**4.**  **REPORTING**

4.8 **SAO Annual Report Schedules**

4.8.9 **Risk Management (Schedule 21)**

**Financial Reporting Guidance**

4.8.9.10 Please refer to [Risk Management Principles](http://portal.sao.wa.gov/SAOPortal/ViewBARSManualOfficeFile/file/GAAP_p3_RiskMgmtPrincipls.pdf/) for GAAP financial reporting guidance.

Cash basis governments should also refer to this section for definitions and note disclosure guidance for any potentially material contingencies that are either probable or reasonably possible.

**Applicability of Schedule**

4.8.9.20 Schedule 21 is required for all local governments. The purpose of this schedule is to report self-insurance or assumption of any insurable risk type (liability, property, health and welfare, unemployment compensation, and workers’ compensation). Local governments may self-insure their own risks only (an individual self-insurance program) or self-insure jointly with other governments pursuant to Chapter [48.62](http://apps.leg.wa.gov/rcw/default.aspx?cite=48.62) RCW or other enabling statute.

4.8.9.30 Schedule 21 is not applicable in the following situations:

* The only risk assumed is an annual deductible of a purchased insurance policy.
* All of the local government’s insurable risks are covered through membership in a public entity risk pool.

**MCAG No. Schedule 21**

**(County/City/District)**

**Local Government Risk Assumption**

**For the Year Ended December 31, 20**

1. Self-Insurance Program Manager: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Manager Phone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Manager Email: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. How do you insure property and liability risks, if at all?
	1. Self-insure some or all risks
	2. Belong to a public entity risk pool
	3. Purchase private insurance
	4. No insurance
5. How do you provide health and welfare insurance (e.g., medical, dental, prescription drug, and/or vision benefits) to employees, if at all?
6. Self-insure some or all benefits
7. Belong to a public entity risk pool
8. All benefits provided by health insurance company or HMO
9. Not applicable - no such benefits offered
10. How do you insure unemployment compensation benefits, if any?
11. Self-insured (“Reimbursable”)
12. Belong to a public entity risk pool
13. Pay taxes to the Department of Employment Security (“Taxable”)
14. Not applicable – no employees
15. How do you insure workers compensation benefits, if any?
16. Self-insured (“Reimbursable”)
17. Belong to a public entity risk pool
18. Pay premiums to the Department of Labor and Industries
19. Not applicable – no employees
20. How do you insure other risks and obligations, if any?
21. Self-insure some or all other risks
22. Belong to a public entity risk pool
23. Purchase private insurance
24. Not applicable – have no other insurable risks

**If the answer to any of the above questions is (a), then answer the rest of the form in relation to the government’s self-insured risks**.

**If NOT, STOP, the local government does not need to complete the rest of this Schedule**.

1. Does the local government self-insure any risks as an individual program? (yes/no)
2. If answered YES, does the local government allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.

If so, list the other entity or entities: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Does the local government self-insure any risks as a joint program? (yes/no)
2. If answered YES, list the other member(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Are any claims administered by contract with a third-party administrator? (yes/no)
4. Did the local government (or its third party administrator, if applicable) receive a claims audit within the last three years? (yes/no)
5. Were the program’s revenues sufficient to cover the program’s expenses? (yes/no)
6. Did the program use an actuary to determine its liabilities? (yes/no)
7. For each type of self-insured risk, describe the risk, the number of claims received during the period, the number of claims paid during the period and the amount of claims paid in the following table:

**EXAMPLE**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description of Risk Type** | **Number of claims****received during the period** | **Number of claims****paid during the period** | **Total amount of****claims paid during the period** |
| Liability (automobile) | 15 | 12 | $104,366 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Description of Risk Type** | **Number of claims****received during the period** | **Number of claims****paid during the period** | **Total amount of****claims paid during the period** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |