REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redwood Empire Municipal Insurance Fund
Sonoma, California

We have audited the accompanying financial statements of each major fund and aggregate remaining fund information of the Redwood Empire Municipal Insurance Fund (REMIF), California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise REMIF'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 REMIF'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 REMIF'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 opinions.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and aggregate remaining fund information of REMIF as of June 30, 2017, and the changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 74 – *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*, which became effective during the year ended June 30, 2017 as discussed in Note 10 to the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise REMIF's basic financial statements. The Supplemental Information and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Statistical Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited REMIF's June 30, 2016 financial statements, and we expressed unmodified audit opinions on those audited financial statement in our report dated January 27, 2017. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maze & Associates

Pleasant Hill, California
January 26, 2018

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REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016

This section of the Redwood Empire Municipal Insurance Fund annual financial report presents management's discussion and analysis of its financial performance during the fiscal year that ended June 30, 2017. We encourage readers to evaluate the information presented here along with the additional information included in the financial statements.

The Redwood Empire Municipal Insurance Fund (**REMIF**) is a Joint Powers Authority (**JPA**) created in 1976 through the provisions in the Labor and Government Codes that oversee a risk sharing and management program for fifteen participating public entities. REMIF is located in Sonoma, California, is a separate public entity, and has a governing board comprised of fifteen voting members, seven of whom represent the original seven members that created the JPA in 1976.

City of Arcata
City of Cloverdale
City of Cotati
City of Eureka
City of Fort Bragg
City of Fortuna
City of Healdsburg
City of Lakeport
City of Rohnert Park
City of Sebastopol
City of Sonoma
City of St. Helena
City of Ukiah
City of Willits
Town of Windsor

Primary coverage for REMIF currently includes workers' compensation, general/auto liability, property, auto physical damage, fidelity employee bonding, dental, and vision insurance. There are a number of programs that are funded on a pass-through basis including employee assistance plan coverage, life and long-term disability insurance, boiler and machinery coverage, Difference in Condition (**DIC**) (flood/ earthquake) coverage and pollution coverage. Medical insurance, which is self-insured by REMIF, is paid directly by each member that participates in the medical coverage program.

The Executive Committee is composed of the President, Vice-President and one representative from each of the three regions. The Board appoints a General Manager to handle the day-to-day business operations of REMIF. The General Manager is assisted by a Claims Administrator who oversees and coordinates the workers' compensation program with a staff of six, a Finance Director who oversees all financial operations for REMIF, and an Administrative Assistant who coordinates training, risk transference, general/auto liability claims handling, acts as a receptionist, performs other clerical functions and is the JPA's confidential Board Assistant. Outside providers are retained by REMIF to investigate, adjust and defend against claims, conduct annual financial audits and actuarial studies, provide payroll services, safety training, contracts with health providers, and perform biannual workers' compensation and liability claims audits. REMIF acts as a contract third party claims administrator for handling the workers' compensation claims of three cities: Santa Rosa (Since 1981), Petaluma (since 1987), and San Rafael (since 2004). These three cities are not members of REMIF.

REMIF's goal is to protect the member's assets by helping moderate the effects of claims, lawsuits and losses through the use of education, prevention, training, advocacy, and insurance/self-insurance programs. In addition, REMIF helps provide cost effective employee benefit programs through the use of group coverage purchasing or self-insurance. Members are assessed contributions for participation in REMIF's programs.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS AND FINANCIAL REPORTING

All of the activities of REMIF are classified as "business-type activities." These activities include the development and operation of public entity risk pools and the purchase of insurance-related services for members. These financial statements consist of three parts – management's discussion and analysis, the basic financial statements and supplementary information. The statement of net position and statement of revenues, expenses and changes in net position provide an indication of REMIF's financial health as well as an indication of the net position available for various future purposes. The statement of net position includes all of REMIF's assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position using the accrual basis of accounting. The statement of revenues, expenses and changes in net position reports all of the revenues and expenses during the fiscal years indicated. The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income. The basic financial statements also include the notes to the financial statements section, which provides more detailed data for selected information in the financial statements.

This report contains other required supplementary information and supplementary information in addition to the basic financial statements. As a public entity risk pool, under government accounting standards, a reconciliation of claims liabilities by type of contract and claims development information are required elements of supplemental information.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Condensed Statement of Net Position

	6/30/2017	6/30/2016	6/30/2015
Total capital	$ 332,910	$ 334,229	$ 341,382
Total other	21,584,862	18,648,757	18,000,637
Total assets	21,917,772	18,982,986	18,342,019
Total deferred outflows of resources	851,545	515,364	259,592
Total long-term liabilities	18,367,443	16,179,020	13,720,196
Total short-term liabilities	8,520,335	5,755,677	7,229,656
Total liabilities	26,887,778	21,934,697	20,949,852
Total deferred inflows of resources	105,039	188,410	338,476
Total net position	$ (4,223,500)	$ (2,624,757)	$ (2,686,717)

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

Condensed Statement of Revenues, Expenses and Change in Net Position

	6/30/2017	6/30/2016	6/30/2015
Total operating revenues	$ 24,017,502	$ 23,577,079	$ 8,472,896
Total non-operating revenues	2,732	344,814	275,464
Total revenues	24,020,234	23,921,893	8,748,360
Net losses and claims incurred	19,757,301	18,744,246	8,834,155
Changes in reserves for ULAE	173,422	54,981	133,034
Premium and/or contribution for excess	1,370,198	1,336,034	1,377,321
Claims consultants and administration	2,394,696	1,914,058	201,216
Other operating expenses/Change in OPEB	17,841	37,957	(1,508)
General and administrative	1,905,519	1,772,657	1,880,604
Total expenses	25,618,977	23,859,933	12,424,822
Change in net position	(1,598,743)	61,960	(3,676,462)
Net position, beginning of year	(2,624,757)	(2,686,717)	989,745
Net position, end of year	$ (4,223,500)	$ (2,624,757)	$ (2,686,717)

ANALYSIS OF CURRENT YEAR RESULTS COMPARED TO PRIOR YEARS

There was a net loss in FY 16/17 of $1,598,743, compared to a net gain of $61,960 in FY 15/16. Financial highlights include the following:

Total Asset increased by $3 million from FY 15/16. Cash and cash equivalents increased by $1.3 million and Receivables increased $1.7 million.

Total Liabilities increased $5 million from FY 15/16. Reserves for losses and claims (Claims liabilities, including ULAE) increased by $3.4 million from FY 15/16. Interfund payables increased by $1.1 million. And, Pension liability increased by $300 thousand.

Total Net Position decreased by $1.6 million from FY 15/16 to a deficit of $4.2 million. The decrease in Net Position is a result of development in claims.

Total Revenues increased slightly by $98 thousand. Member Premiums increased by $451 thousand from FY 15/16 however, the increase was offset by decrease in investment income of $342 thousand.

Total Expenses increased $1.8 million from FY 15/16. Net losses and claims incurred increased $1 million due to claims development in the Liability program. Change in reserves for ULAE increased by $118 thousand as well. Claims consultants and administration increased by $480 thousand (25%) from FY 15/16.

Workers' Compensation

The Workers' Compensation program suffered a net loss of $161,624, increasing the deficit net position to $5,819,455.

Member premiums from FY 15/16 to FY 16/17 increased $845,068 to $4,872,746. Increase in premium is related to a surcharge of $250,000, increase in payroll and funding at 75% confidence level.

Net losses and claims incurred and change in reserves for ULAE are considered claims expense. Claims expense increased by $145,218 from FY 15/16. The actuary increased prior year's ultimate losses by $868,259. In addition, claims payments increased by $261,895 from FY 15/16.

Excess insurance for FY 16/17 was $319,948, which decreased by $25,342 from FY 15/16. Excess insurance carriers continued to reimburse payments to injured employees due to workers' compensation injuries when their expenses exceeded the self-insured retention level (**SIR**).

Liability

The Liability program suffered a net loss of $2,728,117, which resulted in the deficit net positon of $2,637,696.

Premiums for FY 16/17 increased by $294,101 from FY 15/16. Increase in premium is related to a surcharge of $150,000 and funding at 75% confidence level.

Net losses and claims incurred and change in reserves for ULAE are considered claims expense. Claims expense increased by $2,746,626 from FY 15/16. The actuary increased prior year's ultimate losses by $1,613,524. Additionally, the 16/17 ultimate loss increased by $682,966 when compared to 15/16.

Property

During FY 05/06 year the California Joint Powers Risk Management Authority (CJPRMA) conducted an appraisal program to visit all entities to verify the stated values of their properties. Because REMIF cities had been updating the value of their buildings based on cost per square foot for the prior years, it was believed that the stated values for each REMIF city would be reasonably close to the values the appraisers would eventually assign. In addition, during the last half of FY 05/06 and the first half of FY 06/07 each city was requested to identify for the appraisers the item or items listed under "Property in the Open."

The first appraisal values that came back in FY 06/07 were unanticipated. They had an overall valuation of more than $858 million compared to the city "self valuations" of $689 million. This difference of over $168 million was due in part to the techniques and guidelines the appraisers applied to buildings and contents. During the later part of FY 06/07, staff from CJPRMA and representatives from the entities met with the appraisers to discuss their valuation techniques and guidelines and to see if they couldn't be more closely related to how the cities were applying values to their property. One of the problems discovered was that some non-city properties were included in the appraiser's totals, which obviously should not have been included. For the start of FY 07/08, all values at the close of FY 06/07 were increased by 10%. On June 30, 2007 there were 863 REMIF sites covered by the CJPRMA with total property valued at over $689 million. By June 30, 2017 identified property was valued at $1.21 billion at 1,664 sites.

REMIF earthquake and flood insurance remained at $20 million for the period of November 2016 to November 2017, while costs decreased by $43,112. Not all city property was covered for earthquake and flood, but for those entities that desired DIC coverage, property values from FY 15/16 to FY 16/17 increased by $927 thousand to $1.10 billion.

While Boiler and Machinery values cover all property, the program values may be lower due to an entity choosing not to cover selected sites. The Boiler and Machinery values for FY 16/17 ended at $1.21 billion.

The Property program gained net income in the amount of $139,021, increasing the net position to $659,745.

Auto Physical Damage

The Auto Physical Damage program had net income in the amount $37,115, increasing the net position to $599,685. The net income is a result of decrease in claims activity. Total claims payments for FY 16/17 were $2,050, which decreased by $20,386 from FY 15/16.

As of June 30, 2017, a total of 1,426 vehicles were covered for all REMIF cities with the vehicles valued at $58,040,799. Of the vehicles covered, 699 vehicles were valued at or greater than $25,000 with insurance provided through the CJPRMA. At the end of FY 16/17, the value of the vehicles in this category was $47,268,547.

Dental

Dental claims exceeded premium collections in FY 16/17, which resulted in a net change in net position of ($72,467).

Dental	**6/30/17**	**6/30/16**	**6/30/15**	**6/30/14**
Net premiums (cumulative from inception)	$390,449	$448,685	$413,187	$439,008
Employees enrolled	1078	1,074	1,080	1,054
Net income (loss)	($72,467)	($11,105)	($13,862)	($112,387)

Vision

Vision premiums exceeded claims payments in FY 16/17, which resulted in a net change in net position of $6,116.

Vision	**6/30/17**	**6/30/16**	**6/30/15**	**6/30/14**
Net premiums (cumulative from inception)	$70,225	$59,258	$69,814	$87,176
Employees enrolled	972	964	983	934
Net income (loss)	$6,116	($24,779)	($16,704)	($56,172)

Health

A self-funded health plan was established on July 1, 2015 for the REMIF medical program. Health premiums exceeded claims payments in FY 16/17, which resulted in a net income of $1,062,515.

Health	**6/30/17**	**6/30/16**
Net premiums (cumulative from inception)	$2,791,988	$1,882,035
Employees enrolled	812	908
Net income (loss)	$1,062,515	$603,063

Post Retirement Benefits

An actuarial study performed in FY 01/02 stated that the future health benefits for retired employees that worked for REMIF for at least ten years had a present value at June 1, 2002 of $1,701,900. It was recommended that an annual payment be set aside to fund these post-retirement benefits and in FY 07/08 the Board reviewed the adequacy of this funding. A post-retirement benefit program was initiated during FY 02/03 with the funding of $125,000 for the first of five annual payments. By June 30, 2007 this fund had a balance of $682,094.

In FY 06/07, the same actuary reviewed the program again and stated that the present value of future benefits was then $3,166,200. At their April 2007 meeting, the Board elected to increase the annual contribution from $125,000 to $175,000 starting in FY 07/08.

In November 2010, the funds were shifted from REMIF managed investments to an irrevocable trust under Chandler Asset Management. The only source of income for the Post Retirement Benefits program was an annual $175,000 transfer and net interest earned. In FY 16/17, the trust fund balance increase was $279,733, including a cash contribution of $17,094 to fully fund the Annual Required Contribution (ARC), as recommended in the July 1, 2015 actuarial study. At June 30, 2017 the OPEB trust balance was $2,757,035. Because these funds are held in an irrevocable trust, OPEB transactions are shown in separate fiduciary fund statements and footnotes in the Financial Statement.

Transference of Risk for Members

Insurance was provided for all programs as follows:

In the **Liability** program the California Joint Powers Risk Management Authority provided $4.5 million of coverage in excess of $500,000, Munich Reinsurance America, Inc. provided an additional $15 million of coverage to $25 million, and SCOR Reinsurance provided $15 million of coverage to $40 million total. Covered items included bodily injury, property damage, errors and omissions, employment practices, and personal injury. It should be noted that there are sub-limits in some specified areas.

In the **Workers' Compensation** program Safety National Casualty provided statutory coverage in excess of a $1 million self-insured retention.

In the **Property** program there was coverage up to $400 million per incident, through a CJPRMA purchase program, with a $25,000 self-insured retention. This did not include flood/earthquake coverage or pollution coverage which was billed separately to each city. Four insurance companies provided flood/earthquake coverage up to $20 million for replacement value. The cost of the flood/earthquake coverage was $43,112 less than the previous year. Pollution was covered for $5 million with a $100,000 self-insured retention.

Boiler and Machinery coverage was provided up to $100 million, with a self-insured retention of $25,000.

Automobile Physical Damage coverage was up to $10 million through CJPRMA with a self-insured retention of $10,000 for all vehicles that had a value of $25,000 or more. Each city has a deductible of $5,000 or $10,000 per vehicle. There is a self-insured program funded by REMIF for vehicles in the $5,000 to $25,000 value range.

Bonds and Fidelity Insurance were provided in the form of **Public Employee Blanket Bonds** for loss of money, securities and other property through employee dishonesty up to $2 million with an SIR of $10,000 which includes a faithful performance component. There was also a **Depositors Forgery Bond** up to $2 million with an SIR of $10,000 for coverage due to forgery or alteration. **Computer Fraud** provided up to $2 million with an SIR of $10,000 and covered a loss of money, securities and other property through failure to properly supervise. In addition there was coverage against **Funds Transfer Fraud** and **Public Official Faithful Performance** which provided up to $2 million with an SIR of $10,000 and covered against the fraudulent transfer of funds from the agency transfer account and faithful performance of public officials.

Employee Assistance Plan benefits include financial counseling, budgeting strategies, credit management, legal referrals, and counseling for stress management, family support, smoking cessation and weight management (eight visits per incident). The EAP program with AETNA began July 1, 2015, is $2.72 per employee with a contract effective date through June 30, 2018.

PROGRAM SERVICES

Program Services provided to the member entities are intended to help them manage risk or transfer risk when it is appropriate.

Risk Transference

REMIF maintains a strong risk transference program by requiring the entities to be named as an additional insured on contractors', facility users' and permitees' insurance policies. The members are given training as needed to effectively administer their risk transference programs. In addition, the General Manager and Administrative Assistant, on an almost daily basis, field inquiries about proper documentation needed to ensure that the cities are protected. At the end of FY 16/17, there were active litigation cases being handled by contractors' insurance companies at no expense to REMIF and the entities because of this highly effective program.

Training

Training is a strong component of any risk management program and one that REMIF is heavily engaged in. Each year, a special two-day training seminar is conducted for all police chiefs. The topics are determined by a small committee of chiefs to ensure relevancy and timeliness. In addition, each year the Board has a full day of training as part of its annual meeting in January. Other members of the entities' staff, as well as Board members, are invited to attend this training.

There is an annual two-day Public Works training seminar for the member's Public Works Directors and other supervisory staff. The training provides information concerning risk reduction, personnel practices and other relevant subjects designed to avoid or reduce the costs of claims and lawsuits.

REMIF has a policy of reimbursing the attendance of up to six members from each entity to attend the following three conferences: CAJPA, CALPELRA and PARMA. In addition to the above specific training sessions, REMIF hosts or conducts numerous training activities throughout the year at various sites as requested by the entities.

As an adjunct to the Police Daily Training Bulletin program, REMIF has a policy of establishing and maintaining current procedure manuals for all of the JPA's entities' police departments through Lexipol. This effort reduces exposure and litigation costs when claims/lawsuits are filed against police agencies.

On January 1, 2006, REMIF set up a consultation program with a contracted outside law firm for personnel legal advice services at no cost to the cities with a REMIF cost of $41,202. Part of this consortium program was two to four full-days of training per city per year.

During FY 16/17, REMIF spent $311,866 for the above mentioned training.

	FY 16/17	**FY 15/16**	**FY 14/15**
Safety Training	$226,527	$218,361	$205,998
Consultants	$34,619	$13,225	$13,637
Board Conference Expense	$77,440	$67,071	$60,437
Total	**$338,586**	**$298,657**	**$280,072**

Drug and Alcohol Detection

The entities are required to have a substance abuse testing and treatment program for all drivers who have commercial licenses as part of their job requirements. This is a federally mandated program through the Department of Transportation. REMIF coordinates this program through a private provider. The various drug tests are administered in accordance with federal law and the costs are passed through to the entities.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF NET POSITION
JUNE 30, 2017
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016

	Workers' Compensation Fund	Liability Fund	Property Fund	Dental Fund
ASSETS				
Cash and cash equivalents (Note 3)	$1,950,260	$905,097	$197,212	$187,025
Investments, current (Note 3)	1,107,153	436,930	95,203	65,923
Receivables:				
Premiums and fees	114,082			
Reimbursements	427,235	210,371	10,707	
Interfund (Note 5)	1,511,170			
Excess insurance reimbursement and other	893,554	74,180	227	
Prepaid expenses				
Deposits	275,500			
Total current assets	6,278,954	1,626,578	303,349	252,948
NONCURRENT ASSETS				
Investments, noncurrent (Note 3)	4,673,236	1,844,256	401,847	278,256
Net OPEB asset (Note 10)				
Capital assets - net of accumulated depreciation (Note 6)	325,723			
TOTAL ASSETS	11,277,913	3,470,834	705,196	531,204
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions (Note 11)	851,545			
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$12,129,458	$3,470,834	$705,196	$531,204
LIABILITIES				
Reimbursements for claims paid				
Interfund payables (Note 5)	$426,216	$436,633	$45,451	$15,402
Accounts payable	105,173	2,223		11,621
Deposits held to perform claim administration				
Tenant and other deposits	2,160			
Refunds payable to members				
Reserve for losses and claims (Note 8)	2,938,657	2,602,980		82,134
Total current liabilities	3,472,206	3,041,836	45,451	109,157
NONCURRENT LIABILITIES				
Reserve for losses and claims (Note 8)	11,626,991	2,796,709		
Reserve for ULAE (Note 8)	728,282	269,985		
Net pension liability (Note 11)	2,016,395			
TOTAL LIABILITIES	17,843,874	6,108,530	45,451	109,157
DEFERRED INFLOWS OF RESOURCES				
Related to pensions (Note 11)	105,039			
NET POSITION (DEFICIT)				
Net investment in capital assets	325,723			
Unrestricted	(6,145,178)	(2,637,696)	659,745	422,047
TOTAL NET POSITION (DEFICIT)	(5,819,455)	(2,637,696)	659,745	422,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	$12,129,458	$3,470,834	$705,196	$531,204

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF NET POSITION
JUNE 30, 2017
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016

Vision Fund	Auto Physical Damage Fund	Post Retirement Benefits Fund	Self-Funded Healthcare Fund	Enterprise Fund	Total	
					2017	2016
$39,886	$178,185		$979,153	$150,764	$4,587,582	$3,273,796
14,941	86,018		335,702	72,756	2,214,626	1,985,000
					114,082	402,398
	17,856		24,846	931,287	1,622,302	1,064,422
				426,216	1,937,386	826,194
					967,961	692,244
						23,743
				1,500	277,000	277,000
54,827	282,059		1,339,701	1,582,523	11,720,939	8,544,797
63,067	363,077		1,416,978	307,102	9,347,819	9,587,109
		$516,104			516,104	516,851
				7,187	332,910	334,229
117,894	645,136	516,104	2,756,679	1,896,812	21,917,772	18,982,986
					851,545	515,364
$117,894	$645,136	$516,104	$2,756,679	$1,896,812	$22,769,317	$19,498,350
						$7,486
$2,263	$45,451		$164,142	$801,828	$1,937,386	826,194
14,229				94,545	227,791	122,093
				715,000	715,000	650,000
					2,160	2,160
14,227					5,637,998	4,147,744
30,719	45,451		164,142	1,611,373	8,520,335	5,755,677
			929,081		15,352,781	13,649,974
					998,267	824,845
					2,016,395	1,704,201
30,719	45,451		1,093,223	1,611,373	26,887,778	21,934,697
					105,039	188,410
				7,187	332,910	334,229
87,175	599,685	$516,104	1,663,456	278,252	(4,556,410)	(2,958,986)
87,175	599,685	516,104	1,663,456	285,439	(4,223,500)	(2,624,757)
$117,894	$645,136	$516,104	$2,756,679	$1,896,812	$22,769,317	$19,498,350

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	Workers' Compensation Fund	Liability Fund	Property Fund	Dental Fund
OPERATING REVENUES				
Member Premiums	$4,872,746	$2,529,549	$474,249	$1,205,212
Fees	24,463			
Excess insurance refunds	30	106,328		
Total operating revenues	4,897,239	2,635,877	474,249	1,205,212
OPERATING EXPENSES				
Net losses and claims incurred	3,972,480	3,921,158	(50,189)	1,110,345
Change in reserve for ULAE	45,225	128,197		
Premiums and/or contributions for excess coverage	319,948	647,181	338,807	
Claims consultants and administration	409,522			151,381
General and administrative	314,026	655,849	45,451	15,402
Contributions to OPEB Trust Fund				
Annual OPEB expense				
Total operating expenses	5,061,201	5,352,385	334,069	1,277,128
OPERATING INCOME (LOSS)	(163,962)	(2,716,508)	140,180	(71,916)
NONOPERATING REVENUE (EXPENSE)				
Rental income	31,200			
Investment income	(10,370)	(11,609)	(1,159)	(551)
Realized gains (losses) on investments	(1,398)			
Total Nonoperating Revenues (Expenses)	19,432	(11,609)	(1,159)	(551)
Income (Loss) Before Transfers	(144,530)	(2,728,117)	139,021	(72,467)
Transfers in (Note 5)				
Transfers out (Note 5)	(17,094)			
NET CHANGE IN NET POSITION	(161,624)	(2,728,117)	139,021	(72,467)
NET POSITION (DEFICIT), Beginning of year	(5,657,831)	90,421	520,724	494,514
NET POSITION (DEFICIT), End of year	($5,819,455)	($2,637,696)	$659,745	$422,047

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Vision Fund	Auto Physical Damage Fund	Post Retirement Benefits Fund	Self-Funded Healthcare Fund	Enterprise Fund	Total 2017	Total 2016
$209,778	$195,913		$13,618,415		$23,105,862	$22,654,128
				$780,760	805,223	805,988
				59	106,417	116,963
209,778	195,913		13,618,415	780,819	24,017,502	23,577,079
160,508	2,050		10,640,949		19,757,301	18,744,246
					173,422	54,981
	64,262				1,370,198	1,336,034
40,789	45,901		1,747,103		2,394,696	1,914,058
2,262	45,451		164,141	662,937	1,905,519	1,772,657
		$17,094			17,094	20,957
		747			747	17,000
203,559	157,664	17,841	12,552,193	662,937	25,618,977	23,859,933
6,219	38,249	(17,841)	1,066,222	117,882	(1,601,475)	(282,854)
					31,200	102,600
(103)	(1,134)		(3,707)	1,563	(27,070)	242,401
					(1,398)	(187)
(103)	(1,134)		(3,707)	1,563	2,732	344,814
6,116	37,115	(17,841)	1,062,515	119,445	(1,598,743)	61,960
		17,094			17,094	20,957
					(17,094)	(20,957)
6,116	37,115	(747)	1,062,515	119,445	(1,598,743)	61,960
81,059	562,570	516,851	600,941	165,994	(2,624,757)	(2,686,717)
$87,175	$599,685	$516,104	$1,663,456	$285,439	($4,223,500)	($2,624,757)

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	Workers' Compensation Fund	Liability Fund	Property Fund	Dental Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from members	$5,016,566	$2,485,553	$473,406	$1,205,212
Cash received for excess insurance dividends	30	106,328		
Payments for excess insurance	(319,948)	(623,438)	(338,807)	
Payments (refunds) for claims, claims consultants and claims administration	(3,739,504)	(1,414,208)	132,998	(1,263,541)
Payments to vendors	(41,063)	(430,239)	(21,950)	(7,412)
Payments to or on behalf of employees	(378,237)	(225,610)	(23,501)	(7,990)
Interfund receipts (payments)	(341,560)	11,021	29,689	12,402
Contributions to OPEB Trust				
Net cash provided (used) by operating activities	196,284	(90,593)	251,835	(61,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in				
Transfers out	(17,094)			
Rents received	31,200			
Net cash provided (used) by noncapital financing activities	14,106			
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid), net of fair value adjustment	(11,768)	(11,609)	(1,159)	(551)
(Purchase) sale of investments	(13,529)	282,127	(151,283)	78,701
Net cash provided (used) by investing financing activities	(25,297)	270,518	(152,442)	78,150
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(5,115)			
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	179,978	179,925	99,393	16,821
CASH AND EQUIVALENTS, Beginning of year	1,770,282	725,172	97,819	170,204
CASH AND EQUIVALENTS, End of year	$1,950,260	$905,097	$197,212	$187,025
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	($163,962)	($2,716,508)	$140,180	($71,916)
Depreciation expense	2,084			
Change in:				
Premiums and fees receivable	288,316			
Reimbursement receivable	(168,959)	(43,996)	(843)	
Interfund receivables	(726,376)			
Excess insurance reimbursement and other	(301,530)	(56,996)	82,809	
Prepaid expenses		23,743		
Unearned premiums				
Reimbursements for claims paid	(7,486)			
Deposits held to perform claim administration				
Net pension liability and deferred outflows/inflows related to pensions	(107,358)			
Other post employment benefits				
Interfund payables	384,816	11,021	29,689	12,402
Accounts payable and other liabilities	46,998			(94)
Reserve for losses and claims	904,516	2,563,946		(1,721)
Reserve for ULAE	45,225	128,197		
Net cash provided (used) by operating activities	$196,284	($90,593)	$251,835	($61,329)

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

Vision Fund	Auto Physical Damage Fund	Post Retirement Benefits Fund	Self-Funded Healthcare Fund	Enterprise Fund	Total 2017	Total 2016
$209,778	$202,187		$13,618,415	$495,404	$23,706,521	$22,253,843
				59	106,417	116,963
	(64,262)				(1,346,455)	(1,312,291)
(196,152)	(47,951)		(12,670,702)		(19,199,060)	(18,495,054)
(1,322)	(21,950)		(79,067)	(205,937)	(808,940)	(856,104)
(940)	(23,501)		(85,074)	(390,031)	(1,134,884)	(1,103,890)
1,263	37,570		164,142	85,473		
		($17,094)			(17,094)	(20,957)
12,627	82,093	(17,094)	947,714	(15,032)	1,306,505	582,510
		17,094			17,094	20,957
					(17,094)	(20,957)
					31,200	102,600
		17,094			31,200	102,600
(103)	(1,134)		(3,707)	1,563	(28,468)	242,214
(2,864)	(23,248)		(311,274)	151,034	9,664	236,641
(2,967)	(24,382)		(314,981)	152,597	(18,804)	478,855
					(5,115)	
9,660	57,711		632,733	137,565	1,313,786	1,163,965
30,226	120,474		346,420	13,199	3,273,796	2,109,831
$39,886	$178,185		$979,153	$150,764	$4,587,582	$3,273,796
$6,219	$38,249	($17,841)	$1,066,222	$117,882	($1,601,475)	($282,854)
				4,350	6,434	7,153
					288,316	(62,998)
	6,274			(350,356)	(557,880)	238,130
				(384,816)	(1,111,192)	181,103
					(275,717)	(213,059)
					23,743	119,028
						(1,381,405)
					(7,486)	7,486
				65,000	65,000	
					(107,358)	(149,688)
		747			747	17,000
1,263	37,570		164,142	470,289	1,111,192	(181,103)
2,557			(6,382)	62,619	105,698	(90,835)
2,588			(276,268)		3,193,061	2,319,571
					173,422	54,981
$12,627	$82,093	($17,094)	$947,714	($15,032)	$1,306,505	$582,510

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
OPEB TRUST FUND
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Investments (Note 4):		
Money Market	$49,701	$74,860
Exchange Traded Funds	2,707,334	2,402,442
Total Assets	2,757,035	2,477,302
NET POSITION		
Total net position restricted for OPEB	$2,757,035	$2,477,302

See accompanying notes to financial statements

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
OPEB TRUST FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
ADDITIONS:		
Contributions to OPEB Trust (Note 10)	$17,094	$20,957
Contributions to OPEB Plan (Note 10)	115,159	92,043
Investment Income:		
Interest and dividends	268,804	26,612
Less: investment expenses	(6,165)	
Total additions	394,892	139,612
DEDUCTIONS:		
Benefits	115,159	92,043
Change in net position	279,733	47,569
Net position restricted for OPEB - beginning of year	2,477,302	2,429,733
Net position restricted for OPEB - end of year	$2,757,035	$2,477,302

See accompanying notes to financial statements

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NOTE 1 – GENERAL INFORMATION

Redwood Empire Municipal Insurance Fund (REMIF) is a governmental entity organized under a joint powers agreement by certain California cities to provide various coverage programs to its members as allowed under the California Government Code. REMIF is a "risk sharing pool" which pools risk and funds and which shares in the cost of losses. REMIF provides and administers coverage programs for seven member and eight associate member cities. Members and associate members participate in the workers' compensation and general liability programs and have the option, with approval by the Board of Directors, of participating in any or all of the other coverage programs which provide property, difference in conditions (flood and earthquake), fidelity/faithful performance, dental, vision, employee assistance, auto physical damage and healthcare.

Members consist of those cities which were involved with the formation of REMIF and have representation on the Board of Directors. Associate members consist of additional cities which have been allowed to participate in the programs and are entitled to one vote for every four associate members on the Board of Directors. In June 2014, the Board amended the Governance By-laws effective January 1, 2015 to allow all REMIF members the right to sit on the Board.

The activities of REMIF include setting and collecting contributions for each program, negotiating excess insurance coverage, administering payment of claims and related expenses including maintaining risk management and safety programs, training for the members, and investing each program's assets. REMIF engages the services of independent actuaries and claims administrators to assist in performing some of these activities.

The Enterprise Fund accounts for revenues and expenses associated with claims administration services performed by REMIF on workers' compensation coverage for members, associate members, and nonmember municipal agencies on a fee basis. All other funds provide members with the named coverage.

General and administrative expenses are allocated to each fund based on percentages and amounts established annually by the Board of Directors.

For some of the coverage programs REMIF has a risk sharing arrangement. Each member participating in a risk sharing program assumes its own losses up to its retention level. Losses in excess of each member's self-insured retention are paid out of that program's pool. Each program's pool is funded by all of the members participating in that program through cash contributions. Losses and expenses are paid from these pools up to the limit of coverage subject to REMIF's self-insured retention. Losses in excess of each program's coverage level are covered by commercial carriers or other joint power authorities of which REMIF is a member. Losses exceeding the excess coverage limits for each program are the responsibility of the individual member from which the loss or claim originated.

Each year REMIF evaluates every program's financial risk position, defined as contributions less projected ultimate loss. If the events of the year result in a negative risk position, the members' annual assessment may be increased in subsequent years.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America for governmental enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, REMIF follows the accounting standard hierarchy established by the GASB.

In addition to REMIF's business-type activities, REMIF maintains a fiduciary fund to account for the assets held in a trustee capacity. Fiduciary funds are also accounted for using the economic resources measurement focus and accrual basis of accounting. REMIF reports the following fiduciary fund:

The Other Postemployment Benefits Trust Fund (OPEB Trust Fund) is an irrevocable trust fund used to account for assets held by REMIF as Trustee for other postemployment benefits as further described in Note 10.

B. *Insurance Coverage and Deductibles*

REMIF provides the following major insurance coverage and deductibles:

1. Workers Compensation Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible: $5,000 to $10,000
REMIF SIR: $1,000,000 as of June 30, 2017

The SIRs for this program by year are as follows:

Year	Amount
7/1/76 – 6/30/81	$150,000
7/1/81 – 2/28/82	100,000
3/1/82 – 6/30/86	150,000
7/1/86 – 6/30/87	200,000
7/1/87 – 6/30/90	250,000
7/1/90 – 6/30/03	300,000
7/1/03 – 6/30/17	1,000,000

Excess of: Excess of $1,000,000 to statutory limits for each worker's compensation occurrence through Safety National Casualty.

Excess of $1,000,000 to $2,000,000 for employer's liability through Safety National Casualty.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Liability Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible:	$5,000 to $25,000
REMIF SIR:	$500,000 as of June 30, 2017

Excess of: $500,000 to a total of $40,000,000 coverage per occurrence through California Joint Powers Risk Management Authority, Munich Reinsurance America and SCOR Reinsurance Co.

3. Property Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible:	$5,000 to $10,000
REMIF SIR:	$25,000 as of June 30, 2017

Excess of: $25,000 to a total of $400,000,000 ($100,000,000 Boiler/ Machinery) coverage per occurrence through Munich Reinsurance America, XL Insurance America Inc., and Hartford Steam Boiler Insurance Company.

4. Auto Physical Damage

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible:	$5,000 to $10,000
REMIF SIR:	$25,000 as of June 30, 2017

Excess of: $25,000 to a total of $10,000,000 coverage per occurrence through The Hanover Insurance Company.

5. Healthcare Program

Beginning July 1, 2015, REMIF provides a self-insured healthcare program. The program is administered by a third party administrator (TPA) and a pharmacy benefit manager (PBM) and includes stop loss coverage to protect REMIF from large individual or catastrophic losses as follows:

REMIF Deductible:	$175,000
Maximum Annual Reimbursement:	$1,000,000

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Pass-through Programs

REMIF also provides earthquake and flood (difference in conditions), life, comprehensive drug testing and employee assistance programs which are fully insured by a commercial provider.

C. Contributions from Members

Each member is assessed a premium which is intended to cover REMIF's claims, operating costs and claim settlement expenses for that program. Contributions for all programs, except the Healthcare Programs, are based on an actuarially determined rate for each program, based on an estimate of the probable losses and expenses to be borne by that program, in the year in question. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus according to an established policy. General and administrative expenses are allocated on the basis of each participant's share of cash contributions. All contributions are recognized as revenues when earned, based on the period covered by the premium.

For the Healthcare Program, contributions for the medical, dental, and vision plans are based on an estimate determined by the Board, in an amount calculated to be sufficient to provide for all covered expenses. The cash contributions are also calculated to establish a prudent surplus to fund for a contingent risk margin and administrative expenses. Contributions are recognized as revenues when earned, based on the period covered by the premium.

D. Nonoperating Revenue

REMIF does not discount its claims liabilities. Therefore, investment income is classified as nonoperating income. Additionally, REMIF anticipates investment income in determining if a premium deficiency exists.

E. Unpaid Claims Liabilities (Claims Reserves and Claims IBNR)

REMIF established claims liabilities separately for each program based on the undiscounted estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, and based on estimates of claims that have been incurred but not reported (IBNR) by that program. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Reserve for Unallocated Loss Adjustment Expense (ULAE)

Amounts have been estimated for the cost of administering claims payable and future claims. These amounts were estimated in connection with other loss development information.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H. Deferred Compensation Plan

REMIF employees may defer a portion of their compensation under a City of Rohnert Park sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the Plan. The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not REMIF's or the City's property, and are not subject to claims by general creditors of REMIF or the City, they have been excluded from these financial statements.

I. Cash and Equivalents

REMIF considers all highly liquid debt instruments purchased with a maturity of three months or less and its investments in the Local Agency Investment Fund (LAIF) and Sonoma County Trust to be cash equivalents. LAIF is recorded at fair value, which is based on the quoted market prices of its underlying investments.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. REMIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. REMIF's most significant estimates include estimates for liabilities associated with claims and other post-employment benefits. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

L. Income Taxes

REMIF's income is exempt from federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Policies

REMIF invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, REMIF employs the Trust Department of a bank as the custodian of all REMIF managed investments, regardless of their form.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of REMIF's cash on deposit or first trust deed mortgage notes with a value of 150% of REMIF's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in REMIF's name and places REMIF ahead of general creditors of the institution pledging the collateral.

REMIF records its investments at fair value. Changes in fair value are reported in the statement of revenues, expenses, and changes in net position. For external investments pools, fair value of investments has been determined by the sponsoring government based on quoted market prices. REMIF's investments have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

B. *Classification*

Cash, cash equivalents and investments at June 30, consisted of the following:

	2017	2016
Cash in bank and on hand	$3,953,948	$2,644,045
Sonoma County Trust	230,369	229,048
Local Agency Investment Fund (LAIF)	403,265	400,703
Total cash and cash equivalents	4,587,582	3,273,796
Investments	11,562,445	11,572,109
Total cash, cash equivalents and investments	$16,150,027	$14,845,905

C. *Investments Authorized by the California Government Code and REMIF's Investment Policy*

The table below identifies the investment types that are authorized for REMIF by the California Government Code and REMIF's investment policy. The table also identifies certain provisions of the California Government Code or REMIF's investment policy, if more restrictive, that address interest rate risk and concentration of credit risk.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Authorized Investment Types	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment One Issuer
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	None	None
Municipal Securities:				
State	5 years	None	None	None
Local Agencies within California	5 years	None	None	None
Banker's Acceptances	180 days	A1	40%	5%
Non-Negotiable Certificates (Time Deposits)	5 years	None	30%	None
Negotiable Certificates of Deposit	5 years	A	30%	5%
Commercial Paper	270 days	A/A1	25%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None	LAIF max (currently $65m/acct)
Sonoma County Pooled Investment Fund	N/A	None	10%	None
Medium-Term Notes	5 years	A	30%	5%
Money Market Mutual Funds	N/A	AAAm	20%	10%

D. *Disclosures Relating to Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that REMIF manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of REMIF's investments to market interest rate fluctuations is provided by the following tables that show the maturity date of each investment or earliest call date:

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

June 30, 2017	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25 - 60 Months	Total
U.S. Treasury Obligations		$934,100	$1,786,269	$2,720,369
U.S. Agency Securities	$584,922	2,303,614	2,086,520	4,975,056
Commercial Paper	477,264			477,264
Medium Term Corporate Notes	1,083,661	1,467,383	769,933	3,320,977
Money Market Mutual Funds	68,779			68,779
Total	$2,214,626	$4,705,097	$4,642,722	$11,562,445

June 30, 2016	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25 - 60 Months	Total
U.S. Treasury Obligations		$677,535	$1,794,709	$2,472,244
U.S. Agency Securities	$1,556,820	2,405,470	1,715,649	5,677,939
Commercial Paper	229,433			229,433
Medium Term Corporate Notes	165,820	2,094,027	899,719	3,159,566
Money Market Mutual Funds	32,927			32,927
Total	$1,985,000	$5,177,032	$4,410,077	$11,572,109

E. *Disclosures Relating to Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type as of June 30, 2017, as provided by Standard and Poor's investment rating system.

Investment Type	AAA/AAAm	AA+/AA/ AA-	A+/A/A-	A-1/A-1+	Total
U.S Treasury Obligations		$2,720,369			$2,720,369
U.S. Agency Securities		4,975,056			4,975,056
Commercial Paper				$477,264	477,264
Medium Term Corporate Notes	$162,951	1,196,183	$1,961,843		3,320,977
Money Market Mutual Funds	68,779				68,779
	$231,730	$8,891,608	$1,961,843	$477,264	$11,562,445

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Presented below is the actual rating as of year-end for each investment type as of June 30, 2016, as provided by Standard and Poor's investment rating system.

Investment Type	AAA/AAAm	AA+/AA/ AA-	A+/A/A-	A-1	Total
U.S Treasury Obligations		$2,472,244			$2,472,244
U.S. Agency Securities		5,677,939			5,677,939
Commercial Paper				$229,433	229,433
Medium Term Corporate Notes	$61,531	1,398,028	$1,700,007		3,159,566
Money Market Mutual Funds	32,927				32,927
	$94,458	$9,548,211	$1,700,007	$229,433	$11,572,109

F. *Fair Value Hierarchy*

REMIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of REMIF as of June 30, 2017:

Investments by Fair Value Level:	Level 2	Total
U.S. Treasury Obligations	$2,720,369	$2,720,369
U.S. Agency Securities	4,975,056	4,975,056
Commercial Paper	477,264	477,264
Medium Term Corporate Notes	3,320,977	3,320,977
	$11,493,666	11,493,666
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		68,779
Total Investments		$11,562,445

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of REMIF as of June 30, 2016:

Investments by Fair Value Level:	Level 2	Total
U.S. Treasury Obligations	$2,472,244	$2,472,244
U.S. Agency Securities	5,677,939	5,677,939
Commercial Paper	229,433	229,433
Medium Term Corporate Notes	3,159,566	3,159,566
	$11,539,182	11,539,182
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		32,927
Total Investments		$11,572,109

U.S. Treasury Obligations, U.S. Agency Securities, Commercial Paper and Medium Term Corporate Notes, classified in Level 2 of the fair value hierarchy, are valued using various pricing techniques maintained by Interactive Data Pricing, including benchmark curves, sector groupings and matrix pricing. These prices are obtained from various pricing sources by our investment manager. Fair value is defined as the quoted market value on the last trading day of the period.

G. *Concentration of Credit Risk*

The investment policy of REMIF contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal year 2017, REMIF did have more than 5% of total investments in a single issuer, (other than U.S. Treasury securities, mutual funds and external investment pools) which are disclosed as follows:

Federal National Mortgage Association	$2,061,101
Federal Home Loan Mortgage Corporation	1,577,186
Federal Home Loan Bank	1,080,468

During fiscal year 2016, REMIF did have more than 5% of total investments in a single issuer, (other than U.S. Treasury securities, mutual funds and external investment pools) which are disclosed as follows:

Federal Home Loan Mortgage Corporation	$2,164,139
Federal National Mortgage Association	1,661,640
Federal Home Loan Bank	1,114,141

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

H. Investments in Investment Pools

REMIF is a participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Sonoma County Trust Fund. The fair value of REMIF's investment in the pools is reported in the accompanying financial statements at amounts based upon REMIF's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio) and Sonoma County Trust Fund. The balance available for withdrawal is based on the accounting records maintained by LAIF and the Sonoma County Trust Fund, which are recorded on an amortized cost basis. Separate complete financial statements for LAIF may be obtained from 915 Capitol Mall, Sacramento, CA 95814 and for Sonoma County Trust Fund from 575 Administration Drive, Santa Rosa, CA 95403.

NOTE 4 – INVESTMENTS - OPEB TRUST FUND

A. Composition

Investments of the OPEB Trust Fund at June 30 consisted of the following:

	2017	2016
Money Market	$49,701	$74,860
Exchange Traded Funds:		
Equities:		
Domestic	1,238,810	1,054,516
International	405,835	330,551
Real Estate:		
Domestic	133,584	142,315
International	67,070	68,672
Commodities	40,301	44,382
Bonds:		
Domestic	755,236	692,805
International	66,498	69,201
Total Investments	$2,757,035	$2,477,302

NOTE 4 – INVESTMENTS - OPEB TRUST FUND (Continued)

B. Investments Authorized by OPEB Trust Fund's Investment Policy

The tables below identify the investment types that are authorized by the OPEB Trust Fund's investment policy. The tables also identify certain provisions that address interest rate risk and concentration of credit risk.

	Maximum Investment in One Issuer
U.S. Treasury and Agency Obligations	None
Money Market Instruments	5%
Fixed Income Securities**	5%
Mortgage-Backed Securities	5%
Asset-Backed Securities	5%
Equity Securities of U.S. and non-U.S. Issuers	5%
Real Estate Investment Trusts (REITs)	5%
Commingled Funds*	5%
Mutual Funds*	None
Exchange Traded Funds (ETF)*	None

* Must invest in permitted investments.
** Individually purchased fixed income securities must, at the time of purchase, have a credit rating of at least "Investment Grade" by one or more of the Nationally Recognized Statistical Rations Organization (NRSRO).

Asset Class	Acceptable Range of Asset Allocation (within 5%)
Equities	**25% - 75%**
Domestic	20% - 75%
International	5% - 50%
Real Estate	**0% - 25%**
Domestic	0% - 25%
International	0% - 10%
Commodities	**0% - 25%**
Bonds	**25% - 75%**
Domestic	15% - 75%
International	0% - 35%
Cash	**0% - 10%**

NOTE 4 – INVESTMENTS - OPEB TRUST FUND (Continued)

C. Disclosures Relating to Interest Rate Risk

As of June 30, 2017 and 2016, the OPEB Trust Fund's investments had maturities of 12 months or less.

D. Fair Value Hierarchy

The OPEB Trust Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the OPEB Trust Fund as of June 30, 2017:

Investments by Fair Value Level:	Level 1	Total
Equities:		
Domestic	$1,238,810	$1,238,810
International	405,835	405,835
Real Estate:		
Domestic	133,584	133,584
International	67,070	67,070
Commodities	40,301	40,301
Bonds:		
Domestic	755,236	755,236
International	66,498	66,498
	$2,707,334	2,707,334
Investments Measured at Amortized Cost:		
Money Market		49,701
Total Investments		$2,757,035

NOTE 4 – INVESTMENTS - OPEB TRUST FUND (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the OPEB Trust Fund as of June 30, 2016:

Investments by Fair Value Level:	Level 1	Total
Equities:		
Domestic	$1,054,516	$1,054,516
International	330,551	330,551
Real Estate:		
Domestic	142,315	142,315
International	68,672	68,672
Commodities	44,382	44,382
Bonds:		
Domestic	692,805	692,805
International	69,201	69,201
	$2,402,442	2,402,442
Investments Measured at Amortized Cost:		
Money Market		74,860
Total Investments		$2,477,302

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our investment manager.

E. Disclosures Relating to Credit Risk

The Money Market Funds and GreenHaven Commodity were rated AAAm and A+, respectively by Standard and Poor's Investment Rating Service as of June 30, 2017 and 2016.

F. Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB Trust Fund investments, net of OPEB plan investment expense, was 8.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5 - INTERFUND TRANSACTIONS

Current interfund balances arise in the normal course of business and are expected to be repaid before the close of the next fiscal year.

Administrative overhead costs are charged to the Workers' Compensation Fund throughout the year and distributed to all funds at year end based on a Board approved allocation, which is determined based on a Cost Allocation Plan performed and presented to the Board annually. The allocation is recorded at the end of the fiscal year, resulting in current interfund balances totaling $827,516 and $453,255 as of June 30, 2017 and 2016, respectively.

In fiscal year 2017, the Board approved a revised financial reporting structure in which general and administrative overhead costs are charged to the Enterprise Fund throughout the year and distributed to the Worker's Compensation Fund at year end based on a Board approved allocation, which is determined based on claims received or reported for each program. The allocation is recorded at the end of the fiscal year, resulting in a current interfund balance of $375,542 as of June 30, 2017.

The Enterprise Fund normally retains an imprest balance of $715,000 to fund Workers' Compensation claim payments made on behalf of REMIF and the cities of Eureka, Petaluma, San Rafael and Santa Rosa. Of this amount, $275,000 is on deposit from the REMIF Workers' Compensation Program. However, deposits from the Workers' Compensation Program to the Enterprise Fund for the months of June 2017 and June 2016 exceeded expenses and the Enterprise Fund owed the Workers' Compensation Program $352,342 and $331,539 as of June 30, 2017 and 2016, respectively.

In addition to the above balances, as of June 30, 2017 and 2016, the Worker's Compensation Fund owed the Enterprise Fund $50,674 and $41,400, respectively, and as of June 30, 2017 the Enterprise Fund owed the Worker's Compensation Fund $331,312 for claims processing administrative fees and other reimbursements.

The Workers' Compensation Fund transferred $17,094 to the Post Retirement Benefits Fund to fund contributions to the OPEB Trust for the year ended June 30, 2017 and $20,957 for the year ended June 30, 2016.

NOTE 6 - CAPITAL ASSETS

Capital assets are stated at cost. Major additions are capitalized and repair and maintenance costs are expensed. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of capital assets. When assets are sold or abandoned, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the statement of revenues, expenses, and changes in net position.

REMIF has assigned the useful lives and capitalization thresholds listed below to capital assets, depending upon the year of acquisition:

	Prior to July 1, 2012	On or After July 1, 2012
Capitalization Threshold	$1,000	$5,000
Useful Lives (Years):		
Buildings	20	50
Building Improvements	10-20	30
Leasehold Improvements	10-20	10
Equipment	5	5
Furniture and Fixtures	7	n/a

Capital assets are comprised of the following:

Worker's Compensation Fund:	June 30, 2016	Additions	Retirements	June 30, 2017
Land	$319,999			$319,999
Building and improvements	652,273			652,273
Furniture and fixtures	15,159			15,159
Equipment	9,499	$5,115		14,614
Total	996,930	5,115		1,002,045
Less accumulated depreciation	(674,238)	(2,084)		(676,322)
Capital assets - net	$322,692	$3,031		$325,723
Enterprise Fund:				
Furniture and fixtures	$264,273			$264,273
Equipment	30,514			30,514
Total	294,787			294,787
Less accumulated depreciation	(283,250)	($4,350)		(287,600)
Capital assets - net	$11,537	($4,350)		$7,187
Total Capital Net Assets - net	$334,229	($1,319)		$332,910

NOTE 6 - CAPITAL ASSETS (Continued)

Worker's Compensation Fund:	June 30, 2015	Additions	Retirements	June 30, 2016
Land	$319,999			$319,999
Building and improvements	652,273			652,273
Furniture and fixtures	15,159			15,159
Equipment	21,380		($11,881)	9,499
Total	1,008,811		(11,881)	996,930
Less accumulated depreciation	(683,316)	($2,803)	11,881	(674,238)
Capital assets - net	$325,495	($2,803)		$322,692
Enterprise Fund:				
Furniture and fixtures	$264,273			$264,273
Equipment	30,514			30,514
Total	294,787			294,787
Less accumulated depreciation	(278,900)	($4,350)		(283,250)
Capital assets - net	$15,887	($4,350)		$11,537
Total Capital Net Assets - net	$341,382	($7,153)		$334,229

NOTE 7 - REFUNDS TO MEMBERS

REMIF distributes surplus funds of individual programs to members from time to time, based on the results of actuarial studies of each program's claims experience. Distributions from the Worker's Compensation and Liability Programs are made from net position in excess of the Board designated reserve. These refunds include cumulative earnings on program contributions but may be reduced by amounts required to fund prior or subsequent year unfavorable claims experience. REMIF has declared the following refunds:

	Distribution to Members of the:	
Fiscal Year	Worker's Compensation Program	Liability Program
1988	$1,041,381	
1992		$1,265,354
1993		1,128,682
1994	1,787,918	1,008,611
1995	2,236,080	1,069,327
1996	1,943,878	1,179,997
1997	1,689,230	1,471,978
1998	522,159	1,235,081
1999	533,222	1,225,501
2000	155,068	903,778
2001	313,514	1,015,620
2002		1,245,094
2003		704,668
2004		1,586,837
2005		483,728
2006	728,690	561,417
2007	718,151	1,505,033
2008		1,705,613
2009	1,915,793	1,635,277
2010	97,802	1,720,803
2011		591,255
2012		572,133
2013		414,041
2014		-
2015		-
2016		-
2017		-

In October 2014, the Board authorized a distribution of $91,474 from its Liability Program for the year ended June 30, 2014. However, management has elected to postpone the refund until the Board has completed its review of the reserve policy discussed in Note 9.

NOTE 8 - RESERVES FOR LOSSES AND CLAIMS

Liabilities for losses and claims are based on undiscounted estimates of the ultimate net cost of settling all losses and claims which are incurred but unpaid at year end, including claims incurred but not reported. These amounts were computed using a combination of actuarial estimates, case basis estimates and industry guidelines, and are net of any anticipated recoveries from insurers.

The following summarizes for all programs, the changes in losses and claims payable, including claims incurred but not reported (IBNR), and excludes claims and payments at the member deductible level, during the year ended June 30:

	2017	2016
Unpaid losses and loss adjustment expenses, beginning of fiscal year	$18,622,563	$16,248,011
Incurred losses and loss adjustment expenses:		
Provision for covered events of the current year	17,515,240	18,212,798
Change in provision for covered events of prior years	2,415,483	586,429
Total incurred losses and loss adjustment expenses	19,930,723	18,799,227
Payments:		
Losses and loss adjustment expenses attributable to covered events of the current year	11,167,084	12,397,835
Losses and loss adjustment expenses attributable to covered events of prior years	5,397,156	4,026,840
Total payments	16,564,240	16,424,675
Total unpaid losses and loss adjustment expenses, end of fiscal year	$21,989,046	$18,622,563
Reserve for losses and claims - current	$5,637,998	$4,147,744
Reserve for losses and claims - long-term	15,352,781	13,649,974
Reserve for ULAE	998,267	824,845
Total unpaid losses and loss adjustment expenses	$21,989,046	$18,622,563

NOTE 9 - NET POSITION

A. Designated Net Position

The Board has designated a reserve for both the workers' compensation and liability programs of REMIF for future loss development. Any net position in excess of the confidence margin is undesignated. The net position for both the workers' compensation and liability programs is designated as follows at June 30:

	Workers' Compensation Fund		Liability Fund	
	2017	2016	2017	2016
Designated net position	$0	$0	$0	$90,421

REMIF's policy is to reserve net position of $1,000,000 in the Workers' Compensation Fund, however the Fund has deficit unrestricted net position of $6,145,178 as of June 30, 2017. REMIF's policy is to also reserve net position of $1,000,000 in the Liability Fund, however the Fund has deficit unrestricted net position of $2,637,696 as of June 30, 2017. REMIF plans to replenish the reserves through future member premiums.

The Board also has designated a reserve for the enterprise program of REMIF for future equipment replacement. As of the years ended June 30, 2017 and 2016, the designated balance was $236,371 and $222,195, respectively.

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS

REMIF sponsors a single-employer postemployment health care benefit plan (The Plan). REMIF provides certain health, dental, vision and life insurance benefits in the form of premium payments for its separated employees with at least 10 years of continuous service. These benefits are paid for life and extend to the retiree's dependents. The benefits provided depend on the employee's length of service and date of hire.

For employees hired before July 1, 1993 (Plan 1) REMIF pays the entire appropriate premium costs.

For employees hired on or after July 1, 1993, but before July 1, 2014, (Plan 2) REMIF pays towards premium costs as follows:

- For retirees having at least 10 years continuous service - fifty percent of applicable premium costs
- For retirees having at least 15 years of continuous service- sixty-five percent of the applicable premium costs
- For retirees having at least 25 years of continuous service eighty percent of applicable premium costs

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Employees hired on or after July 1, 2014 are not eligible for any post-employment healthcare benefits, including coverage under the REMIF medical, dental, or vision plans.

During the year-ended June 30, 2011, REMIF established an irrevocable trust. REMIF established the OPEB Trust Fund to account for the Plan assets held by REMIF as Trustee for other postemployment benefits. The Board reserves the authority to review and amend the funding policy from time to time to ensure that the funding policy continues to best suit the circumstances of REMIF. The OPEB Trust Fund does not issue a separate report. Contributions to the OPEB Trust Fund are an irrevocable transfer in which assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of REMIF.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and, if applicable, the disclosure that the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The annual required contribution (ARC) was determined as part of a July 1, 2015, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included:

Valuation date	July 1, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level dollar amount over a closed 25 years
Remaining amortization period at July 1, 2015	19
Interest rate assumption	6.50%
Inflation assumption	3.00%
Across-the-board salary increases	3.25%
Medical premium assumptions (declining increases)	7.5%-5.25%
Dental cost increases	5.25%
Vision cost increases	3.25%

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

During the fiscal years ended June 30, 2017 and 2016, REMIF has recorded a Net OPEB Asset in the Post-Retirement Benefits Fund, representing the difference between the ARC and actual contributions, as presented below:

	2017	2016
Annual required contribution (ARC)	$117,000	$114,000
Interest on net OPEB obligation	(34,000)	(37,000)
Adjustment to annual required contribution	50,000	53,000
Annual OPEB expense (AOC)	133,000	130,000
Contributions made:		
Contributions to trust	(17,094)	(20,957)
Implied subsidy	(5,000)	(1,000)
Benefit payments	(110,159)	(91,043)
Increase (decrease) in OPEB obligation	747	17,000
Net OPEB obligation (asset) - beginning of year	(516,851)	(533,851)
Net OPEB obligation (asset) - end of year	($516,104)	($516,851)

The fiscal year 2017 and 2016 contributions of $132,253 and $113,000, respectively, consisted of contributions to the OPEB Trust, post-employment benefit payments for current retirees on a pay-as-you-go basis and actuarially calculated implicit subsidy payments.

The following table provides three years of historical information of the Annual OPEB Cost:

Fiscal Year	Annual OPEB Expense	Actual Contributions	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
June 30, 2015	$73,000	$74,508	102.07%	($533,851)
June 30, 2016	130,000	113,000	86.92%	(516,851)
June 30, 2017	133,000	132,253	99.44%	(516,104)

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation. The schedule of funding progress below and the required supplementary information immediately following the notes to the financial statements presents information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The July 1, 2009 actuarial valuation used the projected unit credit cost method, while the July 1, 2012 and 2015 valuations used the entry age normal cost method. REMIF's funding progress for other postemployment benefits as of the most recent valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A) UAAL	Funded Ratio (A/B)	Covered Payroll (Active Plan Members) (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
July 1, 2015	$2,417,000	$2,563,000	$146,000	94.30%	N/A	N/A

Net OPEB Liability

REMIF's OPEB Plan discussed above is required to implement the provisions of Governmental Accounting Standards Board Statement No. 74 in fiscal year 2017, which requires the following additional disclosures:

Plan Administration – REMIF is the Plan administrator.

Plan Membership – As of June 30, 2017, membership in the Plans consisted of the following;

Retirees and beneficiaries receiving benefits	10
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	11
Total Number of Participants	21

Investments – REMIF's investment policy for the Plan and the related asset allocation policy, investments held as of June 30, 2017, and the rate of return are discussed in Note 4 above.

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Net OPEB Liability – The components of the net OPEB liability of REMIF at June 30, 2017, were as follows:

Total OPEB Liability	$2,884,000
Plan Fiduciary Net Position	(2,757,035)
Net OPEB Liability	$126,965
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.60%

Actuarial Assumptions - The total OPEB liability for the Plan were determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2017 using standard update procedures. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.25%
Investment Rate of Return	6.5%, net of OPEB plan investment expenses
Medical premium assumptions	
Rates (declining increases)	7.5% - 5.25%
Dental cost increases	5.25%
Vision cost increases	3.25%
Mortality Tables	CalPERS 1997-2011 Experience Study: Tables for service retirements and beneficiaries used for those groups.

NOTE 10 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The long-term expected rate of return on OPEB 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) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

	Target Allocation	Geometric Expected Real Rate of Return
Asset Class Component:		
Domestic equities	40%	5.35%
International equities	10%	5.35%
Fixed income	35%	0.82%
REIT	10%	4.03%
Commodities	5%	1.90%
Cash and other	0%	n/a
Assumed Long-Term Rate of Inflation		3.00%
Assumed Long-Term Investment Expenses		(0.06%)
Margin for Adverse Deviation		(0.44%)
Expected Long-term Net Rate of Return, rounded		6.50%

Discount rate - The discount rate used to measure the total OPEB liability as of June 30, 2017 was 6.5% for the Plan. The projection of cash flows used to determine the discount rate assumed that REMIF contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of REMIF, as well as what REMIF's net OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$530,000	$126,965	($203,000)

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of REMIF, as well as what REMIF's net 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	($255,000)	$126,965	$602,000

NOTE 11 – PENSION PLAN

A. General Information about the Pension Plans

Plan Description – Substantially all REMIF employees are eligible to participate in REMIF's Miscellaneous Employee Pension Rate Plan. The REMIF Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. REMIF sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and REMIF ordinance. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 11 – PENSION PLAN (Continued)

REMIF's employees hired on or before December 31, 2012 participate in the Miscellaneous Plan of the Redwood Empire Municipal Insurance Fund (part of CalPERS' Miscellaneous Risk Pool). The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. REMIF's employees hired on or after January 1, 2013 participate in the Miscellaneous Plan of the Redwood Empire Municipal Insurance Fund (part of CalPERS' Miscellaneous Risk Pool). Benefit provisions under the Plan were established by State statute and REMIF ordinance. Benefits are based on years of credited service, equal to one year of full time employment. REMIF employees retiring on or after July 1, 2009 are eligible to receive a benefit of 2.7% per year of credited service. The Plan's provisions and benefits in effect at June 30, 2017 and 2016 are summarized as follows:

	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates - June 30, 2017	8.000%	6.500%
Required employee contribution rates - June 30, 2016	8.000%	6.500%
Required employer contribution rates - June 30, 2017	12.878%	7.066%
Required employer contribution rates - June 30, 2016	12.209%	6.724%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. REMIF's required contribution for the unfunded liability was $138,754 in fiscal year 2017 and $127,600 in fiscal year 2016.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. REMIF is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Prior to July 1, 2016, REMIF's labor policy provided for the normal employee contributions to be paid by REMIF. As of July 1, 2016, the employees pay those contributions.

NOTE 11 – PENSION PLAN (Continued)

For the years ended June 30, 2017 and 2016, the contributions to the Miscellaneous (cost-sharing) Plan were as follows:

	2017	2016
Contributions - employer	$241,669	$219,744
Contributions - employee (paid by employer)		60,618
Total	$241,669	$280,362

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to 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 CalPERS Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. 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.

As of June 30, 2017 and 2016, REMIF reported a net pension liability for its proportionate share of the net pension liability of the Plan of $2,016,395 and $1,704,201, respectively.

REMIF's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan as of June 30, 2017 is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The net pension liability of the Plan as of June 30, 2016 was measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. REMIF's proportion of the net pension liability was based on a projection of REMIF's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. REMIF's proportionate share of the net pension liability for the Plan as of June 30 was as follows:

Proportion - June 30, 2015	0.06212%
Proportion - June 30, 2016	0.05804%
Change - Increase (Decrease)	-0.00408%

Proportion - June 30, 2014	0.05859%
Proportion - June 30, 2015	0.06212%
Change - Increase (Decrease)	0.00353%

NOTE 11 – PENSION PLAN (Continued)

For the years ended June 30, 2017 and 2016, REMIF recognized pension expense of $59,384 and $70,056, respectively. At June 30, 2017 and 2016, REMIF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$241,669	
Differences between actual and expected experience	7,852	($1,799)
Changes in assumptions		(74,290)
Net differences between projected and actual earnings on plan investments	386,655	
Change in proportion and differences between actual contributions and proportionate share of contributions	215,369	(28,950)
Totals	$851,545	($105,039)

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$219,744	
Differences between actual and expected experience	12,826	
Changes in assumptions		($121,343)
Net differences between projected and actual earnings on plan investments		(60,831)
Change in proportion and differences between actual contributions and proportionate share of contributions	282,794	(6,236)
Totals	$515,364	($188,410)

$241,669 reported as deferred outflows of resources related to contributions subsequent to the measurement date as of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	$119,541
2019	109,497
2020	175,651
2021	100,148

NOTE 11 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement periods ended June 30, 2016 and 2015, the total pension liabilities were determined by rolling forward the June 30, 2015 and 2014 total pension liability, respectively. The total pension liability for each measurement date was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.2% - 12.2% (1)	3.2% - 12.2% (1)
Investment Rate of Return	7.65% (2)	7.65% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter	

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation.
(3) The mortality tables used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in both valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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.

NOTE 11 – PENSION PLAN (Continued)

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

The table below reflects the 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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 11 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents REMIF's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what REMIF's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2017	2016
1% Decrease	6.65%	6.50%
Net Pension Liability	$2,915,975	$2,573,371
Current Discount Rate	7.65%	7.50%
Net Pension Liability	$2,016,395	$1,704,201
1% Increase	8.65%	8.50%
Net Pension Liability	$1,272,937	$986,600

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 12 – CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

REMIF participates in a joint venture under a joint powers agreement with California Joint Powers Risk Management Authority (CJPRMA). The relationship between REMIF and CJPRMA is such that CJPRMA is not a component unit of REMIF for financial reporting purposes.

CJPRMA arranges for and provides excess general liability coverage and property coverage for REMIF. A board consisting of a representative from each member agency governs CJPRMA. The Board controls the operations of CJPRMA including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member's agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in CJPRMA.

During the fiscal year ended June 30, 2017, REMIF contributed $624,922 for Liability, $339,284 for Property and $110,163 for Auto Physical Damage current year coverage and received a refund of $106,328 of prior years' surplus funds for the liability program.

CJPRMA's financial statements may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, CA 94551.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

REMIF is subject to litigation arising in the normal course of business. In the opinion of the General Manager there is no pending litigation which is likely to have a material adverse effect on the financial position of the REMIF.

NOTE 14 – SUBSEQUENT EVENT

Effective July 1, 2017, REMIF no longer provides claims processing services to the City of Santa Rosa.

REQUIRED SUPPLEMENTARY INFORMATION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
FOR THE YEAR ENDED JUNE 30, 2017

	Workers' Compensation Fund	Liability Fund	Property Fund	Dental Fund	Vision Fund	Auto Physical Damage Fund	Self-Funded Healthcare Fund	Total
Unpaid Losses and Loss Adjustment Expenses, Beginning of Year	$14,344,189	$2,977,531	$0	$83,855	$11,639	$0	$1,205,349	$18,622,563
Incurred Losses and Loss Adjustment Expenses:								
Provision for Insured Events of the Current Year	3,149,446	2,435,831	14,061	1,110,345	160,508	4,100	10,640,949	17,515,240
Change in Provision for Insured Events of Prior Years	868,259	1,613,524	(64,250)	0	0	(2,050)	0	2,415,483
Total Incurred Losses and Loss Adjustment Expenses	4,017,705	4,049,355	(50,189)	1,110,345	160,508	2,050	10,640,949	19,930,723
Payments:								
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	193,651	73,012	14,061	1,028,211	146,281	0	9,711,868	11,167,084
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Prior Years	2,874,313	1,284,200	(64,250)	83,855	11,639	2,050	1,205,349	5,397,156
Total Payments	3,067,964	1,357,212	(50,189)	1,112,066	157,920	2,050	10,917,217	16,564,240
Total Unpaid Losses and Loss Adjustment Expenses End of Year	$15,293,930	$5,669,674	$0	$82,134	$14,227	$0	$929,081	$21,989,046
Reserve for Losses and Claims - Current	$2,938,657	$2,602,980	$0	$82,134	$14,227	$0	$0	$5,637,998
Reserve for Losses and Claims - Long-Term	11,626,991	2,796,709					929,081	15,352,781
Reserve for ULAE	728,282	269,985						998,267
Total Unpaid Losses and Loss Adjustment Expenses	$15,293,930	$5,669,674	$0	$82,134	$14,227	$0	$929,081	$21,989,046

See Notes to Required Supplementary Information

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
FOR THE YEAR ENDED JUNE 30, 2016

	Workers' Compensation Fund	Liability Fund	Property Fund	Dental Fund	Vision Fund	Auto Physical Damage Fund	Self-Funded Healthcare Fund	Total
Unpaid Losses and Loss Adjustment Expenses, Beginning of Year	$13,277,771	$2,889,354	$0	$65,726	$15,160	$0	$0	$16,248,011
Incurred Losses and Loss Adjustment Expenses:								
Provision for Insured Events of the current Year	3,067,067	1,752,865	110,708	1,072,372	159,163	38,833	12,011,790	18,212,798
Change in Provision for Insured Events of Prior Years	805,420	(450,136)	247,542	0	0	(16,397)	0	586,429
Total Incurred Losses and Loss Adjustment Expenses	3,872,487	1,302,729	358,250	1,072,372	159,163	22,436	12,011,790	18,799,227
Payments:								
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Current Year	144,898	193,708	110,708	988,517	147,524	6,039	10,806,441	12,397,835
Losses and Loss Adjustment Expenses Attributable to Insured Events of the Prior Years	2,661,171	1,020,844	247,542	65,726	15,160	16,397	0	4,026,840
Total Payments	2,806,069	1,214,552	358,250	1,054,243	162,684	22,436	10,806,441	16,424,675
Total Unpaid Losses and Loss Adjustment Expenses End of Year	$14,344,189	$2,977,531	$0	$83,855	$11,639	$0	$1,205,349	$18,622,563
Reserve for Losses and Claims - Current	$2,805,339	$1,246,911	$0	$83,855	$11,639	$0	$0	$4,147,744
Reserve for Losses and Claims - Long-Term	10,855,793	1,588,832					1,205,349	13,649,974
Reserve for ULAE	683,057	141,788						824,845
Total Unpaid Losses and Loss Adjustment Expenses	$14,344,189	$2,977,531	$0	$83,855	$11,639	$0	$1,205,349	$18,622,563

See Notes to Required Supplementary Information

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION PROGRAM
LAST TEN FISCAL YEARS
(In Thousands of Dollars)

	Claim Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1) Premium and investment revenues										
Earned	$3,575	$3,574	$3,612	$3,376	$3,304	$3,806	$3,579	$3,695	$4,162	$4,862
Ceded	(435)	(408)	(310)	(315)	(282)	(293)	(277)	(291)	(345)	(320)
Net Earned	3,140	3,166	3,302	3,061	3,022	3,513	3,302	3,404	3,817	4,542
2) Unallocated expenses	240	339	559	347	318	338	335	327	212	724
3) Estimated self insured incurred claims and expense, end of program year	2,771	2,077	2,746	2,680	2,195	2,984	3,132	2,906	3,442	3,529
4) Paid (cumulative) as of:										
End of program year	195	316	497	436	313	618	558	418	381	488
One year later	1,329	735	1,352	1,224	1,204	1,465	1,618	1,176	1,107	
Two years later	1,674	997	2,106	1,893	1,869	2,337	2,412	1,655		
Three years later	2,161	1,153	2,623	2,472	2,278	2,701	3,070			
Four years later	2,328	1,286	2,837	2,788	2,513	3,086				
Five years later	2,467	1,341	3,163	3,086	2,710					
Six years later	2,615	1,378	3,541	3,434						
Seven years later	2,684	1,414	3,799							
Eight years later	2,695	1,445								
Nine years later	2,732									
5) Reestimated ceded claims and expenses										
6) Reestimated incurred claims and expenses										
End of program year	2,771	2,077	2,746	2,680	2,195	2,984	3,132	2,906	3,442	3,529
One year later	2,902	1,607	2,930	2,824	3,204	3,175	3,633	2,949	3,210	
Two years later	2,683	1,575	3,467	3,783	3,316	3,731	4,189	3,287		
Three years later	2,953	1,575	3,578	4,331	3,498	4,088	4,746			
Four years later	2,866	1,540	3,655	4,423	3,267	4,367				
Five years later	2,868	1,613	4,259	4,568	3,280					
Six years later	2,859	1,684	4,589	4,673						
Seven years later	2,949	1,670	4,735							
Eight years later	2,903	1,621								
Nine years later	2,874									
7) Increase (decrease) in estimated incurred claims and expenses from end of program year	$103	($456)	$1,989	$1,993	$1,085	$1,383	$1,614	$381	($232)	$0

See Notes to Required Supplementary Information

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION
LIABILITY PROGRAM
LAST TEN FISCAL YEARS
(In Thousands of Dollars)

	Claim Year						Claim Year			
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1) Premium and investment revenues										
Earned	$1,543	$3,270	$3,227	$3,023	$2,853	$2,389	$2,271	$2,035	$2,307	$2,518
Ceded	(701)	(651)	(652)	(597)	(633)	(521)	(614)	(609)	(604)	(647)
Net Earned	842	2,619	2,575	2,426	2,220	1,868	1,657	1,426	1,703	1,871
2) Unallocated expenses	565	570	569	608	569	589	497	637	648	656
3) Estimated self insured incurred claims and expense, end of program year	1,870	1,660	1,647	1,701	1,566	1,211	1,601	2,166	1,883	2,671
4) Paid (cumulative) as of:										
End of program year	333	382	322	416	430	258	471	569	379	328
One year later	661	784	985	1,036	840	515	1,231	1,085	828	
Two years later	1,189	934	1,555	1,562	1,680	747	1,705	1,942		
Three years later	1,820	1,029	2,188	1,626	2,320	935	1,845			
Four years later	2,021	1,164	2,227	1,650	2,321	989				
Five years later	2,119	1,167	2,240	1,595	2,387					
Six years later	2,122	1,167	2,117	1,597						
Seven years later	2,125	1,055	2,118							
Eight years later	2,243	1,055								
Nine years later	2,243									
5) Reestimated ceded claims and expenses										
6) Reestimated incurred claims and expenses										
End of program year	1,870	1,660	1,647	1,701	1,566	1,211	1,601	2,166	1,883	2,671
One year later	1,507	1,301	1,743	1,710	1,600	1,164	2,061	2,124	2,288	
Two years later	1,563	1,158	1,928	1,843	2,003	1,045	1,993	2,758		
Three years later	2,094	1,088	2,290	1,673	2,443	999	2,306			
Four years later	2,291	1,181	2,240	1,688	2,429	1,042				
Five years later	2,335	1,167	2,274	1,614	2,803					
Six years later	2,312	1,167	2,136	1,653						
Seven years later	2,314	1,055	2,198							
Eight years later	2,243	1,055								
Nine years later	2,243									
7) Increase (decrease) in estimated incurred claims and expenses from end of program year	$373	($605)	$551	($48)	$1,237	($169)	$705	$592	$405	$0

See Notes to Required Supplementary Information

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

CLAIMS DEVELOPMENT INFORMATION

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

1. Total of each year's gross premium revenue and reported investment revenue, amounts of premium revenue ceded, and net reported premiums (net of reinsurance).

2. Amount of reported unallocated claim adjustment expenses and reported other costs for each of the past ten fiscal years including the latest fiscal year.

3. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called the policy year).

4. Cumulative net amounts paid as of the end of successive years for each policy year.

5. Latest re-estimated amount of losses assumed by reinsurers for each policy year.

6. The re-estimated amount for net incurred claims and claims adjustment expenses as of the end of each succeeding year and for each policy year.

7. Comparison of the latest re-estimated net incurred losses to the amount originally established (line 3). This line shows whether the latest estimate of losses is greater or less than originally thought. As data or individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

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

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

Retiree Medical Benefits (OPEB) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A) UAAL	Funded Ratio (A/B)	Covered Payroll (Active Plan Members) (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
July 1, 2009	$0	$1,875,000	$1,875,000	0.00%	N/A	N/A
July 1, 2012	1,603,000	1,977,000	374,000	81.08%	N/A	N/A
July 1, 2015	2,417,000	2,563,000	146,000	94.30%	N/A	N/A

Retiree Medical Benefits (OPEB) Schedule of Contributions

Fiscal Year	Annual OPEB Expense	Actual Contributions	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
June 30, 2015	$73,000	$74,508	102.07%	($533,851)
June 30, 2016	130,000	113,000	86.92%	(516,851)
June 30, 2017	133,000	132,253	99.44%	(516,104)

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the
Net OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)

For the Measurement Period Ended June 30	**2017**
Total OPEB Liability	
Service Cost	$97,000
Interest	179,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit Payments	(115,159)
Net change in Total OPEB Liability	160,841
Total OPEB Liability at beginning of year	2,723,000
Total OPEB Liability at end of year	$2,883,841
Plan Fiduciary Net Position	
Contributions - employer	$132,253
Contributions - member	-
Net investment income	262,639
Benefit payments	(115,159)
Administrative expenses	
Net change in Plan Fiduciary Net Position	279,733
Plan Fiduciary Net Position at beginning of year	2,477,302
Plan Fiduciary Net Position at end of year	$2,757,035
Net OPEB Liability (Asset) at end of year	$126,806
Plan's Fiduciary Net Position as percentage of Total OPEB Liability	95.6%
Covered-employee payroll	$811,000
Net OPEB Liability as percentage of covered-employee payroll	15.64%

Notes:

(1) Fiscal year 2017 was the first year of implementation

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of OPEB Contributions
Last Ten Fiscal Years (1)

For the Fiscal Year Ended June 30	2017
Actuarially Determined Contributions	$117,000
Employer Contributions	132,253
Contribution Deficiency (Excess)	($15,253)
Covered-Employee Payroll	$811,000
Contributions as percentage of covered-employee payroll	16.31%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2015
Actuarial cost method	Entry age normal
Inflation	3.00%
Salary Increases	3.25%
Investment Rate of Return	6.5%, net of OPEB plan investment expenses
Medical premium assumptions	
Rates (declining increases)	7.5% - 5.25%
Dental cost increases	5.25%
Vision cost increases	3.25%
Mortality Tables	CalPERS 1997-2011 Experience Study: Tables for service retirements and beneficiaries used for those groups.

(1) Fiscal year 2017 was the first year of implementation

Schedule of OPEB Trust Investment Returns
Last Ten Fiscal Years (1)

For the Fiscal Year Ended June 30	2017
Annual money-weighted rate of return, net of investment expense	8.20%

Notes:

(1) Fiscal year 2017 was the first year of implementation

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement Date	**6/30/2014**	**6/30/2015**	**6/30/2016**
Plan's proportion of the Net Pension Liability (Asset)	0.05859%	0.06212%	0.05804%
Plan's proportion share of the Net Pension Liability (Asset)	$1,448,051	$1,704,201	$2,016,395
Plan's Covered Payroll	$685,650	$756,359	$757,350
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	211.19%	225.32%	266.24%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.77%	72.30%	69.82%

* - Fiscal year 2015 was the first year of implementation.

Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2015	2016	2017
Actuarially determined contributions	$259,592	$219,744	$241,669
Contributions in relation to the actuarially determined contributions	(259,592)	(219,744)	(241,669)
Contribution deficiency (excess)	$0	$0	$0
Covered payroll	$756,359	$757,350	$811,012
Contributions as a percentage of covered payroll	34.32%	29.01%	29.80%

* - Fiscal year 2015 was the first year of implementation.

SUPPLEMENTAL INFORMATION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
BUDGET AND ACTUAL
(EXCLUDING ENTERPRISE FUND)
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Favorable (Unfavorable) Variance
General and Administrative Expenses			
Employee expenses	$620,908	$660,551	($39,643)
Legal	5,000	750	4,250
Accounting	30,000	20,125	9,875
Office expense	11,500	10,330	1,170
Telephone	5,500	1,437	4,063
Travel, seminars and conferences	5,000	8,724	(3,724)
Rent - computer and copier	5,100	1,675	3,425
Utilities	8,000	8,564	(564)
Depreciation expense	5,000	2,081	2,919
Insurance	5,000	3,977	1,023
Postage	1,500	1,856	(356)
Dues and subscriptions	1,000	2,973	(1,973)
Miscellaneous	500		500
Safety training	211,537	226,527	(14,990)
Consultants - other	2,500	34,619	(32,119)
Property taxes	2,500	2,543	(43)
Board expense	10,000	16,302	(6,302)
Board conference	65,000	77,440	(12,440)
Building maintenance and repair	10,000	12,098	(2,098)
Employee expenses - GASB 68	31,710	(107,358)	139,068
Total budgeted activities	1,037,255	985,214	52,041
Distribution of General and Administrative Expenses to Enterprise Fund		(118,174)	118,174
Distribution of Enterprise Fund General and Administrative Expenses		375,542	(375,542)
Total general and administrative expenses	$1,037,255	$1,242,582	($205,327)

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Administration fees:			
Worker's compensation			
REMIF	$301,125	$300,000	($1,125)
Petaluma	91,080	91,080	
Santa Rosa	265,750	265,750	
San Rafael	116,930	116,930	
Eureka - prior claims	1,000	1,000	
First Aid		600	600
Other contract services	6,000	5,400	(600)
Rental Income			
Other	750	59	(691)
Total revenues	782,635	780,819	(1,816)
General and Administrative Expenses:			
Employee expenses	841,614	766,415	75,199
Legal	1,000		1,000
Office expense	5,000	8,060	(3,060)
Telephone	4,000	1,230	2,770
Travel/seminars/conferences	3,500	2,274	1,226
Rent	9,081	12,161	(3,080)
Depreciation expense	11,000	4,350	6,650
Postage	12,000	21,119	(9,119)
Dues and subscriptions	3,000	2,267	733
Miscellaneous	6,000	1,392	4,608
Consultants - other	2,500	3,950	(1,450)
Computer supplies	3,500	3,808	(308)
Computer service and maintenance	65,000	81,894	(16,894)
Computer programming	5,000	10,516	(5,516)
Copier service and maintenance	3,000	869	2,131
Distribution of General and Administrative Expenses to Enterprise Fund		118,174	(118,174)
Distribution of Enterprise Fund General and Administrative Expenses		(375,542)	375,542
Total general and administrative expenses	975,195	662,937	312,258
Operating income (loss)	(192,560)	117,882	310,442
Interest income	6,000	1,563	(4,437)
Net increase (decrease) in net position	($186,560)	$119,445	$306,005

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

SCHEDULE OF MEMBER PREMIUMS, NET LOSSES AND CLAIMS PAID - BY CITY

FOR THE WORKER'S COMPENSATION, LIABILITY, PROPERTY, DENTAL, VISION, AUTO PHYSICAL DAMAGE,

DIC AND POLLUTION PROGRAMS
JUNE 30, 2017

	Arcata	Cloverdale	Cotati	Eureka	Fort Bragg	Fortuna	Healdsburg
Workers' Compensation Fund:							
Member premiums	$359,102	$203,840	$99,284	$633,813	$237,903	$186,194	$385,401
Net losses and claims	(441,584)	(131,887)	(26,248)	(427,734)	(115,140)	(78,312)	(421,213)
Net amount	($82,482)	$71,953	$73,036	$206,079	$122,763	$107,882	($35,812)
Liability Fund:							
Member premiums	$190,556	$95,579	$83,528	$393,458	$128,589	$172,813	$212,922
Net losses and claims	(61,469)	(30,866)	(60,249)	(548,548)	(7,845)	(46,547)	(188,586)
Net amount	$129,087	$64,713	$23,279	($155,090)	$120,744	$126,266	$24,336
Property Fund:							
Member premiums	$33,974	$17,060	$9,744	$72,841	$24,970	$23,169	$47,634
Net losses and claims		(2,413)		(39,686)		(24,020)	
Net amount	$33,974	$14,647	$9,744	$33,155	$24,970	($851)	$47,634
Dental Fund:							
Member premiums	$173,797	$68,112	$43,870		$83,164	$78,682	$185,634
Net losses and claims	(144,562)	(59,896)	(46,047)		(66,943)	(63,029)	(168,557)
Net amount	$29,235	$8,216	($2,177)	$0	$16,221	$15,653	$17,077
Vision Fund:							
Member premiums	$33,031	$12,303	$8,936		$13,723	$14,669	$17,836
Net losses and claims	(29,131)	(9,433)	(1,959)		(10,533)	(10,078)	(13,337)
Net amount	$3,900	$2,870	$6,977	$0	$3,190	$4,591	$4,499
Auto Physical Damage Fund:							
Member premiums	$11,937	$5,490	$7,124	$35,177	$7,689	$10,119	$17,283
Net losses and claims				(22,374)			
Net amount	$11,937	$5,490	$7,124	$12,803	$7,689	$10,119	$17,283
DIC	$62,759	$30,521	$17,316	$141,908	$46,078	$43,339	$86,781
Pollution	$6,002	$2,825	$1,614	$12,867	$4,411	$4,093	$8,415
Total Premiums (all categories)	**$871,158**	**$435,730**	**$271,416**	**$1,290,064**	**$546,527**	**$533,078**	**$961,906**
Net losses and claims (all categories)	(676,746)	(234,495)	(134,503)	(1,038,342)	(200,461)	(221,986)	(791,693)
Net amount (all categories)	**$194,412**	**$201,235**	**$136,913**	**$251,722**	**$346,066**	**$311,092**	**$170,213**

Lakeport	Rohnert Park	Sebastopol	Sonoma	St. Helena	Ukiah	Willits	Windsor	Total All Cities
$137,861	$962,557	$203,336	$140,862	$319,326	$592,683	$159,135	$251,449	$4,872,746
(61,136)	(498,496)	(79,802)	(100,541)	(411,715)	(863,839)	(139,413)	(210,886)	(4,007,946)
$76,725	$464,061	$123,534	$40,321	($92,389)	($271,156)	$19,722	$40,563	$864,800
$92,803	$301,040	$148,966	$80,625	$91,540	$297,183	$83,433	$156,514	$2,529,549
(56,508)	(224,507)	(177,140)	(58,043)	(8,046)	(124,857)	(149,478)	(9,454)	(1,752,143)
$36,295	$76,533	($28,174)	$22,582	$83,494	$172,326	($66,045)	$147,060	$777,406
$10,324	$47,915	$14,144	$13,933	$27,481	$73,556	$20,317	$36,368	$473,430
					(12,037)	(10,042)	71,884	(16,314)
$10,324	$47,915	$14,144	$13,933	$27,481	$61,519	$10,275	$108,252	$457,116
$46,277			$48,502	$91,148	$189,845	$57,536	$138,645	$1,205,212
(42,893)			(46,842)	(99,149)	(182,813)	(41,467)	(149,866)	(1,112,064)
$3,384	$0	$0	$1,660	($8,001)	$7,032	$16,069	($11,221)	$93,148
$10,119			$9,828	$12,125	$37,892	$10,942	$23,915	$205,319
(9,808)			(5,301)	(8,625)	(24,737)	(6,070)	(26,484)	(155,496)
$311	$0	$0	$4,527	$3,500	$13,155	$4,872	($2,569)	$49,823
$7,143	$25,124	$10,613	$2,341	$14,708	$28,368	$5,826	$6,971	$195,913
	(3,236)	(7,481)						(33,091)
$7,143	$21,888	$3,132	$2,341	$14,708	$28,368	$5,826	$6,971	$162,822
$17,291	$83,218	$21,318	$26,553	$51,062	$116,436	$26,215	$67,256	$838,051
$1,824	$7,935	$2,499	$2,461	$4,855	$12,994	$3,589	$6,425	$82,809
$323,642	**$1,427,789**	**$400,876**	**$325,105**	**$612,245**	**$1,348,957**	**$366,993**	**$687,543**	**$10,403,029**
(170,345)	(726,239)	(264,423)	(210,727)	(527,535)	(1,208,283)	(346,470)	(324,806)	(7,077,054)
$153,297	**$701,550**	**$136,453**	**$114,378**	**$84,710**	**$140,674**	**$20,523**	**$362,737**	**$3,325,975**

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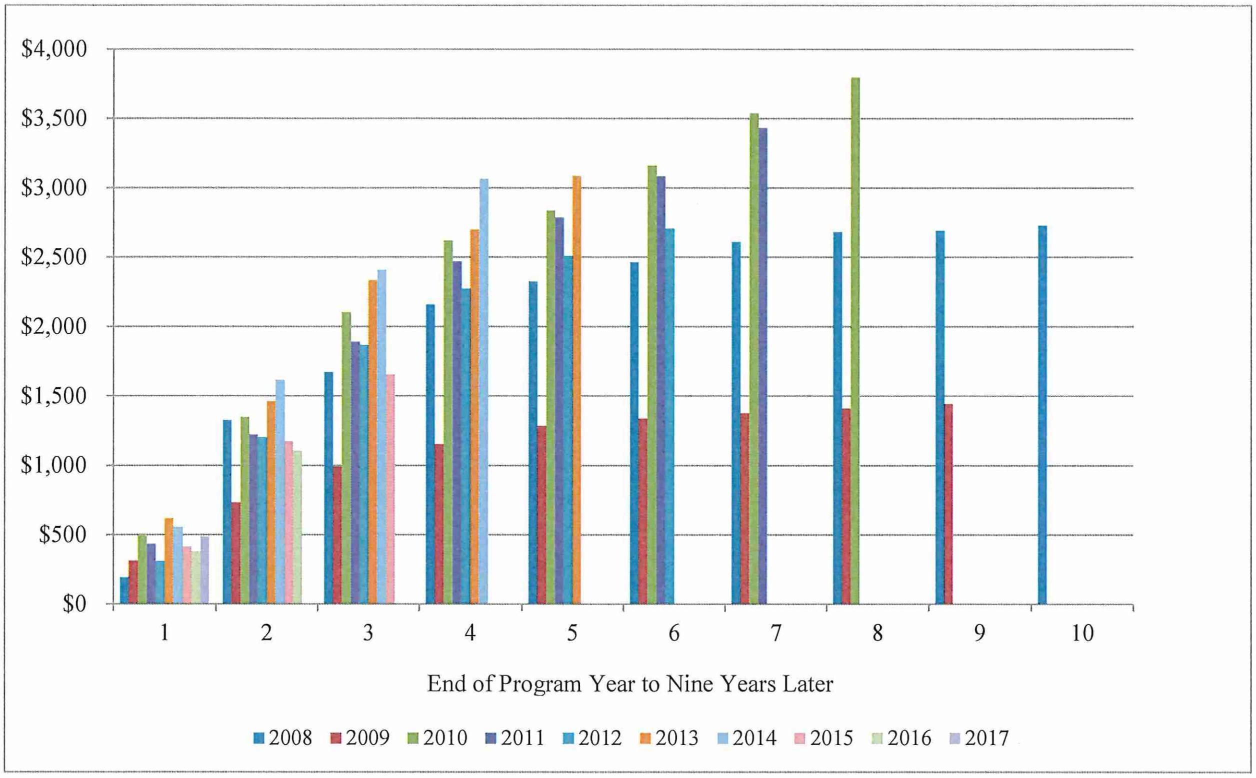
STATISTICAL INFORMATION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

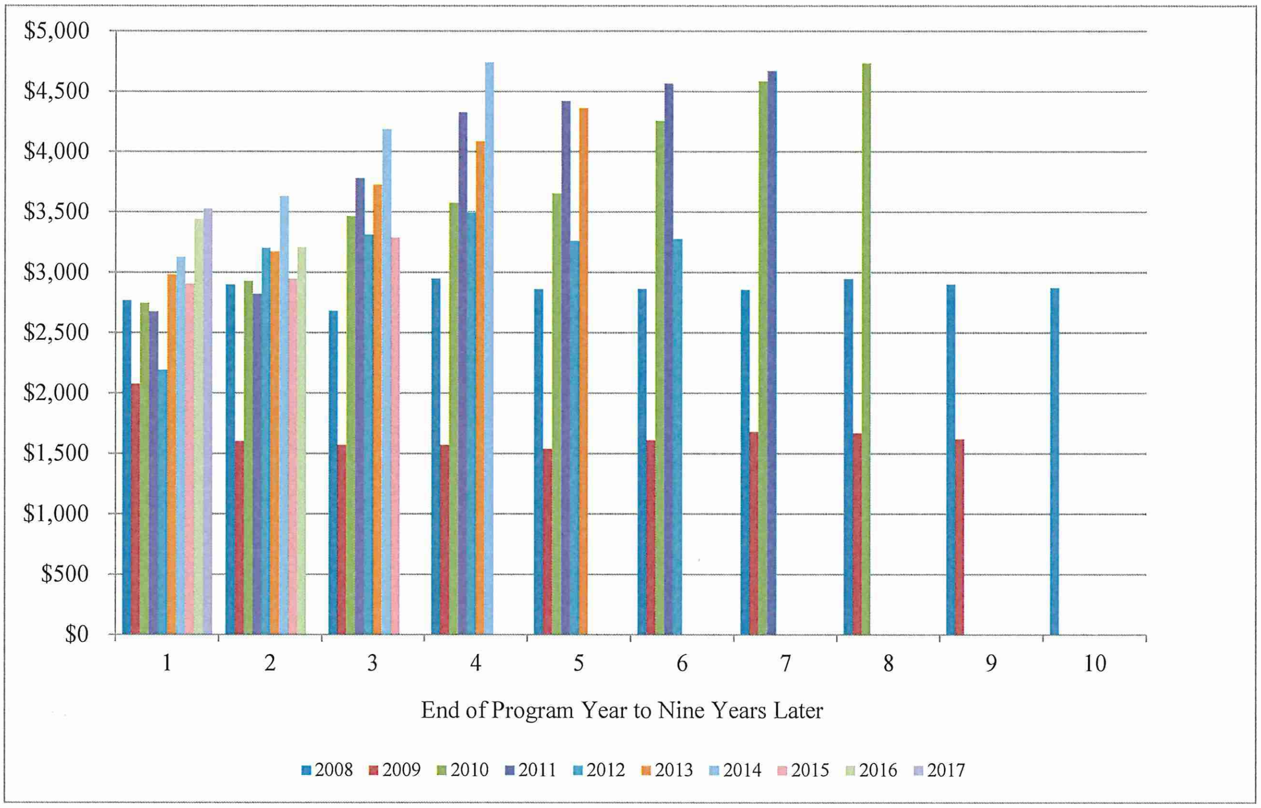
CLAIMS DEVELOPMENT INFORMATION
CUMULATIVE WORKERS' COMPENSATION FUND CLAIMS PAID
INCLUDING MEMBER DEDUCTIBLES
LAST TEN FISCAL YEARS
(In Thousands of Dollars)



	Claim Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Paid (cumulative) as of:										
End of program year	$195	$316	$497	$436	$313	$618	$558	$418	$381	$488
One year later	1,329	735	1,352	1,224	1,204	1,465	1,618	1,176	1,107	
Two years later	1,674	997	2,106	1,893	1,869	2,337	2,412	1,655		
Three years later	2,161	1,153	2,623	2,472	2,278	2,701	3,070			
Four years later	2,328	1,286	2,837	2,788	2,513	3,086				
Five years later	2,467	1,341	3,163	3,086	2,710					
Six years later	2,615	1,378	3,541	3,434						
Seven years later	2,684	1,414	3,799							
Eight years later	2,695	1,445								
Nine years later	2,732									

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

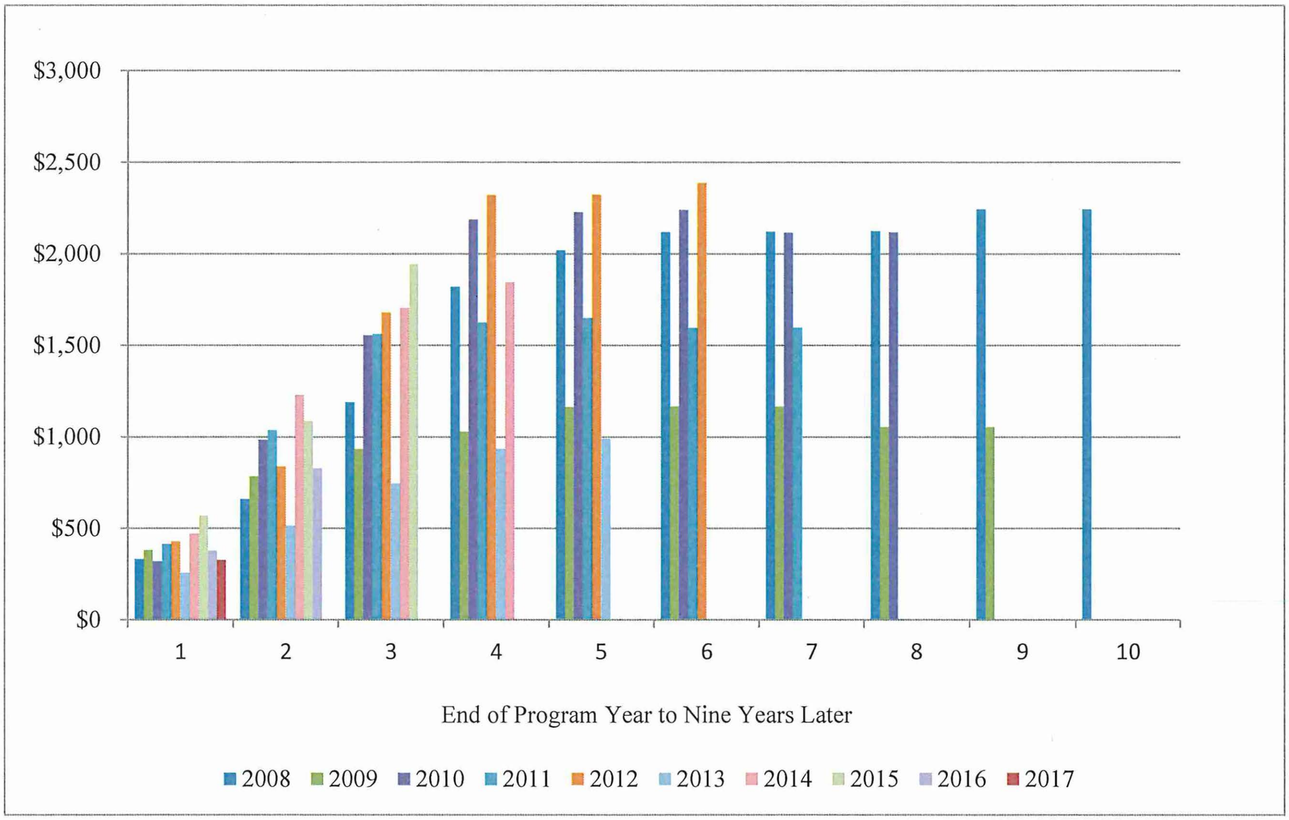
CLAIMS DEVELOPMENT INFORMATION
RE-ESTIMATED INCURRED WORKERS' COMPENSATION FUND CLAIMS AND EXPENSES INCLUDING MEMBER DEDUCTIBLES
LAST TEN FISCAL YEARS
(In Thousands of Dollars)



	Claim Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ultimate loss as of:										
End of program year	$2,771	$2,077	$2,746	$2,680	$2,195	$2,984	$3,132	$2,906	$3,442	$3,529
One year later	2,902	1,607	2,930	2,824	3,204	3,175	3,633	2,949	3,210	
Two years later	2,683	1,575	3,467	3,783	3,316	3,731	4,189	3,287		
Three years later	2,953	1,575	3,578	4,331	3,498	4,088	4,746			
Four years later	2,866	1,540	3,655	4,423	3,267	4,367				
Five years later	2,868	1,613	4,259	4,568	3,280					
Six years later	2,859	1,684	4,589	4,673						
Seven years later	2,949	1,670	4,735							
Eight years later	2,903	1,621								
Nine years later	2,874									

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

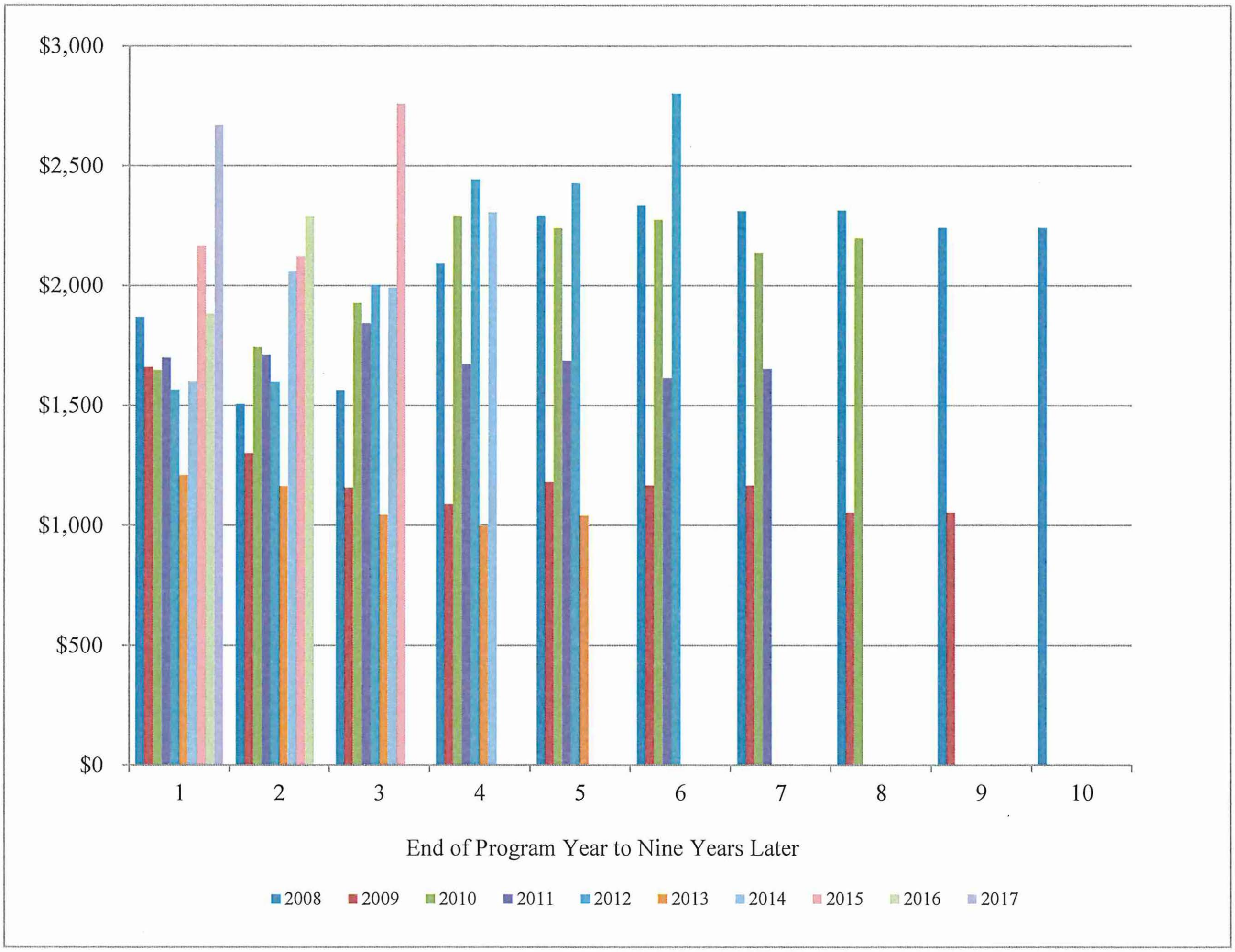
CLAIMS DEVELOPMENT INFORMATION
CUMULATIVE LIABILITY FUND CLAIMS PAID
INCLUDING MEMBER DEDUCTIBLES
LAST TEN FISCAL YEARS
(In Thousands of Dollars)



	Claim Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Paid (cumulative) as of:										
End of program year	$333	$382	$322	$416	$430	$258	$471	$569	$379	$328
One year later	661	784	985	1,036	840	515	1,231	1,085	828	
Two years later	1,189	934	1,555	1,562	1,680	747	1,705	1,942		
Three years later	1,820	1,029	2,188	1,626	2,320	935	1,845			
Four years later	2,021	1,164	2,227	1,650	2,321	989				
Five years later	2,119	1,167	2,240	1,595	2,387					
Six years later	2,122	1,167	2,117	1,597						
Seven years later	2,125	1,055	2,118							
Eight years later	2,243	1,055								
Nine years later	2,243									

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

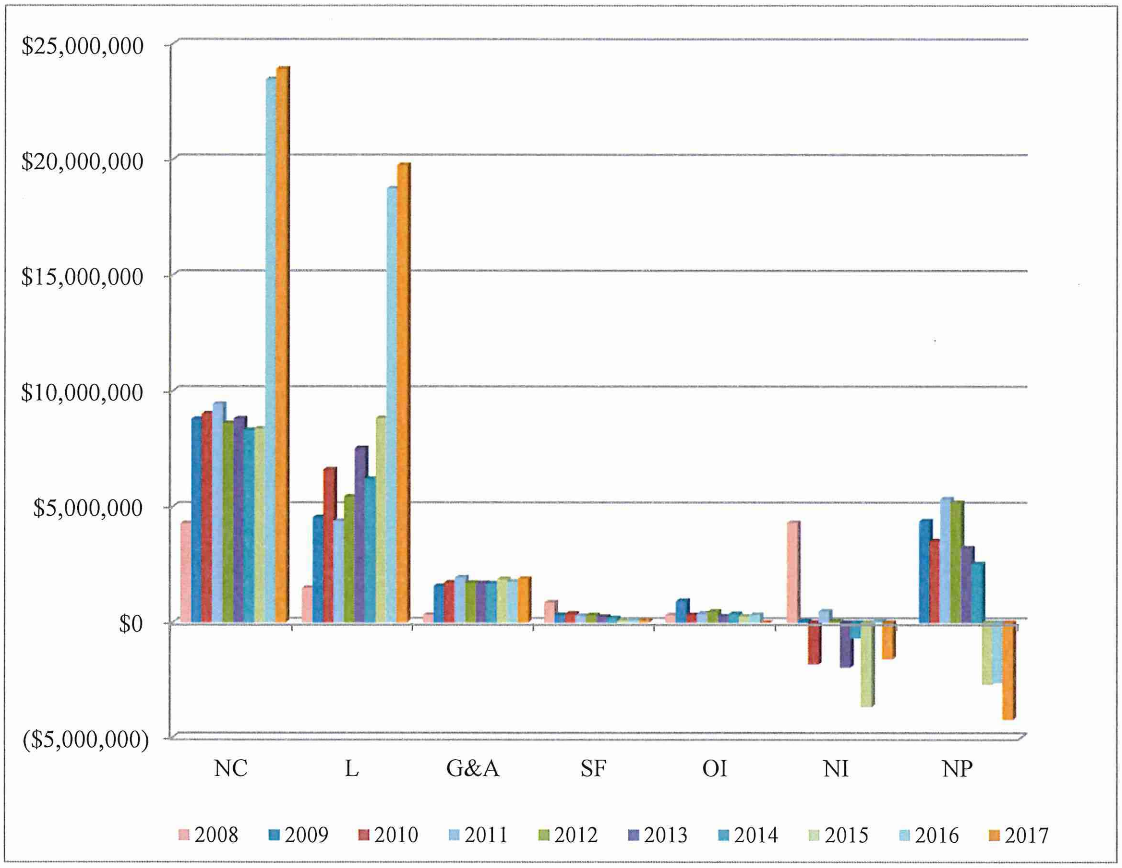
CLAIMS DEVELOPMENT INFORMATION
RE-ESTIMATED INCURRED LIABILITY FUND CLAIMS AND EXPENSES
INCLUDING MEMBER DEDUCTIBLES
LAST TEN FISCAL YEARS
(In Thousands of Dollars)



	Claim Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ultimate loss as of:										
End of program year	$1,870	$1,660	$1,647	$1,701	$1,566	$1,211	$1,601	$2,166	$1,883	$2,671
One year later	1,507	1,301	1,743	1,710	1,600	1,164	2,061	2,124	2,288	
Two years later	1,563	1,158	1,928	1,843	2,003	1,045	1,993	2,758		
Three years later	2,094	1,088	2,290	1,673	2,443	999	2,306			
Four years later	2,291	1,181	2,240	1,688	2,429	1,042				
Five years later	2,335	1,167	2,274	1,614	2,803					
Six years later	2,312	1,167	2,136	1,653						
Seven years later	2,314	1,055	2,198							
Eight years later	2,243	1,055								
Nine years later	2,243									

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

HISTORICAL TRENDS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION LAST TEN FISCAL YEARS



Fiscal Year	Net contributions "NC"	Losses "L"	General and administrative expenses "G&A"	Distribution of surplus funds CJPRMA "SF"	Other Income "OI"	Net Income "NI"	Net Position (retained earnings) end of year "NP" (A)
2008	$9,331,245	$4,297,431	$1,509,423	$341,214	$882,115	$326,383	$4,325,212
2009	8,794,957	4,548,095	1,586,208	333,487	941,755	68,928	4,394,140
2010	9,438,753	4,392,762	1,950,498	305,433	396,969	497,003	5,349,645
2011	9,022,677	6,612,493	1,734,117	394,423	333,315	(1,816,946)	3,532,699
2012	8,615,578	5,449,521	1,724,568	327,102	484,073	48,739	5,179,240 (B)
2013	8,814,031	7,534,800	1,713,267	260,781	284,868	(1,952,326)	3,226,914
2014	8,315,389	6,201,077	1,701,499	199,027	385,615	(683,422)	2,543,492
2015	8,380,730	8,834,155	1,880,604	92,166	275,464	(3,676,462)	(2,686,717) (C)
2016	23,460,116	18,744,246	1,772,657	116,963	344,814	61,960	(2,624,757)
2017	23,911,085	19,757,301	1,905,519	106,417	2,732	(1,598,743)	(4,223,500)

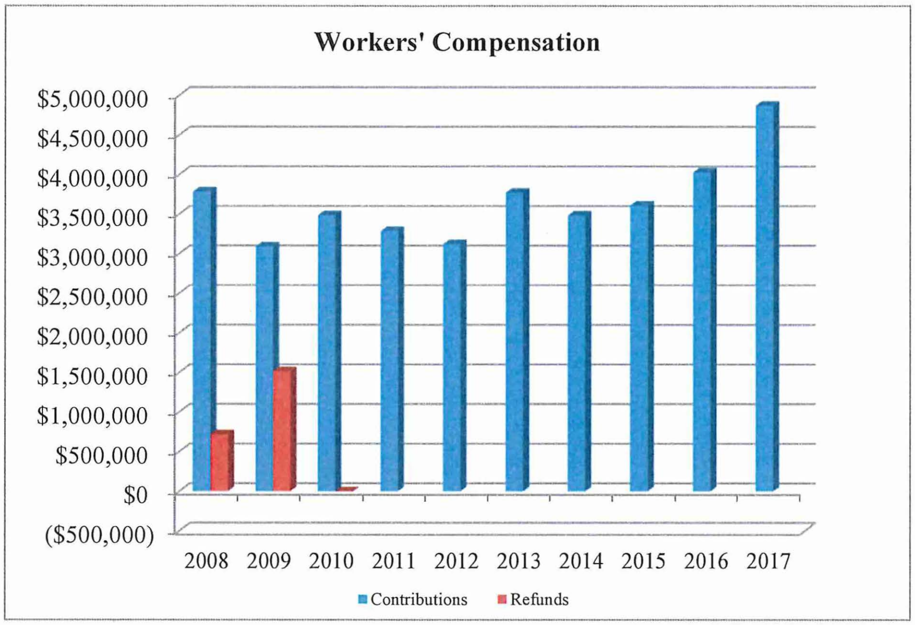
(A) REMIF implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

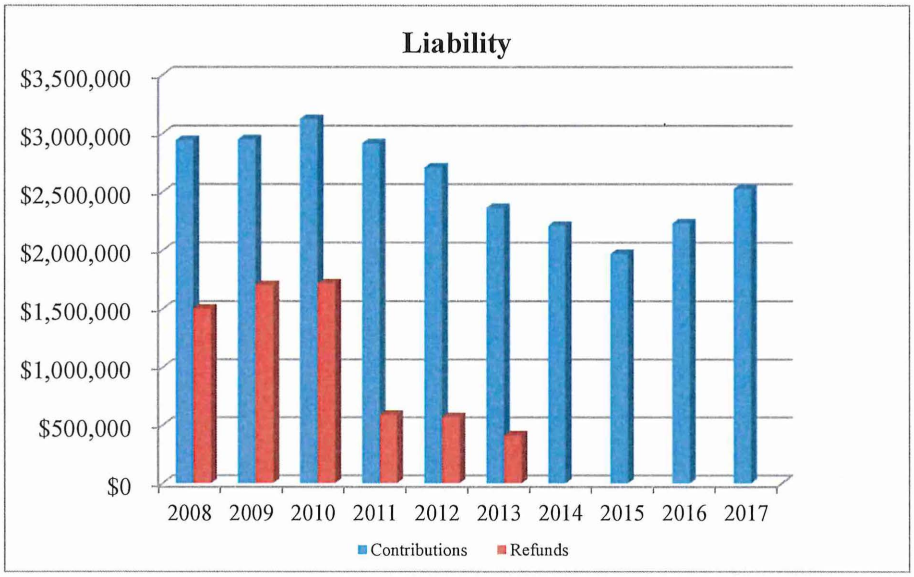
(B) Net Position as of June 30, 2012 was restated in fiscal year 2013. Amounts prior to 2012 were not restated.

(C) Net Position as of June 30, 2014 was restated in fiscal year 2015. Amounts prior to 2015 were not restated.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MEMBER CONTRIBUTIONS AND REFUNDS TO MEMBERS
WORKERS COMPENSATION FUND AND LIABILITY FUND
LAST TEN FISCAL YEARS





Fiscal Year	Workers Compensation Contributions	Workers Compensation Refunds	Liability Contributions	Liability Refunds
2008	$3,785,004	$718,151	$2,944,697	$1,505,033
2009	3,090,363	1,515,793	2,951,735	1,705,613
2010	3,487,217	(2,198)	3,126,220	1,720,803
2011	3,288,209		2,919,024	591,255
2012	3,123,225		2,711,652	572,133
2013	3,771,459		2,366,228	414,041
2014	3,483,391		2,214,391	
2015	3,612,173		1,972,722	
2016	4,027,678		2,235,448	
2017	4,872,746		2,529,549	

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