended June 30, 2017, except the discount rate was changed from 7.65% to 7.15%.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

7. Employee Retirement System (continued)

A. General Information about the Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.15%. This differs from the discount rates used as of June 30, 2016, 7.65% due to a decrease in the long-term expected rate of return. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF. 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 equal 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.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00	0.80	2.27
Inflation Sensitive	6.00	0.60	1.39
Private Equity	12.00	6.60	6.63
Real Estate	11.00	2.80	5.21
Infrastructure and Forestland	3.00	3.90	5.36
Liquidity	2.00	(0.40)	(0.90)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

7. Employee Retirement System (continued)

B. 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 6/30/2017 measurement date, calculated using the discount rate of 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

6/30/2017 Measurement Date	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Plan Net Pension Liability	\$ 2,499,288	\$ 1,603,286	\$ 861,201

For the measurement date 6/30/2016, the following presents the net pension liability (asset) of the plan calculated using the discount rate 7.65 percent, as well as what the net pension liability (asset) would be if it were calculated using discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) that the current rate.

6/30/2016 Measurement Date	Discount Rate - 1% 6.65%	Current Discount Rate 7.65%	Discount Rate +1% 8.65%
Plan Net Pension Liability	\$ 3,395,947	\$ 2,024,929	\$ 892,994

C. 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:

	<u>2017-2018 Fiscal Year</u>	<u>2016-2017 Fiscal Year</u>
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Measurement Period	June 30, 2016 to June 30, 2017	July 1, 2015 to June 30, 2016

At June 30, 2018 the Authority reported a net pension liability (NPL) of \$1,603,286 and \$1,092,027 at June 30, 2017 for its proportionate share of the Miscellaneous Pool's NPL. The Authority merged with SANDPIPA on July 1, 2017, resulting in an increase in beginning NPL for the Authority by \$ 429,456.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

7. Employee Retirement System (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, 2017. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017 was 0.115960% for the Classic Plan and PEPR A Plan combined. The Authority's proportionate share of the NPL for PERF C and PEPR A combined as of June 30, 2016 was 0.157030%.

For the year ended June 30, 2018, the Authority recognized pension expense of \$612,233. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 6,246	\$ (89,488)
Changes in Assumptions	775,002	(59,095)
Net Difference between Projected and Actual Earnings on Pension Plan investments	175,274	-
Change in Proportions	-	(771,024)
Change in Proportionate share of Contributions	-	(51,289)
Contributions Subsequent to Measurement Date	612,233	-
Total	\$ 1,568,755	\$ (970,896)

The \$612,233 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, 2019.

At June 30, 2018, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ (291,686)
2020	113,964
2021	267,410
2022	(104,062)
Total	\$ (14,374)

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

7. Employee Retirement System (continued)

For the year ended June 30, 2017, the Authority recognized pension expense of \$1,432,265. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 19,031	\$ (4,361)
Changes in Assumptions	-	(180,055)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	937,127	-
Change in Proportions	-	(1,281,937)
Change in Proportionate share of Contributions	30,065	-
Contributions Subsequent to Measurement Date	551,010	-
Total	1,537,233	(1,466,353)

At June 30, 2017, other amounts reported as deferred outflows/inflows of resources related to pensions was recognized ad pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ 4,135
2018	5,778
2019	38,673
2020	22,294
Total	\$ 70,880

8. Other Postemployment Benefits (OPEB)

A. Plan Description

The Authority's defined benefit Other Post Employment Benefit Plan (OPEB), provides OPEB for all permanent full-time employees of the Authority. This is an agent multiple-employer defined benefit OPEB plan administered by the California Employers' Retirement Benefit Trust (CERBT). 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. Retired employees and their beneficiaries must continue their participation in a CalPERS health care program to access CSAC EIA OPEB benefits. The Public Employees' Medical and Hospital Care Act (PEMHCA) of the State of California assigns the authority to establish and amend benefit provisions to the CalPERS Board of Directors.

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.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

8. Other Postemployment Benefits (OPEB) continued

A. Plan Description

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 2015	\$122 per month
Calendar Year 2016	\$125 per month
Calendar Year 2017	\$128 per month
Calendar Year 2018	\$133 per month
Thereafter	Adjusted by CalPERS Board to reflect changes in the medical care component of the CPI

Under PEMHCA, the Authority is required to contribute toward medical coverage for the retiree's lifetime or until coverage is otherwise discontinued. If a covered spouse survives the retiree and is entitled to survivor pension benefits, the Authority will continue the applicable contribution toward the spouse's coverage until his or her death. CSAC EIA OPEB provides employees who retire directly from the Authority, at a minimum age of 55, with a minimum of 5 years of coverage.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Active Employees	68
Inactive Employees or beneficiaries receiving benefits	6
Total Participants	74

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. The Authority's OPEB Plan assets are invested as part of the CalPERS CERBT Strategy 1 portfolio with a 7.28% expected Long term rate of return. Each employer choosing CERBT Strategy 1 owns a percentage of this portfolio. The Authority does not have direct ownership of the securities in the portfolio. The target allocation and best estimates of real rates of return for each major class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57%	8.14%
Fixed Income	27%	3.40%
Global Real Estate (REIT)	8%	6.90%
Treasury Inflation Protected Securities (TIPS)	5%	2.40%
Commodities	3%	5.71%

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

8. Other Postemployment Benefits (OPEB) continued

B. Net OPEB Liability

The Authority's net OPEB liability of \$823,272 as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions: The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Funding Method	Entry Age Normal Cost, Level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.28%
Discount Rates	4.69% as of June 30, 2017 4.06% as of June 30, 2016
Inflation	2.75%
Salary Increases	3.25% per year, used only allocate the cost of benefits between services
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation

Discount Rate is the Interest rate used to discount future potential benefit payments to the valuation date. The Authority makes contributions to the plan at about the same time and in about the same amount as benefit payments and expenses coming due or referred to as Pay-As-You-Go. If a plan is not prefunded but a pay-as-you-go, then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Therefore, the Authority's discount rate was based on Fidelity Municipal General Obligation yield or index rate for 20-year Index. Changes of assumptions and other inputs reflect a change in the discount rate from 4.06 percent in 2017 to 4.69 percent in 2018.

Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008. Mortality improvement assumption is based on MacLeod Watt Scale 2017 applied generationally.

The Authority's OPEB Valuation is prepared with the assumption that only employees and retirees present as the calculation date are considered, or for a closed group. There were no benefit changes in the Authority's OPEB Plan.

Mortality rates were based on Improvement Bickmore Scale 2017 applied generationally. Healthcare Trend Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

8. Other Postemployment Benefits (OPEB) (continued)

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	8.00%	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 & Later	5.00%

C. Changes in the Net OPEB Liability

Net OPEB Liability for Fiscal year June 30, 2018 is \$823,272, a decrease of \$3179 compared June 30, 2017.

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at fiscal year ending June 30, 2017	\$ 1,388,782	\$ 562,331	\$ 826,451
Measurement date 6/30/16			
Changes during the period			
Service Cost	208,154	-	208,154
Interest	64,420	-	64,420
Investment Income	-	42,224	(42,235)
Employer Contributions	-	56,127	(56,127)
Changes in Benefit terms	-	-	-
Administrative Expenses	-	(307)	307
Benefit Payments	(20,480)	(20,480)	-
Assumptions Changes	(159,144)	-	(159,144)
Plan experience	-	18,565	(18,554)
Net Change in Fiscal Year	<u>92,950</u>	<u>96,129</u>	<u>(3,179)</u>
Balance at fiscal year ending June 30, 2018	<u>\$ 1,481,732</u>	<u>\$ 658,460</u>	<u>\$ 823,272</u>
Measurement date 6/30/17			

Sensitivity of the net OPEB Liability to changes in the discount rate: The following table presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be for if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

Net Liability sensitivity to changes in discount rate

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% increase</u>
	3.69%	4.69%	5.69%
Net OPEB Liability	\$ 1,087,396	\$ 823,272	\$ 612,713

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

8. Other Postemployment Benefits (OPEB) (continued)

Medical Cost Inflation

	Medical Trend 7.00%	Current Medical Trend 8.00%	Medical Trend 9.00%
Net OPEB Liability	\$ 533,985	\$ 823,272	\$ 1,320,406

D. OPEB Expense and Deferred Outflow and Inflow of Resources Related to OPEB

For the year ended June 30, 2018, the Authority recognized OPEB expense of \$226,344. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 143,603
Net Difference between projected and actual earnings on investments	-	29,793
Contributions made subsequent to the measurement date	150,165	-
	\$ 150,165	\$ 173,396

The \$150,165 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of
2019	\$ (22,989)
2020	(22,989)
2021	(22,989)
2022	(22,989)
2023	(15,541)
Thereafter	(65,899)

The Expected Average Remaining Service life was 10.24 years. This is the period used to recognize changes in the OPEB liability other than those arising from investments gains and losses or relating to improvements in plan benefits.

**CSAC EXCESS INSURANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

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: EWC, 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 CIGA, is \$1.1M and is included in claims liabilities.

10. Castlepoint Liquidation

August 2016, the California Insurance Commissioner placed Castlepoint Insurance Companies (Castlepoint) in conservatorship. Castlepoint is in liquidation since March 1, 2017. CIGA is administering the liquidation and paying claims. The Authority has insured the 2010/11 and 2011/12 years in the PWC Program in the layer from \$10k to \$125k with Castlepoint. Although CIGA has paid on some claims, it has issued denials if “other insurance” is available to cover the exposure. The total exposure to the PWC Program that is considered unrecoverable is approximately \$1.1M, discounted, and this amount is included in claim liabilities in the PWC program.

The EWC 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 \$1M excess of SIR layer. Here, because CIGA’s coverage is limited to \$500k per claim, the program does have exposure due to the liquidation. Additionally, CIGA has issued denials if “other insurance” is available to cover the exposure. The Authority estimates the ultimate cost of the EWC claims for this period, not covered by CIGA, to be \$6.4M, discounted, and this amount is included in claim liabilities in the EWC program.

REQUIRED SUPPLEMENTAL INFORMATION

**CSAC Excess Insurance Authority
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last 10 Years***

	Measurement Date			
	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability (Asset)	0.040671%	0.031435%	0.073809%	0.03205%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,603,286	\$ 1,092,027	\$ 2,024,929	\$ 1,994,562
Authority's Covered-Employee Payroll	\$ 6,441,367	\$ 5,449,159	\$ 4,924,748	\$ 4,058,309
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	24.89%	20.04%	41.12%	49.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.31%	78.40%	78.40%	83.03%

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

Notes to Schedule:

1. There were no changes to benefit terms during the measurement period ended June 30, 2017
2. During measurement period ending June 30, 2017 discount rate changed from 7.65% to 7.15%

**CSAC Excess Insurance Authority
Required Supplementary Information
Schedule of Pension Plan Contributions
As of June 30, 2018
Last 10 Years***

	Measurement Date			
	2017	2016	2015	2014
Contractually Required Contribution (Actuarially Determined)	\$ (612,233)	\$ 551,010	\$ 533,877	\$ 587,253
Contributions in Relation to the Contractually Required Contributions	612,233	(551,010)	(533,877)	(587,253)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered- Employee Payroll	\$ 7,123,473	\$ 6,441,367	\$ 5,449,159	\$ 4,924,748
Contributions as a Percentage of Covered-Employee Payroll	8.59%	8.55%	9.80%	11.92%

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

CSAC Excess Insurance Authority
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability & Related Ratios
As of June 30, 2018
Last 10 Years*

	2018
Total OPEB Liability	
Service Cost	\$ 208,154
Interest Cost	64,420
Changes in Assumptions	(159,144)
Benefit payments	(20,480)
	92,950
Net change in total OPEB Liability	92,950
Total OPEB Liability - Beginning	1,388,782
Total OPEB Liability - Ending	\$ 1,481,732
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 56,127
Expected Investment Income	42,224
Benefit payments	(20,480)
Administrative Expenses	(307)
Investment experience	18,565
	96,129
Net Change in plan fiduciary net position	96,129
Plan Fiduciary net position - Beginning	562,331
Plan Fiduciary net position - Ending	\$ 658,460
 Net OPEB Liability	\$ 823,272
 Plan fiduciary net position as a percentage of total OPEB Liability	44%
 Covered Employer payroll	\$ 7,123,473
 Net OPEB Liability as percentage of covered employee payroll	12%

Notes to Schedule:

Changes of Assumptions:

There were no benefit changes during 2017 valuation.

Discount rate changed from 4.06% as of June 30, 2016 to 4.69% as of June 30, 2017, reflecting the change in the underlying municipal bond index rate from 2.92% to 3.56%.

*Fiscal year 2018 was the 1st year of implementation, therefore 1 year is shown

CSAC Excess Insurance Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
As of June 30, 2018
Last 10 Years*

	2018
Actuarially determined contribution	\$ 261,890
Contribution in relating to the actuarially determined contributions	(146,865)
Contribution deficiency (excess)	\$ 115,025
 Covered Employee payroll	 \$ 7,123,473
Contributions as a percentage of covered employee payroll	2%

*Fiscal year 2018 was the 1st year of implementation, therefore 1 year is shown

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2018 and 2019 on the July 1, 2017 valuation results.

Methods and assumptions used to contributions rates:

Actuarial Cost method	Entry age
Amortization method	Level dollar payment
Amortization period	7 years
Asset Valuation method	Market value of assets
Wage Inflation	3.0% per year; Component of assumed increases
Healthcare cost trend rates	5.00%
Investment rate of return	6.50%
Salary increases	3.25% per year
Investment rate of return	6.50%
Retirement age	Age 50 (age 52 if a miscellaneous employee hired after 1/1/2013)
Mortality	MacLeod Watts Scale 2017 applied generationally

**CSAC EXCESS INSURANCE AUTHORITY
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability 1	General Liability 2	Property	Medical Malpractice	Dental	EIO Captive	Total June 30, 2018	Total June 30, 2017
Unpaid Claims and Claim Adjustment Expenses at the											
A. Beginning of the Fiscal Year	\$ 55,218,289	\$ 338,799,058	\$ 273,240	\$ 119,396,406	\$ 3,925,012	\$ 245,341	\$ 30,274,229	\$ 1,927,909	\$ 60,641,734	\$ 610,701,218	\$ 562,521,675
Incurred Claims and Claim Adjustment Expenses:											
Provision for Claims											
Current Fiscal Year	12,757,863	(6,791,656)	(192,291)	30,700,052	380,172	(204,501)	5,446,047	31,142,949	95,639,941	168,878,576	167,558,994
Prior Fiscal Years	3,264,870	13,005,551	(24,749)	37,518,659	-	-	1,984,345	-	894,779	56,643,455	21,636,059
B. Total Incurred	16,022,733	6,213,895	(217,040)	68,218,711	380,172	(204,501)	7,430,392	31,142,949	96,534,720	225,522,031	189,195,053
Payments:											
Attributable to insured events of the											
Current Fiscal Year	5,298,047	-	-	-	-	-	37,635	31,244,181	14,402,517	50,982,380	52,749,238
Prior Fiscal Years	2,666,746	62,317,312	(7,021)	37,431,445	2,735,537	-	5,710,979	-	9,926,217	120,781,215	88,266,272
C. Total Payments	7,964,793	62,317,312	(7,021)	37,431,445	2,735,537	-	5,748,614	31,244,181	24,328,734	171,763,595	141,015,510
Total Unpaid Claims and Claim Claim Adjustment Expenses at											
D. End of the Fiscal Year (A+B-C)	\$ 63,276,229	\$ 282,695,641	\$ 63,221	\$ 150,183,672	\$ 1,569,647	\$ 40,840	\$ 31,956,007	\$ 1,826,677	\$ 132,847,720	\$ 664,459,654	\$ 610,701,218
Claims Reported	\$ 12,219,954	\$ 218,173,881	\$ 15,221	\$ 82,031,585	\$ 496,647	\$ 30,840	\$ 19,207,333	\$ 1,826,677	\$ 71,103,247	\$ 405,105,385	\$ 397,805,559
Claims Incurred But Not Reported	9,800,275	58,906,760	-	67,197,087	-	-	11,597,674	-	61,744,473	209,246,269	156,974,802
Unallocated Loss Adjustment Expenses	41,256,000	5,615,000	48,000	955,000	1,073,000	10,000	1,151,000	-	-	50,108,000	55,920,857
Total Claim Liabilities	\$ 63,276,229	\$ 282,695,641	\$ 63,221	\$ 150,183,672	\$ 1,569,647	\$ 40,840	\$ 31,956,007	\$ 1,826,677	\$ 132,847,720	\$ 664,459,654	\$ 610,701,218
Current Claim Liabilities	\$ 4,600,000	\$ 45,000,000	\$ 15,221	\$ 40,200,000	\$ 496,647	\$ 30,840	\$ 9,603,667	\$ 1,826,677	\$ 42,500,000	\$ 144,273,052	\$ 115,179,759
Noncurrent Claim Liabilities	58,676,229	237,695,641	48,000	109,983,672	1,073,000	10,000	22,352,340	-	90,347,720	520,186,602	495,521,459
Total Claim Liabilities	\$ 63,276,229	\$ 282,695,641	\$ 63,221	\$ 150,183,672	\$ 1,569,647	\$ 40,840	\$ 31,956,007	\$ 1,826,677	\$ 132,847,720	\$ 664,459,654	\$ 610,701,218

**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, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 205,457,419	\$ 212,926,415	\$ 232,199,480	\$ 242,756,189	\$ 257,966,188	\$ 285,459,548	\$ 320,672,738	\$ 350,156,839	\$ 471,892,981	\$ 440,153,922
Less Ceded	(90,750,025)	(118,671,863)	(124,032,299)	(140,284,953)	(133,678,087)	(164,918,367)	(179,542,634)	(195,688,530)	(280,217,877)	(295,136,225)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(897,701)	(3,000,000)	-	-	-	-	-	-	-	-
Investment Earnings	10,415,274	9,122,361	2,836,009	2,631,697	3,065,635	2,356,965	2,783,064	2,225,016	5,163,685	2,638,617
1. Total Revenues Available For Payment of Claims	124,224,967	100,376,913	111,003,190	105,102,933	127,353,736	122,898,146	143,913,168	156,693,325	196,838,789	147,656,313
2. Unallocated Loss Adjustment Expense	1,297,323	1,423,004	2,263,489	2,343,037	3,322,570	4,769,378	5,775,426	9,223,490	7,476,135	9,098,644
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	168,334,312 (74,730,617) 93,603,695	183,365,692 (113,217,423) 70,148,269	206,982,890 (118,226,513) 88,756,377	209,305,986 (134,379,694) 74,926,292	218,054,385 (127,385,441) 90,668,944	249,930,968 (159,600,439) 90,330,529	283,822,636 (174,175,861) 109,646,775	321,324,593 (190,101,307) 131,223,286	437,500,823 (274,130,034) 163,370,789	461,459,574 (288,990,603) 172,468,971
4. Cumulative Paid Claims as of:										
End of the Policy Year	7,844,284	20,742,041	31,556,350	30,092,932	37,166,285	35,078,443	41,819,464	46,845,645	52,254,041	50,859,036
One Year Later	31,740,599	24,775,301	40,386,985	43,112,132	47,650,221	48,129,843	55,107,212	62,990,323	70,987,228	-
Two Years Later	36,081,133	28,490,072	49,629,509	48,937,969	56,141,733	55,838,278	64,984,162	88,685,970	-	-
Three Years Later	56,503,539	44,598,044	70,179,385	56,857,493	66,795,768	69,238,862	91,256,950	-	-	-
Four Years Later	73,732,143	49,414,887	77,730,591	66,851,630	76,730,519	78,729,022	-	-	-	-
Five Years Later	79,350,732	53,121,168	84,953,804	70,003,396	83,902,984	-	-	-	-	-
Six Years Later	84,153,972	58,281,241	89,875,536	72,850,346	-	-	-	-	-	-
Seven Years Later	87,388,060	61,684,842	92,042,876	-	-	-	-	-	-	-
Eight Years Later	89,982,812	64,529,714	-	-	-	-	-	-	-	-
Nine Years Later	93,361,960	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	47,241,074	95,720,497	57,287,322	98,613,118	103,378,320	138,345,149	96,847,667	149,703,701	32,382,579	10,829,607
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	92,819,750	70,148,269	88,756,377	74,926,292	90,668,944	90,330,529	109,646,775	131,223,286	163,370,789	172,468,971
One Year Later	94,826,674	72,027,708	94,312,433	80,331,706	92,306,009	92,687,394	115,831,832	133,962,994	171,585,114	-
Two Years Later	98,392,221	77,969,647	93,948,024	81,126,796	93,008,024	97,238,564	113,158,272	152,739,976	-	-
Three Years Later	103,809,213	78,690,541	101,981,676	80,533,113	98,342,503	100,362,092	126,906,754	-	-	-
Four Years Later	102,537,020	77,918,295	105,384,425	84,551,699	105,222,229	110,051,193	-	-	-	-
Five Years Later	105,832,376	80,024,512	109,966,547	83,762,949	109,914,153	-	-	-	-	-
Six Years Later	109,260,054	83,359,047	113,138,538	87,344,432	-	-	-	-	-	-
Seven Years Later	110,136,677	82,646,086	120,127,371	-	-	-	-	-	-	-
Eight Years Later	108,719,887	84,179,849	-	-	-	-	-	-	-	-
Nine Years Later	109,870,727	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 16,267,032	\$ 14,031,580	\$ 31,370,994	\$ 12,418,140	\$ 19,245,209	\$ 19,720,664	\$ 17,259,979	\$ 21,516,690	\$ 8,214,325	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 48,372,518	\$ 38,466,370	\$ 44,513,028	\$ 46,647,898	\$ 46,505,862	\$ 52,319,394	\$ 53,947,631	\$ 53,889,167	\$ 69,124,948	\$ 58,231,262
Less Ceded	-	(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)	(42,800,131)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	3,245,765	726,610	582,469	225,476	151,332	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	51,618,283	14,241,652	16,194,674	15,549,121	13,996,391	14,939,101	12,999,177	11,730,207	14,435,569	15,431,131
2. Less Unallocated Loss Adjustment Expense	913,665	1,072,984	1,708,241	2,190,073	2,717,468	4,359,554	5,198,424	7,856,703	6,595,877	8,643,013
3. Estimated Incurred Claims Less Ceded Claims	34,751,511	36,219,693	41,200,715	44,186,253	45,065,803	50,435,293	54,185,020	51,254,960	63,656,379	52,376,131
Net Incurred Claims and Expenses, End of Policy Year	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000
4. Cumulative Paid Claims as of:										
End of the Policy Year	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855	4,245,304	5,298,047
One Year Later	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	5,660,241	-
Two Years Later	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	7,437,056	-	-
Three Years Later	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	10,903,553	7,424,915	-	-	-
Four Years Later	26,216,412	9,423,077	11,094,997	10,772,427	10,782,525	11,043,935	-	-	-	-
Five Years Later	26,216,412	9,500,091	11,151,713	10,845,816	10,838,835	-	-	-	-	-
Six Years Later	26,216,412	9,551,614	11,192,247	10,930,202	-	-	-	-	-	-
Seven Years Later	26,216,412	9,546,187	11,207,350	-	-	-	-	-	-	-
Eight Years Later	26,216,412	9,611,740	-	-	-	-	-	-	-	-
Nine Years Later	26,216,412	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	27,606,009	33,591,494	34,643,230	33,382,044	34,109,465	33,561,198	33,910,007	17,693,731	5,232,161
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000
One Year Later	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	8,563,000	-
Two Years Later	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	8,526,000	-	-
Three Years Later	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	11,718,000	8,206,000	-	-	-
Four Years Later	26,216,412	10,934,000	11,500,000	11,022,000	11,233,000	12,094,000	-	-	-	-
Five Years Later	26,216,412	10,902,000	11,450,000	11,220,000	11,903,000	-	-	-	-	-
Six Years Later	26,216,412	10,915,000	11,480,000	12,496,500	-	-	-	-	-	-
Seven Years Later	26,216,412	10,894,000	12,484,500	-	-	-	-	-	-	-
Eight Years Later	26,216,412	10,439,000	-	-	-	-	-	-	-	-
Nine Years Later	26,216,412	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (8,535,099)	\$ (829,365)	\$ 184,608	\$ (365,500)	\$ (502,000)	\$ (961,000)	\$ (5,119,000)	\$ (570,000)	\$ (404,000)	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 119,149,647	\$ 127,468,312	\$ 135,599,174
Less Ceded	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)	(125,683,198)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	1,920,537	2,020,214	1,331,571	1,019,518	1,806,011	1,301,425	1,658,814	912,237	122,651	28,285
1. Total Revenues Available For Payment of Claims	21,410,510	20,658,519	20,139,942	18,920,664	39,395,391	31,725,403	42,160,591	51,803,038	24,717,731	9,944,261
2. Unallocated Loss Adjustment Expense	305,210	340,180	442,990	187,423	248,734	135,418	224,012	475,261	161,147	-
3. Estimated Incurred Claims Less Ceded Claims	46,380,300 (32,694,500)	45,844,808 (29,508,521)	51,347,831 (33,932,092)	47,772,920 (38,700,636)	43,142,223 (26,470,050)	60,295,762 (47,448,283)	80,522,151 (57,198,059)	106,542,005 (68,258,846)	117,788,870 (102,873,232)	125,683,198 (125,683,198)
Net Incurred Claims and Expenses, End of Policy Year	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460	-
One Year Later	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	8,426,745	-
Two Years Later	662,838	515,533	627,868	785,063	2,103,809	6,162,084	10,430,178	17,164,800	-	-
Three Years Later	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	10,372,243	21,652,538	-	-	-
Four Years Later	7,021,243	2,117,003	2,074,489	2,305,965	9,927,320	12,944,505	-	-	-	-
Five Years Later	12,173,038	3,129,849	5,609,885	4,081,614	13,746,251	-	-	-	-	-
Six Years Later	16,560,978	4,339,481	6,421,341	5,650,357	-	-	-	-	-	-
Seven Years Later	18,248,515	7,743,152	7,748,121	-	-	-	-	-	-	-
Eight Years Later	21,026,579	10,522,116	-	-	-	-	-	-	-	-
Nine Years Later	22,501,379	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	18,490,884	-	-	1,188,541	23,952,169	22,251,495	26,963,587	38,510,343	2,454,914	5,339,208
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-
One Year Later	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	16,869,019	-
Two Years Later	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	42,063,111	-	-
Three Years Later	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	19,670,868	33,388,255	-	-	-
Four Years Later	27,105,017	20,649,905	19,813,588	12,982,166	25,835,519	20,038,856	-	-	-	-
Five Years Later	28,602,557	23,837,950	24,576,756	12,874,083	26,777,117	-	-	-	-	-
Six Years Later	33,246,965	26,569,135	25,385,881	15,469,230	-	-	-	-	-	-
Seven Years Later	34,254,523	26,372,989	30,955,824	-	-	-	-	-	-	-
Eight Years Later	36,451,235	28,343,710	-	-	-	-	-	-	-	-
Nine Years Later	38,490,947	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 24,805,147	\$ 12,007,423	\$ 13,540,085	\$ 6,396,946	\$ 10,104,944	\$ 7,191,377	\$ 10,064,163	\$ 3,779,952	\$ 1,953,381	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	Fully Insured Years									
	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Insurance Premiums	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598	\$ 1,933,487	\$ 1,839,995
Less Ceded	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)	(1,933,487)	(1,839,995)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(897,701)	-	-	-	-	-	-	-	-	-
Investment Earnings	322,992	-	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	677,840	-	-	-	-	-	-	-	-	-
2. Unallocated Loss Adjustment Expense	52,866	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	1,262,000	2,127,964	1,888,464	2,035,654	1,868,680	1,742,957	1,756,708	1,917,598	1,933,487	1,839,995
Net Incurred Claims and Expenses, End of Policy Year	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	774,908	-	-	-	-	-	-	-	-	-
Five Years Later	893,904	-	-	-	-	-	-	-	-	-
Six Years Later	1,005,269	-	-	-	-	-	-	-	-	-
Seven Years Later	1,018,638	-	-	-	-	-	-	-	-	-
Eight Years Later	978,774	-	-	-	-	-	-	-	-	-
Nine Years Later	995,538	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	468,352	2,255,670	1,308,793	883,805	1,442,123	1,931,360	979,041	1,059,431	928,378	258,238
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	452,236	-	-	-	-	-	-	-	-	-
Five Years Later	468,874	-	-	-	-	-	-	-	-	-
Six Years Later	539,566	-	-	-	-	-	-	-	-	-
Seven Years Later	607,061	-	-	-	-	-	-	-	-	-
Eight Years Later	527,329	-	-	-	-	-	-	-	-	-
Nine Years Later	517,483	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (266,462)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216	\$ 41,677,512	\$ 54,110,445
Less Ceded	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)	(9,915,462)	(8,189,181)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	(3,000,000)	-	-	-	-	-	-	-	-
Investment Earnings	4,341,142	3,821,803	1,039,764	1,152,289	742,346	669,619	938,622	850,852	194,041	142,968
1. Total Revenues Available For Payment of Claims	33,321,727	31,213,340	30,255,801	27,003,955	25,915,833	26,072,150	29,918,533	35,461,432	31,956,091	46,064,232
2. Unallocated Loss Adjustment Expense	2,761	5,698	20,845	17,868	65,609	131,888	123,358	180,512	175,654	205,060
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	23,946,567 (2,013,394) 21,933,173	17,650,135 (2,381,428) 15,268,707	19,593,744 (2,742,959) 16,850,785	20,336,498 (3,745,830) 16,590,668	24,388,707 (3,702,537) 20,686,170	26,973,621 (4,268,601) 22,705,020	29,751,639 (6,267,249) 23,484,390	34,824,676 (5,239,636) 29,585,040	38,437,172 (9,915,462) 28,521,710	40,231,901 (8,189,181) 32,042,720
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	653,593	-	241,064	-	-	-	-	-	-
One Year Later	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	760,444	732,315	-
Two Years Later	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	14,004,016	-	-
Three Years Later	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	12,165,139	14,487,153	-	-	-
Four Years Later	16,936,818	11,549,612	22,031,298	15,817,812	15,857,724	18,903,963	-	-	-	-
Five Years Later	17,283,899	13,166,381	24,752,158	17,071,287	18,738,930	-	-	-	-	-
Six Years Later	17,220,058	16,218,635	27,460,094	18,226,891	-	-	-	-	-	-
Seven Years Later	18,753,240	16,223,992	28,276,310	-	-	-	-	-	-	-
Eight Years Later	18,609,792	16,224,347	-	-	-	-	-	-	-	-
Nine Years Later	19,933,119	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	602,767	4,128,286	9,931,417	-	-	6,000,000	24,010,750	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720
One Year Later	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	30,362,640	28,180,080	-
Two Years Later	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	42,210,919	-	-
Three Years Later	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	27,721,257	33,763,193	-	-	-
Four Years Later	23,946,567	16,847,051	28,275,182	22,130,738	25,606,114	39,512,839	-	-	-	-
Five Years Later	25,984,055	15,642,639	28,444,064	21,331,569	28,990,997	-	-	-	-	-
Six Years Later	25,065,797	17,447,449	30,924,485	21,018,903	-	-	-	-	-	-
Seven Years Later	24,765,984	17,064,448	31,533,501	-	-	-	-	-	-	-
Eight Years Later	21,245,767	17,114,762	-	-	-	-	-	-	-	-
Nine Years Later	20,364,490	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (1,568,683)	\$ 1,846,055	\$ 14,682,716	\$ 4,428,235	\$ 8,304,827	\$ 16,807,819	\$ 10,278,803	\$ 12,625,879	\$ (341,630)	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 2 PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***	June 30, 2017	June 30, 2018
Earned Premiums	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342	\$ 46,724,983	\$ 48,889,112
Less Ceded	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	1,806,116	-	-	-	-	-	282,750	-	-
1. Total Revenues Available For Payment of Claims	8,067,696	8,705,570	8,578,800	-	-	-	7,000,000	9,425,000	-	-
2. Unallocated Loss Adjustment Expense	1,677	-	-	-	166,868	101,261	61,919	372,069	236,974	132,232
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	18,463,239	21,085,943	19,925,721	18,075,370	19,467,217	22,700,000	26,484,451	32,423,092	46,724,983	48,889,112
	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)
	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	5,600,000	6,192,816	-	-
Two Years Later	921,340	-	5,250,000	-	-	-	7,000,000	8,928,354	-	-
Three Years Later	8,067,696	4,657,656	5,955,652	-	-	-	7,000,000	-	-	-
Four Years Later	8,067,696	7,657,656	8,578,800	-	-	-	-	-	-	-
Five Years Later	8,067,696	7,858,906	8,578,800	-	-	-	-	-	-	-
Six Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Seven Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Eight Years Later	8,067,696	8,705,570	-	-	-	-	-	-	-	-
Nine Years Later	8,067,696	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	11,214,948	3,723,890	12,373,620	44,700,634	32,552,712	37,561,853	20,517,422	22,805,454	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-	-
One Year Later	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	9,425,000	-	-
Two Years Later	8,067,696	8,072,213	8,578,800	-	-	-	7,000,000	9,425,000	-	-
Three Years Later	8,067,696	8,705,570	8,578,800	-	-	-	7,000,000	-	-	-
Four Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Five Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Six Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Seven Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Eight Years Later	8,067,696	8,705,570	-	-	-	-	-	-	-	-
Nine Years Later	8,067,696	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ 1,806,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613	\$ 60,499,245	\$ 64,312,676
Less Ceded	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)	(61,588,986)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	2,253,707	10,489,137	9,555,083	9,822,473	10,572,624	11,749,959	12,739,784	9,567,438	2,505,754	2,723,690
2. Unallocated Loss Adjustment Expense	-	-	78,618	(64,168)	61,715	27,474	23,601	(10,902)	4,003	(110,341)
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	39,149,125 (29,149,125) 10,000,000	50,061,693 (40,061,693) 10,000,000	48,415,254 (39,415,254) 9,000,000	50,497,951 (40,497,951) 10,000,000	53,216,154 (43,216,154) 10,000,000	56,060,305 (46,060,305) 10,000,000	58,677,313 (48,609,374) 10,067,939	59,095,613 (49,528,175) 9,567,438	58,118,491 (57,993,491) 125,000	61,588,986 (61,588,986) -
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	10,000,000	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-	-
One Year Later	4,949,559	10,000,000	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-	-
Two Years Later	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-
Three Years Later	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-
Four Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	1,610,684	55,911,102	2,600,000	7,260,491	12,049,272	41,695,976	8,573,864	22,657,716	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-
One Year Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	30,840	-
Two Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-
Three Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-
Four Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,725	\$ 585,138	\$ (94,160)	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,259	\$ 12,159,000	\$ 12,377,511	\$ 13,376,499	\$ 12,155,931
Less Ceded	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)	(6,145,622)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	584,838	747,618	(117,795)	234,414	365,946	385,921	185,628	179,177	37,606	146,698
1. Total Revenues Available For Payment of Claims	6,875,204	7,825,912	5,922,772	5,965,297	7,047,362	7,201,252	7,066,289	6,969,465	7,326,262	6,157,007
2. Unallocated Loss Adjustment Expense	21,144	4,142	12,795	11,841	62,176	13,783	144,112	349,847	302,480	228,680
3. Estimated Incurred Claims Less Ceded Claims	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
Net Incurred Claims and Expenses, End of Policy Year	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	23,848	51,305	26,698	3,528	-	-	17,502	37,635	15,523
One Year Later	148,321	96,315	1,282,361	181,822	436,672	-	503,920	243,443	1,894,067	-
Two Years Later	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	1,772,706	1,261,135	-	-
Three Years Later	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	1,514,858	3,565,148	-	-	-
Four Years Later	4,715,066	3,116,185	5,261,575	4,502,133	4,470,975	1,553,550	-	-	-	-
Five Years Later	4,715,783	3,914,587	6,171,816	4,551,386	4,886,993	-	-	-	-	-
Six Years Later	5,083,559	3,914,587	7,533,622	4,589,603	-	-	-	-	-	-
Seven Years Later	5,083,559	3,914,587	7,542,863	-	-	-	-	-	-	-
Eight Years Later	5,083,559	3,914,587	-	-	-	-	-	-	-	-
Nine Years Later	5,647,816	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	15,456,206	5,621,059	3,285,129	5,000	-	795,000	252,555	6,750,000	11,305,556	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
One Year Later	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	9,989,538	-
Two Years Later	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	10,624,337	-	-
Three Years Later	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	4,768,898	7,422,110	-	-	-
Four Years Later	6,749,092	5,230,415	8,527,423	4,963,502	6,855,621	1,922,429	-	-	-	-
Five Years Later	6,492,782	5,384,999	8,227,495	4,884,004	6,551,064	-	-	-	-	-
Six Years Later	6,123,618	4,170,539	8,079,940	4,906,506	-	-	-	-	-	-
Seven Years Later	6,225,001	4,057,725	7,885,314	-	-	-	-	-	-	-
Eight Years Later	6,211,448	4,025,453	-	-	-	-	-	-	-	-
Nine Years Later	6,213,699	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 1,832,129	\$ (798,649)	\$ 2,963,585	\$ (281,829)	\$ 1,337,438	\$ (3,317,532)	\$ 1,894,288	\$ 5,095,721	\$ 4,137,473.00	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ -	\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745	\$ 32,978,281	\$ 33,604,042
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	32,978,281	33,604,042
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims 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	29,186,280	31,142,949
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	29,186,280	31,142,949
One Year Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	-
Two Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-	-
Three Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-	-
Four Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-	-
Five Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-	-
Six Years Later	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-	-
Seven Years Later	-	5,551,354	19,689,432	-	-	-	-	-	-	-
Eight Years Later	-	5,551,354	-	-	-	-	-	-	-	-
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	29,186,280	31,142,949
One Year Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	-
Two Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-	-
Three Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-	-
Four Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-	-
Five Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-	-
Six Years Later	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-	-
Seven Years Later	-	5,551,354	19,689,432	-	-	-	-	-	-	-
Eight Years Later	-	5,551,354	-	-	-	-	-	-	-	-
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

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC.
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017*	June 30, 2018
Earned Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,109,714	\$ 95,723,961
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	4,809,387	2,320,666
Total Revenues Available For Payment of Claims	-	-	-	-	-	-	-	-	82,919,101	98,044,627
Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
Estimated Incurred Claims Less Ceded Claims	-	-	-	-	-	-	-	-	75,803,096	93,571,460
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	-	-	-	-	-	75,803,096	93,571,460
Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	15,161,362	14,402,517
One Year Later	-	-	-	-	-	-	-	-	25,087,580	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
Reestimated Incurred Claims and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	75,803,096	93,571,460
One Year Later	-	-	-	-	-	-	-	-	78,766,357	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,963,261	\$ -

*Excess Insurance Organization, Inc. established July 1, 2016

SUPPLEMENTAL INFORMATION

COMBINING SCHEDULE OF PROGRAMS

**CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS:	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIA/Health	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Elimination Inter-Fund Trans	Totals June 30, 2018
Current Assets:															
Petty Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Cash in Banks	4,681,141	-	318,438	-	-	-	-	-	-	-	-	425,435	830,787	-	6,255,801
Cash, EIA Treasury	2,908,981	13,322,174	53,148	6,540,036	-	-	1,719,947	15,739	313,944	759,793	80,046	565,332	2,235,146	-	28,514,286
Total Cash & Equivalents	7,590,122	13,322,174	371,586	6,540,036	-	-	1,719,947	15,739	313,944	759,793	80,046	991,067	3,065,933	-	34,770,387
Investments	4,874,553	22,323,846	89,060	10,959,079	-	-	2,882,099	26,373	526,074	1,273,178	134,132	947,322	11,268,906	-	55,304,622
Accounts Receivable															
Due From Members	-	504,750	122,287	765,972	-	17,390,735	7,783	-	18,061	797,640	100,096	77,164	-	-	19,784,488
Investment Income	290,120	1,328,653	5,301	652,254	-	-	171,534	1,570	31,310	75,776	7,983	56,382	695,481	-	3,316,364
Re-Ins Claims & Deposits with Carriers	4,585,972	7,436,771	346,976	-	2,591,338	-	9,100	-	-	245,000	-	-	2,500,000	(8,271,074)	9,444,083
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	2,722	-	-	2,722
Due From Other Funds	22,401,986	24,363,452	97,197	11,960,350	-	-	3,145,420	28,783	574,138	1,389,502	146,386	1,033,874	-	(65,141,088)	-
Prepaid Insurance and Expenses	-	-	-	-	-	48,314,027	1,529,050	4,142,179	-	-	-	61,832	-	-	54,047,088
Total Current Assets	39,742,753	69,279,646	1,032,407	30,877,691	2,591,338	65,704,762	9,464,933	4,214,644	1,463,527	4,540,889	468,643	3,170,363	17,530,320	(73,412,162)	176,669,754
Noncurrent Assets:															
Investments	50,253,790	230,145,772	918,156	112,981,689	-	-	29,712,751	271,893	5,423,513	13,125,724	1,382,818	9,766,334	142,341,765	-	596,324,205
Accounts Receivable															
Due From Other Funds	6,330,526	28,991,720	115,661	14,232,429	-	-	3,742,948	34,251	683,206	1,653,462	174,195	1,230,276	-	(57,188,674)	-
Investment in Captive	514,969	2,841,641	9,520	1,026,287	65,294	66,714	253,487	654	77,472	129,055	14,907	-	-	(5,000,000)	-
Prepaid Insurance	-	-	-	-	-	51,115,750	-	-	-	-	-	-	-	-	51,115,750
Capital and Intangible Assets															
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	-	6,858,675	-	-	6,858,675
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	-	3,346,367	-	-	3,346,367
Total Noncurrent Assets	57,099,285	261,979,133	1,043,337	128,240,405	65,294	51,182,464	33,709,186	306,798	6,184,191	14,908,241	1,571,920	21,201,652	142,341,765	(62,188,674)	657,644,997
Total Assets	96,842,038	331,258,779	2,075,744	159,118,096	2,656,632	116,887,226	43,174,119	4,521,442	7,647,718	19,449,130	2,040,563	24,372,015	159,872,085	(135,600,836)	834,314,751
Deferred Outflows of Resources:															
Deferred Outflows on Pensions and OPEB	-	-	-	-	-	-	-	-	-	-	-	1,718,920	-	-	1,718,920
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	1,718,920	-	-	1,718,920

**CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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	EIO	Inter-Fund Trans	Totals June 30, 2018
LIABILITIES:															
Current Liabilities:															
Accounts Payable	\$ 1,001,455	\$ 1,391,740	\$ 36,491	\$ 46,371	\$ -	\$ 56,308	\$ 440,364	\$ -	\$ 3,837,778	\$ -	\$ 92,707	\$ 617,975	\$ 5,799,158	\$ (5,771,074)	\$ 7,549,273
Deposits from Insurance Companies	6,290,040	-	423,372	-	54,680	1,837,450	-	-	-	-	-	-	-	(2,500,000)	6,105,542
Due to Other Funds	-	17,082,072	-	-	402,274	47,175,085	-	-	-	-	-	481,657	-	(65,141,088)	-
Due To Members	1,382,598	594,510	1,256,288	41,651	-	124,165	-	-	2,173,093	876,636	16,396	2,000,000	-	-	8,465,337
Unearned Income	-	123,988	-	25,546	-	1,391,206	3,473,039	4,188,518	7,535	-	17,151	35,710	7,566,000	-	16,828,693
Claim Liabilities	4,600,000	45,000,000	15,221	40,200,000	496,647	30,840	9,603,667	-	-	1,826,677	-	-	42,500,000	-	144,273,052
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	101,937	-	-	101,937
Total Current Liabilities	13,274,093	64,192,310	1,731,372	40,313,568	953,601	50,615,054	13,517,070	4,188,518	6,018,406	2,703,313	126,254	3,237,279	55,865,158	(73,412,162)	183,323,834
Noncurrent Liabilities:															
Due to Other Funds	-	-	-	-	-	51,115,750	-	-	-	-	-	6,072,924	-	(57,188,674)	-
Due To Members	-	-	-	-	-	-	-	-	-	-	-	5,974,043	-	-	5,974,043
Claim Liabilities:															
Claims Reported	7,619,954	173,173,881	-	41,831,585	-	-	9,603,666	-	-	-	-	-	28,603,247	-	260,832,333
Claims Incurred But Not Reported	9,800,275	58,906,760	-	67,197,087	-	-	11,597,674	-	-	-	-	-	61,744,473	-	209,246,269
Unallocated Loss Adjustment Expense Payable	41,256,000	5,615,000	48,000	955,000	1,073,000	10,000	1,151,000	-	-	-	-	-	-	-	50,108,000
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	407,748	-	-	407,748
Net OPEB Liability	-	-	-	-	-	-	-	-	-	-	-	823,272	-	-	823,272
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	1,603,286	-	-	1,603,286
Total Noncurrent Liabilities	58,676,229	237,695,641	48,000	109,983,672	1,073,000	51,125,750	22,352,340	-	-	-	-	14,881,273	90,347,720	(57,188,674)	528,994,951
Total Liabilities	71,950,322	301,887,951	1,779,372	150,297,240	2,026,601	101,740,804	35,869,410	4,188,518	6,018,406	2,703,313	126,254	18,118,552	146,212,878	(130,600,836)	712,318,785
Deferred Inflows of Resources:															
Deferred Inflows on Pensions and OPEB	-	-	-	-	-	-	-	-	-	-	-	1,144,292	-	-	1,144,292
Total Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	1,144,292	-	-	1,144,292
NET POSITION:															
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	-	10,205,042	-	-	10,205,042
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Unrestricted	24,891,716	29,370,828	296,372	8,820,856	630,031	15,146,422	7,304,709	332,924	1,629,312	16,745,817	1,914,309	(3,376,951)	8,659,207	-	112,365,552
Total Net Position	\$ 24,891,716	\$ 29,370,828	\$ 296,372	\$ 8,820,856	\$ 630,031	\$ 15,146,422	\$ 7,304,709	\$ 332,924	\$ 1,629,312	\$ 16,745,817	\$ 1,914,309	\$ 6,828,091	\$ 13,659,207	\$ (5,000,000)	\$ 122,570,594

CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	EIO	Inter-Fund Trans	Totals June 30, 2018
OPERATING REVENUES:															
Premiums for Transferred Risk	\$ 43,947,849	\$ 129,926,002	\$ 1,839,995	\$ 8,571,994	\$ 48,889,111	\$ 61,814,119	\$ 6,145,622	\$ 12,266,159	\$ 392,999,899	\$ -	\$ 30,167,322	\$ -	\$ -	\$ (96,982,623)	\$ 639,585,449
Broker Fees	1,361,738	2,879,358	41,980	1,087,081	511,551	13,670	6,191	-	3,114,826	1,661,721	-	-	-	-	10,678,116
Contributions for Retained Risk	21,643,354	9,717,343	-	40,152,650	-	2,498,558	7,793,776	-	-	33,986,122	-	-	96,982,623	-	212,774,426
Dividend Income	-	-	-	-	-	73,665	-	-	-	-	20,239	-	-	-	93,904
Member Services	-	-	-	-	-	-	-	-	-	-	-	637,546	-	-	637,546
Administration Fees	6,689,562	7,653,420	484,737	3,255,947	1,839,244	1,014,598	1,183,812	172,001	504,291	-	-	-	-	-	22,797,612
Schools Loss Control Fee	90,718	37,712	-	10,115	-	-	-	-	-	-	-	-	-	-	138,545
Other Income	41,793	641,551	-	-	-	702,507	6,041	-	53,093	-	-	214,397	-	-	1,659,382
Total Operating Revenues	73,775,014	150,855,386	2,366,712	53,077,787	51,239,906	66,117,117	15,135,442	12,438,160	396,672,109	35,647,843	30,187,561	851,943	96,982,623	(96,982,623)	888,364,980
OPERATING EXPENSES:															
Member Dividends	-	-	980,419	-	-	73,665	-	-	8,174	-	20,239	-	-	-	1,082,497
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	47,210	-	-	-	-	47,210
Transferred Risk & Insurance Exp	43,920,165	129,631,683	1,847,350	8,189,181	48,896,912	61,639,485	6,144,774	12,266,158	393,037,174	-	30,038,577	-	-	(96,982,623)	638,628,836
Broker Fees	1,361,738	2,879,358	41,980	1,087,404	483,081	-	6,191	-	3,114,826	1,661,721	-	-	-	-	10,636,299
Provision for Claims:															
Current Year Claims	9,576,000	-	-	32,290,862	-	(204,501)	6,135,841	-	-	31,142,949	-	-	95,639,941	-	174,581,092
Prior Year Claims	3,264,870	13,005,551	(24,749)	37,518,659	-	-	1,984,345	-	-	-	-	-	894,779	-	56,643,455
Unallocated Loss Adjustment															
Expenses	3,181,863	(6,791,656)	(192,291)	(1,590,810)	380,172	-	(689,794)	-	-	-	-	-	-	-	(5,702,516)
Program Services	8,377,869	990,730	34,209	503,827	119,546	51,524	447,928	-	118,934	2,662,261	-	-	75,354	-	13,382,182
Member Services & Subsidies	-	-	-	-	-	-	-	-	-	-	-	2,634,689	-	-	2,634,689
General Administrative Services	-	-	-	-	-	-	-	-	-	-	-	12,910,631	-	-	12,910,631
Depreciation	-	-	-	-	-	-	-	-	-	-	-	815,174	-	-	815,174
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	609,658	-	-	609,658
Total Operating Expenses	69,682,505	139,715,666	2,686,918	77,999,123	49,879,711	61,560,173	14,029,285	12,266,158	396,279,108	35,514,141	30,058,816	16,970,152	96,610,074	(96,982,623)	906,269,207

CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

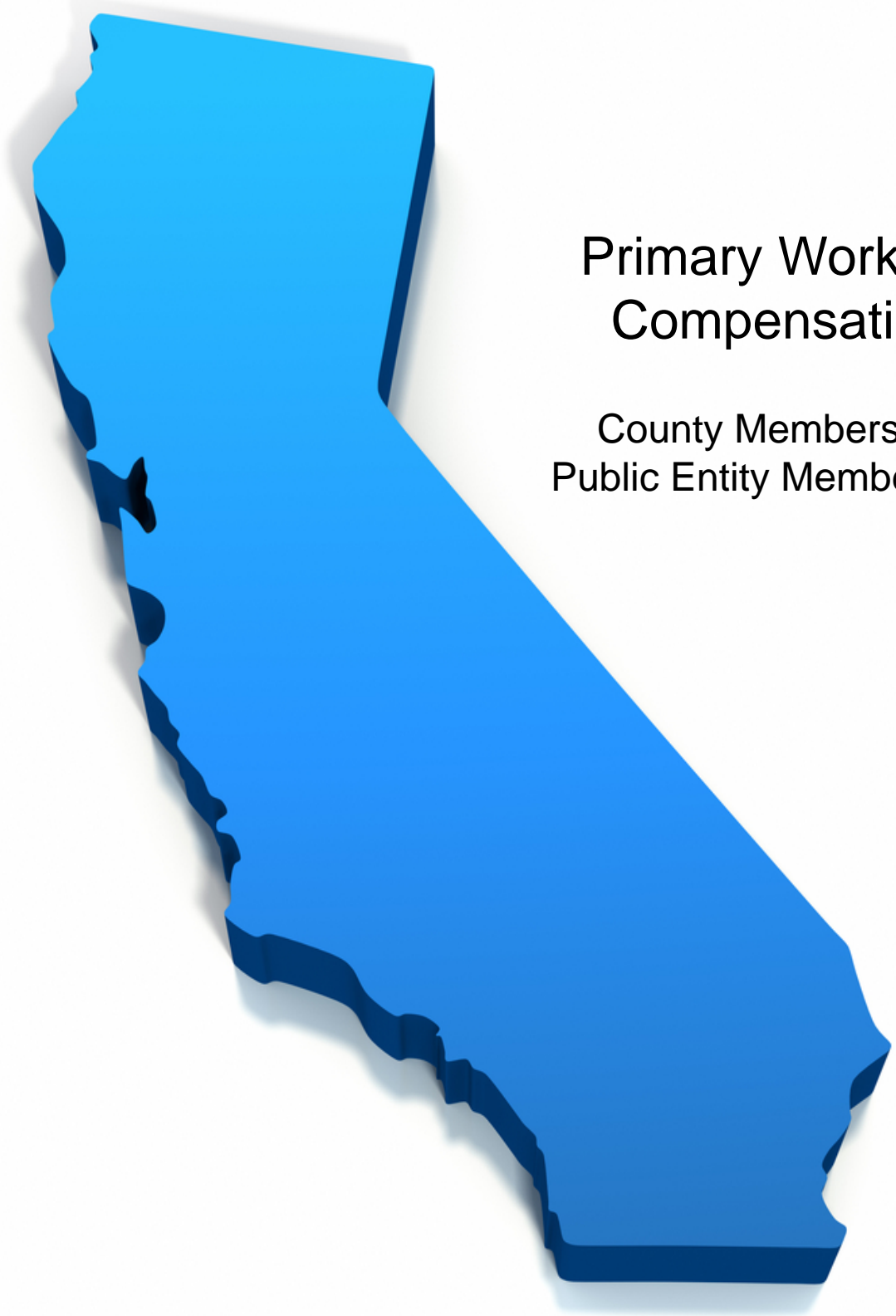
	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration & Building	EIO	Inter-Fund Trans	Totals June 30, 2018
TRANSFERS IN (OUT):															
Administration															
Transfer In	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ 16,187,921	\$ -	\$ (16,187,921)	\$ -
Transfer Out	(4,834,159)	(4,676,654)	(677,831)	(2,484,728)	(1,504,286)	(633,364)	(555,024)	(100,320)	(412,105)	(220,738)	(13,712)	-	(75,000)	16,187,921	-
Risk Management Subsidies and Expense															
Transfer In	-	-	-	-	-	-	-	-	-	-	-	976,633	-	(976,633)	-
Transfer Out	(207,697)	(498,936)	(12,000)	(100,000)	(14,000)	(94,000)	(50,000)	-	-	-	-	-	-	976,633	-
Total Transfers	(5,041,856)	(5,175,590)	(689,831)	(2,584,728)	(1,518,286)	(727,364)	(605,024)	(100,320)	(412,105)	(220,738)	(13,712)	17,164,554	(75,000)	-	-
Operating Income (Loss)	(949,347)	5,964,130	(1,010,037)	(27,506,064)	(158,091)	3,829,580	501,133	71,682	(19,104)	(87,036)	115,033	1,046,345	297,549	-	(17,904,227)
NONOPERATING REVENUES (EXPENSES):															
Investment Income	235,254	1,022,137	(2,211)	515,930	(11,915)	-	91,711	1,801	13,329	56,251	10,815	11,731	4,548,276	(755,743)	5,737,366
Financing Fees	65,092	26,654	61	11,599	-	877,372	-	315	-	-	41	-	-	-	981,134
Lease Income	-	-	-	-	-	-	-	-	-	-	-	446,444	-	-	446,444
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	(459,919)	-	-	(459,919)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	(120,695)	-	-	(120,695)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(252,960)	(182,443)	-	(435,403)
Program Financing Expenses	-	-	-	-	-	(671,489)	-	-	-	-	-	(84,254)	-	755,743	-
Total Nonoperating Revenues (Expenses)	300,346	1,048,791	(2,150)	527,529	(11,915)	205,883	91,711	2,116	13,329	56,251	10,856	(459,653)	4,365,833	-	6,148,927
Changes in Net Position	(649,001)	7,012,921	(1,012,187)	(26,978,535)	(170,006)	4,035,463	592,844	73,798	(5,775)	(30,785)	125,889	586,692	4,663,382	-	(11,755,300)
Net Position:															
Beginning of Year, as Previously Reported	25,540,717	22,357,907	1,308,559	33,067,181	800,037	11,110,959	6,711,865	259,126	1,635,087	17,653,238	1,788,420	14,292,341	3,995,825	-	140,521,262
Adjustment to Beginning Net Position	-	-	-	2,732,210	-	-	-	-	-	(876,636)	-	(8,050,942)	-	-	(6,195,368)
Capital Stock	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Beginning of Year, as Restated	25,540,717	22,357,907	1,308,559	35,799,391	800,037	11,110,959	6,711,865	259,126	1,635,087	16,776,602	1,788,420	6,241,399	8,995,825	(5,000,000)	134,325,894
Net Position, End of Year	\$ 24,891,716	\$ 29,370,828	\$ 296,372	\$ 8,820,856	\$ 630,031	\$ 15,146,422	\$ 7,304,709	\$ 332,924	\$ 1,629,312	\$ 16,745,817	\$ 1,914,309	\$ 6,828,091	\$ 13,659,207	\$ (5,000,000)	\$ 122,570,594

**CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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	EIO	Inter-Fund Trans	Totals June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:															
Receipts from Members	\$ 74,331,577	\$ 150,694,114	\$ 2,439,468	\$ 50,737,633	\$ 53,490,594	\$ 63,141,610	\$ 15,264,813	\$ 9,832,147	\$ 396,656,678	\$ 35,852,362	\$ 29,891,229	\$ 384,658	\$ 107,793,413	\$ (107,793,413)	\$ 882,716,883
Receipts from Others	-	-	-	55,538	-	2,192,352	21,175	-	-	-	20,239	208,816	-	-	2,498,120
Payments to Others	(1,538,262)	(1,824,092)	(113,678)	-	(659,187)	-	-	-	-	-	-	-	(1,205,647)	-	(5,340,866)
Dividends Paid	(2,500,000)	-	(266,000)	-	-	(46,923)	-	-	-	-	(95,359)	-	-	-	(2,908,282)
Stabilization Funds Distributed	-	-	-	-	-	-	-	-	-	(47,210)	-	-	-	-	(47,210)
Claims Paid	(7,964,793)	(62,317,312)	7,021	(37,431,445)	(2,735,537)	-	(5,748,614)	-	-	(31,244,181)	-	-	(24,328,734)	-	(171,763,595)
Insurance Purchased	(43,920,165)	(129,631,683)	(1,847,350)	(8,189,181)	(48,896,912)	(76,816,116)	(6,116,470)	(9,671,444)	(390,346,953)	-	(29,790,994)	-	-	107,793,413	(637,433,855)
Payments to Suppliers	(8,618,569)	(3,685,496)	(84,141)	(1,573,940)	(605,122)	(1,632,527)	(13,754)	-	(3,207,931)	(4,323,982)	-	(5,950,020)	(60,504)	-	(29,755,986)
Other Program Expense	-	-	-	-	-	-	-	-	(70,934)	-	-	-	-	-	(70,934)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	-	(9,350,413)	-	-	(9,350,413)
Internal Activities	(12,835,231)	(3,469,141)	(682,299)	(7,596,293)	(1,043,394)	12,955,721	(2,261,345)	(120,374)	(1,000,488)	(788,470)	(75,511)	16,991,825	(75,000)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,045,443)	(50,233,610)	(546,979)	(3,997,688)	(449,558)	(205,883)	1,145,805	40,329	2,030,372	(551,481)	(50,396)	2,284,866	82,123,528	-	28,543,862
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:															
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	(1,302,670)	-	-	(1,302,670)
NET CASH (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	-	-	(1,302,670)	-	-	(1,302,670)
CASH FLOWS FROM INVESTING ACTIVITIES:															
Lease Receipts	-	-	-	-	-	-	-	-	-	-	-	446,444	-	-	446,444
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	-	(459,919)	-	-	(459,919)
Purchase of Securities	(35,876,449)	(108,220,935)	322,884	(74,924,030)	438,261	-	(15,028,595)	(313,961)	(3,948,441)	(8,053,545)	(1,607,255)	(2,212,015)	(155,635,700)	-	(405,059,781)
Sale of Securities	34,887,446	151,579,775	-	76,510,860	-	-	13,600,410	267,041	1,976,613	8,341,824	1,603,786	1,739,727	72,682,799	-	363,190,281
Cash from Investment Earnings	1,210,925	5,428,818	(2,278)	2,666,083	(10,210)	-	452,759	9,286	57,275	289,909	57,227	47,801	2,523,197	(755,743)	11,975,049
Cash from Finance Fees	65,091	26,654	-	11,601	-	877,372	-	315	-	-	41	-	-	-	981,074
Finance Fees Paid	-	-	-	-	-	(671,489)	-	-	-	-	-	(84,254)	-	755,743	-
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(252,960)	(182,443)	-	(435,403)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	287,013	48,814,312	320,606	4,264,514	428,051	205,883	(975,426)	(37,319)	(1,914,553)	578,188	53,799	(775,176)	(80,612,147)	-	(29,362,255)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,758,430)	(1,419,298)	(226,373)	266,826	(21,507)	-	170,379	3,010	115,819	26,707	3,403	207,020	1,511,381	-	(2,121,063)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,348,552	14,741,472	597,959	6,273,210	21,507	-	1,549,568	12,729	198,125	733,086	76,643	784,047	1,554,552	-	36,891,450
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,590,122	\$ 13,322,174	\$ 371,586	\$ 6,540,036	\$ -	\$ -	\$ 1,719,947	\$ 15,739	\$ 313,944	\$ 759,793	\$ 80,046	\$ 991,067	\$ 3,065,933	\$ -	\$ 34,770,387

**CSAC EXCESS INSURANCE AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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	EIO	Inter-Fund Trans	Totals June 30, 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:															
Operating Income (Loss)	\$ (949,347)	\$ 5,964,130	\$ (1,010,037)	\$ (27,506,064)	\$ (158,091)	\$ 3,829,580	\$ 501,133	\$ 71,682	\$ (19,104)	\$ (87,036)	\$ 115,033	\$ 1,046,345	\$ 297,549	\$ -	\$ (17,904,227)
Adjustments to reconcile operating income to net cash provided (used) by operating activities															
Depreciation	-	-	-	-	-	-	-	-	-	-	-	815,174	-	-	815,174
Changes in Assets and Liabilities:															
Deposits, Accts & Other Receivables, net	(1,567,710)	(2,703,862)	(82,228)	2,779,089	2,090,701	(843,062)	7,350	2,360,060	(18,061)	204,519	(61,458)	266,803	3,244,790	-	5,676,931
Due From or To Other Funds	(7,793,375)	1,706,449	7,532	(5,011,566)	474,892	13,683,085	(1,656,321)	(20,053)	(588,383)	(567,732)	(61,799)	(172,729)	-	-	-
Prepaid Insurance and Exps	-	-	-	-	-	(15,176,631)	28,304	4,917,191	-	-	151,879	10,886	-	-	(10,068,371)
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	(181,687)	-	-	(181,687)
Accounts and Other Payables	(792,951)	779,102	747,773	58,943	(501,695)	(1,554,261)	440,364	(2,322,477)	2,655,920	-	8,947	258,929	(1,190,797)	-	(1,412,203)
Unearned Income	-	123,988	-	(5,105,356)	-	59,907	143,197	(4,966,074)	-	-	(202,998)	-	7,566,000	-	(2,381,336)
Claim Liabilities	4,876,077	(49,311,761)	(17,728)	32,378,076	(2,735,537)	(94,160)	2,371,572	-	-	(101,232)	-	-	72,205,986	-	59,571,293
Unallocated Loss Adjustment Payable	3,181,863	(6,791,656)	(192,291)	(1,590,810)	380,172	(110,341)	(689,794)	-	-	-	-	-	-	-	(5,812,857)
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-	-	(320,668)	-	-	(320,668)
Net Pension Liability	-	-	-	-	-	-	-	-	-	-	-	511,260	-	-	511,260
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	50,553	-	-	50,553
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (3,045,443)	\$ (50,233,610)	\$ (546,979)	\$ (3,997,688)	\$ (449,558)	\$ (205,883)	\$ 1,145,805	\$ 40,329	\$ 2,030,372	\$ (551,481)	\$ (50,396)	\$ 2,284,866	\$ 82,123,528	\$ -	\$ 28,543,862
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES															
Changes in unrealized gains (loss) on investments	\$ (1,051,142)	\$ (4,567,024)	\$ -	\$ (2,305,234)	\$ -	\$ -	\$ (409,774)	\$ (8,046)	\$ (59,554)	\$ (254,649)	\$ (48,321)	\$ (52,417)	\$ 1,519,625	\$ -	\$ (7,236,536)



Primary Workers' Compensation

County Members: 11
Public Entity Members: 28

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash in Banks	\$ 4,681,141	\$ 7,640,159
Cash, EIA Treasury	<u>2,908,981</u>	<u>2,708,393</u>
TOTAL CASH AND CASH EQUIVALENTS	7,590,122	10,348,552
Investments	4,874,553	11,171,253
Accounts Receivable		
Due from Members	-	103,063
Investment Income Receivable	290,120	214,649
Reinsurance Claims	4,585,972	2,915,199
Due from Other Funds	<u>22,401,986</u>	<u>15,546,348</u>
TOTAL CURRENT ASSETS	<u>39,742,753</u>	<u>40,299,064</u>
Noncurrent Assets:		
Investments	50,253,790	44,019,228
Investment in Captive	514,969	514,969
Due from Other Funds	<u>6,330,526</u>	<u>5,392,789</u>
TOTAL NONCURRENT ASSETS	<u>57,099,285</u>	<u>49,926,986</u>
TOTAL ASSETS	<u>96,842,038</u>	<u>90,226,050</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	1,001,455	1,804,449
Dividends Payable to Members	-	2,500,000
Other Due to Members	292,082	-
Deposits from Members	1,090,516	796,587
Deposits from Insurance Companies	6,290,040	4,366,008
Workers' Compensation Claims	<u>4,600,000</u>	<u>8,000,000</u>
TOTAL CURRENT LIABILITIES	<u>13,274,093</u>	<u>17,467,044</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	7,619,954	5,313,027
Claims Incurred But Not Reported	9,800,275	3,831,125
Unallocated Loss Adjustment Expense Payable	<u>41,256,000</u>	<u>38,074,137</u>
TOTAL NONCURRENT LIABILITIES	<u>58,676,229</u>	<u>47,218,289</u>
TOTAL LIABILITIES	<u>71,950,322</u>	<u>64,685,333</u>
NET POSITION:		
Unrestricted	<u>24,891,716</u>	<u>25,540,717</u>
TOTAL NET POSITION	<u>\$ 24,891,716</u>	<u>\$ 25,540,717</u>

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 43,947,849	\$ 56,562,481
Broker Fees	1,361,738	1,420,648
Contributions for Retained Risk	21,643,354	20,280,898
Administration Fees	6,689,562	6,247,449
Public Entity Fees	-	168,697
Schools Loss Control Fee	90,718	-
Other Income	41,793	174,042
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	73,775,014	84,854,215
	<hr/>	<hr/>
OPERATING EXPENSES:		
Pool Dividends to Members	-	2,500,000
Insurance Expense	43,920,165	56,604,965
Broker Fees	1,361,738	1,398,680
Provision for Claims		
Current Year Claims	9,576,000	8,967,000
Prior Years' Claims	3,264,870	(1,369,136)
Provision for Unallocated Loss Adjustment Expenses	3,181,863	1,960,225
Program Services		
Claims Administration Services	6,168,687	6,135,647
Actuarial and Consulting Services	104,954	147,459
Claims Audits	116,100	71,838
Managed Care Program Review	108,000	111,433
Bank Fees and Services	40,994	39,743
Dept. of Industrial Relations Assessment	1,839,134	1,363,146
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	69,682,505	77,931,000
	<hr/>	<hr/>
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(4,834,159)	(4,486,476)
Transfer Out for Loss Prevention	(207,697)	(201,017)
	<hr/>	<hr/>
TOTAL TRANSFERS	(5,041,856)	(4,687,493)
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(949,347)	2,235,722
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	235,254	151,800
Member Financing Fees	65,092	66,142
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUE (EXPENSES)	300,346	217,942
	<hr/>	<hr/>
CHANGES IN NET POSITION	(649,001)	2,453,664
	<hr/>	<hr/>
Net Position, Beginning of Year	25,540,717	23,087,053
	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 24,891,716	\$ 25,540,717
	<hr/> <hr/>	<hr/> <hr/>

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, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 74,331,577	\$ 84,585,197
Payments to Others	(1,538,262)	(1,742,709)
Dividends Paid	(2,500,000)	(2,300,000)
Claims Paid	(7,964,793)	(8,021,305)
Insurance Purchased	(43,920,165)	(56,604,965)
Payments to Suppliers	(8,618,569)	(11,795,645)
Internal Activities	<u>(12,835,231)</u>	<u>(5,978,312)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,045,443)</u>	<u>(1,857,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(35,876,449)	(23,032,534)
Sales of Securities	34,887,446	26,324,232
Cash from Investment Earnings	1,210,925	855,865
Investment in Captive	-	(514,969)
Finance Fees from Members	<u>65,091</u>	<u>66,141</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>287,013</u>	<u>3,698,735</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,758,430)	1,840,996
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>10,348,552</u>	<u>8,507,556</u>
END OF YEAR	<u>\$ 7,590,122</u>	<u>\$ 10,348,552</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (949,347)	\$ 2,235,722
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,567,710)	(2,019,414)
Due From or To Other Funds	(7,793,375)	(1,290,819)
Accounts and Other Payables	(792,951)	(2,320,012)
Claim Liabilities	4,876,077	(423,441)
Unallocated Loss Adjustment Expense Payable	<u>3,181,863</u>	<u>1,960,225</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,045,443)</u>	<u>\$ (1,857,739)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u>\$ (1,051,142)</u>	<u>\$ (725,687)</u>

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY WORKERS' COMPENSATION PROGRAM
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 55,218,289</u>	<u>\$ 53,681,505</u>
Incurring claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	12,757,863	10,927,225
Increase (Decrease) in the provision for claims of prior fiscal years	<u>3,264,870</u>	<u>(1,369,136)</u>
B. Total incurred claims and claim adjustment expenses	<u>16,022,733</u>	<u>9,558,089</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	5,298,047	4,245,304
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,666,746</u>	<u>3,776,001</u>
C. Total Payments	<u>7,964,793</u>	<u>8,021,305</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 63,276,229</u>	<u>\$ 55,218,289</u>
Current Claim Liabilities	\$ 4,600,000	\$ 8,000,000
Noncurrent Claim Liabilities	<u>58,676,229</u>	<u>47,218,289</u>
Total Claim Liabilities	<u>\$ 63,276,229</u>	<u>\$ 55,218,289</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
PRIMARY WORKERS' COMPENSATION PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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:

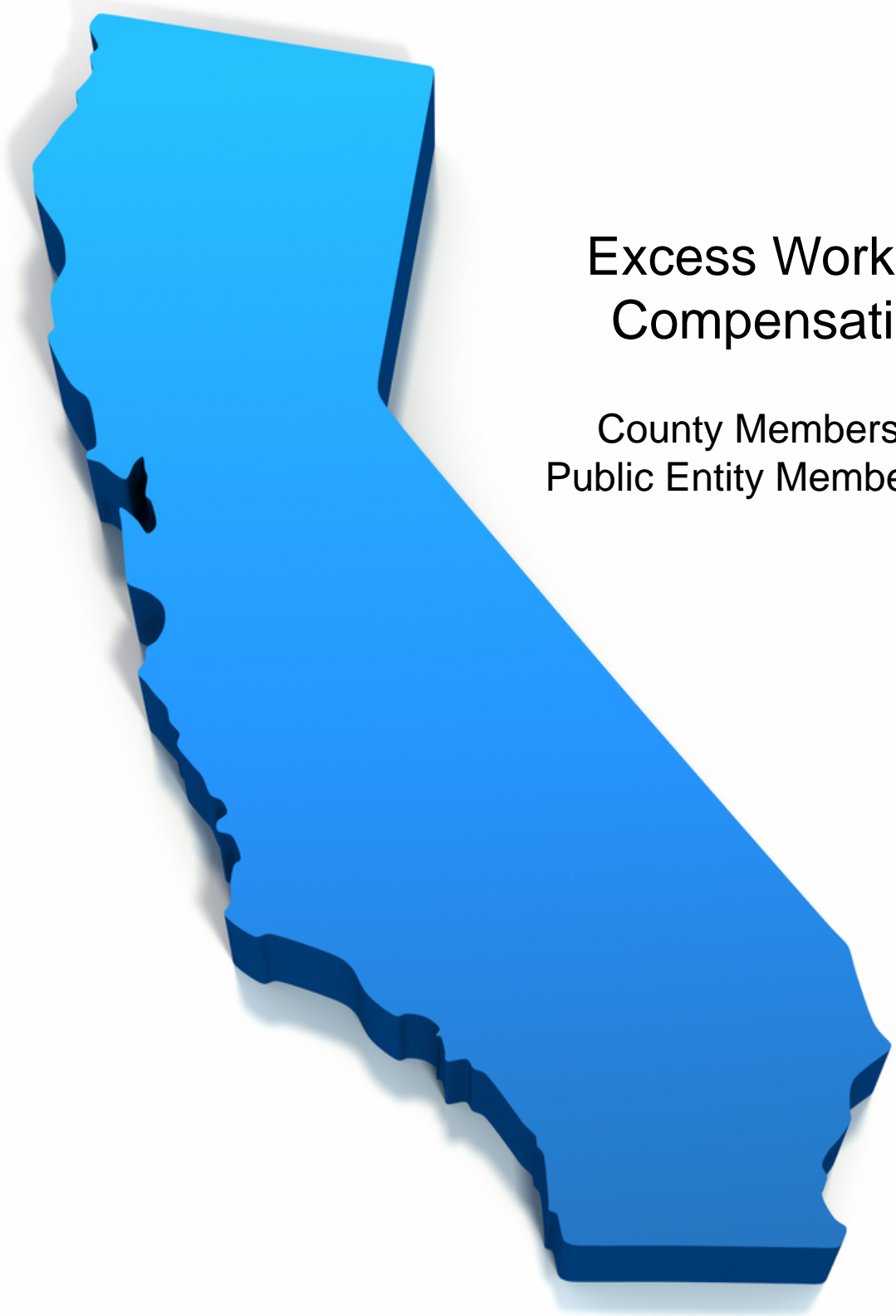
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 48,372,518	\$ 38,466,370	\$ 44,513,028	\$ 46,647,898	\$ 46,505,862	\$ 52,319,394	\$ 53,947,631	\$ 53,889,167	\$ 69,124,948	\$ 58,231,262
Less Ceded	-	(24,951,328)	(28,900,823)	(31,324,253)	(32,660,803)	(37,380,293)	(40,948,454)	(42,158,960)	(54,689,379)	(42,800,131)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	3,245,765	726,610	582,469	225,476	151,332	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	51,618,283	14,241,652	16,194,674	15,549,121	13,996,391	14,939,101	12,999,177	11,730,207	14,435,569	15,431,131
2. Less Unallocated Loss Adjustment Expense	913,665	1,072,984	1,708,241	2,190,073	2,717,468	4,359,554	5,198,424	7,856,703	6,595,877	8,643,013
3. Estimated Incurred Claims Less Ceded Claims	34,751,511	36,219,693	41,200,715	44,186,253	45,065,803	50,435,293	54,185,020	51,254,960	63,656,379	52,376,131
Net Incurred Claims and Expenses, End of Policy Year	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000
4. Cumulative Paid Claims as of:										
End of the Policy Year	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790	5,999,562	3,951,291	4,228,855	4,245,304	5,298,047
One Year Later	26,216,412	8,672,943	10,080,439	9,699,440	9,572,554	9,632,916	6,607,142	6,868,677	5,660,241	-
Two Years Later	26,216,412	9,127,073	10,752,137	10,403,922	10,324,845	10,595,000	7,164,498	7,437,056	-	-
Three Years Later	26,216,412	9,310,650	11,004,419	10,648,791	10,647,115	10,903,553	7,424,915	-	-	-
Four Years Later	26,216,412	9,423,077	11,094,997	10,772,427	10,782,525	11,043,935	-	-	-	-
Five Years Later	26,216,412	9,500,091	11,151,713	10,845,816	10,838,835	-	-	-	-	-
Six Years Later	26,216,412	9,551,614	11,192,247	10,930,202	-	-	-	-	-	-
Seven Years Later	26,216,412	9,546,187	11,207,350	-	-	-	-	-	-	-
Eight Years Later	26,216,412	9,611,740	-	-	-	-	-	-	-	-
Nine Years Later	26,216,412	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	27,606,009	33,591,494	34,643,230	33,382,044	34,109,465	33,561,198	33,910,007	17,693,731	5,232,161
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000	13,055,000	13,325,000	9,096,000	8,967,000	9,576,000
One Year Later	26,216,412	10,203,556	12,700,000	11,441,000	12,595,000	12,382,000	8,222,000	8,226,000	8,563,000	-
Two Years Later	26,216,412	11,868,000	11,815,000	11,397,000	11,445,000	11,735,000	7,792,000	8,526,000	-	-
Three Years Later	26,216,412	11,004,000	11,789,000	11,048,000	11,384,000	11,718,000	8,206,000	-	-	-
Four Years Later	26,216,412	10,934,000	11,500,000	11,022,000	11,233,000	12,094,000	-	-	-	-
Five Years Later	26,216,412	10,902,000	11,450,000	11,220,000	11,903,000	-	-	-	-	-
Six Years Later	26,216,412	10,915,000	11,480,000	12,496,500	-	-	-	-	-	-
Seven Years Later	26,216,412	10,894,000	12,484,500	-	-	-	-	-	-	-
Eight Years Later	26,216,412	10,439,000	-	-	-	-	-	-	-	-
Nine Years Later	26,216,412	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (8,535,099)	\$ (829,365)	\$ 184,608	\$ (365,500)	\$ (502,000)	\$ (961,000)	\$ (5,119,000)	\$ (570,000)	\$ (404,000)	\$ -



Excess Workers' Compensation

County Members: 50
Public Entity Members: 122

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 13,322,174	\$ 14,741,472
TOTAL CASH & CASH EQUIVALENTS	<u>13,322,174</u>	<u>14,741,472</u>
Investments	22,323,846	60,803,857
Accounts Receivable		
Due from Members	504,750	304,243
Due from Others	-	58,793
Investment Income Receivable	1,328,653	1,168,310
Reinsurance Claims	7,436,771	4,874,623
Due from Other Funds	24,363,452	20,421,584
TOTAL CURRENT ASSETS	<u>69,279,646</u>	<u>102,372,882</u>
Noncurrent Assets:		
Investments	230,145,772	239,591,625
Investment in Captive	2,841,641	2,841,641
Due from Other Funds	28,991,720	29,352,335
TOTAL NONCURRENT ASSETS	<u>261,979,133</u>	<u>271,785,601</u>
TOTAL ASSETS	<u>331,258,779</u>	<u>374,158,483</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	1,391,740	1,207,148
Due to Members	594,510	-
Due to Other Funds	17,082,072	11,794,370
Workers' Compensation Claims	45,000,000	50,000,000
Unearned Income	123,988	-
TOTAL CURRENT LIABILITIES	<u>64,192,310</u>	<u>63,001,518</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	173,173,881	202,290,209
Claims Incurred But Not Reported	58,906,760	74,102,193
Unallocated Loss Adjustment Expense Payable	5,615,000	12,406,656
TOTAL NONCURRENT LIABILITIES	<u>237,695,641</u>	<u>288,799,058</u>
TOTAL LIABILITIES	<u>301,887,951</u>	<u>351,800,576</u>
NET POSITION:		
Unrestricted	29,370,828	22,357,907
TOTAL NET POSITION	<u>\$ 29,370,828</u>	<u>\$ 22,357,907</u>

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 129,926,002	\$ 106,364,512
Broker Fees	2,879,358	2,968,135
Contributions for Retained Risk	9,717,343	24,200,944
Administration Fees	7,653,420	6,885,771
Public Entity Fees	-	330,936
Schools Loss Control Fee	37,712	-
Other Income	641,551	3,400
	<u>150,855,386</u>	<u>140,753,698</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Insurance Expense	129,631,683	106,950,614
Broker Fees	2,879,358	2,976,879
Provision for Claims		
Current Year Claims	-	14,915,638
Prior Years' Claims	13,005,551	14,591,000
Provision for Unallocated Loss Adjustment Expenses	(6,791,656)	861,125
Program Services		
Actuarial, Legal & Managed Care Services	468,809	491,392
Claims Audits	521,921	565,111
	<u>139,715,666</u>	<u>141,351,759</u>
TOTAL OPERATING EXPENSES		
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(4,676,654)	(4,393,140)
Transfer Out for Loss Prevention	(498,936)	(449,021)
	<u>(5,175,590)</u>	<u>(4,842,161)</u>
TOTAL TRANSFERS		
	<u>5,964,130</u>	<u>(5,440,222)</u>
OPERATING INCOME (LOSS)		
NONOPERATING REVENUES (EXPENSES):		
Investment Income	1,022,137	978,765
Member Financing Fees	26,654	32,794
	<u>1,048,791</u>	<u>1,011,559</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
CHANGES IN NET POSITION		
	7,012,921	(4,428,663)
Net Position, Beginning of Year	<u>22,357,907</u>	<u>26,786,570</u>
NET POSITION, END OF YEAR		
	<u>\$ 29,370,828</u>	<u>\$ 22,357,907</u>

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 150,694,114	\$ 140,421,327
Payments to Others	(1,824,092)	(1,932,567)
Claims Paid	(62,317,312)	(53,623,873)
Insurance Purchased	(129,631,683)	(106,950,614)
Payments to Suppliers	(3,685,496)	(3,334,957)
Internal Activities	<u>(3,469,141)</u>	<u>(366,391)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(50,233,610)</u>	<u>(25,787,075)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(108,220,935)	(148,091,594)
Sales of Securities	151,579,775	169,730,938
Cash from Investment Earnings	5,428,818	5,554,610
Investment in Captive	-	(2,841,641)
Finance Fees from Members	<u>26,654</u>	<u>32,795</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>48,814,312</u>	<u>24,385,108</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,419,298)	(1,401,967)
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>14,741,472</u>	<u>16,143,439</u>
END OF YEAR	<u><u>\$ 13,322,174</u></u>	<u><u>\$ 14,741,472</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 5,964,130	\$ (5,440,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(2,703,862)	(1,590,801)
Due From or To Other Funds	1,706,449	4,475,770
Accounts and Other Payables	779,102	24,288
Unearned Income	123,988	-
Claim Liabilities	(49,311,761)	(24,117,235)
Unallocated Loss Adjustment Expense Payable	<u>(6,791,656)</u>	<u>861,125</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (50,233,610)</u></u>	<u><u>\$ (25,787,075)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u><u>\$ (4,567,024)</u></u>	<u><u>\$ (4,679,016)</u></u>

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS WORKERS' COMPENSATION PROGRAM
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 338,799,058</u>	<u>\$ 362,055,168</u>
Incurring claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	(6,791,656)	15,776,763
Increase (Decrease) in the provision for Prior fiscal years	<u>13,005,551</u>	<u>14,591,000</u>
B. Total incurred claims and claim adjustment expenses	<u>6,213,895</u>	<u>30,367,763</u>
Payments attributable to insured events of the		
Current fiscal year	-	3,623,460
Prior fiscal years:	<u>62,317,312</u>	<u>50,000,413</u>
C. Total Payments	<u>62,317,312</u>	<u>53,623,873</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 282,695,641</u>	<u>\$ 338,799,058</u>
Current Claim Liabilities	\$ 45,000,000	\$ 50,000,000
Noncurrent Claim Liabilities	<u>237,695,641</u>	<u>288,799,058</u>
Total Claim Liabilities	<u>\$ 282,695,641</u>	<u>\$ 338,799,058</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
EXCESS WORKERS' COMPENSATION PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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:

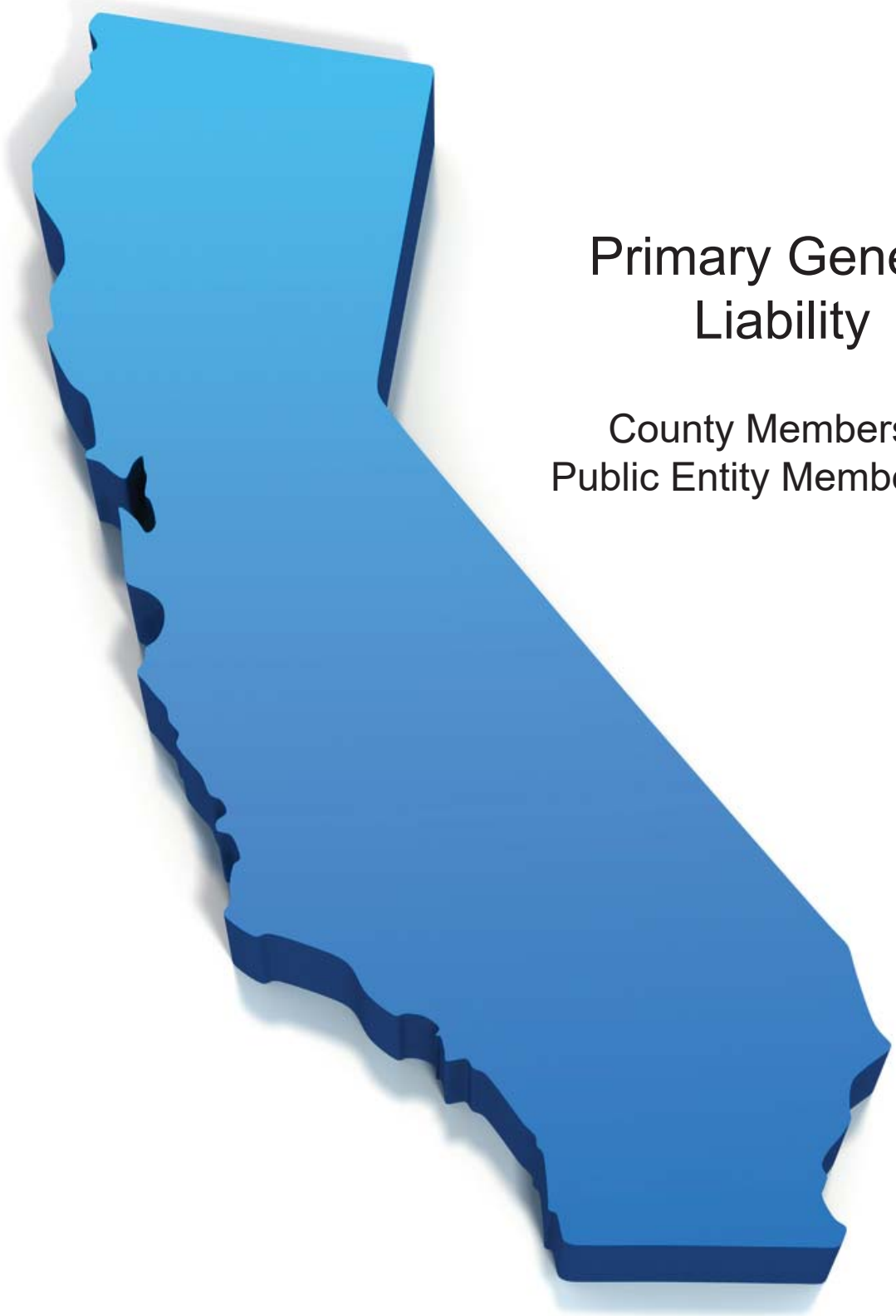
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,059,430	\$ 77,872,261	\$ 97,699,836	\$ 119,149,647	\$ 127,468,312	\$ 135,599,174
Less Ceded	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)	(47,448,283)	(57,198,059)	(68,258,846)	(102,873,232)	(125,683,198)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	1,920,537	2,020,214	1,331,571	1,019,518	1,806,011	1,301,425	1,658,814	912,237	122,651	28,285
1. Total Revenues Available For Payment of Claims	21,410,510	20,658,519	20,139,942	18,920,664	39,395,391	31,725,403	42,160,591	51,803,038	24,717,731	9,944,261
2. Unallocated Loss Adjustment Expense	305,210	340,180	442,990	187,423	248,734	135,418	224,012	475,261	161,147	-
3. Estimated Incurred Claims Less Ceded Claims	46,380,300 (32,694,500)	45,844,808 (29,508,521)	51,347,831 (33,932,092)	47,772,920 (38,700,636)	43,142,223 (26,470,050)	60,295,762 (47,448,283)	80,522,151 (57,198,059)	106,542,005 (68,258,846)	117,788,870 (102,873,232)	125,683,198 (125,683,198)
Net Incurred Claims and Expenses, End of Policy Year	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	80,573	-	43,862	23,688	38,785	-	950,641	3,293,817	3,623,460	-
One Year Later	253,852	106,437	230,188	329,202	281,003	2,361,141	5,161,301	9,034,334	8,426,745	-
Two Years Later	662,838	515,533	627,868	785,063	2,103,809	6,162,084	10,430,178	17,164,800	-	-
Three Years Later	5,131,474	1,281,938	1,344,807	1,544,493	4,326,042	10,372,243	21,652,538	-	-	-
Four Years Later	7,021,243	2,117,003	2,074,489	2,305,965	9,927,320	12,944,505	-	-	-	-
Five Years Later	12,173,038	3,129,849	5,609,885	4,081,614	13,746,251	-	-	-	-	-
Six Years Later	16,560,978	4,339,481	6,421,341	5,650,357	-	-	-	-	-	-
Seven Years Later	18,248,515	7,743,152	7,748,121	-	-	-	-	-	-	-
Eight Years Later	21,026,579	10,522,116	-	-	-	-	-	-	-	-
Nine Years Later	22,501,379	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	18,490,884	-	-	1,188,541	23,952,169	22,251,495	26,963,587	38,510,343	2,454,914	5,339,208
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173	12,847,479	23,324,092	38,283,159	14,915,638	-
One Year Later	20,519,114	16,902,842	18,075,962	9,517,002	18,675,566	14,275,787	30,278,418	39,483,699	16,869,019	-
Two Years Later	25,050,003	18,604,330	17,868,492	10,336,945	19,544,588	19,231,418	31,534,751	42,063,111	-	-
Three Years Later	27,689,168	20,268,964	18,601,508	10,932,012	25,311,173	19,670,868	33,388,255	-	-	-
Four Years Later	27,105,017	20,649,905	19,813,588	12,982,166	25,835,519	20,038,856	-	-	-	-
Five Years Later	28,602,557	23,837,950	24,576,756	12,874,083	26,777,117	-	-	-	-	-
Six Years Later	33,246,965	26,569,135	25,385,881	15,469,230	-	-	-	-	-	-
Seven Years Later	34,254,523	26,372,989	30,955,824	-	-	-	-	-	-	-
Eight Years Later	36,451,235	28,343,710	-	-	-	-	-	-	-	-
Nine Years Later	38,490,947	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 24,805,147	\$ 12,007,423	\$ 13,540,085	\$ 6,396,946	\$ 10,104,944	\$ 7,191,377	\$ 10,064,163	\$ 3,779,952	\$ 1,953,381	\$ -



Primary General Liability

County Members: 5
Public Entity Members: 17

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash in Banks	\$ 318,438	\$ 532,686
Cash, EIA Treasury	53,148	65,273
	TOTAL CASH & CASH EQUIVALENTS	597,959
Investments	89,060	269,229
Accounts Receivable		
Due From Members	122,287	153,738
Investment Income Receivable	5,301	5,173
Reinsurance Claims	346,976	233,298
Due from Other Funds	97,197	90,423
	TOTAL CURRENT ASSETS	1,349,820
Noncurrent Assets:		
Investments	918,156	1,060,870
Investment in Captive	9,520	9,520
Due from Other Funds	115,661	129,967
	TOTAL NONCURRENT ASSETS	1,200,357
	TOTAL ASSETS	2,550,177
LIABILITIES:		
Current Liabilities:		
Accounts Payable	36,491	41,943
Due to Members	275,869	234,563
Dividends Payable to Members	980,419	266,000
Deposits from Insurance Companies	423,372	425,872
Claim Liabilities	15,221	32,949
	TOTAL CURRENT LIABILITIES	1,001,327
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	48,000	240,291
	TOTAL NONCURRENT LIABILITIES	240,291
	TOTAL LIABILITIES	1,241,618
NET POSITION:		
Unrestricted	296,372	1,308,559
	TOTAL NET POSITION	\$ 1,308,559

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums For Transferred Risk	\$ 1,839,995	\$ 1,933,487
Broker Fees	41,980	46,711
Administration Fees	484,737	444,436
Public Entity Fees	-	1,981
Other Income	-	287,504
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	2,366,712	2,714,119
OPERATING EXPENSES:		
Dividends to Members	980,419	266,000
Insurance Expense	1,847,350	1,933,487
Broker Fees	41,980	46,712
Provision for Claims		
Prior Years' Claims	(24,749)	(127,061)
Provision for Unallocated Loss Adjustment Expenses	(192,291)	99,548
Program Services		
Actuarial Services	-	7,613
Claims Audits	13,000	272
Legal Expense	17,854	-
Bank Services and Fees	3,355	3,610
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	2,686,918	2,230,181
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(677,831)	(536,771)
Transfer Out for Loss Prevention	(12,000)	(14,808)
	<hr/>	<hr/>
TOTAL TRANSFERS	(689,831)	(551,579)
OPERATING INCOME (LOSS)	(1,010,037)	(67,641)
NONOPERATING REVENUE (EXPENSES):		
Investment Income	(2,211)	7,517
Financing Fees	61	-
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,150)	7,517
CHANGES IN NET POSITION	(1,012,187)	(60,124)
Net Position, Beginning of Year	<hr/>	<hr/>
	1,308,559	1,368,683
	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 296,372	\$ 1,308,559
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 2,439,468	\$ 2,358,970
Receipts from Others	-	227,595
Payment to Others	(113,678)	-
Dividends Paid	(266,000)	-
Claims Paid	7,021	43,155
Insurance Purchased	(1,847,350)	(1,933,487)
Payments to Suppliers	(84,141)	85,331
Internal Activities	(682,299)	(595,823)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(546,979)	185,741
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	322,884	(1,554,320)
Sales of Securities	-	1,283,438
Cash from Investment Earnings	(2,278)	41,294
Investment in Captive	-	(9,520)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	320,606	(239,108)
	<hr/>	<hr/>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(226,373)	(53,367)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	597,959	651,326
	<hr/>	<hr/>
END OF YEAR	\$ 371,586	\$ 597,959
	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (1,010,037)	\$ (67,641)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(82,228)	(89,150)
Due From or To Other Funds	7,532	(44,244)
Accounts and Other Payables	747,773	399,744
Unearned Income	-	(28,610)
Claim Liabilities	(17,728)	(83,906)
Unallocated Loss Adjustment Expense Payable	(192,291)	99,548
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (546,979)	\$ 185,741
	<hr/> <hr/>	<hr/> <hr/>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ -	\$ (35,381)
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY
PRIMARY GENERAL LIABILITY PROGRAM
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 273,240</u>	<u>\$ 257,598</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	(192,291)	99,548
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(24,749)</u>	<u>(127,061)</u>
B. Total incurred claims and claim adjustment expenses	<u>(217,040)</u>	<u>(27,513)</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>(7,021)</u>	<u>(43,155)</u>
C. Total Payments	<u>(7,021)</u>	<u>(43,155)</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 63,221</u>	<u>\$ 273,240</u>
Current Claim Liabilities	\$ 15,221	\$ 32,949
Noncurrent Claim Liabilities	<u>48,000</u>	<u>240,291</u>
Total Claim Liabilities	<u>\$ 63,221</u>	<u>\$ 273,240</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
PRIMARY GENERAL LIABILITY PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	Fully Insured Years									
	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Insurance Premiums	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680	\$ 1,742,957	\$ 1,756,708	\$ 1,917,598	\$ 1,933,487	\$ 1,839,995
Less Ceded	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,654)	(1,868,680)	(1,742,957)	(1,756,708)	(1,917,598)	(1,933,487)	(1,839,995)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(897,701)	-	-	-	-	-	-	-	-	-
Investment Earnings	322,992	-	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	677,840	-	-	-	-	-	-	-	-	-
2. Unallocated Loss Adjustment Expense	52,866	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims	1,262,000	2,127,964	1,888,464	2,035,654	1,868,680	1,742,957	1,756,708	1,917,598	1,933,487	1,839,995
Net Incurred Claims and Expenses, End of Policy Year	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	774,908	-	-	-	-	-	-	-	-	-
Five Years Later	893,904	-	-	-	-	-	-	-	-	-
Six Years Later	1,005,269	-	-	-	-	-	-	-	-	-
Seven Years Later	1,018,638	-	-	-	-	-	-	-	-	-
Eight Years Later	978,774	-	-	-	-	-	-	-	-	-
Nine Years Later	995,538	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	468,352	2,255,670	1,308,793	883,805	1,442,123	1,931,360	979,041	1,059,431	928,378	258,238
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	452,236	-	-	-	-	-	-	-	-	-
Five Years Later	468,874	-	-	-	-	-	-	-	-	-
Six Years Later	539,566	-	-	-	-	-	-	-	-	-
Seven Years Later	607,061	-	-	-	-	-	-	-	-	-
Eight Years Later	527,329	-	-	-	-	-	-	-	-	-
Nine Years Later	517,483	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (266,462)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



General Liability 1

County Members: 39
Public Entity Members: 83

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 6,540,036	\$ 6,273,210
TOTAL CASH & CASH EQUIVALENTS	6,540,036	6,273,210
Investments	10,959,079	25,874,987
Accounts Receivable		
Due from Members	765,972	757,313
Reinsurance Claims	-	55,538
Investment Income Receivable	652,254	497,173
Due From Other Funds	11,960,350	8,690,373
TOTAL CURRENT ASSETS	<u>30,877,691</u>	<u>42,148,594</u>
Noncurrent Assets:		
Investments	112,981,689	101,957,846
Investment in Captive	1,026,287	1,026,287
Due From Other Funds	14,232,429	12,490,841
TOTAL NONCURRENT ASSETS	<u>128,240,405</u>	<u>115,474,974</u>
TOTAL ASSETS	<u>159,118,096</u>	<u>157,623,568</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	46,371	29,079
Due to Members	41,651	-
Unearned Income	25,546	5,130,902
Claims Liabilities	40,200,000	32,000,000
TOTAL CURRENT LIABILITIES	<u>40,313,568</u>	<u>37,159,981</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	41,831,585	37,829,563
Claims Incurred But Not Reported	67,197,087	47,021,033
Unallocated Loss Adjustment Expense Payable	955,000	2,545,810
TOTAL NONCURRENT LIABILITIES	<u>109,983,672</u>	<u>87,396,406</u>
TOTAL LIABILITIES	<u>150,297,240</u>	<u>124,556,387</u>
NET POSITION:		
Unrestricted	8,820,856	33,067,181
TOTAL NET POSITION	<u>\$ 8,820,856</u>	<u>\$ 33,067,181</u>

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 8,571,994	\$ 9,919,014
Broker Fees	1,087,081	948,027
Contributions for Retained Risk	40,152,650	31,800,683
Administration Fees	3,255,947	2,633,857
Public Entity Fees	-	77,716
Schools Loss Control Fee	10,115	-
Other Income	-	700
TOTAL OPERATING REVENUES	53,077,787	45,379,997
OPERATING EXPENSES:		
Insurance Expense	8,189,181	9,915,462
Broker Fees	1,087,404	947,916
Provision for Claims		
Current Year Claims	32,290,862	28,521,710
Prior Years' Claims	37,518,659	7,848,740
Provision for Unallocated Loss Adjustment Expenses	(1,590,810)	992,826
Program Services		
Actuarial and Consulting Services	90,335	91,025
Legal Expenses & Labor Law Services	295,175	246,372
Claims Audits	94,522	33,285
Crisis Incident Management	23,795	-
TOTAL OPERATING EXPENSES	77,999,123	48,597,336
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(2,484,728)	(2,205,170)
Transfer Out for Loss Prevention	(100,000)	(174,240)
TOTAL TRANSFERS	(2,584,728)	(2,379,410)
OPERATING INCOME (LOSS)	(27,506,064)	(5,596,749)
NONOPERATING REVENUES (EXPENSES):		
Investment Income	515,930	380,024
Member Finance Fees	11,599	5,425
TOTAL NONOPERATING REVENUES (EXPENSES)	527,529	385,449
CHANGES IN NET POSITION	(26,978,535)	(5,211,300)
Beginning of Year, as Previously Reported	33,067,181	38,278,481
Adjustment to Beginning Net Position	2,732,210	-
Beginning of Year, as Restated	35,799,391	38,278,481
NET POSITION, END OF YEAR	\$ 8,820,856	\$ 33,067,181

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 50,737,633	\$ 49,591,950
Receipts from Others	55,538	-
Payments to Others	-	(55,538)
Claims Paid	(37,431,445)	(22,468,836)
Dividends Paid	-	(3,000,000)
Insurance Purchased	(8,189,181)	(7,152,900)
Payments to Suppliers	(1,573,940)	(1,309,298)
Internal Activities	<u>(7,596,293)</u>	<u>(4,572,368)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,997,688)</u>	<u>11,033,010</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(74,924,030)	(77,554,894)
Sales of Securities	76,510,860	65,901,334
Cash from Investment Earnings	2,666,083	2,084,257
Investment in Captive	-	(1,026,287)
Finance Fees from Members	<u>11,601</u>	<u>5,425</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,264,514</u>	<u>(10,590,165)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	266,826	442,845
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>6,273,210</u>	<u>5,830,365</u>
END OF YEAR	<u>\$ 6,540,036</u>	<u>\$ 6,273,210</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (27,506,064)	\$ (5,596,749)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	2,779,089	1,949,711
Due From or To Other Funds	(5,011,566)	(2,192,958)
Accounts and Other Payables	58,943	(2,990,700)
Unearned Income	(5,105,356)	4,969,266
Claim Liabilities	32,378,076	13,901,614
Unallocated Loss Adjustment Expense Payable	<u>(1,590,810)</u>	<u>992,826</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,997,688)</u>	<u>\$ 11,033,010</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u>\$ (2,305,234)</u>	<u>\$ (1,816,720)</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, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 119,396,406</u>	<u>\$ 104,501,966</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	30,700,052	29,514,536
Increase (Decrease) in the provision for claims of prior fiscal years	<u>37,518,659</u>	<u>7,848,740</u>
B. Total incurred claims and claim adjustment expenses	<u>68,218,711</u>	<u>37,363,276</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>37,431,445</u>	<u>22,468,836</u>
C. Total Payments	<u>37,431,445</u>	<u>22,468,836</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 150,183,672</u>	<u>\$ 119,396,406</u>
Current Claim Liabilities	\$ 40,200,000	\$ 32,000,000
Noncurrent Claim Liabilities	<u>109,983,672</u>	<u>87,396,406</u>
Total Claim Liabilities	<u>\$ 150,183,672</u>	<u>\$ 119,396,406</u>

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 1 PROGRAM
NOTES TO EARNED P REQUIRED SUPPLEMENTAL INFORMATION
PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,024	\$ 29,671,132	\$ 35,247,160	\$ 39,850,216	\$ 41,677,512	\$ 54,110,445
Less Ceded	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)	(4,268,601)	(6,267,249)	(5,239,636)	(9,915,462)	(8,189,181)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	(3,000,000)	-	-	-	-	-	-	-	-
Investment Earnings	4,341,142	3,821,803	1,039,764	1,152,289	742,346	669,619	938,622	850,852	194,041	142,968
1. Total Revenues Available For Payment of Claims	33,321,727	31,213,340	30,255,801	27,003,955	25,915,833	26,072,150	29,918,533	35,461,432	31,956,091	46,064,232
2. Unallocated Loss Adjustment Expense	2,761	5,698	20,845	17,868	65,609	131,888	123,358	180,512	175,654	205,060
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	23,946,567 (2,013,394) 21,933,173	17,650,135 (2,381,428) 15,268,707	19,593,744 (2,742,959) 16,850,785	20,336,498 (3,745,830) 16,590,668	24,388,707 (3,702,537) 20,686,170	26,973,621 (4,268,601) 22,705,020	29,751,639 (6,267,249) 23,484,390	34,824,676 (5,239,636) 29,585,040	38,437,172 (9,915,462) 28,521,710	40,231,901 (8,189,181) 32,042,720
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	653,593	-	241,064	-	-	-	-	-	-
One Year Later	172,455	348,252	104,565	666,287	1,668,017	2,443,124	110,653	760,444	732,315	-
Two Years Later	4,894,740	2,389,423	2,483,193	2,473,149	3,879,513	4,412,160	1,489,584	14,004,016	-	-
Three Years Later	9,708,129	10,758,833	18,803,527	7,001,701	11,698,043	12,165,139	14,487,153	-	-	-
Four Years Later	16,936,818	11,549,612	22,031,298	15,817,812	15,857,724	18,903,963	-	-	-	-
Five Years Later	17,283,899	13,166,381	24,752,158	17,071,287	18,738,930	-	-	-	-	-
Six Years Later	17,220,058	16,218,635	27,460,094	18,226,891	-	-	-	-	-	-
Seven Years Later	18,753,240	16,223,992	28,276,310	-	-	-	-	-	-	-
Eight Years Later	18,609,792	16,224,347	-	-	-	-	-	-	-	-
Nine Years Later	19,933,119	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	602,767	4,128,286	9,931,417	-	-	6,000,000	24,010,750	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	21,933,173	15,268,707	16,850,785	16,590,668	20,686,170	22,705,020	23,484,390	29,585,040	28,521,710	32,042,720
One Year Later	25,729,463	17,577,212	21,106,865	20,336,498	20,279,342	24,596,512	24,657,164	30,362,640	28,180,080	-
Two Years Later	21,620,740	18,211,819	19,593,744	19,869,339	19,432,855	23,564,995	19,501,022	42,210,919	-	-
Three Years Later	23,001,488	17,650,135	26,300,275	19,100,002	18,999,743	27,721,257	33,763,193	-	-	-
Four Years Later	23,946,567	16,847,051	28,275,182	22,130,738	25,606,114	39,512,839	-	-	-	-
Five Years Later	25,984,055	15,642,639	28,444,064	21,331,569	28,990,997	-	-	-	-	-
Six Years Later	25,065,797	17,447,449	30,924,485	21,018,903	-	-	-	-	-	-
Seven Years Later	24,765,984	17,064,448	31,533,501	-	-	-	-	-	-	-
Eight Years Later	21,245,767	17,114,762	-	-	-	-	-	-	-	-
Nine Years Later	20,364,490	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ (1,568,683)	\$ 1,846,055	\$ 14,682,716	\$ 4,428,235	\$ 8,304,827	\$ 16,807,819	\$ 10,278,803	\$ 12,625,879	\$ (341,630)	\$ -



General Liability 2

County Members: 10
Public Entity Members: 7

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 2 PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ 21,507
TOTAL CASH & CASH EQUIVALENTS	-	21,507
Investments	-	88,709
Accounts Receivable		
Investment Income Receivable	-	1,705
Reinsurance Claims	2,591,338	1,932,151
Due from Other Funds	-	29,794
Prepaid Expense	-	2,749,888
TOTAL CURRENT ASSETS	<u>2,591,338</u>	<u>4,823,754</u>
Noncurrent Assets:		
Investments	-	349,552
Investment in Captive	65,294	65,294
Due from Other Funds	-	42,824
TOTAL NONCURRENT ASSETS	<u>65,294</u>	<u>457,670</u>
TOTAL ASSETS	<u>2,656,632</u>	<u>5,281,424</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	-	2,495
Due to Other Funds	402,274	-
Due to Members	54,680	553,880
Claim Liabilities	496,647	3,232,184
TOTAL CURRENT LIABILITIES	<u>953,601</u>	<u>3,788,559</u>
Noncurrent Liabilities:		
Claim Liabilities		
Unallocated Loss Adjustment Expense Payable	1,073,000	692,828
TOTAL NONCURRENT LIABILITIES	<u>1,073,000</u>	<u>692,828</u>
TOTAL LIABILITIES	<u>2,026,601</u>	<u>4,481,387</u>
NET POSITION:		
Unrestricted	630,031	800,037
TOTAL NET POSITION	<u>\$ 630,031</u>	<u>\$ 800,037</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, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 48,889,111	\$ 46,724,983
Broker Fees	511,551	494,440
Program Development Fee	-	700
Administration Fees	1,839,244	2,636,408
Public Entity Fees	-	76,865
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	51,239,906	49,933,396
OPERATING EXPENSES:		
Insurance Expense	48,896,912	47,375,721
Broker Fees	483,081	467,140
Provision for Unallocated Loss Adjustment Expenses	380,172	51,003
Program Services		
Consulting and Legal Services	47,319	393,834
Actuarial Studies	22,000	16,000
Claims Audits	41,675	35,520
Crisis Incident Management	8,552	45,000
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	49,879,711	48,384,218
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(1,504,286)	(1,351,294)
Transfer Out for Loss Prevention	(14,000)	(68,623)
	<hr/>	<hr/>
TOTAL TRANSFERS	(1,518,286)	(1,419,917)
OPERATING INCOME (LOSS)	(158,091)	129,261
NONOPERATING REVENUES (EXPENSES):		
Investment Income(Expense)	(11,915)	(19,701)
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUE (EXPENSES)	(11,915)	(19,701)
CHANGES IN NET POSITION	(170,006)	109,560
Net Position, Beginning of Year	800,037	690,477
	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 630,031	\$ 800,037

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 2 PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 53,490,594	\$ 47,736,688
Receipts from Others	-	1,195,372
Payments to Others	(659,187)	-
Claims Paid	(2,735,537)	(7,592,816)
Insurance Purchased	(48,896,912)	(47,375,721)
Payments to Suppliers	(605,122)	(1,035,089)
Internal Activities	(1,043,394)	(284,471)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(449,558) (7,356,037)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	438,261	7,068,833
Cash from Investment Earnings	(10,210)	3,068
Investment in Captive	-	(65,294)
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	428,051 7,006,607
	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,507) (349,430)
	CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	21,507 370,937
	END OF YEAR	\$ - \$ 21,507
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (158,091)	\$ 129,261
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	2,090,701	(1,555,216)
Due From or To Other Funds	474,892	1,135,446
Accounts and Other Payables	(501,695)	476,285
Claim Liabilities	(2,735,537)	(7,592,816)
Unallocated Loss Adjustment Expense Payable	380,172	51,003
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (449,558) \$ (7,356,037)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ -	\$ -

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL LIABILITY 2 PROGRAM
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 3,925,012</u>	<u>\$ 11,466,825</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	380,172	51,003
Increase (Decrease) in the provision for claims of prior fiscal years	<u>-</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>380,172</u>	<u>51,003</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,735,537</u>	<u>7,592,816</u>
C. Total Payments	<u>2,735,537</u>	<u>7,592,816</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,569,647</u>	<u>\$ 3,925,012</u>
Current Claim Liabilities	\$ 496,647	\$ 3,232,184
Noncurrent Claim Liabilities	<u>1,073,000</u>	<u>692,828</u>
Total Claim Liabilities	<u>\$ 1,569,647</u>	<u>\$ 3,925,012</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
GENERAL LIABILITY 2 PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*	June 30, 2014*	June 30, 2015**	June 30, 2016***	June 30, 2017	June 30, 2018
Earned Premiums	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217	\$ 22,700,000	\$ 26,484,451	\$ 32,140,342	\$ 46,724,983	\$ 48,889,112
Less Ceded	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	1,806,116	-	-	-	-	-	282,750	-	-
1. Total Revenues Available For Payment of Claims	8,067,696	8,705,570	8,578,800	-	-	-	7,000,000	9,425,000	-	-
2. Unallocated Loss Adjustment Expense	1,677	-	-	-	166,868	101,261	61,919	372,069	236,974	132,232
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	18,463,239	21,085,943	19,925,721	18,075,370	19,467,217	22,700,000	26,484,451	32,423,092	46,724,983	48,889,112
	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)	(22,700,000)	(19,484,451)	(22,998,092)	(46,724,983)	(48,889,112)
	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-	-
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	5,600,000	6,192,816	-	-
Two Years Later	921,340	-	5,250,000	-	-	-	7,000,000	8,928,354	-	-
Three Years Later	8,067,696	4,657,656	5,955,652	-	-	-	7,000,000	-	-	-
Four Years Later	8,067,696	7,657,656	8,578,800	-	-	-	-	-	-	-
Five Years Later	8,067,696	7,858,906	8,578,800	-	-	-	-	-	-	-
Six Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Seven Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Eight Years Later	8,067,696	8,705,570	-	-	-	-	-	-	-	-
Nine Years Later	8,067,696	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	11,214,948	3,723,890	12,373,620	44,700,634	32,552,712	37,561,853	20,517,422	22,805,454	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	8,067,696	6,899,454	8,578,800	-	-	-	7,000,000	9,425,000	-	-
One Year Later	8,067,696	7,834,960	8,578,800	-	-	-	7,000,000	9,425,000	-	-
Two Years Later	8,067,696	8,072,213	8,578,800	-	-	-	7,000,000	9,425,000	-	-
Three Years Later	8,067,696	8,705,570	8,578,800	-	-	-	7,000,000	-	-	-
Four Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Five Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Six Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Seven Years Later	8,067,696	8,705,570	8,578,800	-	-	-	-	-	-	-
Eight Years Later	8,067,696	8,705,570	-	-	-	-	-	-	-	-
Nine Years Later	8,067,696	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ 1,806,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Fully Insured.

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

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



Property

County Members: 54
Public Entity Members: 48

**CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
TOTAL CASH & CASH EQUIVALENTS	<u>-</u>	<u>-</u>
Accounts Receivable:		
Due from Members	17,390,735	15,057,828
Due from Carriers	-	1,489,845
Prepaid Insurance	48,314,027	36,408,157
TOTAL CURRENT ASSETS	<u>65,704,762</u>	<u>52,955,830</u>
Noncurrent Assets:		
Investment in Captive	66,714	66,714
Prepaid Insurance	51,115,750	47,844,989
TOTAL NON-CURRENT ASSETS	<u>51,182,464</u>	<u>47,911,703</u>
TOTAL ASSETS	<u>116,887,226</u>	<u>100,867,533</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	56,308	3,474,761
Due to Other Funds	47,175,085	36,762,761
Due to Members	124,165	97,423
Unearned Fronting Fees	1,391,206	1,331,299
Due to Carriers	1,837,450	-
Claim Liabilities	30,840	125,000
TOTAL CURRENT LIABILITIES	<u>50,615,054</u>	<u>41,791,244</u>
Noncurrent Liabilities:		
Due to Other Funds	51,115,750	47,844,989
Unallocated Loss Adjustment Expense Payable	10,000	120,341
TOTAL NONCURRENT LIABILITIES	<u>51,125,750</u>	<u>47,965,330</u>
TOTAL LIABILITIES	<u>101,740,804</u>	<u>89,756,574</u>
NET POSITION:		
Unrestricted	15,146,422	11,110,959
TOTAL NET POSITION	<u>\$ 15,146,422</u>	<u>\$ 11,110,959</u>

**CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 61,814,119	\$ 57,993,491
Broker Fees	13,670	13,670
Reinsurance Dividends	73,665	101,312
Contributions for Retained Risk	2,498,558	2,505,754
Administration Fees	1,014,598	882,929
Public Entity Fees	-	82,243
Other Income	702,507	615,096
	TOTAL OPERATING REVENUES	62,194,495
OPERATING EXPENSES:		
Dividends to Members	73,665	97,423
Insurance Expense	61,639,485	57,827,247
Broker Fees	-	113,670
Provision for Claims	(204,501)	277,576
Provision for Unallocated Loss Adjustment Expenses	-	4,003
Program Services		
Property Appraisals and Consulting	51,524	104,521
	TOTAL OPERATING EXPENSES	58,424,440
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(633,364)	(560,377)
Transfer Out for Loss Prevention	(94,000)	(160,494)
	TOTAL TRANSFERS	(720,871)
	OPERATING INCOME (LOSS)	3,049,184
NONOPERATING REVENUES (EXPENSES):		
Investment Income	-	2,478
Member Financing Fees	877,372	688,154
Program Financing Expense	(671,489)	(596,247)
	TOTAL NONOPERATING REVENUES (EXPENSES)	94,385
	CHANGES IN NET POSITION	3,143,569
Net Position, Beginning of Year	11,110,959	7,967,390
	NET POSITION, END OF YEAR	\$ 11,110,959

**CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 63,141,610	\$ 61,346,707
Receipts from Others	2,192,352	-
Payments to Others	-	(759,088)
Dividends Paid	(46,923)	(119,545)
Claims Paid	-	(398,300)
Insurance Purchased	(76,816,116)	(59,439,575)
Payments to Suppliers	(1,632,527)	788,697
Internal Activities	<u>12,955,721</u>	<u>(1,446,567)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(205,883)</u>	<u>(27,671)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash from Investment Earnings	-	2,478
Member Financing Fees	877,372	688,154
Investment in Captive	-	(66,714)
Program Financing Expenses	<u>(671,489)</u>	<u>(596,247)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>205,883</u>	<u>27,671</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>-</u>	<u>-</u>
END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 3,829,580	\$ 3,049,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(843,062)	(1,636,246)
Due From or To Other Funds	13,683,085	(725,696)
Prepaid Insurance	(15,176,631)	(1,612,328)
Accounts and Other Payables	(1,554,261)	984,766
Deferred Premium Inflows from Members	59,907	29,370
Claim Liabilities	(94,160)	(120,724)
Unallocated Loss Adjustment Expense Payable	<u>(110,341)</u>	<u>4,003</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (205,883)</u>	<u>\$ (27,671)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(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, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 245,341</u>	<u>\$ 362,062</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>(204,501)</u>	<u>281,579</u>
B. Total incurred claims and claim adjustment expenses	<u>(204,501)</u>	<u>281,579</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>-</u>	<u>398,300</u>
C. Total Payments	<u>-</u>	<u>398,300</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 40,840</u>	<u>\$ 245,341</u>
Current Claim Liabilities	\$ 30,840	\$ 125,000
Noncurrent Claim Liabilities	<u>10,000</u>	<u>120,341</u>
Total Claim Liabilities	<u>\$ 40,840</u>	<u>\$ 245,341</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
PROPERTY PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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:

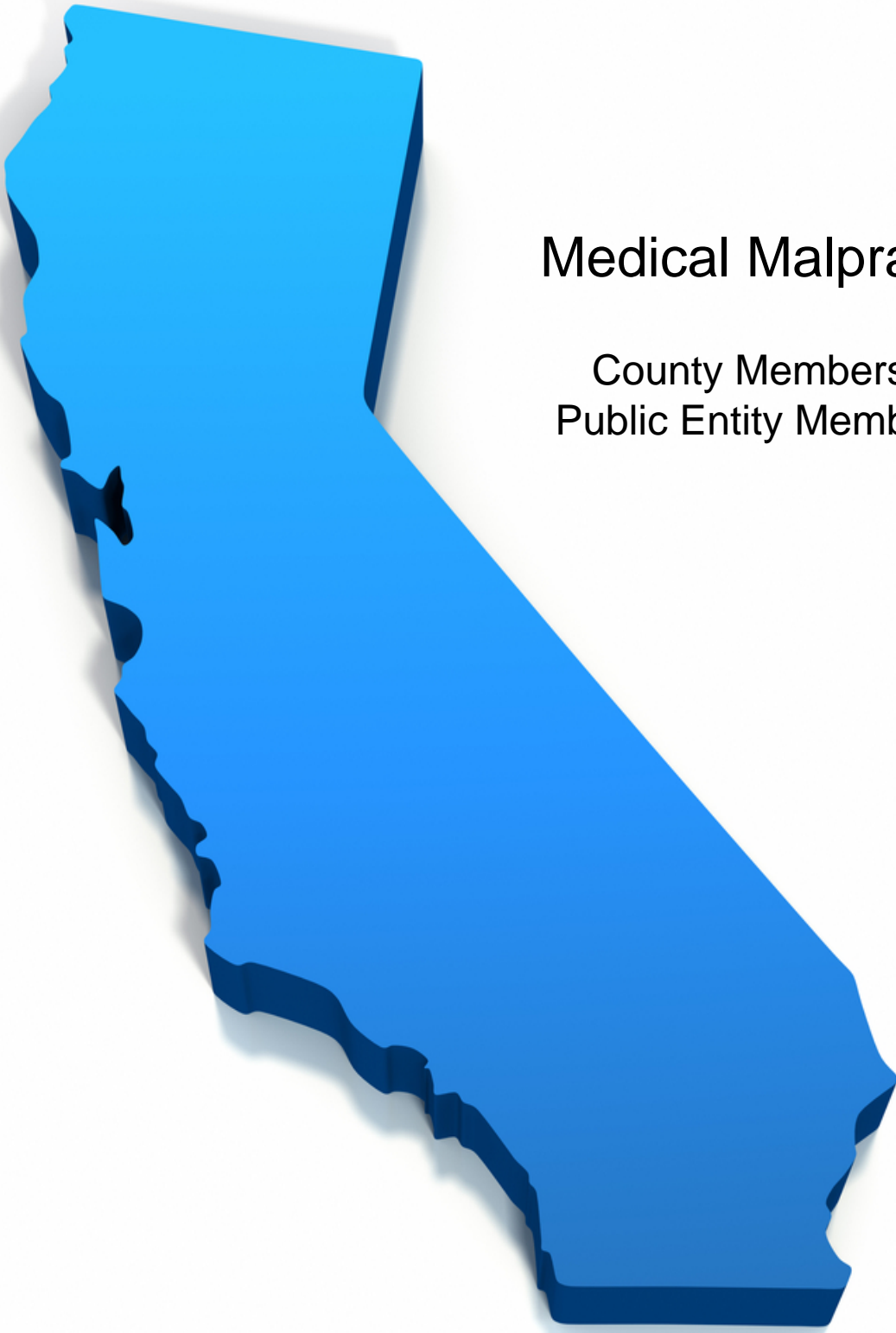
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778	\$ 57,810,264	\$ 61,349,158	\$ 59,095,613	\$ 60,499,245	\$ 64,312,676
Less Ceded	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)	(46,060,305)	(48,609,374)	(49,528,175)	(57,993,491)	(61,588,986)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
1. Total Revenues Available For Payment of Claims	2,253,707	10,489,137	9,555,083	9,822,473	10,572,624	11,749,959	12,739,784	9,567,438	2,505,754	2,723,690
2. Unallocated Loss Adjustment Expense	-	-	78,618	(64,168)	61,715	27,474	23,601	(10,902)	4,003	(110,341)
3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year	39,149,125 (29,149,125) 10,000,000	50,061,693 (40,061,693) 10,000,000	48,415,254 (39,415,254) 9,000,000	50,497,951 (40,497,951) 10,000,000	53,216,154 (43,216,154) 10,000,000	56,060,305 (46,060,305) 10,000,000	58,677,313 (48,609,374) 10,067,939	59,095,613 (49,528,175) 9,567,438	58,118,491 (57,993,491) 125,000	61,588,986 (61,588,986) -
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	10,000,000	9,000,000	2,600,227	5,800,207	4,795,812	10,000,000	9,567,438	-	-
One Year Later	4,949,559	10,000,000	9,000,000	8,782,088	10,000,000	9,409,593	10,206,664	10,152,576	-	-
Two Years Later	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-
Three Years Later	2,013,815	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-
Four Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	1,610,684	55,911,102	2,600,000	7,260,491	12,049,272	41,695,976	8,573,864	22,657,716	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,067,939	9,567,438	125,000	-
One Year Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,206,664	10,152,576	30,840	-
Two Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	10,152,576	-	-
Three Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	10,209,664	-	-	-
Four Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-
Five Years Later	10,000,000	10,000,000	9,000,000	10,000,000	10,000,000	-	-	-	-	-
Six Years Later	10,000,000	10,000,000	9,000,000	10,000,000	-	-	-	-	-	-
Seven Years Later	10,000,000	10,000,000	9,000,000	-	-	-	-	-	-	-
Eight Years Later	10,000,000	10,000,000	-	-	-	-	-	-	-	-
Nine Years Later	10,000,000	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,725	\$ 585,138	\$ (94,160)	\$ -



Medical Malpractice

County Members: 46
Public Entity Members: 6

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 1,719,947	\$ 1,549,568
TOTAL CASH & CASH EQUIVALENTS	<u>1,719,947</u>	<u>1,549,568</u>
Investments	2,882,099	6,391,472
Accounts Receivable		
Due from Members	7,783	-
Investment Income Receivable	171,534	122,808
Reinsurance Receivable	9,100	24,234
Due from Other Funds	3,145,420	2,146,640
Prepaid Insurance	1,529,050	1,557,354
TOTAL CURRENT ASSETS	<u>9,464,933</u>	<u>11,792,076</u>
Noncurrent Assets:		
Investments	29,712,751	25,184,966
Investment in Captive	253,487	253,487
Due from Other Funds	3,742,948	3,085,407
TOTAL NONCURRENT ASSETS	<u>33,709,186</u>	<u>28,523,860</u>
TOTAL ASSETS	<u>43,174,119</u>	<u>40,315,936</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	440,364	-
Unearned Income	3,473,039	3,329,842
Claim Liabilities	9,603,667	9,361,717
TOTAL CURRENT LIABILITIES	<u>13,517,070</u>	<u>12,691,559</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	9,603,666	9,361,717
Claims Incurred But Not Reported	11,597,674	9,710,001
Unallocated Loss Adjustment Expense Payables	1,151,000	1,840,794
TOTAL NONCURRENT LIABILITIES	<u>22,352,340</u>	<u>20,912,512</u>
TOTAL LIABILITIES	<u>35,869,410</u>	<u>33,604,071</u>
NET POSITION:		
Unrestricted	7,304,709	6,711,865
TOTAL NET POSITION	<u>\$ 7,304,709</u>	<u>\$ 6,711,865</u>

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 6,145,622	\$ 6,087,843
Broker Fees	6,191	7,810
Contributions for Retained Risk	7,793,776	7,128,822
Administration Fees	1,183,812	1,025,882
Public Entity Fees	-	424
Program Development Fee	-	1,700
Other Income	6,041	-
	TOTAL OPERATING REVENUES	14,252,481
	15,135,442	14,252,481
OPERATING EXPENSES:		
Insurance Expense	6,144,774	6,087,843
Broker Fees	6,191	7,810
Provision for Claims		
Current Year Claims	6,135,841	5,852,065
Prior Years' Claims	1,984,345	692,516
Provision for Unallocated Loss Adjustment Expenses	(689,794)	66,899
Program Services:		
Actuarial and Consulting Services	22,029	12,630
Claim Administration Services	410,000	402,955
Loss Prevention Training	11,999	13,576
Crisis Incident Management	3,900	-
	TOTAL OPERATING EXPENSES	13,136,294
	14,029,285	13,136,294
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(555,024)	(545,290)
Transfer Out for Loss Prevention	(50,000)	(48,260)
	TOTAL TRANSFERS	(593,550)
	(605,024)	(593,550)
	OPERATING INCOME (LOSS)	522,637
	501,133	522,637
NONOPERATING REVENUES (EXPENSES):		
Investment Income	91,711	117,484
	TOTAL NONOPERATING REVENUE (EXPENSE)	117,484
	91,711	117,484
	CHANGES IN NET POSITION	640,121
	592,844	640,121
Net Position, Beginning of Year	6,711,865	6,071,744
	NET POSITION, END OF YEAR	\$ 6,711,865
	\$ 7,304,709	\$ 6,711,865

**CSAC EXCESS INSURANCE AUTHORITY
MEDICAL MALPRACTICE PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 15,264,813	\$ 14,643,098
Receipts from Others	21,175	-
Payments to Others	-	(22,534)
Claims Paid	(5,748,614)	(4,110,696)
Insurance Purchased	(6,116,470)	(6,231,817)
Payments to Suppliers	(13,754)	(436,970)
Internal Activities	(2,261,345)	(1,135,616)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,145,805	2,705,465
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(15,028,595)	(23,340,762)
Sales of Securities	13,600,410	20,347,668
Cash from Investment Earnings	452,759	650,620
Investment in Captive	-	(253,487)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(975,426)	(2,595,961)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	170,379	109,504
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	1,549,568	1,440,064
END OF YEAR	\$ 1,719,947	\$ 1,549,568
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 501,133	\$ 522,637
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	7,350	72,475
Due From or To Other Funds	(1,656,321)	(542,066)
Prepaid Insurance	28,304	(143,974)
Accounts and Other Payables	440,364	-
Unearned Income	143,197	295,609
Claim Liabilities	2,371,572	2,433,885
Unallocated Loss Adjustment Expense Payable	(689,794)	66,899
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,145,805	\$ 2,705,465
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ (409,774)	\$ (560,929)

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, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 30,274,229</u>	<u>\$ 27,773,445</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	5,446,047	5,918,964
Increase (Decrease) in the provision for claims of prior fiscal years	<u>1,984,345</u>	<u>692,516</u>
B. Total incurred claims and claim adjustment expenses	<u>7,430,392</u>	<u>6,611,480</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	37,635	37,635
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>5,710,979</u>	<u>4,073,061</u>
C. Total Payments	<u>5,748,614</u>	<u>4,110,696</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 31,956,007</u>	<u>\$ 30,274,229</u>
Current Claim Liabilities	\$ 9,603,667	\$ -
Noncurrent Claim Liabilities	22,352,340	30,274,229
Total Claim Liabilities	<u>\$ 31,956,007</u>	<u>\$ 30,274,229</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
MEDICAL MALPRACTICE PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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:

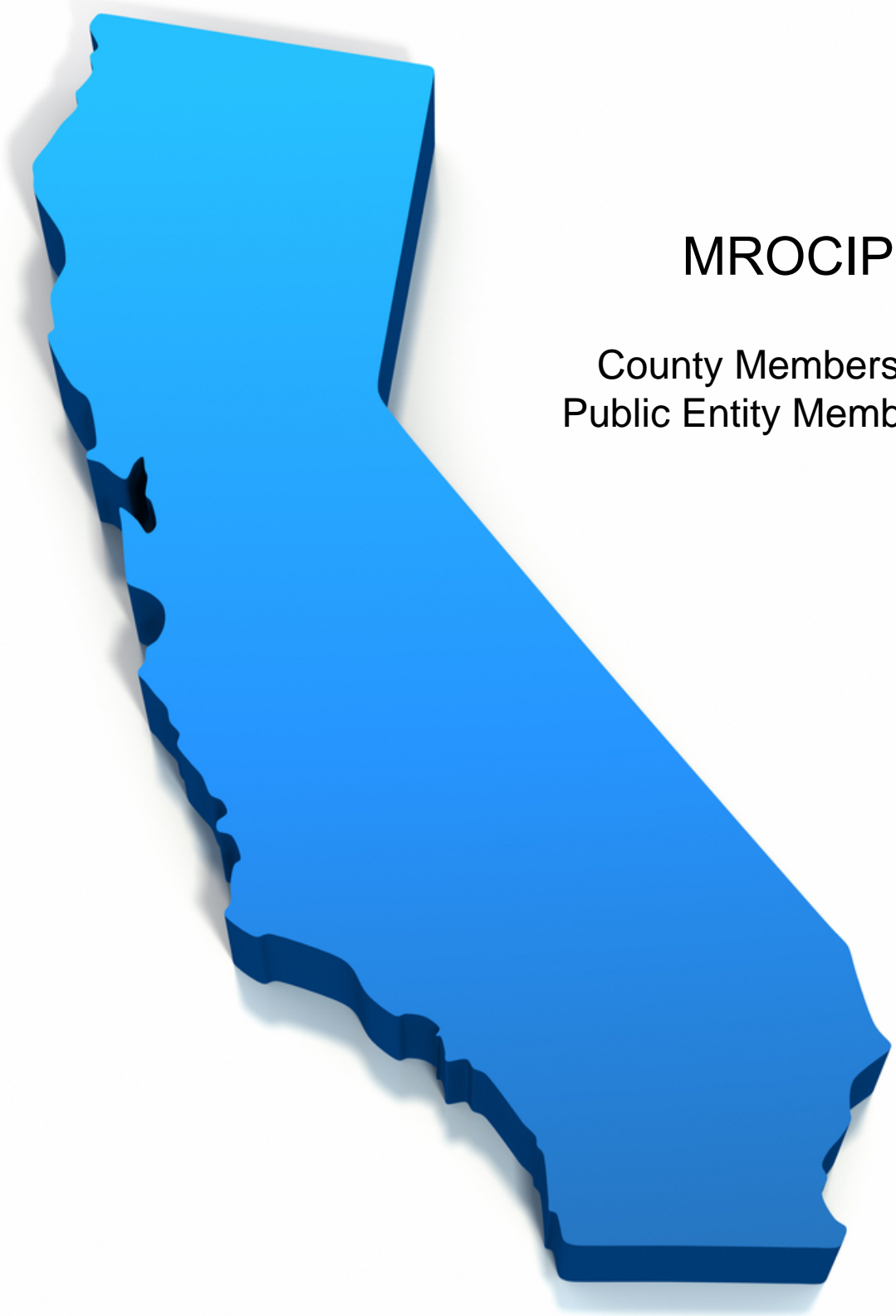
1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 12,974,062	\$ 12,133,259	\$ 12,159,000	\$ 12,377,511	\$ 13,376,499	\$ 12,155,931
Less Ceded	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)	(5,317,928)	(5,278,339)	(5,587,223)	(6,087,843)	(6,145,622)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	584,838	747,618	(117,795)	234,414	365,946	385,921	185,628	179,177	37,606	146,698
1. Total Revenues Available For Payment of Claims	6,875,204	7,825,912	5,922,772	5,965,297	7,047,362	7,201,252	7,066,289	6,969,465	7,326,262	6,157,007
2. Unallocated Loss Adjustment Expense	21,144	4,142	12,795	11,841	62,176	13,783	144,112	349,847	302,480	228,680
3. Estimated Incurred Claims Less Ceded Claims	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
Net Incurred Claims and Expenses, End of Policy Year	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	23,848	51,305	26,698	3,528	-	-	17,502	37,635	15,523
One Year Later	148,321	96,315	1,282,361	181,822	436,672	-	503,920	243,443	1,894,067	-
Two Years Later	1,371,988	906,689	1,826,879	1,822,542	4,141,591	385,965	1,772,706	1,261,135	-	-
Three Years Later	4,639,462	3,037,613	4,381,548	4,209,215	4,432,593	1,514,858	3,565,148	-	-	-
Four Years Later	4,715,066	3,116,185	5,261,575	4,502,133	4,470,975	1,553,550	-	-	-	-
Five Years Later	4,715,783	3,914,587	6,171,816	4,551,386	4,886,993	-	-	-	-	-
Six Years Later	5,083,559	3,914,587	7,533,622	4,589,603	-	-	-	-	-	-
Seven Years Later	5,083,559	3,914,587	7,542,863	-	-	-	-	-	-	-
Eight Years Later	5,083,559	3,914,587	-	-	-	-	-	-	-	-
Nine Years Later	5,647,816	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	15,456,206	5,621,059	3,285,129	5,000	-	795,000	252,555	6,750,000	11,305,556	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626	5,239,961	5,527,822	5,528,616	5,852,065	6,135,842
One Year Later	4,293,989	3,957,784	5,161,374	5,583,913	5,064,126	4,950,026	8,550,054	6,575,046	9,989,538	-
Two Years Later	7,437,370	5,661,931	7,402,556	6,070,219	6,893,606	6,224,082	10,203,303	10,624,337	-	-
Three Years Later	8,050,504	5,510,518	8,022,661	5,999,806	6,955,612	4,768,898	7,422,110	-	-	-
Four Years Later	6,749,092	5,230,415	8,527,423	4,963,502	6,855,621	1,922,429	-	-	-	-
Five Years Later	6,492,782	5,384,999	8,227,495	4,884,004	6,551,064	-	-	-	-	-
Six Years Later	6,123,618	4,170,539	8,079,940	4,906,506	-	-	-	-	-	-
Seven Years Later	6,225,001	4,057,725	7,885,314	-	-	-	-	-	-	-
Eight Years Later	6,211,448	4,025,453	-	-	-	-	-	-	-	-
Nine Years Later	6,213,699	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 1,832,129	\$ (798,649)	\$ 2,963,585	\$ (281,829)	\$ 1,337,438	\$ (3,317,532)	\$ 1,894,288	\$ 5,095,721	\$ 4,137,473.00	\$ -



MROCIP

County Members: 11
Public Entity Members: 4

**CSAC EXCESS INSURANCE AUTHORITY
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 15,739	\$ 12,729
TOTAL CASH & CASH EQUIVALENTS	15,739	12,729
Investments	26,373	52,504
Accounts Receivable:		
Due from Members	-	2,360,060
Investment Income Receivable	1,570	1,009
Due from Other Funds	28,783	17,634
Prepaid Insurance	4,142,179	9,059,370
TOTAL CURRENT ASSETS	4,214,644	11,503,306
Noncurrent Assets:		
Investments	271,893	206,890
Investment in Captive	654	654
Due From Other Funds	34,251	25,346
TOTAL NONCURRENT ASSETS	306,798	232,890
TOTAL ASSETS	4,521,442	11,736,196
LIABILITIES:		
Current Liabilities:		
Accounts Payable	-	2,322,477
Unearned Income	4,188,519	9,154,593
TOTAL CURRENT LIABILITIES	4,188,519	11,477,070
TOTAL LIABILITIES	4,188,519	11,477,070
NET POSITION:		
Unrestricted	332,924	259,126
TOTAL NET POSITION	\$ 332,924	\$ 259,126

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, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premium for Transferred Risk	\$ 12,266,159	\$ 10,664,009
Administration Fees	172,001	150,110
Other Income	-	104,060
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	12,438,160	10,918,179
	<hr/>	<hr/>
OPERATING EXPENSES:		
Insurance Expense	12,266,158	10,664,009
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	12,266,158	10,664,009
	<hr/>	<hr/>
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(100,320)	(95,835)
	<hr/>	<hr/>
TOTAL TRANSFERS	(100,320)	(95,835)
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	71,682	158,335
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	1,801	400
Member Financing Fees	315	-
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	2,116	400
	<hr/>	<hr/>
CHANGES IN NET POSITION	73,798	158,735
	<hr/>	<hr/>
Net Position, Beginning of Year	259,126	100,391
	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 332,924	\$ 259,126
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 9,832,147	\$ 14,547,176
Insurance Purchased	(9,671,444)	(14,130,270)
Internal Activities	<u>(120,374)</u>	<u>(222,710)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>40,329</u>	<u>194,196</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(313,961)	(255,457)
Sales of Securities	267,041	69,378
Cash from Investment Earnings	9,286	1,549
Finance Fees from Members	315	-
Investment in Captive	<u>-</u>	<u>(654)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(37,319)</u>	<u>(185,184)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	3,010	9,012
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>12,729</u>	<u>3,717</u>
END OF YEAR	<u><u>\$ 15,739</u></u>	<u><u>\$ 12,729</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 71,682	\$ 158,335
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	2,360,060	(1,861,014)
Due From or To Other Funds	(20,053)	(126,875)
Prepaid Insurance	4,917,191	(5,437,120)
Accounts and Other Payables	(2,322,477)	1,970,859
Unearned Income	<u>(4,966,074)</u>	<u>5,490,011</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 40,329</u></u>	<u><u>\$ 194,196</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u><u>\$ (8,046)</u></u>	<u><u>\$ (1,913)</u></u>



EIAHealth

County Members: 14
Public Entity Members: 22

**CSAC EXCESS INSURANCE AUTHORITY
EIAHEALTH PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 313,944	\$ 198,125
TOTAL CASH & CASH EQUIVALENTS	313,944	198,125
Investments	526,074	817,203
Accounts Receivable		
Due from Members	18,061	-
Investment Income Receivable	31,310	15,702
Due from Other Funds	574,138	274,466
TOTAL CURRENT ASSETS	<u>1,463,527</u>	<u>1,305,496</u>
Noncurrent Assets:		
Investments	5,423,513	3,220,110
Investment in Captive	77,472	77,472
Due from Other Funds	683,206	394,495
TOTAL NONCURRENT ASSETS	<u>6,184,191</u>	<u>3,692,077</u>
TOTAL ASSETS	<u>7,647,718</u>	<u>4,997,573</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	3,837,778	1,164,254
Dividends Payable to Members	2,173,093	2,193,327
Unearned Income	7,535	4,905
TOTAL CURRENT LIABILITIES	<u>6,018,406</u>	<u>3,362,486</u>
TOTAL LIABILITIES	<u>6,018,406</u>	<u>3,362,486</u>
NET POSITION:		
Unrestricted	1,629,312	1,635,087
TOTAL NET POSITION	<u>\$ 1,629,312</u>	<u>\$ 1,635,087</u>

**CSAC EXCESS INSURANCE AUTHORITY
EIAHEALTH PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Premiums for Transferred Risk	\$ 370,928,324	\$ 265,398,755
Broker Fees	3,114,826	2,509,394
Health Reform Fees and Taxes	116,672	606,278
Administration Fees	504,291	387,825
TPA Claims Administration Fees	19,352,948	14,747,443
Eligibility Administration Fees	2,601,955	1,777,998
Other Income	53,093	18,844
	<u>396,672,109</u>	<u>285,446,537</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Interest on Dividends to Members	8,174	15,857
Insurance Premiums and TPA Fees	390,318,545	280,557,562
Eligibility Administration	2,601,955	1,777,998
Health Reform Fees and Taxes	116,674	606,278
Broker Fees	3,114,826	2,509,394
Program Services		
Actuarial Consulting Services	48,000	50,745
EIAHealth Seminar	70,934	37,948
Bank Services and Fees	-	1,500
	<u>396,279,108</u>	<u>285,557,282</u>
TOTAL OPERATING EXPENSES		
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(412,105)	(444,826)
	<u>(412,105)</u>	<u>(444,826)</u>
TOTAL TRANSFERS		
OPERATING INCOME (LOSS)	<u>(19,104)</u>	<u>(555,571)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	13,329	(6,687)
	<u>13,329</u>	<u>(6,687)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
CHANGES IN NET POSITION	(5,775)	(562,258)
Net Position, Beginning of Year	1,635,087	2,197,345
NET POSITION, END OF YEAR	<u>\$ 1,629,312</u>	<u>\$ 1,635,087</u>

**CSAC EXCESS INSURANCE AUTHORITY
EIAHEALTH PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 396,656,678	\$ 285,540,108
Dividends Paid	(28,408)	(5,063,820)
Insurance Purchased	(390,318,545)	(280,557,562)
Payments to Suppliers	(3,207,931)	(5,241,496)
Other Program Expense	(70,934)	(37,948)
Internal Activities	(1,000,488)	319,596
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,030,372	(5,041,122)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(3,948,441)	4,869,948
Sales of Securities	1,976,613	-
Cash from Investment Earnings	57,275	6,650
Investment in Captive	-	(77,472)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,914,553)	4,799,126
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	115,819	(241,996)
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	198,125	440,121
END OF YEAR	\$ 313,944	\$ 198,125
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (19,104)	\$ (555,571)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(18,061)	88,666
Due From or To Other Funds	(588,383)	764,422
Accounts and Other Payables	2,655,920	(5,338,639)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,030,372	\$ (5,041,122)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ (59,554)	\$ -



Dental

County Members: 32
Public Entity Members: 122

**CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 759,793	\$ 733,086
TOTAL CASH & CASH EQUIVALENTS	759,793	733,086
Investments	1,273,178	3,023,745
Accounts Receivable		
Due from Members	797,640	1,002,159
Investment Income Receivable	75,776	58,099
Deposits With Carrier	245,000	245,000
Due from Other Funds	1,389,502	1,015,555
TOTAL CURRENT ASSETS	<u>4,540,889</u>	<u>6,077,644</u>
Noncurrent Assets:		
Investments	13,125,724	11,914,771
Investment in Captive	129,055	129,055
Due from Other Funds	1,653,462	1,459,677
TOTAL NONCURRENT ASSETS	<u>14,908,241</u>	<u>13,503,503</u>
TOTAL ASSETS	<u>19,449,130</u>	<u>19,581,147</u>
LIABILITIES:		
Current Liabilities:		
Legacy Stabilization Fund	876,636	-
Dental Claim Liabilities	1,826,677	1,927,909
TOTAL CURRENT LIABILITIES	<u>2,703,313</u>	<u>1,927,909</u>
TOTAL LIABILITIES	<u>2,703,313</u>	<u>1,927,909</u>
NET POSITION:		
Unrestricted	16,745,817	17,653,238
TOTAL NET POSITION	<u>\$ 16,745,817</u>	<u>\$ 17,653,238</u>

**CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Contribution for Retained Risk	\$ 33,604,042	\$ 32,978,281
Eligibility Admin Fee Revenue	382,080	371,639
Broker Fees	1,661,721	1,588,092
	<u>35,647,843</u>	<u>34,938,012</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Provision for Claims, Current Year	31,142,949	29,186,280
Broker Fees	1,661,721	1,588,092
Stabilization Funds Distributed	47,210	64,106
Claims Administration and Eligibility Fees	2,639,728	2,479,426
Other Program Services	22,533	14,287
	<u>35,514,141</u>	<u>33,332,191</u>
TOTAL OPERATING EXPENSES		
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	<u>(220,738)</u>	<u>(227,351)</u>
	<u>(220,738)</u>	<u>(227,351)</u>
TOTAL TRANSFERS		
OPERATING INCOME (LOSS)	<u>(87,036)</u>	<u>1,378,470</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	<u>56,251</u>	<u>53,268</u>
	<u>56,251</u>	<u>53,268</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
CHANGES IN NET POSITION	<u>(30,785)</u>	<u>1,431,738</u>
Beginning of Year, as Previously Reported	17,653,238	16,221,500
Adjustment to Beginning Net Position		
Reclassification of Legacy Stabilization Funds	<u>(876,636)</u>	<u>-</u>
Beginning of Year, as Restated	<u>16,776,602</u>	<u>16,221,500</u>
NET POSITION, END OF YEAR	<u>\$ 16,745,817</u>	<u>\$ 17,653,238</u>

**CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 35,852,362	\$ 34,328,266
Stabilization Funds Distributed	(47,210)	(64,106)
Claims Paid	(31,244,181)	(29,681,477)
Payments to Suppliers	(4,323,982)	(4,081,804)
Internal Activities	<u>(788,470)</u>	<u>(314,826)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(551,481)</u>	<u>186,053</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(8,053,545)	(9,592,639)
Sales of Securities	8,341,824	9,237,370
Cash from Investment Earnings	289,909	298,193
Investment in Captive	<u>-</u>	<u>(129,055)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>578,188</u>	<u>(186,131)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,707	(78)
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>733,086</u>	<u>733,164</u>
END OF YEAR	<u><u>\$ 759,793</u></u>	<u><u>\$ 733,086</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (87,036)	\$ 1,378,470
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	204,519	(609,745)
Due From or To Other Funds	(567,732)	(87,475)
Claim Liabilities	<u>(101,232)</u>	<u>(495,197)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (551,481)</u></u>	<u><u>\$ 186,053</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u><u>\$ (254,649)</u></u>	<u><u>\$ (254,649)</u></u>

**CSAC EXCESS INSURANCE AUTHORITY
DENTAL PROGRAM
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,927,909</u>	<u>\$ 2,423,106</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>31,142,949</u>	<u>29,186,280</u>
B. Total incurred claims and claim adjustment expenses	<u>31,142,949</u>	<u>29,186,280</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	31,244,181	29,681,477
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>-</u>	<u>-</u>
C. Total Payments	<u>31,244,181</u>	<u>29,681,477</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 1,826,677</u>	<u>\$ 1,927,909</u>
Current Claim Liabilities	<u>\$ 1,826,677</u>	<u>\$ 1,927,909</u>
Total Claim Liabilities	<u>\$ 1,826,677</u>	<u>\$ 1,927,909</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
DENTAL PROGRAM
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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, 2018**

POLICY YEAR	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Earned Premiums	\$ -	\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135	\$ 31,210,281	\$ 32,028,794	\$ 31,736,745	\$ 32,978,281	\$ 33,604,042
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	32,978,281	33,604,042
2. Unallocated Loss Adjustment Expense	-	-	-	-	-	-	-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims 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	29,186,280	31,142,949
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	29,186,280	31,142,949
One Year Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	29,186,280	-
Two Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	29,738,033	-	-
Three Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	26,917,532	-	-	-
Four Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	24,283,069	-	-	-	-
Five Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-	-
Six Years Later	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-	-
Seven Years Later	-	5,551,354	19,689,432	-	-	-	-	-	-	-
Eight Years Later	-	5,551,354	-	-	-	-	-	-	-	-
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	29,186,280	31,142,949
One Year Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	29,186,280	-
Two Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	29,738,033	-	-
Three Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	26,917,532	-	-	-
Four Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	26,483,069	-	-	-	-
Five Years Later	-	5,551,354	19,689,432	23,453,293	25,691,975	-	-	-	-	-
Six Years Later	-	5,551,354	19,689,432	23,453,293	-	-	-	-	-	-
Seven Years Later	-	5,551,354	19,689,432	-	-	-	-	-	-	-
Eight Years Later	-	5,551,354	-	-	-	-	-	-	-	-
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



Miscellaneous Programs

**CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash, EIA Treasury	\$ 80,046	\$ 76,643
TOTAL CASH & CASH EQUIVALENTS	80,046	76,643
Investments	134,132	316,129
Accounts Receivable		
Due From Members	100,096	27,000
Investment Income Receivable	7,983	6,074
Other Receivables	-	11,638
Due from Other Funds	146,386	106,175
Prepaid Insurance	-	151,879
TOTAL CURRENT ASSETS	468,643	695,538
Noncurrent Assets:		
Investments	1,382,818	1,245,674
Investment in Captive	14,907	14,907
Due from Other Funds	174,195	152,607
TOTAL NONCURRENT ASSETS	1,571,920	1,413,188
TOTAL ASSETS	2,040,563	2,108,726
LIABILITIES:		
Current Liabilities:		
Accounts Payable	92,707	8,641
Due to Members	16,396	91,516
Unearned Income	17,151	220,149
TOTAL CURRENT LIABILITIES	126,254	320,306
TOTAL LIABILITIES	126,254	320,306
NET POSITION:		
Unrestricted	1,914,309	1,788,420
TOTAL NET POSITION	\$ 1,914,309	\$ 1,788,420

**CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Dividends	\$ 20,239	\$ 91,516
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	4,326,148	3,950,536
Watercraft Insurance	258,158	233,832
Aviation Insurance	1,402,986	1,220,560
Course of Construction Insurance	104,634	1,215,942
Crime and Honesty Bonds	1,431,295	1,307,857
SPIP/SLIP	63,809	40,086
Cyber Liability	1,357,183	1,233,646
Pollution Liability	621,115	503,186
Inmate Medical Insurance	465,520	482,301
Employee Assistance Program	1,706,792	1,726,353
Life, Long-Term Disability and ADD Insurance	18,297,787	16,896,040
Vision Insurance	-	4,669,713
Other Miscellaneous Programs	131,895	174,690
	<u>30,187,561</u>	<u>33,746,258</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Member Dividends	20,239	91,516
Insurance Premiums:		
Optional Excess Liability Insurance	4,326,150	3,950,538
Watercraft Insurance	258,157	233,832
Aviation Insurance	1,402,987	1,220,560
Course of Construction Insurance	104,635	1,215,942
Crime and Honesty Bonds	1,431,295	1,307,855
SPIP/SLIP	63,809	40,085
Cyber Liability	1,357,183	1,222,920
Pollution Liability	621,114	503,189
Inmate Medical Insurance	465,519	482,299
Employee Assistance Program	1,703,687	1,714,771
Life, Long-Term Disability and ADD Insurance	18,172,148	16,948,640
Vision Insurance	-	4,669,713
Other Miscellaneous Programs	131,893	174,690
	<u>30,058,816</u>	<u>33,776,550</u>
TOTAL OPERATING EXPENSES		
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(13,712)	(15,692)
	<u>(13,712)</u>	<u>(15,692)</u>
TOTAL TRANSFERS		
	<u>(13,712)</u>	<u>(15,692)</u>
OPERATING INCOME (LOSS)	<u>\$ 115,033</u>	<u>\$ (45,984)</u>

**CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	\$ 10,815	\$ 6,077
Member Finance Fees	<u>41</u>	<u>22</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>10,856</u>	<u>6,099</u>
CHANGES IN NET POSITION	125,889	(39,885)
Net Position, Beginning of Year	<u>1,788,420</u>	<u>1,828,305</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,914,309</u></u>	<u><u>\$ 1,788,420</u></u>

**CSAC EXCESS INSURANCE AUTHORITY
MISCELLANEOUS PROGRAMS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 29,891,229	\$ 32,756,254
Insurance Purchased	(29,790,994)	(32,910,463)
Receipts from Others	20,239	91,517
Dividends Paid	(95,359)	(89,553)
Internal Activities	<u>(75,511)</u>	<u>1,340</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(50,396)</u>	<u>(150,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(1,607,255)	(930,678)
Sales of Securities	1,603,786	1,053,781
Financing Fees	41	22
Cash from Investment Earnings	57,227	34,641
Investment in Captive	<u>-</u>	<u>(14,907)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>53,799</u>	<u>142,859</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,403	(8,046)
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	<u>76,643</u>	<u>84,689</u>
END OF YEAR	<u>\$ 80,046</u>	<u>\$ 76,643</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 115,033	\$ (45,984)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(61,458)	(38,639)
Due From or To Other Funds	(61,799)	17,032
Prepaid Insurance	151,879	787,176
Accounts and Other Payables	8,947	997
Unearned Income	<u>(202,998)</u>	<u>(871,487)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (50,396)</u>	<u>\$ (150,905)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u>\$ (48,321)</u>	<u>\$ (29,050)</u>



General
Administration
and
Building

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION AND BUILDING
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Cash in Bank	425,435	278,594
Cash, EIA Treasury	<u>565,332</u>	<u>505,153</u>
TOTAL CASH & CASH EQUIVALENTS	991,067	784,047
Investments	947,322	2,083,593
Accounts Receivable		
Due from Members	77,164	346,590
Investment Income Receivable	56,382	40,035
Other Receivables	2,722	99
Due from Other Funds	1,033,874	699,796
Prepaid Expense	<u>61,832</u>	<u>72,718</u>
TOTAL CURRENT ASSETS	<u>3,170,363</u>	<u>4,026,878</u>
Noncurrent Assets:		
Investments	9,766,334	8,210,193
Due from Other Funds	1,230,276	1,005,830
Capital Assets:		
Land	1,000,000	1,000,000
Building	5,755,255	5,737,755
Less Accumulated Depreciation, Building	(956,513)	(842,691)
Tenant Improvements	2,362,336	2,362,336
Less Accumulated Depreciation, Tenant Improvements	(1,302,403)	(1,151,134)
Office Furniture and Equipment	1,538,419	1,381,531
Computer Software	4,838,124	3,716,043
Less Accumulated Depreciation	<u>(3,030,176)</u>	<u>(2,365,600)</u>
TOTAL NONCURRENT ASSETS	<u>21,201,652</u>	<u>19,054,263</u>
TOTAL ASSETS	<u>24,372,015</u>	<u>23,081,141</u>
Deferred Outflows of Resources:		
Deferred Outflows on Pensions and OPEB	1,718,920	1,537,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,718,920</u>	<u>\$ 1,537,233</u>

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION AND BUILDING
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 617,975	\$ 448,069
Due to Members	-	449,765
Risk Mgmt. Subsidy deposits	2,000,000	-
Compensated Absences	101,937	91,826
Unearned Income	7,237	5,844
Due to Other Funds	481,657	481,657
Security Deposits	28,473	28,473
	TOTAL CURRENT LIABILITIES	1,505,634
Noncurrent Liabilities:		
Risk Mgmt. Subsidy deposits	5,974,043	-
Compensated Absences	407,748	367,306
Other Post Employment Benefits	823,272	207,584
Net Pension Liability	1,603,286	1,092,027
Due to Other Funds	6,072,924	5,687,129
	TOTAL NONCURRENT LIABILITIES	7,354,046
	TOTAL LIABILITIES	8,859,680
Deferred Inflows of Resources:		
Deferred Inflows on Pensions and OPEB	1,144,292	1,466,353
	TOTAL INFLOWS OF RESOURCES	1,466,353
NET POSITION:		
Net Investment in Capital Assets	10,205,042	9,838,240
Unrestricted	(3,376,951)	4,454,101
	TOTAL NET POSITION	\$ 14,221,461
	\$ 6,828,091	\$ 14,221,461

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION AND BUILDING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Member Services		
Claims Information Systems	\$ 398,308	\$ 619,810
EIA Drug and Alcohol Monitoring Consortium	600	-
Loss Prevention Seminars and Crisis Incident Carrier Contr.	-	72,000
Insurance Certificate Tracking Service	238,638	243,434
Other Income		
Personal Lines Insurance Program Income	79,969	79,113
Shared Cost Agreements	60,943	41,386
Other Income	73,485	385,028
TOTAL REVENUES	851,943	1,440,771
EXPENSES:		
Salaries and Benefits	10,024,166	9,813,830
Staff Support	1,086,898	919,967
Services and Supplies	1,799,567	1,766,686
Member Services	1,915,752	1,959,453
Subsidies	718,937	793,691
Building Maintenance and Operating Expense	609,658	184,838
Depreciation and Amortization	815,174	664,821
TOTAL EXPENSES	16,970,152	16,103,286
TRANSFERS IN OR (OUT):		
Transfers In from		
Excess Workers' Compensation	5,175,590	4,842,161
Primary Workers' Compensation	5,041,856	4,687,493
Dental	220,738	227,351
EIAHealth	412,105	444,826
General Liability I	2,584,728	2,379,410
Primary General Liability	689,831	551,579
General Liability II	1,518,286	1,419,917
Miscellaneous Programs	13,712	15,692
Property	727,364	720,871
Medical Malpractice	605,024	593,550
Master Rolling Owner Controlled Ins. Program	100,320	95,835
Excess Insurance Authority	75,000	25,000
TOTAL TRANSFERS	17,164,554	16,003,685
OPERATING INCOME (LOSS)	\$ 1,046,345	\$ 1,341,170

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION AND BUILDING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	\$ 11,731	\$ 10,904
Lease Income	446,444	463,338
Investment Expenses	(252,960)	(264,230)
Building Maintenance and Operating Expense	(459,919)	(128,412)
Depreciation and Amortization	(120,695)	(129,741)
Building Program Financing Expense	<u>(84,254)</u>	<u>(75,366)</u>
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>(459,653)</u>	<u>(123,507)</u>
CHANGES IN NET POSITION	586,692	1,217,663
Beginning of Year, as Previously Reported	14,292,341	13,074,678
Adjustment to Beginning Net Position	<u>(8,050,942)</u>	<u>-</u>
Beginning of Year, as Restated	<u>6,241,399</u>	<u>13,074,678</u>
NET POSITION, END OF YEAR	<u>\$ 6,828,091</u>	<u>\$ 14,292,341</u>

**CSAC EXCESS INSURANCE AUTHORITY
GENERAL ADMINISTRATION AND BUILDING
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Members	\$ 384,658	\$ 1,633,350
Receipts from Others	208,816	266,906
Payments to Suppliers	(5,950,020)	(5,310,856)
Payments to Employees	(9,350,413)	(8,775,813)
Internal Activities	16,991,825	14,621,148
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,284,866</u>	<u>2,434,735</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Purchase of Capital Assets	<u>(1,302,670)</u>	<u>(1,053,923)</u>
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(1,302,670)</u>	<u>(1,053,923)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Securities	(2,212,015)	(7,836,375)
Sales of Securities	1,739,727	1,890,883
Cash from Investment Earnings	47,801	37,343
Investment Expenses	(252,960)	(264,230)
Lease Receipts	446,444	463,338
Operating Lease Disbursements	(459,919)	(128,410)
Building Program Financing Expenses	<u>(84,254)</u>	<u>(75,366)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(775,176)</u>	<u>(5,912,817)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	207,020	(4,532,005)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	<u>784,047</u>	<u>5,316,052</u>
END OF YEAR	<u>\$ 991,067</u>	<u>\$ 784,047</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 1,046,345	\$ 1,341,170
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	815,174	664,821
Changes in Assets and Liabilities		
Accounts Receivable, Net	266,803	3,876
Due From or To Other Funds	(172,729)	(1,382,537)
Prepaid Expense	10,886	(9,027)
Deferred Outflows of Resources	(181,687)	1,791,879
Accounts and Other Payables	258,929	880,629
Compensated Absences	50,553	48,704
Deferred Inflows of Resources	(320,668)	28,122
Post Employment Benefits	511,260	(932,902)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,284,866</u>	<u>\$ 2,434,735</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	<u>\$ (52,417)</u>	<u>\$ (52,126)</u>

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



Excess Insurance Organization

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Current Assets:		
Cash in Banks	\$ 830,787	\$ 278,916
Cash, Treasury	2,235,146	1,275,636
	<hr/>	<hr/>
TOTAL CASH & CASH EQUIVALENTS	3,065,933	1,554,552
Investments	11,268,906	9,965,116
Accounts Receivable		
Due from Members	-	3,244,790
Investment Income Receivable	695,481	190,027
Prefunded Deposit	2,500,000	2,500,000
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	17,530,320	17,454,485
Noncurrent Assets:		
Investments	142,341,765	59,173,029
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	142,341,765	59,173,029
	<hr/>	<hr/>
TOTAL ASSETS	159,872,085	76,627,514
LIABILITIES:		
Current Liabilities:		
Unearned Revenue	7,566,000	-
Accounts Payable	5,799,158	6,989,955
Claims Liabilities	42,500,000	10,500,000
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	55,865,158	17,489,955
Noncurrent Liabilities:		
Claims Reported	28,603,247	27,831,284
Claims Incurred But Not Reported	61,744,473	22,310,450
	<hr/>	<hr/>
TOTAL NONCURRENT LIABILITIES	90,347,720	50,141,734
	<hr/>	<hr/>
TOTAL LIABILITIES	146,212,878	67,631,689
NET POSITION:		
Capital Stock	5,000,000	5,000,000
Unrestricted	8,659,207	3,995,825
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 13,659,207	\$ 8,995,825
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
OPERATING REVENUES:		
Contributions for Retained Risk	\$ 96,982,623	\$ 76,851,052
TOTAL OPERATING REVENUES	<u>96,982,623</u>	<u>76,851,052</u>
OPERATING EXPENSES:		
Provision for Claims, Current Year	95,639,941	75,803,096
Provision for Claims, Prior Year	894,779	-
Program Expense		
Actuarial/Audit	17,000	25,000
Licensing Fees	5,250	5,250
Captive Meetings and Travel	13,095	17,517
Legal Counsel	2,200	16,025
Office Supplies, Websiting Hosting & Misc Expenses	208	5,088
Bank Fees	37,601	21,448
TOTAL OPERATING EXPENSES	<u>96,610,074</u>	<u>75,893,424</u>
TRANSFERS IN OR (OUT):		
Transfer Out for General Administration	(75,000)	(25,000)
TOTAL TRANSFERS	<u>(75,000)</u>	<u>(25,000)</u>
OPERATING INCOME (LOSS)	<u>297,549</u>	<u>932,628</u>
NONOPERATING REVENUES (EXPENSES):		
Investment Income	4,548,276	3,126,187
Investment Expenses	(182,443)	(62,990)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>4,365,833</u>	<u>3,063,197</u>
CHANGES IN NET POSITION	<u>4,663,382</u>	<u>3,995,825</u>
Net Position, Beginning of Year	3,995,825	-
Capital Stock	5,000,000	5,000,000
NET POSITION, END OF YEAR	<u>\$ 13,659,207</u>	<u>\$ 8,995,825</u>

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Transferred Risk	\$ 107,793,413	\$ 71,106,262
Claims Paid	(24,328,734)	(15,161,362)
Payments for Internal Activities	(75,000)	(25,000)
Advance on Claim Payments	-	6,976,720
Payments to Others	(1,205,647)	-
Payments to Suppliers	(60,504)	(77,093)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	82,123,528	62,819,527
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Purchase/Sale of Capital Stock	-	5,000,000
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	5,000,000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Securities	(155,635,700)	(104,554,356)
Sales of Securities	72,682,799	37,481,907
Investment Earnings	2,523,197	870,464
Investment Expense	(182,443)	(62,990)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(80,612,147)	(66,264,975)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,511,381	1,554,552
CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR	1,554,552	-
END OF YEAR	\$ 3,065,933	\$ 1,554,552
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 297,549	\$ 932,628
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	3,244,790	(3,244,790)
Unearned Income	7,566,000	-
Prefund Deposit	-	(2,500,000)
Claims Liabilities	72,205,986	60,641,734
Accounts Payable	(1,190,797)	6,989,955
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 82,123,528	\$ 62,819,527
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Unrealized gain/(loss) on investments	\$ 1,519,625	\$ 2,065,696

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

**CSAC EXCESS INSURANCE AUTHORITY
EXCESS INSURANCE ORGANIZATION, INC
RECONCILIATION OF UNPAID CLAIMS LIABILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 60,641,734</u>	<u>\$ -</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	95,639,941	75,803,096
Increase (Decrease) in the provision for claims of prior fiscal years	<u>894,779</u>	<u>-</u>
B. Total incurred claims and claim adjustment expenses	<u>96,534,720</u>	<u>75,803,096</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	14,402,517	15,161,362
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>9,926,217</u>	<u>-</u>
C. Total Payments	<u>24,328,734</u>	<u>15,161,362</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 132,847,720</u>	<u>\$ 60,641,734</u>
Current Claim Liabilities	\$ 42,500,000	\$ 10,500,000
Noncurrent Claim Liabilities	<u>90,347,720</u>	<u>50,141,734</u>
Total Claim Liabilities	<u>\$ 132,847,720</u>	<u>\$ 60,641,734</u>

**CSAC EXCESS INSURANCE AUTHORITY
REQUIRED SUPPLEMENTAL INFORMATION
EXCESS INSURANCE ORGANIZATION
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2018**

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 amount of reported unallocated claim adjustment expenses and reported other costs 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 INSURANCE ORGANIZATION, INC.
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2018**

POLICY YEAR	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017*	June 30, 2018
Earned Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,109,714	\$ 95,723,961
Less Ceded	-	-	-	-	-	-	-	-	-	-
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	4,809,387	2,320,666
Total Revenues Available										
For Payment of Claims	-	-	-	-	-	-	-	-	82,919,101	98,044,627
Unallocated Loss										
Adjustment Expense	-	-	-	-	-	-	-	-	-	-
Estimated Incurred Claims	-	-	-	-	-	-	-	-	75,803,096	93,571,460
Less Ceded Claims	-	-	-	-	-	-	-	-	-	-
Net Incurred Claims and										
Expenses, End of Policy Year	-	-	-	-	-	-	-	-	75,803,096	93,571,460
Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	-	-	15,161,362	14,402,517
One Year Later	-	-	-	-	-	-	-	-	25,087,580	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
Reestimated Ceded Claims										
and Expenses	-	-	-	-	-	-	-	-	-	-
Reestimated Incurred Claims										
and Expenses										
End of the Policy Year	-	-	-	-	-	-	-	-	75,803,096	93,571,460
One Year Later	-	-	-	-	-	-	-	-	78,766,357	-
Two Years Later	-	-	-	-	-	-	-	-	-	-
Three Years Later	-	-	-	-	-	-	-	-	-	-
Four Years Later	-	-	-	-	-	-	-	-	-	-
Five Years Later	-	-	-	-	-	-	-	-	-	-
Six Years Later	-	-	-	-	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Estimated										
Included Claims and Expense										
from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,963,261	\$ -

*Excess Insurance Organization, Inc. established July 1, 2016

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.....	196
Schedule of Revenues, Expenses and Changes in Net Position	197
History of Dividends Returned to Members.....	198

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 I, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability I, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

	<u>Page</u>
Economic Statistics	199
Number of Claims	200
Property Values.....	201

Operating Information

These schedules contain information regarding Authority employees by department, member participation by program, and the growth of office space.

	<u>Page</u>
Economic Indicators and Information	202

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, 2018**

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Assets										
Current Assets	\$ 324,629,000	\$ 315,472,521	\$ 312,575,944	\$ 343,635,991	\$ 326,533,622	\$ 309,440,001	\$ 207,777,344	\$ 227,525,217	\$ 237,651,931	\$ 176,669,754
Noncurrent Assets	264,853,912	231,292,296	251,262,932	230,227,831	261,618,903	283,144,273	434,584,578	511,133,020	553,711,422	657,644,997
Deferred Outflows - Pension	-	-	-	-	-	-	587,253	3,329,112	1,537,233	1,718,920
Total Assets and Deferred Outflows	<u>589,482,912</u>	<u>546,764,817</u>	<u>563,838,876</u>	<u>573,863,822</u>	<u>588,152,525</u>	<u>592,584,274</u>	<u>642,949,175</u>	<u>741,987,349</u>	<u>792,900,586</u>	<u>836,033,671</u>
Liabilities										
Current Liabilities	117,108,618	104,210,436	97,435,058	108,329,137	117,831,208	124,485,595	148,795,667	144,506,871	153,724,595	183,323,834
Noncurrent Liabilities	326,580,921	324,196,776	362,089,179	359,982,865	351,705,921	354,769,678	380,901,782	458,363,786	497,188,376	528,994,951
Deferred Inflows - Pension	-	-	-	-	-	-	845,081	1,444,075	1,466,353	1,144,292
Total Liabilities and Deferred Inflows	<u>443,689,539</u>	<u>428,407,212</u>	<u>459,524,237</u>	<u>468,312,002</u>	<u>469,537,129</u>	<u>479,255,273</u>	<u>530,542,530</u>	<u>604,314,732</u>	<u>652,379,324</u>	<u>713,463,077</u>
Net Position										
Invested in Capital Assets	1,495,191	10,706,672	9,181,260	8,848,705	8,677,508	8,414,447	9,043,933	9,578,879	9,838,240	10,205,042
Unrestricted	<u>144,298,182</u>	<u>107,650,933</u>	<u>95,133,379</u>	<u>96,703,115</u>	<u>109,937,888</u>	<u>104,914,554</u>	<u>103,362,712</u>	<u>128,093,738</u>	<u>130,683,022</u>	<u>112,365,552</u>
Total Net Position	<u>\$ 145,793,373</u>	<u>\$ 118,357,605</u>	<u>\$ 104,314,639</u>	<u>\$ 105,551,820</u>	<u>\$ 118,615,396</u>	<u>\$ 113,329,001</u>	<u>\$ 112,406,645</u>	<u>\$ 137,672,617</u>	<u>\$ 140,521,262</u>	<u>\$ 122,570,594</u>

**CSAC EXCESS INSURANCE AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
REVENUES:										
Premiums for Transferred Risk	\$ 254,320,478	\$ 281,136,570	\$ 316,271,011	\$ 374,220,717	\$ 384,507,793	\$ 423,229,776	\$ 443,008,816	\$ 493,749,250	\$ 535,583,984	\$ 639,585,449
Broker Fees	5,297,432	5,616,485	6,459,876	7,085,654	7,382,605	8,342,982	8,775,741	9,385,697	9,996,927	10,678,116
Contributions for Retained Risk	115,099,254	102,214,702	119,707,240	108,763,785	129,253,959	124,089,007	143,354,781	163,031,197	196,118,073	212,774,426
Dividend Income	140,745	201,158	41,971	75,314	213,606	215,008	241,593	232,389	192,828	93,904
Member Services	359,000	263,004	530,052	613,490	640,078	865,314	1,111,493	747,513	935,244	637,546
Administrative Fees	8,685,053	9,963,197	10,155,392	11,487,622	12,617,685	14,400,637	16,107,839	18,830,010	21,294,667	22,797,612
Public Entity Fees	504,933	398,951	408,475	456,577	480,351	552,493	604,556	655,463	738,862	138,545
Program Development Fees	11,650	4,200	7,550	3,550	-	-	-	-	2,400	-
Other Income	1,359,005	617,281	2,313,897	7,673,338	1,991,075	2,284,488	1,878,251	86,854,558	2,172,511	2,105,826
Investment Income	17,746,130	15,758,005	9,726,704	5,103,554	1,782,998	6,227,796	6,159,321	13,786,527	4,602,220	6,283,097
Total Revenues	403,523,680	416,173,553	465,622,168	515,483,601	538,870,150	580,207,501	621,242,391	787,272,604	771,637,716	895,094,521
EXPENSES:										
Dividends	6,413,485	11,488,482	11,062,736	10,291,841	10,281,301	6,179,489	4,703,871	5,554,624	2,970,796	1,082,497
Stabilization Funds	-	-	-	-	-	-	-	477,716	64,106	47,210
Insurance Expense	246,829,609	271,385,012	303,821,702	372,467,736	383,759,144	422,937,089	444,479,808	496,527,761	537,135,168	638,628,836
Broker Fees	5,297,219	5,616,545	6,459,283	7,053,183	7,384,093	8,079,636	8,559,724	9,125,742	10,056,293	10,636,299
Provision for Insured Claims	110,454,729	117,204,060	124,443,282	101,501,141	99,860,765	122,157,339	135,224,386	213,524,014	185,159,424	231,224,547
Unallocated Loss Expenses	1,522,169	9,376,859	1,127,804	(424,706)	18,714	2,332,280	2,119,213	9,400,117	4,035,629	(5,702,516)
Program Services	15,520,612	19,004,605	22,809,139	13,426,729	13,831,864	12,134,125	12,005,843	13,744,756	13,006,216	13,382,182
Member Services and Subsidies	3,070,751	2,210,316	2,027,109	2,056,405	2,192,839	2,358,826	2,852,087	2,963,429	2,753,144	2,634,689
General Administration	6,087,504	6,781,774	7,150,235	7,118,673	7,702,622	8,412,166	8,870,057	9,574,758	12,500,483	12,910,631
Building Operating Expenses	-	124,242	408,073	273,723	493,848	319,244	311,538	285,044	313,250	1,069,577
Depreciation and Amortization	245,047	417,426	355,771	481,695	281,384	583,702	576,833	828,671	794,562	935,869
Total Expenses	395,441,125	443,609,321	479,665,134	514,246,420	525,806,574	585,493,896	619,703,360	762,006,632	768,789,071	906,849,821
 Changes in Net Position	 8,082,555	 (27,435,768)	 (14,042,966)	 1,237,181	 13,063,576	 (5,286,395)	 1,539,031	 25,265,972	 2,848,645	 (11,755,300)
NET POSITION:										
Beginning Net Position	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	140,521,262
Adjustment to Beginning Net Position	-	-	-	-	-	-	(2,461,387)	-	-	(6,195,368)

**CSAC EXCESS INSURANCE AUTHORITY
HISTORY OF DIVIDENDS RETURNED TO MEMBERS
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**

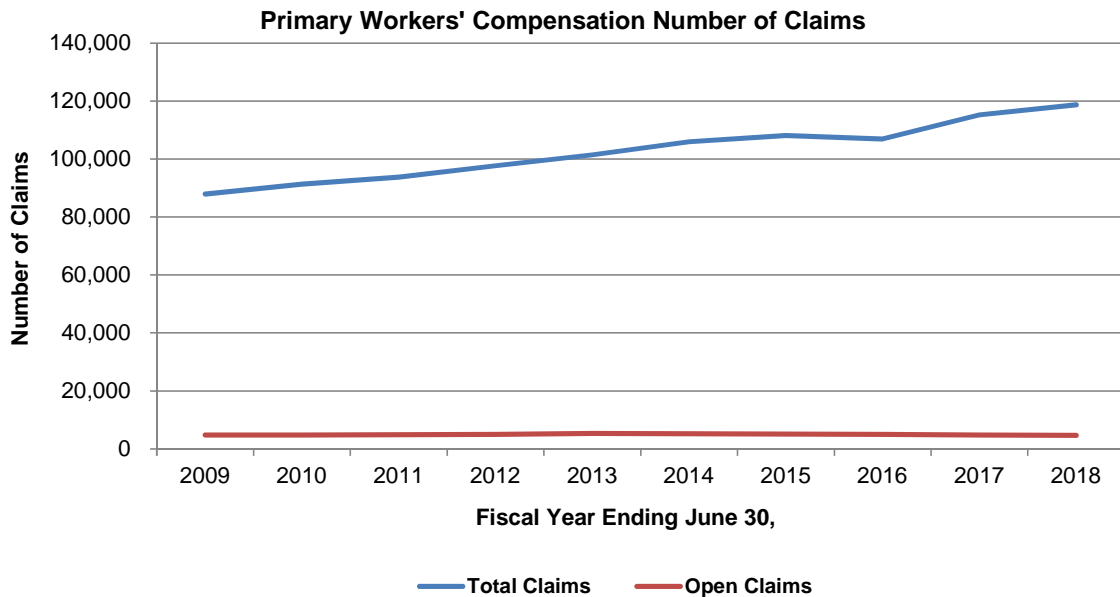
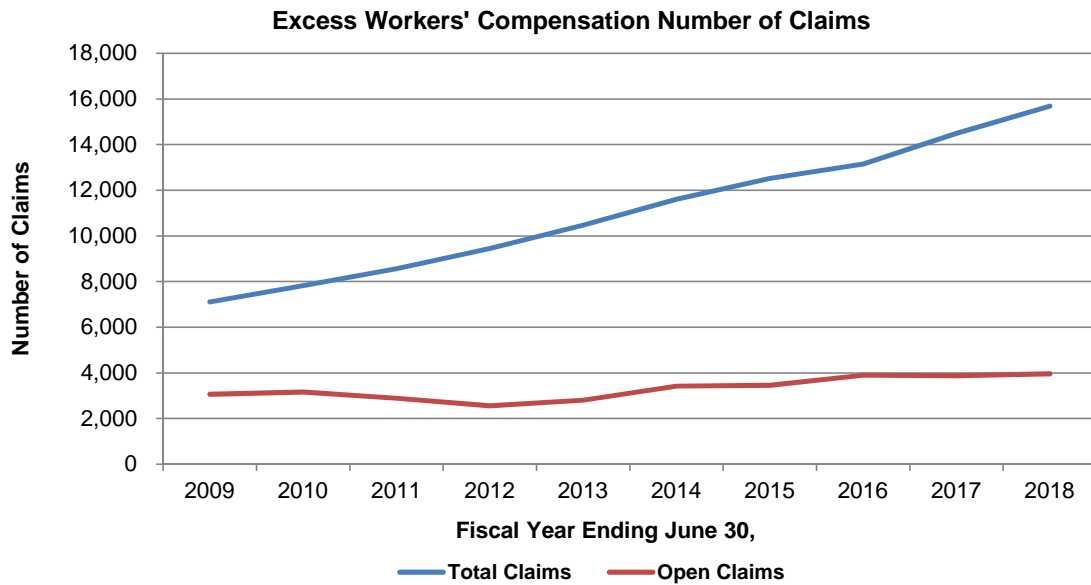
	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Excess Workers' Compensation Pool Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance	-	-	-	-	-	-	-	-	-	-
Primary Workers' Compensation	4,000,000	8,000,000	7,500,000	7,000,000	6,500,000	5,500,000	3,998,408	2,300,000	2,500,000	-
Employee Benefits EIAHealth Program	172,740	1,287,324	1,202,694	29,472	17,695	14,481	13,870	22,235	15,857	8,174
General Liability 1 Program Pool Dividend	2,100,000	-	-	-	3,000,000	-	-	3,000,000	-	-
Primary General Liability	-	-	-	1,187,055	550,000	450,000	450,000	-	266,000	980,419
General Liability 2 Program Mega Fund	-	-	-	-	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Miscellaneous Programs	140,745	102,066	-	11,173	100,827	99,743	114,475	116,728	91,516	20,239
Property	-	99,092	41,971	64,141	112,779	115,265	127,118	115,661	97,423	73,665
Medical Malpractice Mega Fund	-	2,000,000	-	2,000,000	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Pool 2	-	-	-	-	-	-	-	-	-	-
Building Fund	-	-	2,318,071	-	-	-	-	-	-	-
Total	\$ 6,413,485	\$ 11,488,482	\$ 11,062,736	\$ 10,291,841	\$ 10,281,301	\$ 6,179,489	\$ 4,703,871	\$ 5,554,624	\$ 2,970,796	\$ 1,082,497

**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC STATISTICS
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**

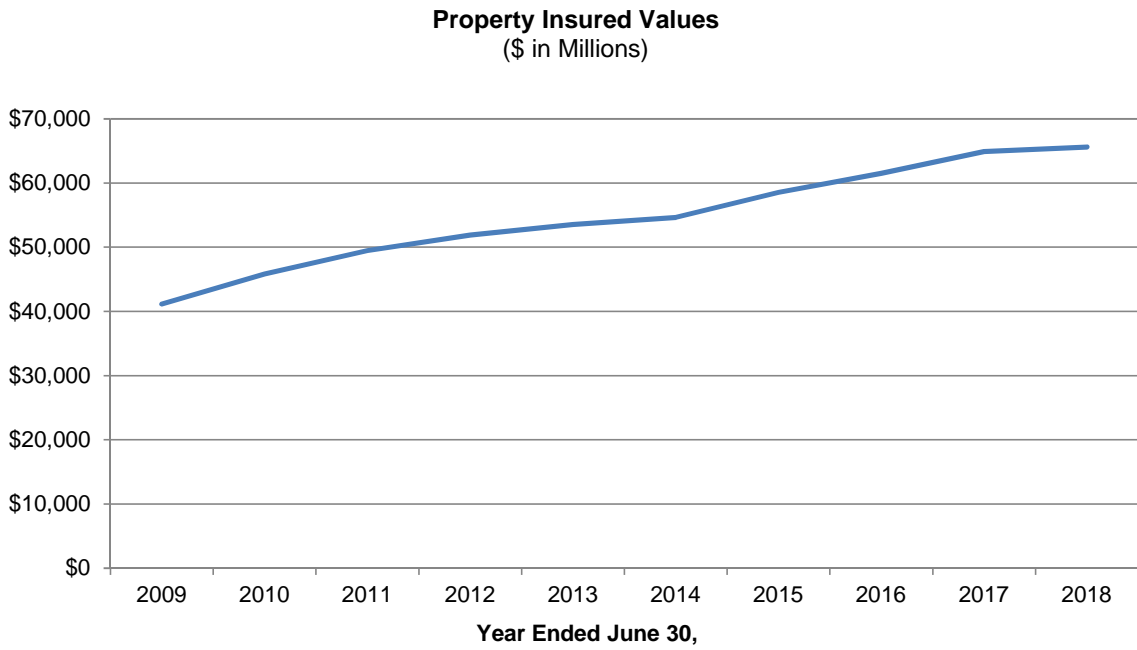
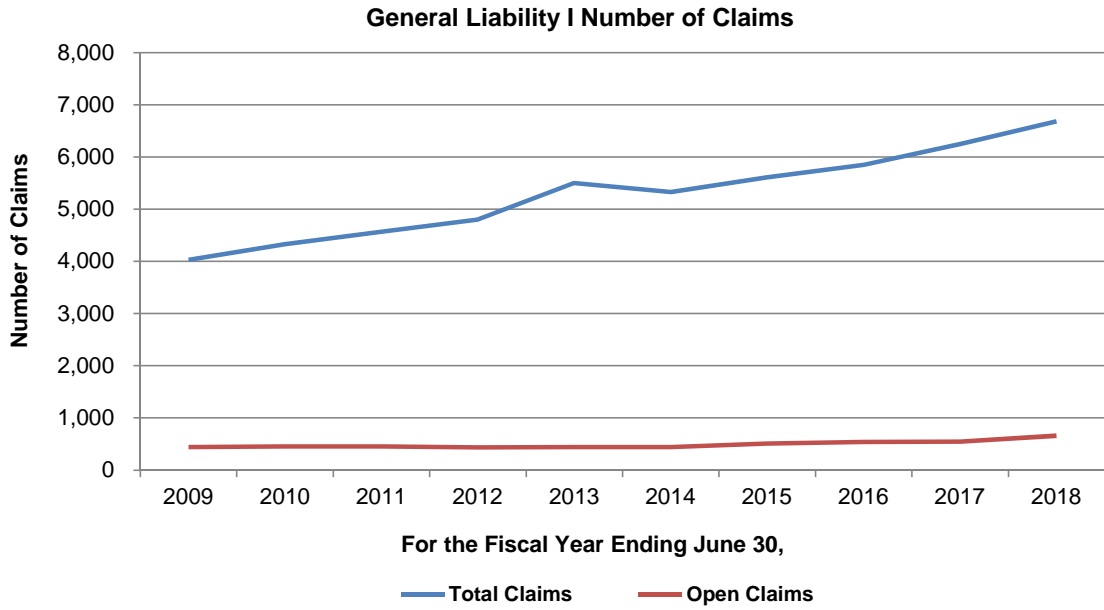
	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Excess Workers' Compensation										
Total Number of Claims	7,110	7,829	8,569	9,453	10,472	11,602	12,525	13,145	14,496	15,686
Open Claims	3,073	3,165	2,884	2,561	2,800	3,424	3,465	3,904	3,884	3,964
Covered Payroll	\$ 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	\$ 28,017,837,370	\$ 29,451,565,009
Primary Workers' Compensation										
Total Number of Claims	87,972	91,403	93,795	98,618	102,474	106,031	108,204	107,009	115,224	118,732
Open Claims	4,860	4,787	4,907	5,212	5,304	5,235	5,198	5,078	4,787	4,630
Covered Payroll	\$ 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	\$ 3,151,778,300	\$ 3,503,927,308
General Liability 1										
Total Number of Claims	4,029	4,336	4,575	4,803	5,058	5,330	5,612	5,944	6,255	6,688
Open Claims	443	457	458	437	446	447	511	556	547	661
Covered Payroll	\$ 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	\$ 5,709,976,288	\$ 6,252,866,616
Property										
Total Number of EIA Claims	869	1,133	1,039	1,740	2,154	2,375	2,593	2,799	3,083	3,459
Open EIA Claims	114	130	24	95	28	118	164	28	13	105
Total Number of Excess Claims	923	1,001	1,113	1,135	1,208	1,146	1,283	1,364	1,473	1,655
Open Excess Claims	67	73	127	80	100	58	128	141	165	191
Total Property Values	\$ 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	\$ 65,055,750,921	\$ 65,631,724,325

**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2018**

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, 2018**



**CSAC EXCESS INSURANCE AUTHORITY
ECONOMIC INDICATORS AND INFORMATION
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2018**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Full-time Equivalent Employees as of June 30	46	48	51	53	54	54	59	62	68	74
Number of Retirees	3	3	4	4	4	4	6	6	6	9
Square footage of Office Space	13,324	24,448	25,000	25,000	25,000	25,000	25,000	29,000	29,000	29,000
Member Units*										
Primary Workers' Compensation	-	40	42	41	38	39	38	38	39	39
Excess Workers' Compensation	-	161	164	166	161	166	166	167	171	175
Primary General Liability	-	30	29	29	23	23	23	23	22	-
General Liability 1	-	97	101	103	100	104	104	117	114	125
General Liability 2	-	12	11	11	11	11	11	12	15	18
Property	-	78	81	82	82	84	85	96	98	105
Medical Malpractice	-	49	48	50	50	49	49	49	51	52
Master Owner Controlled Ins	-	-	-	-	-	2	4	8	15	16
EIAHealth	-	15	18	24	25	25	25	28	32	37
Dental	-	-	119	122	126	133	142	145	153	154
Total Member Units	-	482	613	628	616	636	647	683	710	721
Member Counties	55	54	54	54	54	55	55	55	55	55
Member Public Entities	166	196	289	247	245	255	262	260	273	288
Total Members	221	250	343	301	299	310	317	315	328	343

* 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, 2018**

	Final Budget	Actual Results	Variance (\$)
Revenues:			
Premiums for Transferred Risk	\$ 555,052,727	\$ 639,585,449	\$ 84,532,722
Broker Fees	10,352,372	10,678,116	325,744
Contributions for Retained Risk	208,181,630	212,774,426	4,592,796
Dividend Income	191,516	93,904	(97,612)
Public Entity Fees	-	138,545	138,545
Investment Income	15,060,535	5,737,366	(9,323,169)
Financing Fees	85,000	981,134	896,134
Administration Fees	23,250,283	22,797,612	(452,671)
Member Services	1,236,291	637,546	(598,745)
Tenant Income	475,050	446,444	(28,606)
Other Income	1,046,864	1,659,382	612,518
Total Revenues	814,932,268	895,529,924	80,597,656
Expenses:			
Member Dividends and return of Stabilization Funds	2,721,516	1,129,707	1,591,809
Insurance Expense	541,572,292	638,628,836	(97,056,544)
Broker Fees	10,352,372	10,636,299	(283,927)
Provision for Claims	188,218,525	231,224,547	(43,006,022)
Unallocated Loss Adjustment Expenses	1,870,000	(5,702,516)	7,572,516
Program Services	31,637,080	13,382,182	18,254,898
Member Services and Subsidies	4,599,585	2,634,689	1,964,896
General Administrative Expense	15,081,803	13,346,034	1,735,769
Building Operation Expense	1,167,640	1,069,577	98,063
Depreciation	704,550	935,869	(231,319)
Delegated to Committees	595,000	-	595,000
Total Expenses	798,520,363	907,285,224	(108,764,861)
Total Income (Loss)	\$ 16,411,905	\$ (11,755,300)	\$ (28,167,205)
Change in Net Position	\$ 16,411,905	\$ (11,755,300)	
Beginning Net Position Balance July 1, 2017	144,118,242	140,521,262	
Adjustment to beginning Net Position	-	(6,195,368)	
Ending Net Position Balance, June 30, 2018	\$ 160,530,147	\$ 122,570,594	

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.