Working together, helping communities.

2017 ANNUAL REPORT
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.
We are happy to share with the membership the challenges and accomplishments WCIA experienced in 2017. As always a strong dedication to members through active risk management, robust training and responsive claim handling is a hallmark of WCIA. The membership’s long term commitment to prudent financial stewardship allows for continued financial strength despite challenging losses.

In 2017 claim payments continued at close to the same high pace as last year, largely due to three claims that settled for amounts well over $1 million. In addition to high payments, overall increased reserves resulted in a net position decrease of approximately $7.8 million bringing WCIA’s unrestricted net position to $55,753,133. While the decrease is disappointing, this net position is stronger than any risk pool in the State of Washington.

The negative claim trend is not unique to WCIA, with record breaking verdicts and multi-million settlements occurring throughout the public liability sector. Police, employment practices and road design liability are the main drivers of large exposures nationally.

In 2017 over 13,600 attendees were educated by WCIA utilizing regional, exclusive, co-sponsored and reimbursed trainings. Close to $200,000 was returned to members in the form of reimbursements for certifications, accreditations and exclusive trainings. Police and employment risks received an increased emphasis with multiple offerings with a variety of exposure topics. Additionally in 2017, WCIA’s Supervisor Credentialing Program graduated over 101 member employees. Through the use of forums, WCIA member Police Chiefs, Risk Managers and Human Resource professionals were allowed to roundtable risk exposures and share best practices with one another in multiple sessions throughout the year.

As occurs every year, all WCIA members were visited by their assigned WCIA Risk Management Representative for the annual review of coverage and programs along with performance of the risk management audit. Over 60% of members participated in either police or employment audits with the remaining members choosing volunteer programs, or targeted risk management reviews of contracts, special events or facilities.

The memberships’ COMPACT to be attentive members, adhere to risk management reviews and audits along with mandatory trainings celebrated its 22nd year in 2017. The membership also benefited from usage of WCIA’s popular Pre-defense review, Risk Management Legal Consultation, and Risk Reduction Grant programs.

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.
2017 NUMBERS

RISK MANAGEMENT

$150,000
RISK REDUCTION
GRANTS PAID TO
MEMBERS

300
PRE-DEFENSE
REVIEWS AND RISK
MANAGEMENT LEGAL
CONSULTATIONS

CLAIMS LITIGATION

$31,213,170
CLAIM AND LAWSUIT
PAYMENTS

1,699
NUMBER OF NEW
CLAIMS AND LAWSUITS

3
TRIALS
DEFENDED

TRAINING

397
TRAININGS OFFERED

$193,705
PAID FOR MEMBER
EDUCATIONAL AND
ACCREDITATION
REIMBURSEMENTS

13,620
PARTICIPANTS IN
ON-SITE AND
ON-LINE TRAININGS

INSURANCE PROGRAMS

161
NUMBER OF
MEMBERS

80
PROGRAMS
ELIGIBLE FOR
REIMBURSEMENT
### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

#### Current Assets
- Cash and Cash Equivalents: $10,329,125
- Accrued Interest: 388,429
- Investments: 142,804,416
- Accounts Receivable: 122,375
- Reinsurance Receivable: 2,823,870
- Prepaid Expenses: 4,925,901
  - **TOTAL CURRENT ASSETS**: $161,394,116

#### Noncurrent Assets
- Investment in GEM: $1,385,780
- Capital Assets: 6,384,909
- Accumulated Depreciation: (2,036,167)
  - **TOTAL NONCURRENT ASSETS**: $5,734,522

#### Total Assets
- **TOTAL ASSETS**: $167,128,638
- Deferred Outflows of Resources - Pension: $210,821
  - **TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**: $167,339,459

### LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

#### Current Liabilities
- Accounts Payable & Accrued Expenses: $97,753
- Compensated Absences: 94,496
- Deposits Payable: 251,636
- Property & Vehicle Claims Reserve: 3,624,530
- Claim Reserves
  - IBNR: 13,524,174
  - Open Claims (Case Reserves): 7,403,142
  - Unallocated Loss Adjustment Expenses: 622,163
- Reserve for Increased Confidence Level: 18,400,000
  - **TOTAL CURRENT LIABILITIES**: $44,017,894

#### Noncurrent Liabilities
- Compensated Absences: $58,467
- Claim Reserves
  - IBNR: 38,491,880
  - Open Claims (Case Reserves): 21,070,480
  - Unallocated Loss Adjustment Expenses: 1,770,770
  - Net Pension Liability: 1,525,775
  - **TOTAL NONCURRENT LIABILITIES**: $62,917,372

#### Total Liabilities
- **TOTAL LIABILITIES**: $106,935,266
- Deferred Inflows of Resources - Pension: $302,318
  - **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**: $167,339,459

### NET POSITION
- Investment in Capital Assets: $4,348,742
- Unrestricted: 55,753,133
  - **TOTAL NET POSITION**: $60,101,875

*Unaudited - subject to change
## Statement of Revenues, Expenses & Changes in Fund Net Position

**For the years ending December 31,**

### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>2017*</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Assessments - Liability</td>
<td>$29,726,818</td>
<td>$27,075,985</td>
</tr>
<tr>
<td>Member Assessments - Property</td>
<td>10,412,921</td>
<td>9,862,676</td>
</tr>
<tr>
<td>Member Assessments - Fidelity</td>
<td>131,121</td>
<td>126,190</td>
</tr>
<tr>
<td>Building Revenues</td>
<td>353,057</td>
<td>343,858</td>
</tr>
<tr>
<td>Seminar Revenues</td>
<td>28,612</td>
<td>20,843</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>$40,652,529</strong></td>
<td><strong>$37,429,552</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2017*</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss &amp; Loss Adjustment Expenses</td>
<td>$27,167,932</td>
<td>$18,859,838</td>
</tr>
<tr>
<td>Confidence Level Expense (Reduction)</td>
<td>8,712,285</td>
<td>(11,879,000)</td>
</tr>
<tr>
<td>Insurance - Members</td>
<td>8,363,372</td>
<td>8,335,904</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>2,135,794</td>
<td>2,095,777</td>
</tr>
<tr>
<td>Personnel Benefits</td>
<td>656,035</td>
<td>723,085</td>
</tr>
<tr>
<td>Professional Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims Adjusting</td>
<td>505,530</td>
<td>425,527</td>
</tr>
<tr>
<td>Pre-Defense Review</td>
<td>474,468</td>
<td>653,712</td>
</tr>
<tr>
<td>Consultants</td>
<td>286,055</td>
<td>239,597</td>
</tr>
<tr>
<td>Legal</td>
<td>71,841</td>
<td>89,128</td>
</tr>
<tr>
<td>Actuarial</td>
<td>46,400</td>
<td>87,900</td>
</tr>
<tr>
<td>Audit</td>
<td>16,606</td>
<td>24,961</td>
</tr>
<tr>
<td>Financial Services</td>
<td>17,223</td>
<td>24,909</td>
</tr>
<tr>
<td>Risk Management Audit</td>
<td>11,720</td>
<td>11,734</td>
</tr>
<tr>
<td>Transportation</td>
<td>80,830</td>
<td>101,430</td>
</tr>
<tr>
<td>Printing</td>
<td>5,426</td>
<td>14,798</td>
</tr>
<tr>
<td>Communications</td>
<td>29,213</td>
<td>19,442</td>
</tr>
<tr>
<td>Supplies</td>
<td>47,334</td>
<td>45,832</td>
</tr>
<tr>
<td>Dues and Conferences</td>
<td>28,564</td>
<td>30,387</td>
</tr>
<tr>
<td>Retreat/Board Meetings</td>
<td>31,508</td>
<td>32,964</td>
</tr>
<tr>
<td>Depreciation</td>
<td>177,456</td>
<td>170,622</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>35,156</td>
<td>28,059</td>
</tr>
<tr>
<td>Repair and Maintenance</td>
<td>-</td>
<td>2,929</td>
</tr>
<tr>
<td>Risk Grant Reduction</td>
<td>149,823</td>
<td>150,000</td>
</tr>
<tr>
<td>Building Expenses</td>
<td>267,377</td>
<td>246,836</td>
</tr>
<tr>
<td>Software License Fees</td>
<td>199,828</td>
<td>37,645</td>
</tr>
<tr>
<td>Seminars and Training</td>
<td>696,976</td>
<td>787,819</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$50,214,752</strong></td>
<td><strong>$21,361,835</strong></td>
</tr>
</tbody>
</table>

#### Operating Income (Loss)

- 2017*: ($9,562,223)
- 2016: $16,067,717

### Non-Operating Revenue (Loss)

<table>
<thead>
<tr>
<th>Description</th>
<th>2017*</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>6,128,043</td>
<td>5,258,291</td>
</tr>
<tr>
<td>Net Increase (Decrease) in the Fair Value of Investments</td>
<td>(4,899,979)</td>
<td>(4,001,781)</td>
</tr>
<tr>
<td>Income (Loss) from Investment in GEM</td>
<td>462,348</td>
<td>75,043</td>
</tr>
<tr>
<td><strong>Total Non-Operating Revenue</strong></td>
<td><strong>$1,690,412</strong></td>
<td><strong>$1,331,553</strong></td>
</tr>
</tbody>
</table>

### Change in Net Position

- 2017*: ($7,871,811)
- 2016: $17,399,270

### Net Position - January 1, as previously reported

- 2017*: $67,973,686
- 2016: $50,574,416

### Net Position - January 1, as restated

- 2017*: 67,973,686
- 2016: 50,574,416

### Net Position as of December 31

- 2017*: $60,101,875
- 2016: $67,973,686

*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 CORE VALUES
RESPONSIVENESS • INTEGRITY • STEWARDSHIP • COURAGE
OUR MEMBERS

A Regional Coalition for Housing • Aberdeen • Anacortes • Arlington • Arlington Transportation Benefit District • Auburn • Bainbridge Island • Battle Ground • Benton City • Benton County Emergency Services • Bonney Lake • Bothell • Brewster • Brier • Burien • Burlington • Camas • Cashmere • Centralia • Chehalis • Chelan • Cheney • Chewelah • Clark Regional Emergency Services Agency • Clarkston • Cle Elum • Clyde Hill • Coupeville • Covington • 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 • Enumclaw Transportation Benefit District • 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 • Othello • Othello Transportation Benefit District • 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 • SNOCOM • Snohomish • Snohomish County Emergency Radio System • SNOPAC • Snoqualmie • Soap Lake • South Correctional Entity (SCORE) • South Sound 911 • 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 Transportation Benefit District • 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
WCIA EXECUTIVE COMMITTEE MEMBERS

John Caulfield
City of Lakewood
President

Pete Rose
City of Lake Forest Park
Vice President

Stan Strebel
City of Pasco

Steve Taylor
City of Kelso

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Executive Director

Heidi Jones
Finance & Administrative Services Manager

Eric B. Larson
Deputy Director, Insurance Programs

Tiffany Woods
Programs & Information Technology Coordinator

Michele Neumann
Administrative Services Assistant

Kellyn Olson
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

CONTRACTED SERVICE VENDORS

Baber & Mason, CPAs
Accountant

PricewaterhouseCoopers
Actuary

Evergreen
Adjustment Service
Claims Service Company

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

JTConnex
Information Technology Services

Marsh USA, Inc.
Insurance Broker

Lisa Thatcher, Inc.
Lobbyist
THE WASHINGTON CITIES INSURANCE AUTHORITY (WCIA) IS A MUNICIPAL ORGANIZATION OF WASHINGTON PUBLIC ENTITIES THAT JOIN TOGETHER FOR THE PURPOSE OF PROVIDING LIABILITY AND PROPERTY FINANCIAL PROTECTION TO ITS MEMBERS.