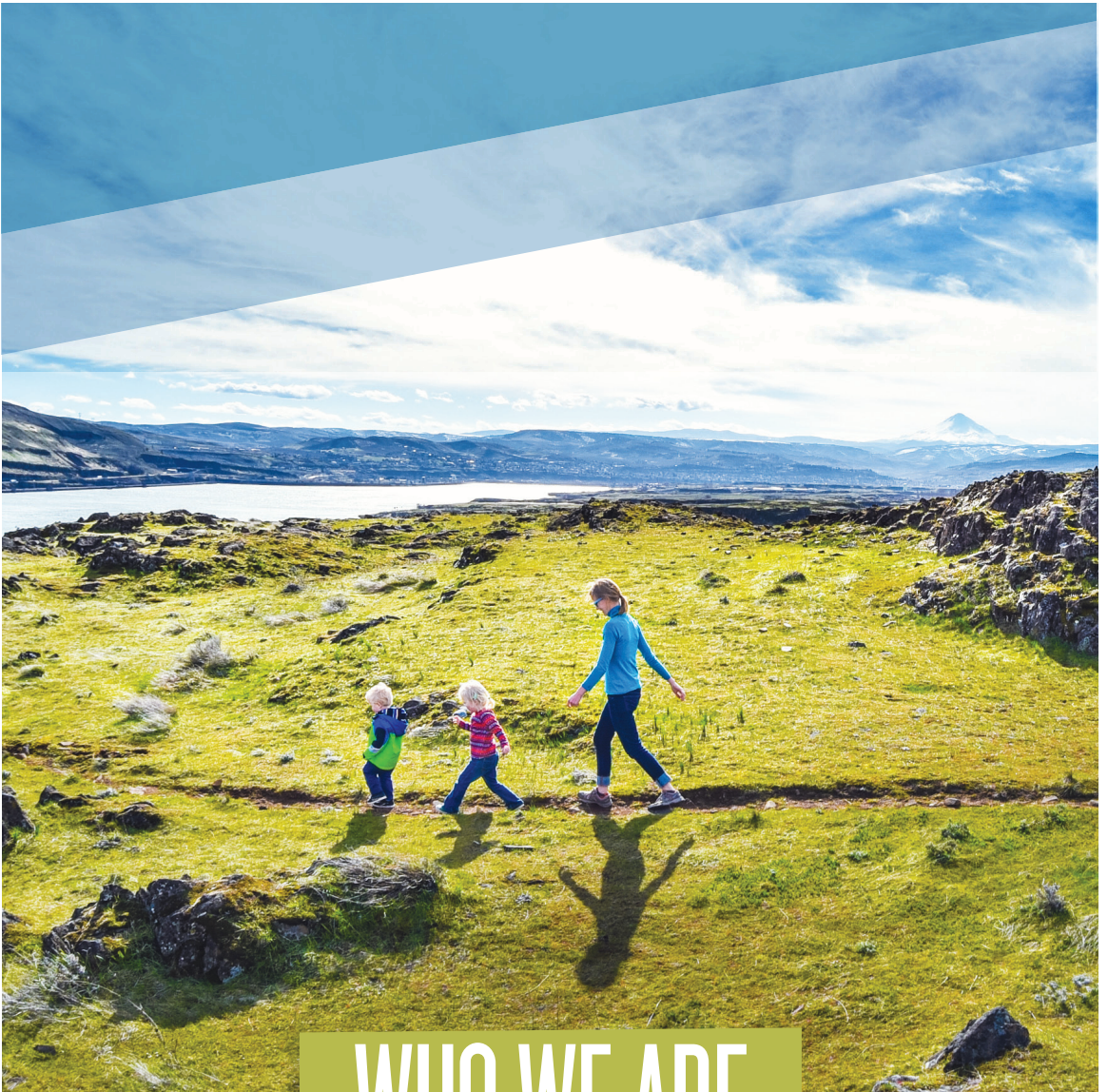


STEPPING UP





WHO WE ARE

Since 1981, Washington Cities Insurance Authority has empowered, protected, defended, and restored municipal entities across Washington State. By being a member-driven organization with a strong financial foundation, as well as offering innovative education programs, WCIA helps reduce the risks its members face, while increasing their security and savings.

WCIA offers generous coverage and stable rates, with a member-run board and committees to ensure that each member has a voice in decisions. WCIA helps to minimize risks for its members, so they can focus on maintaining outstanding communities.

A MESSAGE TO THE MEMBERSHIP

WCIA stepped up to a variety of challenges in 2018, allowing for improvements and transitions for the future. The year saw new technology, new staff members, new delegates and new alternates. Throughout these transitions, WCIA maintained its dedication to the membership to reduce risk and protect member assets.



Ann Bennett

The difficulties faced by WCIA allowed opportunities for enhancement. WCIA changed over to a new Risk Management Information System that streamlined internal operations and allowed self-service through a member portal. Members were enabled to download policy information, view and edit property and vehicle schedules, view claim activity and run loss reports. Further challenges occurred with the retirement of WCIA's Deputy Director and Finance Manager mid-year. Their replacements came from the membership allowing insight into operations from a member perspective. Over 25 new member Delegates and Alternates received in-person orientations and brought new perspectives to our member driven programs.

WCIA's net position decreased by \$12,253,158 due primarily to claim payment and reserve increases as well as a net decrease in the fair value of the pool's investments. The decrease in the fair value of investments was related to potential interest rate changes and a repositioning of a portion of the portfolio. Another record year in claim payments, over \$36 million, highlighted the importance of WCIA's financial stability. The high dollar amount was largely due to two claims that were resolved for amounts well in excess of \$1 million and two claims that resolved at close to \$1 million. While concerning, these are prime examples of WCIA's stepping up to protect member assets.

All WCIA members were visited by their assigned Risk Management Representative and worked collaboratively to formulate tailored risk management solutions. Member Parks and Recreation Programs, Personnel and Police exposures were reviewed as well as targeted reviews of contracts, programs, policies and procedures. Members also benefited from the awarding of

Risk Reduction Grants, Legal Risk Consultations and usage of Pre-Defense Review. Risk Management Bulletins responded to emerging exposures such as bike share programs and autonomous vehicles.

Troubling national loss trends prompted a growth in training offerings regarding law enforcement and personnel exposures. In 2018, WCIA offered over 427 training opportunities and set a record of over 15,000 member employees trained. WCIA's Supervisory Skills Credentialing program continued to have great success and a continuing education component was added for those already credentialed. WCIA's Police Chief, Risk Manager and Human Resources Forums continued to be popular and allowed member leaders to hear legal updates, risk management advice and share ideas and challenges with one another.

Through the dedication of our member run boards and committees and the hard work of staff, WCIA continued its mission of providing professional risk management and stable risk financing while being responsive to membership needs.

Ann Bennett
EXECUTIVE DIRECTOR

BY THE NUMBERS

RISK MANAGEMENT

\$150,000 RISK REDUCTION GRANTS PAID TO MEMBERS

324 Pre-defense Reviews and Risk Management Legal Consultations provided

66 Traditional Risk Management audits of member exposures in Park & Recreation Programs, Personnel & Police

81

Targeted Risk Management Reviews of member programs, policies and procedures

INSURANCE PROGRAMS

158

NUMBER OF MEMBERS





TRAINING

15,173 PARTICIPANTS IN ON-SITE AND ON-LINE TRAININGS

\$265,600 Paid to members for educational and accreditation reimbursements

427 TRAININGS OFFERED

70 PROGRAMS ELIGIBLE FOR REIMBURSEMENT

CLAIMS LITIGATION

1,644 Number of new claims and lawsuits

2 Trials ending in defense verdicts for the member

\$36,250,600 CLAIM AND LAWSUIT PAYMENTS

STATEMENT OF NET POSITION

As of December 31,	2018*	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	\$5,538,947	\$10,329,125
Accrued Interest	265,473	388,429
Investments	142,535,159	142,804,416
Accounts Receivable	15,131	122,375
Reinsurance Receivable	-	2,823,870
Prepaid Expenses	5,986,629	4,925,901
TOTAL CURRENT ASSETS	<u>\$154,341,339</u>	<u>\$161,394,116</u>
Noncurrent Assets		
Investment in GEM	\$1,548,402	\$1,385,780
Capital Assets	6,384,909	6,384,909
Accumulated Depreciation	(2,219,938)	(2,036,167)
TOTAL NONCURRENT ASSETS	<u>\$5,713,373</u>	<u>\$5,734,522</u>
TOTAL ASSETS	<u>\$160,054,712</u>	<u>\$167,128,638</u>
Deferred Outflows of Resources - Pension	\$186,059	\$210,821
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$160,240,771</u>	<u>\$167,339,459</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$95,032	\$97,753
Payroll Liabilities	76,946	-
Compensated Absences	107,015	94,496
Deposits Payable	199,436	251,636
Property & Vehicle Claims Reserve	5,191,130	3,624,530
Claim Reserves		
IBNR	14,971,822	13,524,174
Open Claims (Case Reserves)	8,354,379	7,403,142
Unallocated Loss Adjustment Expenses	735,724	622,163
Reserve for Increased Confidence Level	19,249,000	18,400,000
TOTAL CURRENT LIABILITIES	<u>\$48,980,484</u>	<u>\$44,017,894</u>
Noncurrent Liabilities		
Compensated Absences	\$48,127	\$58,467
Claim Reserves		
IBNR	38,498,972	38,491,880
Open Claims (Case Reserves)	21,482,689	21,070,480
Unallocated Loss Adjustment Expenses	1,891,860	1,770,770
Net Pension Liability	994,413	1,525,775
TOTAL NONCURRENT LIABILITIES	<u>\$62,916,061</u>	<u>\$62,917,372</u>
TOTAL LIABILITIES	<u>\$111,896,545</u>	<u>\$106,935,266</u>
Deferred Inflows of Resources - Pension	\$495,509	\$302,318
NET POSITION		
Investment in Capital Assets	\$4,164,971	\$4,348,742
Unrestricted	43,683,746	55,753,133
TOTAL NET POSITION	<u>\$47,848,717</u>	<u>\$60,101,875</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$160,240,771</u>	<u>\$167,339,459</u>

*Unaudited - subject to change

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET POSITION

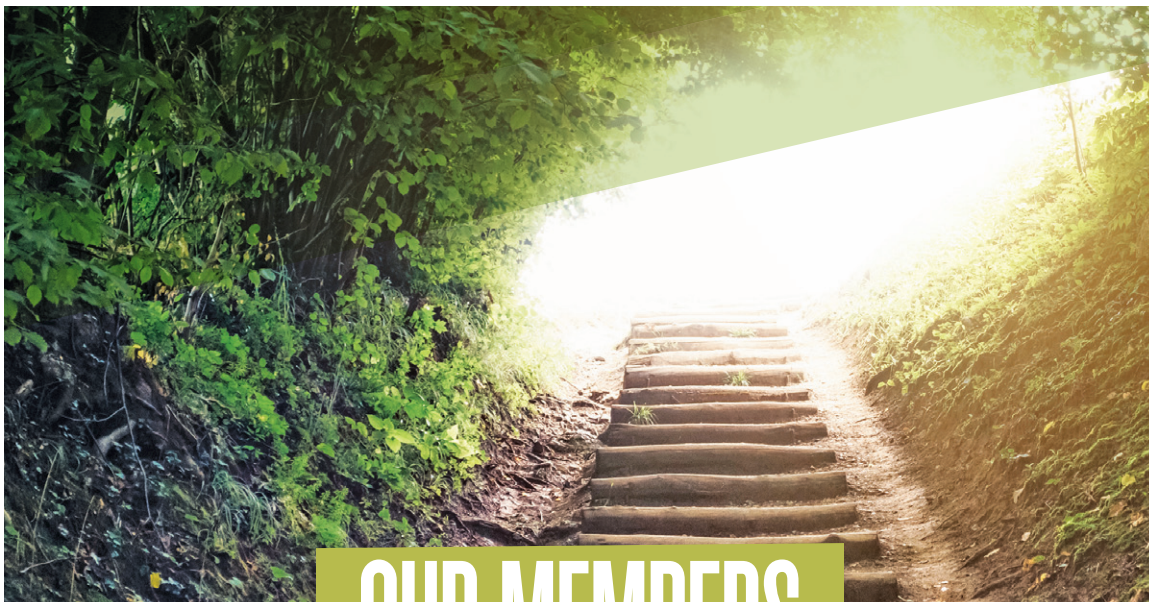
For the years ending December 31,	2018*	2017
OPERATING REVENUES		
Member Assessments - Liability	\$30,645,461	\$29,726,818
Member Assessments - Property	10,883,031	10,412,921
Member Assessments - Fidelity	133,986	131,121
Building Revenues	327,914	353,057
Seminar Revenues	18,561	28,612
Total Operating Revenues	\$42,008,953	\$40,652,529
OPERATING EXPENSES		
Loss & Loss Adjustment Expenses	\$35,478,327	\$34,465,217
Confidence Level Expense (Reduction)	849,000	1,415,000
Insurance - Members	9,453,520	8,363,372
Salaries and Wages	2,298,278	2,135,794
Personnel Benefits	576,546	656,035
Professional Services		
Claims Adjusting	453,581	505,530
Pre-Defense Review	744,526	474,468
Consultants	191,697	286,055
Legal	74,163	71,841
Actuarial	47,900	46,400
Audit	24,544	16,606
Financial Services	21,129	17,223
Risk Management Audit	11,720	11,720
Transportation	100,422	80,830
Printing	9,941	5,426
Communications	26,944	29,213
Supplies	41,365	47,334
Dues and Conferences	33,862	28,564
Retreat/Board Meetings	33,751	31,508
Depreciation	183,771	177,456
Miscellaneous	30,255	35,156
Risk Grant Reduction	150,000	149,823
Building Expenses	267,853	267,377
Software License Fees	209,883	199,828
Seminars and Training	693,378	696,976
Total Operating Expenses	\$52,006,356	\$50,214,752
Operating Income (Loss)	(\$9,997,403)	(\$9,562,223)
NON-OPERATING REVENUE (LOSS)		
Interest Income	6,896,587	6,128,043
Net Increase (Decrease) in the Fair Value of Investments	(9,314,964)	(4,899,979)
Income (Loss) from Investment in GEM	162,622	462,348
Total Non-Operating Revenue	(\$2,255,755)	\$1,690,412
Change in Net Position	(\$12,253,158)	(\$7,871,811)
Net Position - January 1	\$60,101,875	\$67,973,686
NET POSITION AS OF DECEMBER 31	\$47,848,717	\$60,101,875

*Unaudited - subject to change

OUR MISSION

WCIA will take a leadership role to provide professional risk management and stable risk financing programs that respond to members' needs.





OUR MEMBERS

A Regional Coalition for Housing • Aberdeen • Anacortes • Arlington • Auburn • Bainbridge Island • Battle Ground
Benton City • Benton County Emergency Services • Bonney Lake • Bothell • Brewster • Brier • Burien • Burlington • Camas
Cashmere • Centralia • Chehalis • Chelan • Cheney • Clark Regional Emergency Services Agency • Clarkston • Cle Elum
Clyde Hill • Coupeville • Covington • Cowlitz 911 • Cowlitz-Wahkiakum Council of Governments • Des Moines
Des Moines Pool Metropolitan Park District • Duvall • Eastside Public Safety Communications Agency • eCity Gov Alliance
Edgewood • Edmonds • Ellensburg • Elma • Enumclaw • Everson • Ferndale • Fife • Fife Transportation Benefit District
George • Goldendale • Grandview • Grays Harbor Communications Center, E9-1-1 • Hoquiam • Issaquah
Jefferson County 911 • Kelso • Kenmore • Kennewick • Kirkland • Kitsap 911 Public Authority • Kitsap Regional Coordinating
Council • La Conner • Lacey • Lake Forest Park • Lake Stevens • Lakewood • Leavenworth • Leavenworth Transportation
Benefit District • Long Beach • Longview • LOTT Clean Water Alliance • Mabton • Maple Valley • Marysville • Marysville Fire
District • Mason County Emergency Communications • McCleary • Medical Lake • Medina • Mercer Island • Metropolitan
Park Dist. of Tacoma • Mill Creek • Millwood • Milton • Monroe • Monroe Transportation Benefit District • Moses Lake
Mount Vernon • Mountlake Terrace • Mukilteo • Multi Agency Communications Center • Newcastle • Normandy Park
Normandy Park Metropolitan Park District • North Bonneville • Northshore Utility District • Northwest Incident
Management Team • Oak Harbor • Ocean Shores • Olympia • Olympia Metropolitan Park District • Olympia Transportation
Benefit District • Olympic View Water and Sewer District • Othello • Pasco • PENCOM • Port Angeles • Port Townsend
Poulsbo • Pullman • Pullman Metropolitan Park District • Pullman-Moscow Regional Airport Board • Puyallup • Richland
Ridgefield • Sammamish • Seattle Southside Regional Tourism Authority • Shelton • Shelton Metropolitan Park District
Shoreline • Silver Lake Water and Sewer District • Skagit 9-1-1 • Skagit Council of Governments • Snohomish • Snohomish
County 911 • Snohomish County Emergency Radio System • Snoqualmie • Soap Lake • South Correctional Entity (SCORE)
South Sound 911 • Spokane Regional Emergency Communications • Spokane Valley • Stanwood • Steilacoom • Sumner
Sunnyside • Three Rivers Regional Wastewater Authority • Thurston 9-1-1 Communications • Thurston Public Utility District
Thurston Regional Planning Council • Toppenish • Tukwila • Tukwila Pool Metropolitan Park District • Tumwater • Union Gap
University Place • Valley Communications Center • Valley Regional Fire Authority • Walla Walla • Walla Walla Valley Metro
Planning Organization • Warden • Washington Multi-City License & Tax Portal Agency • Washougal • Water Operating
Board • West Richland • Westport • WHITCOM 911 • William Shore Memorial Pool District • Woodinville • Woodway
Yakima Valley Conference of Governments • Yarrow Point • Zillah

COMMITTEE / STAFF / VENDORS

WCIA EXECUTIVE COMMITTEE MEMBERS

David Timmons <i>City of Port Townsend</i> President	Brian Loos <i>City of Longview</i> Julie Underwood <i>City of Mercer Island</i> Deborah Knight <i>City of Monroe</i> Jay Burney <i>City of Olympia</i>
Paul Loveless <i>Town of Steilacoom</i> Vice President	
Stan Strelbel <i>City of Pasco</i>	
Steve Taylor <i>City of Kelso</i>	



Right: Executive Committee Members: Stan Strelbel; Jay Burney; Brian Loos; Steve Taylor; David Timmons; Deborah Knight; Julie Underwood; Paul Loveless.

WCIA STAFF

Administration

Ann Bennett
Executive Director

Rob Roscoe
Deputy Director

Jared Burbidge
Finance & Administrative Services Manager

Tiffany Woods
Programs & Information Technology Coordinator

Peter Kang
IT Administrator

Michele Neumann
Administrative Services Assistant

Kellyn Popp
Finance Assistant

Jennifer Lawson
Office Assistant/ Receptionist

Member Services

Patti Crane
Member Services Manager

Maria Orozco
Member Services Coordinator

Katie Madsen
Member Services Assistant

Risk Management

Robin Aronson
Risk Services Manager

Lisa Knapton
Senior Risk Management Rep

Debbi Sellers
Senior Risk Management Rep

Tanya Crites
Senior Risk Management Rep

Carlene Brown
Risk Management Rep

Claims

Reed Hardesty
Claims Manager

Gordy Van
Senior Claims Adjuster

Luis Fragoso
Senior Claims Adjuster

Drew Brien
Claims Adjuster

Doug Martin
Claims Representative

CONTRACTED SERVICE VENDORS

Baber & Mason, CPAs
Accountant

PricewaterhouseCoopers
Actuary

Evergreen
Adjustment Service Claims Service Company

Keating, Bucklin & McCormack Inc., P.S.
General Counsel

Marsh USA, Inc.
Insurance Broker

Lisa Thatcher, Inc.
Lobbyist



Washington Cities Insurance Authority (WCI) is a municipal organization of Washington public entities that join together for the purpose of providing liability and property financial protection to its members.

OUR CORE VALUES

RESPONSIVENESS

INTEGRITY

STEWARDSHIP

COURAGE



Insurance Authority

P.O. Box 88030

Tukwila, WA 98138

P: 206.575.6046 / F: 206.575.7426

www.wciapool.org