

# CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP

## Executive Committee Meeting

### AGENDA ITEM DETAIL

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Date:	August 30, 2018	Item Number:	7.1
Issue:	Financial Update as of June 30, 2018	Information:	X
		Action:	
		Attachment:	X

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### Analysis

The following is a financial update provided by CCCSIG's CFO as of June 30, 2018:

#### June 30, 2018, unaudited Financial Statements (see attached):

- Consolidated Statement of Net Position (Balance Sheet)
  - Total Assets and Deferred Outflows increased by \$2.5M(A1) (compared to last year) due to a \$4.5M(A2) increase in Cash, a \$61k(A3) increase in Interest Receivable, a \$188k(A4) increase in Accounts Receivable, a \$56k(A5) increase in Prepaid Expense, and a \$284k(A6) increase in Net Fixed Assets, which were offset by a \$2.6M(A7) decrease in Investments (a decrease of \$7.7M in Investments, Current, offset by a \$5.1M increase in Investments). The Total Cash and Investment balance as of June 30, 2018 was \$104,161,575(A8).
  - Total Current Liabilities decreased by \$31k(B1) over last year, due to a \$40k(B2) decrease in Accounts Payable, offset by a \$9k(B3) increase in Accrued Salaries and Benefits.
  - Total Long Term Liabilities decreased by \$2.9M(C1) due to a \$347k(C2) decrease in Assessment Payable, a \$2.4M(C3) decrease in Claims Liabilities, and a \$110k(C4) decrease in ULAE.
  - The Total Liabilities and Deferred Inflows balance as of June 30, 2018 was \$84.0M(C5), a decrease of \$2.9M(C6) from the prior year.
  - Net Assets increased by \$5.4M(D1) over last year due to a \$5.4M(D2) increase from the current year's operations.
- Consolidated Statement of Revenues, Expenses and Changes in Net Position (Income Statement)
  - Consolidated Total Revenues increased \$755k(E1) compared to the prior year due to a \$1.8M increase in Health Benefits premiums which was offset by a \$1.1M decrease in WC premiums,
  - Operating Expenses decreased from the prior year by \$2.3M(F1) due to a \$2.4M(F2) decrease in Claims Costs (a \$4.2M decrease in WC Claims Costs, offset by a \$1.8M increase in HB Claims (Insurance) Costs), offset by a \$25k(F3) increase in Insurance Premium, and an \$85k(F4) increase in Other Operating Expenses.
  - Total General & Administrative Expenses were \$97k(G1) under budget.
  - Investment Income (Interest + Gain/(Loss) on Sale of Investments) is \$1.6M(H1) YTD compared to \$1.2M(H2) last year at this time, while Change in FMV of Investments is

a negative \$942k(H3) YTD compared to a negative of \$726k(H4) last year, for a total increase in investment related income of \$136k(H5) compared to last year.

- For the 12 months ending 6/30/18, the Workers' Comp program has a \$5.4M(I1) Surplus, while the Health Benefits program has a \$5k(I2) Loss for the same period.

## **Recommendation**

Informational only.

# Contra Costa County Schools Insurance Group

## CONSOLIDATED STATEMENT OF NET POSITION

Summary For the Twelve Months Ending June 30, 2018  
(unaudited)

	WCOMP 2018	HB 2018	CONSOL 2018	CONSOL 2017	\$ Net Change
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	25,295,626	58,192	25,353,818 A8	20,869,323	4,484,495 A2
Interest Receivable	372,761	0	372,761	311,641	61,120 A3
Accounts Receivable	2,643,999	0	2,643,999	2,456,455	187,545 A4
Prepaid Expense	1,215,490	0	1,215,490	1,159,219	56,271 A5
Investments, Current	4,184,840	0	4,184,840 A8	11,909,490	(7,724,650) A7
<b>Total Current Assets</b>	<b>33,712,717</b>	<b>58,192</b>	<b>33,770,909</b>	<b>36,706,127</b>	<b>(2,935,218)</b>
Fixed Assets, Net	4,010,674	0	4,010,674	3,726,791	283,883 A6
Investments	74,622,917	0	74,622,917 A8	69,503,901	5,119,015 A7
<b>Total Assets</b>	<b>112,346,307</b>	<b>58,192</b>	<b>112,404,499</b>	<b>109,936,819</b>	<b>2,467,681</b>
<b>Deferred Outflows of Resource</b>					
Deferred Outflow on Pensions	1,218,506	0	1,218,506	1,218,506	0
<b>Total Assets and Deferred Outflows</b>	<b>113,564,813</b>	<b>58,192</b>	<b>113,623,005</b>	<b>111,155,325</b>	<b>2,467,681 A1</b>
<b>Liabilities and Net Assets</b>					
Current Liabilities:					
Accounts Payable	1,252,780	0	1,252,780	1,292,997	(40,216) B2
Accrued Salaries and Benefits	124,617	0	124,617	115,313	9,304 B3
Obligation under Capital Leases-Current Po	8,277	0	8,277	8,277	0
Assessment Payable	347,071	0	347,071	347,071	0
Claims Payable	13,000,000	0	13,000,000	13,000,000	0
<b>Total Current Liabilities</b>	<b>14,732,745</b>	<b>0</b>	<b>14,732,745</b>	<b>14,763,658</b>	<b>(30,912) B1</b>
Long Term Liabilities:					

## Contra Costa County Schools Insurance Group

### CONSOLIDATED STATEMENT OF NET POSITION

Summary For the Twelve Months Ending June 30, 2018  
(unaudited)

	WCOMP 2018	HB 2018	CONSOL 2018	CONSOL 2017	\$ Net Change
Obligation Under Capital Leases	18,276	0	18,276	26,267	(7,991)
Assessment Payable	1,386,590	0	1,386,590	1,733,661	(347,071) C2
Pension Liability	799,130	0	799,130	799,130	0
Reported Claims	33,410,142	0	33,410,142	36,172,740	(2,762,598) } C3
Claims Incurred But Not Reported (IBNR)	27,677,354	0	27,677,354	27,323,015	354,339 } C3
ULAE	4,455,762	0	4,455,762	4,565,953	(110,191) C4
<b>Total Long Term Liabilities</b>	<b>67,747,255</b>	<b>0</b>	<b>67,747,255</b>	<b>70,620,766</b>	<b>(2,873,512) C1</b>
<b>Total Liabilities</b>	<b>82,480,000</b>	<b>0</b>	<b>82,480,000</b>	<b>85,384,424</b>	<b>(2,904,424)</b>
<b>Deferred inflows of Resource</b>					
Deferred Inflow on Pensions	1,523,890	0	1,523,890	1,523,890	0
<b>Total Liabilities and Deferred Inflows</b>	<b>84,003,889</b>	<b>0</b>	<b>84,003,889</b> C5	<b>86,908,314</b>	<b>(2,904,424) C6</b>
<b>Net Assets:</b>					
Designated for Deferred Maintenance	652,830	0	652,830	652,830	0
Current Earnings	5,376,680	(4,575)	5,372,105 D2	954,977	4,417,128
Undesignated	23,531,414	62,767	23,594,181	22,639,204	954,977
<b>Total Net Assets</b>	<b>29,560,923</b>	<b>58,192</b>	<b>29,619,116</b>	<b>24,247,011</b>	<b>5,372,105 D1</b>
<b>Total Liabilities and Net Assets</b>	<b>113,564,813</b>	<b>58,192</b>	<b>113,623,005</b>	<b>111,155,325</b>	<b>2,467,681</b>

## Contra Costa County Schools Insurance Group

### CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Summary For the Twelve Months Ending June 30, 2018  
(unaudited)

CONSOLIDATED MO	DESC	YEAR TO DATE						CONSOLIDATED		ANNUAL BUDGET	% ANNUAL
		WC	HB	CONSOLIDATED	BUDGET	VARIANCE	VAR %	PRIOR YTD	NET CHANGE		
<b>Operating Revenues:</b>											
5,627,403	Member Contributions	23,452,609	22,661,273	46,113,882	42,474,718	3,639,164	9%	45,359,341	754,541	42,474,718	109%
5,627,403	Total Operating Revenues	23,452,609	22,661,273	46,113,882	42,474,718	3,639,164	9%	45,359,341	754,541 E1	42,474,718	109%
<b>Expenditures:</b>											
Operating:											
3,441,169	Claims Costs	15,558,630	22,661,273	38,219,903	36,439,578	(1,780,325)	(5%)	35,746,926	(2,472,977) }F2	36,439,578	105%
266,343	Provision for Claims Cost	(2,518,450)	0	(2,518,450)	3,564,410	6,082,860	171%	2,380,891	4,899,341	3,564,410	(71%)
71,621	Insurance Premium	1,024,293	0	1,024,293	888,362	(135,931)	(15%)	998,796	(25,497)F3	888,362	115%
37,418	Other Operating Expenses	509,219	4,575	513,794	587,005	73,211	12%	428,635	(85,159)F4	587,005	88%
3,816,551	Total Operating Expenses	14,573,692	22,665,848	37,239,540	41,479,355	4,239,815	10%	39,555,248	2,315,708 F1	41,479,355	90%
General And Administrative Expenses:											
262,239	Salaries and Benefits	3,274,915	0	3,274,915	3,326,786	51,871	2%	4,597,754	1,322,839	3,326,786	98%
35,255	Professional and Consulting Fees	263,601	0	263,601	265,708	2,107	1%	226,829	(36,771)	265,708	99%
52,533	Other Administrative Expenses	554,066	0	554,066	597,369	43,303	7%	517,100	(36,966)	597,369	93%
20,808	Depreciation Expense	229,020	0	229,020	0	(229,020)	0%	217,813	(11,207)	0	0%
165,000	Premium Rebate	165,000	0	165,000	165,000	0	0%	165,000	0	165,000	100%
535,836	Total General And Administrative Expense	4,486,602	0	4,486,602	4,354,863	(131,739)	(3%)	5,724,496	1,237,895	4,354,863	103%
4,352,387	Total Expenses	19,060,294	22,665,848	41,726,142	45,834,218	4,108,076	9%	45,279,744	3,553,603	45,834,218	91%
1,275,016	Operating Incom/(Deficit)	4,392,315	(4,575)	4,387,740	(3,359,500)	7,747,240	231%	79,597	4,308,144	(3,359,500)	(131%)
<b>Other Income:</b>											
215,583	Interest	1,580,997	0	1,580,997	0	1,580,997	0%	1,271,628	309,369	0	0%
(1,896)	Gain/(Loss) Sale of Investments	(4,422)	0	(4,422)	0	(4,422)	0%	(47,091)	42,669	0	0%
(59,750)	Change in FMV of Investments	(941,750)	0	(941,750)	0	(941,750)	0%	(725,912)	(215,838)	0	0%
34,899	Other Income	349,540	0	349,540	367,000	(17,460)	(5%)	376,756	(27,217)	367,000	95%
188,836	Total Other Income	984,364	0	984,364	367,000	617,364	168%	875,380	108,984	367,000	268%
1,463,852	Net Increase/(Decrease) in Net Assets	5,376,680I1	(4,575)I2	5,372,105	(2,992,500)	8,364,605	280%	954,977	4,417,128	(2,992,500)	(180%)

**CCCSIG Employee Tier Amounts - Cost to CCCSIG**

Tier Level Selected	2018 Tiers	*2019 Totals	Monthly Difference			
			Change all Tiers by Difference	Change all Tiers by EE share	CCCSIG split 50/50	Change EE only tier by 100%; Change EE +1/Family tier by 50% of (tier Change + EE Only Change)
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 615.00	\$ 615.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 500.00	\$ 500.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 500.00	\$ 500.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out	\$ 500.00	\$ 500.00	\$ -	\$ -	\$ -	\$ -
Cash Benefits - Opt Out (pro-rated)	\$ 461.25	\$ 461.25	\$ -	\$ -	\$ -	\$ -
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only	\$ 760.65	\$ 746.25	\$ (14.40)	\$ (14.40)	\$ (7.20)	\$ (14.40)
EE Only (pro-rated)	\$ 570.49	\$ 559.69	\$ (10.80)	\$ (10.80)	\$ (5.40)	\$ (10.80)
EE + 1	\$ 1,462.72	\$ 1,514.50	\$ 51.78	\$ (14.40)	\$ 25.89	\$ 18.69
EE + 1	\$ 1,462.72	\$ 1,514.50	\$ 51.78	\$ (14.40)	\$ 25.89	\$ 18.69
EE + 1	\$ 1,462.72	\$ 1,514.50	\$ 51.78	\$ (14.40)	\$ 25.89	\$ 18.69
EE + 1	\$ 1,462.72	\$ 1,514.50	\$ 51.78	\$ (14.40)	\$ 25.89	\$ 18.69
Family (pro-rated)	\$ 1,427.24	\$ 1,481.59	\$ 54.35	\$ (10.80)	\$ 27.18	\$ 21.78
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
Family	\$ 1,902.99	\$ 1,975.45	\$ 72.46	\$ (14.40)	\$ 36.23	\$ 29.03
<b>Monthly Difference</b>			\$ <b>729.55</b>	\$ <b>(295.20)</b>	\$ <b>364.78</b>	\$ <b>217.18</b>
<b>Annual Difference</b>			\$ <b>8,754.60</b>	\$ <b>(3,542.40)</b>	\$ <b>4,377.36</b>	\$ <b>2,606.10</b>
<b>Total Monthly Cost:</b>	\$ <b>34,663.33</b>	\$ <b>35,392.88</b>	\$ <b>35,392.88</b>	\$ <b>34,368.13</b>	\$ <b>35,028.11</b>	\$ <b>34,880.51</b>

\*as noted in agenda item



## STRATEGIC PRIORITIES (1-3 Years)

### Maintain Financial Stability

- Review and communicate target equity strategy
  - *Information on Board Agenda re Investments, Actuary Review, Program Rate History and Budget*

### Continued Education about CCCSIG

#### ***Increase District Participation and Responsibility:***

- Responsibility of board member to assure employees and managers access info
  - *Provided handout illustrating Best Practices for Board on “how to utilize CCCSIG Link to ensure employees and managers have access to information”*
- Promote the value of CCCSIG; reach School Boards
  - *Provided handout communicating value of CCCSIG for Board to utilize with their School Boards (elevator speech)*
- Outreach to all audiences; maintain level of District involvement, leverage expertise across the District to share information within the District; target new administrators and access teachers
  - *Consider Facebook page (benefits outweigh risks), establish onboarding for new administrators to include CCCSIG videos as part of the orientation and incentivize same\**

#### ***Workers’ Compensation/Health & Safety Services Outreach:***

- Continue employee training about safe working conditions
  - *Provided handout highlighting H&SS education and prevention trainings and identify top 5 trainings countywide for FY through February 2017)*
- Advise about trends in risks to employees
  - *Provided “high-level” handout illustrating how emerging trends are identified and translated into program/service development*
- Enhance methods of promotion (technology + video)
  - *Consider Facebook page (benefits outweigh risks) to promote programs and services throughout the year\**

### Leverage CCCSIG Assets and Administrative Structure

- System integration, synergy around “How To Implement CCCSIG Programs”
  - *For new systems (i.e., claims software, Company Nurse Telemedicine or any other new system/program): communicate targeted outcomes, continue evaluation after implementation, encourage communication among those involved/request feedback, create useful communication tools to assist with overcoming any challenges in the new system.\**
- Continuous Improvement of claims processes
  - *Provided handout on Workers’ Compensation Technology Upgrades*
- Innovations in technology; online input and reporting
  - *Provided handout on Workers’ Compensation Technology Upgrades*

- Continual review of unbundling opportunities to spread admin costs
  - *Research current capacity, consider expanding Strength Testing Program to other pre-employment tests, consider marketing for new members to strengthen the Pool, review mitigation strategies for incidents related to high risk claims to consider new avenues of loss prevention and consider offering risk management services to non-member districts at a cost.\**

#### **Monitor Legislative/Regulatory Developments and Create Strategy if Needed**

- Maintain and participate in relationships with CAJPA and PARMA (and other agencies as appropriate) to watch, advocate for/against legislation relating to:
  - o Violence in the workplace
  - o Regulation of JPAs
  - *Ongoing Best Practice*

#### **Maintain and Celebrate CCCSIG's Positive Work Environment**

- Keep Core Values alive; continue to celebrate individual and group achievements
  - *Ongoing Best Practice*

*\*Items in red were created by the Board of Directors during breakout sessions at the Annual Board Meeting in March 2017.*