



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Public Utility Risk Management Services Joint Self-Insurance Fund

For the period January 1, 2020 through December 31, 2021

Published September 6, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

September 6, 2022

Executive Committee
Public Utility Risk Management Services Joint Self-Insurance Fund
Seattle, Washington

Report on Financial Statements

Please find attached our report on the Public Utility Risk Management Services Joint Self-Insurance Fund's financial statements.

We are issuing this report in order to provide information on the Pool's financial activities and condition.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive.

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Public Utility Risk Management Services Joint Self-Insurance Fund January 1, 2020 through December 31, 2021

Executive Committee
Public Utility Risk Management Services Joint Self-Insurance Fund
Seattle, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Public Utility Risk Management Services Joint Self-Insurance Fund, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated August 29, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Pool's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

August 29, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Public Utility Risk Management Services Joint Self-Insurance Fund January 1, 2020 through December 31, 2021

Executive Committee
Public Utility Risk Management Services Joint Self-Insurance Fund
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Public Utility Risk Management Services Joint Self-Insurance Fund, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Public Utility Risk Management Services Joint Self-Insurance Fund, as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 6 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Pool is unknown. Our opinion is not modified with the respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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 the Pool's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

The other information comprises the List of Participating Members Districts and Department of Enterprise Services Schedule of Expenses but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included with the financial statements. Our opinions on the basic financial statements do not cover this other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

August 29, 2022

FINANCIAL SECTION

Public Utility Risk Management Services Joint Self-Insurance Fund January 1, 2020 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021 and 2020

BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Position – 2021 and 2020

Comparative Statement of Revenues, Expenses and Changes in Fund Net Position – 2021
and 2020

Comparative Statement of Cash Flows – 2021 and 2020

Notes to Financial Statements – 2021 and 2020

REQUIRED SUPPLEMENTARY INFORMATION

Ten-Year Claims Development Information – 2021 and 2020

Reconciliation of Claims Liability by Type of Contract – 2021 and 2020

OTHER INFORMATION

List of Participating Members Districts – 2021 and 2020

Department of Enterprise Services Schedule of Expenses – 2021 and 2020

PUBLIC UTILITY RISK MANAGEMENT SERVICES JOINT SELF-INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis are designed to provide an overview of Public Utility Risk Management Services (PURMS) Joint Self-Insurance Fund's financial activities for the years ended December 31, 2021 and 2020. This supplementary information should be read in conjunction with PURMS's financial statements.

PURMS is a public entity risk pool organized on December 30, 1976 in the State of Washington under Revised Code of Washington (RCW) 54.16.200. It currently operates under RCW 48.62. Its members include 18 public utility districts and NoaNet, a governmental entity consisting of local governments. The objectives of PURMS are to formulate, develop and administer a program of self-insurance in order to obtain lower costs for the various coverages provided to its members. Liability and property coverages are available to its members and health & welfare coverage for its member's employees.

FINANCIAL SUMMARY AND ANALYSIS

The Statement of Net Position shows information on all of the Fund's assets and liabilities. The difference between the two is reported as Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position shows how the Net Position changed during the year. All assets are classified as unrestricted because there are no externally enforceable constraints that limit any asset for use in operations of the Fund. PURMS does comply with the legal requirements outlined in Washington Administrative Code (WAC) 200-100-03001 and WAC 200-110-040 regarding the program funding and liquidity requirements. [See Note 4]

Current Assets are comprised of cash in checking accounts and investments, accounts receivable owed by members and accrued interest. Noncurrent Assets are Claims Reserve Receivable. PURMS does not set premiums but uses a member assessment method described in more detail in the financial notes [See Note 1h]. The Claims Reserve Receivable account represents the amount that, as PURMS pays Known and Incurred But Not Reported (IBNR) claims and the Unallocated Loss Adjustment Expense (ULAE), the members will be required to pay. Current Liabilities reflect the total of Known, IBNR and ULAE Claims Reserve and other fees payable as of December 31, 2021, 2020, and 2019, respectively. PURMS has no non-current liabilities.

Operating Revenues include assessments from members. Nonoperating Revenue is from interest on investments. Operating Expenses include claims and claims adjustment expenses, excess and stop loss insurance premiums and administrative expenses. There are no nonoperating expenses at this time. Member Deposits refer to amounts held by PURMS, on behalf of its members, to pay health & welfare claims before a member is assessed for those claims.

Condensed Comparative Financial Information:

PURMS Net Position

| | 2021 | 2020 | 2019 |
|-----------------------------|--------------|--------------|--------------|
| Current Assets | 9,232,114 | 9,406,967 | 7,823,853 |
| Noncurrent Assets | 5,330,540 | 5,497,959 | 4,640,766 |
| Total Assets | \$14,562,654 | \$14,904,926 | \$12,464,619 |
| Current Liabilities | 5,398,381 | 5,677,005 | 4,880,483 |
| Net Position (Unrestricted) | \$9,164,273 | \$9,227,921 | \$7,584,136 |

PURMS Changes in Net Position

| | 2021 | 2020 | 2019 |
|------------------------------------|--------------|--------------|--------------|
| Operating Revenues | 23,092,335 | 23,966,756 | 22,740,174 |
| Nonoperating Revenues | 1,644 | 9,954 | 35,522 |
| Total Revenues | \$23,093,979 | \$23,976,710 | \$22,775,696 |
| Operating Expenses | 23,157,627 | 22,332,925 | 22,725,240 |
| Total Expenses | \$23,157,627 | \$22,332,925 | \$22,725,240 |
| Changes in Net Position | (63,648) | 1,643,785 | 50,456 |
| Beginning Net Position (January 1) | \$9,227,921 | \$7,584,136 | \$7,533,680 |
| Ending Net Position (December 31) | \$9,164,273 | \$9,227,921 | \$7,584,136 |

During 2021, 2020 and 2019 the overall financial position of PURMS has remained relatively unchanged. In review of estimates of claim liabilities for 2020, the PURMS Board approved to prefund some of the liability reserves in anticipation of increased claims activity. This was done to ensure PURMS continued to meet the WAC solvency standards. Also in 2020, the Health & Welfare Pool Member Deposit was recalculated and increased by \$694,668. Members were given the option to pay this increase over 12 months. This increase was paid in full before December 31, 2021. The amount of the outstanding Member Deposit as of December 31, 2020 was \$243,377 and was reflected as an account receivable. In 2016 the PURMS Board passed Resolution #11-3-16-4 to increase the Liability Pool Designated Fund Balance from \$3.0 million to \$3.5 million incrementally over 4 years. The final increase was made in November 2019 increasing the Designated Fund Balance to \$3.5 million. All members had paid this assessment before the end of 2019.

PURMS has no commitments or other limitations that would specifically affect the availability of pool resources for future use for its intended purpose as stated in its Interlocal Agreement and RCW 48.62.

FINANCIAL CONTACT: This financial statement is designed to provide users (members and/or the general public) with a general overview of PURMS's finances and to demonstrate the Pool's accountability. If you have questions about the report or need additional information, contact the Pool's Administrator, Pacific Underwriters, P.O. Box 68787, Seattle, WA 98168, (206) 248-2254.

PUBLIC UTILITY RISK MANAGEMENT SERVICES JOINT SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF NET POSITION

| ASSETS | AS OF DECEMBER 31, | |
|--|-----------------------------|-----------------------------|
| | 2021 | 2020 |
| <u>Current Assets:</u> | | |
| Cash and Cash Equivalents: | | |
| Checking Accounts | \$ 4,923,171 | \$ 5,670,155 |
| Investments | 1,571,294 | 1,569,651 |
| Receivables: | | |
| Assessments Billed | 2,642,602 | 1,885,882 |
| Member Deposit Assessments | - | 243,377 |
| Excess/Stop Loss Ins. | 95,047 | 37,902 |
| Total Current Assets | <u>\$ 9,232,114</u> | <u>\$ 9,406,967</u> |
| <u>Noncurrent Assets:</u> | | |
| Claims Reserve Receivable | 5,330,540 | 5,497,959 |
| Total Noncurrent Assets | <u>\$ 5,330,540</u> | <u>\$ 5,497,959</u> |
| TOTAL ASSETS | <u><u>\$ 14,562,654</u></u> | <u><u>\$ 14,904,926</u></u> |
| LIABILITIES | | |
| <u>Current Liabilities:</u> | | |
| Claim Reserves: | | |
| Claims Reserve Known (Unpaid) | \$ 1,309,769 | \$ 1,309,257 |
| Claims Reserve IBNR (based on ACE) | 3,207,139 | 3,379,991 |
| Claims Reserve IBNR (80% confidence level) | 666,920 | 667,168 |
| Claims Reserve (ULAE) | 146,712 | 141,543 |
| Accounts Payable: | | |
| Bank Fees Payable | - | 1,900 |
| Administrator's Fee | 67,441 | 73,080 |
| Stop Loss Premiums | - | 95,372 |
| PPO Networks | 400 | 8,694 |
| TOTAL LIABILITIES | <u>\$ 5,398,381</u> | <u>\$ 5,677,005</u> |
| Net Position - Unrestricted | 9,164,273 | 9,227,921 |
| TOTAL NET POSITION | <u><u>\$ 9,164,273</u></u> | <u><u>\$ 9,227,921</u></u> |

The accompanying notes are an integral part of this financial statement.

PUBLIC UTILITY RISK MANAGEMENT SERVICES

JOINT SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

| | YEAR ENDED DECEMBER 31, | |
|---|-------------------------|---------------|
| | 2021 | 2020 |
| OPERATING REVENUES: | | |
| Premium Assessments | \$ 4,846,374 | \$ 3,826,533 |
| General Assessments | 18,245,961 | 19,445,555 |
| Member Deposit Assessments | - | 694,668 |
| Total Operating Revenues | \$ 23,092,335 | \$ 23,966,756 |
| OPERATING EXPENSES: | | |
| Incurred Loss/Loss Adjustment Expenses: | | |
| Claims Paid on Current Losses | \$ 14,332,536 | \$ 13,182,795 |
| Claims Paid on Prior Losses | 1,139,931 | 1,462,103 |
| Claims Adjustment on Current Losses | 28,480 | 9,257 |
| Claims Adjustment on Prior Losses | 1,381,842 | 897,106 |
| Claims Paid, Excess of Retention/Stop Loss | (1,332,635) | (699,624) |
| Change in Unpaid Claims Liabilities: | | |
| Adjustment to Current Year's Claims Reserve | 44,489 | 183,882 |
| Adjustment to Prior Year's Claims Reserve | (217,077) | 687,329 |
| Adjustment to ULAE Claims Reserve | 5,169 | (14,018) |
| Excess/Stop Loss Insurance Purchased | 6,055,653 | 4,956,771 |
| Fidelity Bond Purchased | 4,494 | 4,145 |
| PPO Network Fee | 393,440 | 126,923 |
| Administrator's Fee | 831,660 | 848,821 |
| Broker Fees | 182,814 | 221,090 |
| Actuarial Fees | 29,300 | 28,300 |
| Fund Legal Fees | 132,240 | 257,085 |
| General Expense | 9,424 | 11,549 |
| Professional Fees | 111,867 | 145,411 |
| Lobbyist Fees | 24,000 | 24,000 |
| Total Operating Expenses | \$ 23,157,627 | \$ 22,332,925 |
| OPERATING INCOME (LOSS) | \$ (65,292) | \$ 1,633,831 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest and Investment Income | 1,644 | 9,954 |
| Total Nonoperating Revenues (Expenses) | \$ 1,644 | \$ 9,954 |
| CHANGE IN NET POSITION | \$ (63,648) | \$ 1,643,785 |
| TOTAL NET POSITION, January 01 | \$ 9,227,921 | \$ 7,584,136 |
| TOTAL NET POSITION, December 31 | \$ 9,164,273 | \$ 9,227,921 |

The accompanying notes are an integral part of this financial statement.

PUBLIC UTILITY RISK MANAGEMENT SERVICES

JOINT SELF-INSURANCE FUND

COMPARATIVE STATEMENT OF CASH FLOWS

| | YEAR ENDED DECEMBER 31, | |
|--|-------------------------|---------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received From Members | \$ 22,521,847 | \$ 24,086,990 |
| Cash Payments To Vendors | (23,268,831) | (22,393,596) |
| Net Cash Provided (Used) by Operating Activities | (746,984) | 1,693,394 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Investments | (1,644) | (9,954) |
| Sale of Investments | - | - |
| Interest Received | 1,644 | 9,954 |
| Net Cash Provided (Used) by Investing Activities | - | - |
| INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS | (746,984) | 1,693,394 |
| CASH & CASH EQUIVALENTS, January 1 | 5,670,155 | 3,976,761 |
| CASH & CASH EQUIVALENTS, December 31 | \$ 4,923,171 | \$ 5,670,155 |

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

| | | |
|--|--------------|--------------|
| OPERATING INCOME: | \$ (65,292) | \$ 1,633,831 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| (Increase)/Decrease in A/R Assessments | (589,301) | (666,582) |
| (Increase)/Decrease in A/R Member Deposit Assessments | 243,377 | (243,377) |
| (Increase)/Decrease in A/R Excess/Stop Loss Ins | (57,145) | 173,000 |
| Increase/(Decrease) in Claims Payable - Known | 512 | 918,341 |
| Increase/(Decrease) in Claims Payable - IBNR | (173,100) | (47,130) |
| Increase/(Decrease) in Claims Payable -ULAE | 5,169 | (14,018) |
| Increase/(Decrease) in Bank Fees Payable | (1,900) | 100 |
| Increase/(Decrease) in Administrative Fee Payable | (5,638) | 9,889 |
| Increase/(Decrease) in Stop Loss Premium Payable | (95,372) | 15,606 |
| Increase/(Decrease) in PPO Network Fees Payable | (8,294) | 471 |
| Increase/(Decrease) in RX Rebates Payable | - | (86,737) |
| Net Cash Provided (Used) by Operating Activities | \$ (746,984) | \$ 1,693,394 |

The accompanying notes are an integral part of this financial statement.

PUBLIC UTILITY RISK MANAGEMENT SERVICES JOINT SELF-INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Public Utility Risk Management Services Joint Self-Insurance Fund (PURMS) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governmental units (in most respects). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant PURMS accounting policies:

a. Reporting Entity

PURMS was organized as of December 30, 1976, pursuant to the provisions of the Revised Code of Washington (RCW) 54.16.200, and interlocal governmental agreements. PURMS is a public entity risk pool, currently operating under RCW 48.62. The program's general objectives are to formulate, develop, and administer, on behalf of the member public utilities, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Admission of a new member requires a supermajority vote (85%) of the current members of the Fund or the particular risk pool. Members may withdraw from the Fund on December 31st of any year by giving 90 days prior notice.

Liability and Property Pools - The members, through the Fund, provide liability self-insurance for the first \$1,000,000 of individual loss claims. Effective April 1, 1997 the Fund established a self-insured program for member's property. The property program provides property self-insurance for the first \$250,000 of individual loss claims. The risks shared by the members are defined in the member's Self-Insurance Agreement (SIA). Both Pools (Liability and Property) operate independently of one another. The Fund maintains assets from which liability claims against the member districts and property losses of member districts are paid and, through assessments of the members to replenish these assets, the members share joint liability among themselves for losses incurred. The Fund also purchases excess insurance for losses above \$1,000,000 for liability and above \$250,000 for property. [See Note 3]

Members that withdraw continue to receive coverage from the Fund for occurrences that happened while they were a member. Withdrawn members continue to be liable for their share of assessments for occurrences that happened to all members while they were a member.

Health and Welfare Pool - On April 1, 2000 PURMS implemented a Health & Welfare Pool. A Member Deposit is required upon initial participation in the Pool and the amount of that Deposit is recalculated for all members approximately every three years. A recalculation was done in 2020 which increased the Member Deposit to \$4,028,344 as of December 31, 2021 and December 31, 2020. The Pool provides a cooperative program to fund health and medical claims for the employees of the members of PURMS. As a result, there are lowered costs associated with the administration of claims and the procurement of excess or stop loss insurance. Stop loss insurance is purchased for this Pool. [See Note 3]

Member Changes and Participation – Fund members currently include 18 utilities, and NoaNet, a governmental entity consisting of local governments. There were no changes in membership in 2021 or 2020. As of December 31, 2021, the member participation was as follows:

| | | Liability Program | Property Program | Health & Welfare Program |
|----|-------------------------|----------------------|---------------------|--------------------------------|
| 1 | Asotin County PUD | Yes | Yes | Yes |
| 2 | Benton County PUD | Yes | Yes | No |
| 3 | Clallam County PUD | Yes | Yes | Yes |
| 4 | Grays Harbor County PUD | Yes | Yes | No |
| 5 | Jefferson County PUD | Yes | Yes | Yes |
| 6 | Kitsap County PUD | Yes | Yes | No |
| 7 | Klickitat County PUD | Yes | Yes | Yes |
| 8 | Lewis County PUD | Yes | Yes | No |
| 9 | Mason County PUD #3 | Yes | Yes | Yes |
| 10 | NoaNet | Yes | Yes | Yes |
| 11 | Okanogan County PUD | Yes | Yes | No |
| 12 | Pacific County PUD | Yes | Yes | Yes |
| 13 | Pend Oreille County PUD | Yes | Yes | No |
| 14 | Skagit County PUD | No | No | Yes |
| 15 | Skamania County PUD | Yes | Yes | Yes |
| 16 | Stevens County PUD | Yes | Yes | Yes |
| 17 | Thurston County PUD | No | No | Yes |
| 18 | Wahkiakum County PUD | Yes | Yes | Yes |
| 19 | Whatcom County PUD | Yes | Yes | No |

b. Basis Of Accounting And Presentation

The accounting records of the Pool are maintained in accordance with methods prescribed by the State Auditor's Office under the authority of RCW 43.09. The Pool also follows the accounting standards established by the Governmental Accounting Standards Board (GASB) Statement 10, *Accounting And Financial Reporting For Risk Financing And Related Insurance Issues*, as amended by the GASB Statement 30, *Risk Financing Omnibus*, the GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Funds*, the GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the GASB Statement 79, *Certain External Investment Pools and Pool Participants* and the GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The Fund prepares its financial statements on the full accrual basis. Under the full accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The principal operating revenues of the Fund are member assessments. Operating expenses include claims and claims adjustment expenses, excess and stop loss insurance premiums and administrative expenses. Nonoperating revenues are interest on investments. There are no nonoperating expenses at this time. Unbilled receivables are recorded at year end.

In accordance with the ongoing application of GASB Statement No. 10, the Fund's Statement of Net Position reflects Known Claims Reserve liability, Incurred But Not Reported (IBNR) Claims Reserve liability and Unallocated Loss Adjustment Expenses (ULAE) Claims Reserve liability. The claim reserve amounts are determined by actuarial studies, performed at the end of each year, on each pool. PURMS uses the noncurrent asset account "Claims Reserve Receivable" to reflect the amount that members are required to pay as those liabilities are expensed. PURMS does not set premiums but uses a member assessment method (described in Note 1h) according to the SIA.

"Member Deposits" refer to amounts held by PURMS, on behalf of its members, in order to pay their employee Health & Welfare claims before a member is assessed for those claims. The Member Deposit is currently based on three times a member's average monthly Health & Welfare claims.

c. Cash And Cash Equivalents

For purposes of the Statement of Cash Flows, PURMS considers all highly liquid investments with a maturity of six months or less when purchased to be cash equivalents.

d. Restricted Assets & Program Funding Requirements

All assets are classified as unrestricted because there are no externally enforceable constraints that limit any asset for use in operations of the Fund. PURMS does comply with the legal requirements outlined in Washington Administrative Code (WAC) 200-100-03001 and WAC 200-110-040 regarding the program funding and liquidity requirements. [See Note 4] Under WAC 200-100-03001 the Liability and Property Pools are funded at no less than the 80% actuarially determined confidence level. In accordance with WAC 200-110-040 and the revisions effective 11/25/2017, the Health and Welfare Pool is funded at no less than the actuarially determined program liability for all employee benefits.

e. Receivables

Management decides if any accounts are deemed uncollectible. Uncollectible accounts are charged to expense in the period they are deemed uncollectible. There were no uncollectible accounts in 2021 and 2020.

f. Investments

See Note 2

g. Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not result in an exact amount, particularly for coverages such as general liability.

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 in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on 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. [See Note 5 and Required Supplementary Information]

h. Member Assessments

Member assessments for the Liability Pool are recognized as revenue at the time they are calculated. These assessments are based upon a formula whose elements include; basic fees, historic claims experience and workers hours. The assessments include amounts for excess insurance premiums, claims experience, and operating costs. Member districts are obligated to replenish the liability program to the Liability Pool Designated Fund Balance through an annual assessment calculated on December 31st. In addition to the annual assessment, interim assessments are levied whenever the level of the liability program is reduced by \$500,000 from the current Liability Pool Designated Fund Balance. The Liability Pool Designated Fund Balance was \$3.5 million in 2021 and 2020. Assessments may also be issued on approval of the Board to prefund a claim and ensure PURMS remains compliant with the WAC solvency standards.

Member assessments for the Property Pool are recognized as revenue at the time they are calculated. These assessments are based upon a formula whose elements include; basic fees, property values and risk-based rates. The assessments include amounts for excess insurance premiums, claims experience, and operating costs. Member districts are obligated to replenish the property program to the Property Pool Designated Fund Balance through an annual assessment calculated on December 31st. In addition, interim assessments are levied whenever the level of the property program is reduced by \$250,000 from the Property Pool Designated Fund Balance. In 2021 and 2020 the Property Pool Designated Fund Balance was \$750,000.

Member assessments for the Health & Welfare Pool are recognized as revenue in the period for which the insurance protection is provided. Assessments for the Health and Welfare Pool are based upon a formula whose elements include claims and census. The assessments include amounts for stop loss insurance premiums, claims paid, and operating costs. The members are assessed at the beginning of each month for all the expenses of the prior month.

i. Claims Reserves (Unpaid Claims & Loss Adjustment Expenses)

Claim costs are charged to income as incurred. Claim Reserves represent the accumulation of estimates for reported, unpaid claims (Known), plus a provision for claims incurred, but not reported (IBNR) including the loss adjustment expenses of these claims. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings. For the Liability and Property Pools, all known claims have a reserve set when the claim is reported. Health and Welfare known claims are generally not reserved. The IBNR for all pools is set based on an actuarial study.

j. Reserve for Unallocated Loss Adjustment Expenses

The reserve for unallocated loss adjustment expenses (ULAE) represents a liability for the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon an actuarial study. The change in the liability each year is reflected in current earnings.

k. Exemption From Federal And State Taxes

Pursuant to Revenue Ruling 90-74, income of Municipal Risk Funds is excluded from gross income under Internal Revenue Code (IRC) Section 115(1).

RCW 48.62 exempts the Fund from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

l. Inter-pool Loans

Effective April 1, 2000 the SIA was amended to allow inter-pool loans. As of December 31, 2021 and 2020 there were no outstanding inter-pool loans.

m. Self-Insured Retention

The Fund retains responsibility for the payment of claims within specified Self-Insured Retention (SIR) limits prior to the application of coverage provided by its excess or stop loss insurance contracts [See Note 3]. If a claim exceeds the SIR, the Fund will pay the claim and is reimbursed by the excess or stop loss insurance carrier. Amounts paid in excess of the retention are reflected on the Statement of Net Position as an account receivable.

n. Administrator Fees

Administrative services and claims adjudication for PURMS are provided by Pacific Underwriters through an administrator fee. These fees are paid in accordance with the Administrator Service Agreement between PURMS and Pacific Underwriters.

o. Pharmacy Rebates

PURMS has a Pharmacy Service Agreement with Optum RX. In this Agreement is a provision for Optum RX to disburse pharmacy rebates back to PURMS. These rebates are generally issued quarterly. The members receive the credit for the rebates in their monthly H&W Assessment. As of December 31, 2021 and December 31, 2020, there were no rebates payable to PURMS members.

NOTE 2 - DEPOSITS AND INVESTMENTS

PURMS deposits and investments are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Interest is credited to the Statement of Net Position as accrued. In 2021 and 2020 all PURMS investments were in the Washington State Treasurer's Local Government Investment Pool (LGIP).

PURMS had the following investments as of:

| | <u>Investment</u> | <u>Maturities</u> | <u>Cost</u> |
|------------|----------------------|-------------------|--------------|
| 12/31/2021 | On Deposit with LGIP | N/A | \$1,571,294. |
| 12/31/2020 | On Deposit with LGIP | N/A | \$1,569,651. |

Investments in the Local Government Investment Pool

PURMS is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The Pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restriction on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200 or online at www.tre.wa.gov.

Credit Risk. As required by State Law, all deposits and investments are obligations of the U.S. Government, deposits with Washington State banks and savings and loan institutions, LGIP or other investments allowed by RCW 39.59.

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction PURMS would not be able to recover the value of the investment or collateral securities. All PURMS deposits are covered by the FDIC or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). PURMS investment policy does not address custodial credit risk for its investments or deposits.

NOTE 3 - EXCESS INSURANCE CONTRACTS

The Fund maintains excess insurance contracts with several insurance carriers which provide various limits of coverage over the Fund's SIR limits. No reinsurance is purchased. Not all members participate in all coverages available. The limits provided by these excess insurance contracts are as follows (2021 and 2020 are the same unless noted otherwise):

| Liability Pool | | Per Occurrence/Aggregate |
|-----------------------|---|--|
| AEGIS: | General Liability (1 st Layer) | \$35,000,000/\$70,000,000 over \$1,000,000 SIR |
| EIM: | General Liability (2 nd Layer) | \$65,000,000/\$65,000,000 over \$35,000,000 |
| AEGIS: | D&O Public Officials Liability | \$35,000,000/\$35,000,000 over \$500,000 SIR |
| Lloyd's: | Cyber Risk (E&O) | \$5,000,000 over \$1,00,000 SIR (2021) |
| Lloyd's: | Cyber Risk (E&O) | \$10,000,000 over \$500,000 SIR (2020) |

Property Pool

AEGIS (Participation; 2021 & 2020-40%)

EIM (Participation; 2021 & 2020-17.5%)

Allianz (Participation; 2021 & 2020-16%)

AIG/National Union Fire Insurance (Participation; 2021 & 2020-14%,)

ACE/Starr Tech (Participation; 2021 & 2020-12.5%)

| | |
|---------------------------------------|---|
| Property Including Boiler & Machinery | Replacement cost, \$200,000,000 policy limits (sublimits apply) over \$250,000 SIR* (*deductibles vary by type of property) |
|---------------------------------------|---|

Health & Welfare Pool

Symetra:

| | |
|--|--|
| Stop Loss on Medical, Dental, Prescription | Individual Stop Loss \$365,000 (2021) Aggregate Stop Loss \$23,922,638 (12/31/2021) |
| Stop Loss on Medical, Dental, Prescription | Individual Stop Loss \$365,000 (2020) Aggregate Stop Loss \$27,955,593 (12/31/2020) |

All Pools

| | | |
|--------------------------|------------|--|
| Berkley Region Insurance | Crime Bond | \$1,000,000 occurrence over \$10,000 SIR |
|--------------------------|------------|--|

NOTE 4 – SOLVENCY

a. Financial Solvency Property and Liability Pools

WAC 200-100 requires PURMS to maintain certain levels of primary and secondary assets to meet solvency standards. As defined in WAC 200-100-03001 total primary assets, cash and cash equivalents less non-claim liabilities, must be at least equal to the unpaid claims estimate at the expected level as determined by an actuarial study. Additionally, total primary and secondary assets must be at least equal to the unpaid claims estimate at the 80 percent confidence level as determined by an actuarial study. Secondary assets are defined as insurance receivables, real estate or other assets (less any non-claim liabilities) the value of which can be independently verified by the state risk manager. The noncurrent asset account "Claims Reserve Receivable" is based on the annual actuarial study and reflects the amount that members are required to pay as those liabilities are expensed. Based on a Technical Inquiry submitted to GASB in 2015, it was determined that it is correct to use this amount in the solvency note, secondary asset test.

Solvency test for PURMS Liability Pool 2021

| Primary Asset Test | | Secondary Asset Test | |
|---|---------------------|--|---------------------|
| Cash & cash equivalents | \$ 2,434,957 | Cash & cash equivalents | \$ 2,434,957 |
| Investments | 1,571,294 | Investments | 1,571,294 |
| | | Assessments Receivable | 392,033 |
| | | Excess Insurance Receivable | 10,170 |
| | | Claims Reserve Receivable | 3,742,734 |
| Total | \$ 4,006,251 | Total | \$ 8,151,188 |
| Less: Non-claims liabilities | | Less: Non-claims liabilities | |
| Accounts payable | (22,530) | Accounts payable | (22,530) |
| Total Primary Assets | \$ 3,983,721 | Total Secondary Assets | \$ 8,128,658 |
| <i>compared to:</i> | | <i>compared to:</i> | |
| Claim liabilities at expected level per actuary (from actuarial study) | \$ 3,127,310 | Claim liabilities at 80 percent confidence level per actuary (from actuarial study) | \$ 3,742,734 |
| Test #1 - Primary Asset Test | MET | Test #2 - Secondary Asset Test | MET |

Solvency test for PURMS Liability Pool 2020

| Primary Asset Test | | Secondary Asset Test | |
|---|---------------------|--|---------------------|
| Cash & cash equivalents | \$ 2,687,435 | Cash & cash equivalents | \$ 2,687,435 |
| Investments | 1,569,651 | Investments | 1,569,651 |
| | | Assessments Receivable | 178,454 |
| | | Excess Insurance Receivable | 37,902 |
| | | Claims Reserve Receivable | 3,927,084 |
| Total | \$ 4,257,086 | Total | \$ 8,400,526 |
| Less: Non-claims liabilities | | Less: Non-claims liabilities | |
| Accounts payable | (23,870) | Accounts payable | (23,870) |
| Total Primary Assets | \$ 4,233,216 | Total Secondary Assets | \$ 8,376,656 |
| <i>compared to:</i> | | <i>compared to:</i> | |
| Claim liabilities at expected level per actuary (from actuarial study) | \$ 3,300,188 | Claim liabilities at 80 percent confidence level per actuary (from actuarial study) | \$ 3,927,084 |
| Test #1 - Primary Asset Test | MET | Test #2 - Secondary Asset Test | MET |

Solvency test for PURMS Property Pool 2021

| Primary Asset Test | | Secondary Asset Test | |
|---|-------------------|--|---------------------|
| Cash & cash equivalents | \$ 585,360 | Cash & cash equivalents | \$ 585,360 |
| Investments | - | Investments | - |
| | | Assessments Receivable | 176,118 |
| | | Claims Reserve Receivable | 342,499 |
| Total | \$ 585,360 | Total | \$ 1,103,977 |
| Less: Non-claims liabilities | | Less: Non-claims liabilities | |
| Accounts payable | (11,478) | Accounts payable | (11,478) |
| Total Primary Assets | \$ 573,882 | Total Secondary Assets | \$ 1,092,499 |
| <i>compared to:</i> | | <i>compared to:</i> | |
| Claim liabilities at expected level per actuary (from actuarial study) | \$ 268,244 | Claim liabilities at 80 percent confidence level per actuary (from actuarial study) | \$ 342,499 |
| Test #1 - Primary Asset Test | MET | Test #2 - Secondary Asset Test | MET |

Solvency test for PURMS Property Pool 2020

| Primary Asset Test | | Secondary Asset Test | |
|---|-------------------|--|---------------------|
| Cash & cash equivalents | \$ 590,416 | Cash & cash equivalents | \$ 590,416 |
| | | Assessments Receivable | 171,931 |
| | | Claims Reserve Receivable | 265,956 |
| Total | \$ 590,416 | Total | \$ 1,028,303 |
| Less: Non-claims liabilities | | Less: Non-claims liabilities | |
| Accounts payable | (12,347) | Accounts payable | (12,347) |
| Total Primary Assets | \$ 578,069 | Total Secondary Assets | \$ 1,015,956 |
| <i>compared to:</i> | | <i>compared to:</i> | |
| Claim liabilities at expected level per actuary (from actuarial study) | \$ 204,977 | Claim liabilities at 80 percent confidence level per actuary (from actuarial study) | \$ 265,956 |
| Test #1 - Primary Asset Test | MET | Test #2 - Secondary Asset Test | MET |

b. Financial Solvency Health & Welfare Pool

WAC 200-110-040 requires all joint health and welfare programs self-insuring medical benefit programs to establish program reserves (monies set aside to pay expenses) in an amount equal to 16 weeks of program expenses. The WAC requires vision, dental and prescription drug benefit programs or any combination of programs to establish program reserves in an amount not less than eight weeks of program expenses for each program offered. An additional contingency reserve for vision, dental or prescription drug programs is also recommended, but not required.

In lieu of the above mentioned requirements, all joint health and welfare self-insurance providing either medical, vision, dental or prescription drug benefits or any combination thereof must obtain an independent actuarial study of estimated outstanding program liabilities and maintain funds equal to or greater than the actuarially determined program liability at fiscal year-end.

PURMS has chosen to use an independent actuarial study and fund to the actuarially determined program liability as the method to comply with the code in accordance with WAC 200-110-040(3).

| Solvency test for PURMS Health & Welfare Pool | | |
|--|------------------|------------------|
| H&W Program Funding Test | 2021 | 2020 |
| <u>Minimum funding requirements</u> | | |
| Actuarial determined program liability | \$ 1,245,307 | \$ 1,304,919 |
| Total program funding requirements | 1,245,307 | 1,304,919 |
| <u>Actual program funding</u> | | |
| Cash & cash equivalents | \$ 1,902,854 | \$ 2,392,304 |
| H&W Program Funding Test | MET | MET |

NOTE 5 – UNPAID CLAIMS LIABILITIES

As discussed in Note 1g, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Fund during the past two years:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Unpaid claims and claim adjustment expenses/claims reserves at beginning of year | \$ 5,356,416 | \$ 4,485,205 |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of current year | 15,412,185 | 14,617,389 |
| Increases in provision for insured events of prior years | (34,619) | 1,105,459 |
| Total incurred claims and claim adjustment expenses | <u>\$ 15,377,566</u> | <u>\$ 15,722,848</u> |
| Payments: | | |
| Claims and claim adjustment expenses attributable to insured events of current year | 14,236,521 | 13,192,052 |
| Claims and claim adjustment expenses attributable to insured events of prior years | 1,313,633 | 1,659,585 |
| Total payments | <u>\$ 15,550,154</u> | <u>\$ 14,851,637</u> |
| Total unpaid claims and claim adjustment expenses/claims reserve at end of year | 5,183,828 | 5,356,416 |
| Unallocated loss adjustment expense/claims reserve at end of year | 146,712 | 141,543 |
| Total claims reserves at end of year | <u>\$ 5,330,540</u> | <u>\$ 5,497,959</u> |

NOTE 6 – COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. The spread of COVID-19 has caused significant financial market volatility, economic and regulatory uncertainty, and interruptions to normal business activities. The Pool has implemented its business continuity plan that includes remote working arrangements and physical distancing with little to no disruptions in service. The magnitude of additional claims as a result of this virus is not expected to have a significant impact on the Pool. There was no substantial impact on claims expense or claims liability for the years ending December 31, 2021 and December 31, 2020. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

PUBLIC UTILITY RISK MANAGEMENT SERVICES JOINT SELF-INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

1. Ten-Year Claims Development Information

The tables on the following pages illustrate how the Fund's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last ten years. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- (2) This line shows each fiscal year's other operating costs of the Fund including overhead and claims expenses not allocable to individual claims.
- (3) This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- (4) This section of ten rows shows the cumulative amounts paid as of the end of successive years for each policy year.
- (5) This section of ten rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

The following required supplementary information is an integral part of the accompanying financial statements

Liability Program - Policy Year Ended December 31, 2021

(In Thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| 1. Net earned required contribution and investment revenues | 1,110 | 1,225 | 2,945 | 1,845 | 1,714 | 2,252 | 1,379 | 1,525 | 2,974 | 616 |
| 2. Unallocated expenses | 526 | 532 | 626 | 554 | 654 | 592 | 642 | 654 | 627 | 513 |
| 3. Estimated incurred claims and expense, end of policy year | 186 | 345 | 269 | 92 | 285 | 329 | 355 | 190 | 122 | 210 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 141 | 304 | 164 | 75 | 268 | 288 | 209 | 145 | 81 | 125 |
| One year later | 281 | 497 | 511 | 108 | 402 | 367 | 411 | 191 | 183 | |
| Two years later | 1349 | 585 | 523 | 112 | 482 | 501 | 521 | 192 | | |
| Three years later | 1363 | 1222 | 541 | 194 | 766 | 647 | 596 | | | |
| Four years later | 1376 | 1606 | 543 | 229 | 831 | 650 | | | | |
| Five years later | 1395 | 1690 | 605 | 255 | 875 | | | | | |
| Six years later | 1456 | 1691 | 605 | 257 | | | | | | |
| Seven years later | 1462 | 1692 | 605 | | | | | | | |
| Eight years later | 1462 | 1693 | | | | | | | | |
| Nine years later | 1462 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 186 | 345 | 269 | 92 | 285 | 329 | 355 | 190 | 122 | 210 |
| One year later | 381 | 523 | 595 | 130 | 433 | 422 | 466 | 211 | 226 | |
| Two years later | 1381 | 645 | 564 | 133 | 508 | 580 | 1508 | 208 | | |
| Three years later | 1398 | 1306 | 576 | 207 | 798 | 679 | 1508 | | | |
| Four years later | 1396 | 1691 | 576 | 237 | 847 | 668 | | | | |
| Five years later | 1431 | 1691 | 616 | 262 | 882 | | | | | |
| Six years later | 1468 | 1692 | 614 | 267 | | | | | | |
| Seven years later | 1476 | 1693 | 608 | | | | | | | |
| Eight years later | 1476 | 1693 | | | | | | | | |
| Nine years later | 1463 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 1277 | 1348 | 339 | 175 | 597 | 339 | 1153 | 18 | 104 | 0 |

Property Program - Policy Year Ended December 31, 2021

(In Thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|------|------|------|------|------|------|
| 1. Net earned required contribution and investment revenues | 700 | 423 | 580 | 547 | 448 | 654 | 391 | 614 | 482 | 515 |
| 2. Unallocated expenses | 294 | 294 | 329 | 417 | 384 | 373 | 345 | 324 | 344 | 316 |
| 3. Estimated incurred claims and expense, end of policy year | 367 | 67 | 155 | 97 | 92 | 41 | 53 | 252 | 108 | 116 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 96 | 46 | 134 | 86 | 79 | 12 | 50 | 223 | 59 | 100 |
| One year later | 157 | 69 | 180 | 100 | 365 | 43 | 188 | 272 | 81 | |
| Two years later | 409 | 72 | 187 | 100 | 384 | 43 | 188 | 272 | | |
| Three years later | 409 | 72 | 187 | 102 | 384 | 44 | 188 | | | |
| Four years later | 409 | 72 | 187 | 102 | 384 | 44 | | | | |
| Five years later | 409 | 72 | 187 | 102 | 384 | | | | | |
| Six years later | 409 | 72 | 187 | 102 | | | | | | |
| Seven years later | 409 | 72 | 187 | | | | | | | |
| Eight years later | 409 | 72 | | | | | | | | |
| Nine years later | 409 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 367 | 67 | 155 | 97 | 92 | 41 | 53 | 252 | 108 | 116 |
| One year later | 417 | 88 | 202 | 110 | 367 | 43 | 188 | 272 | 161 | |
| Two years later | 409 | 72 | 207 | 103 | 384 | 43 | 188 | 272 | | |
| Three years later | 409 | 72 | 187 | 102 | 384 | 44 | 188 | | | |
| Four years later | 409 | 72 | 187 | 102 | 384 | 44 | | | | |
| Five years later | 409 | 72 | 187 | 102 | 384 | | | | | |
| Six years later | 409 | 72 | 187 | 102 | | | | | | |
| Seven years later | 409 | 72 | 187 | | | | | | | |
| Eight years later | 409 | 72 | | | | | | | | |
| Nine years later | 409 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 42 | 5 | 32 | 5 | 292 | 3 | 135 | 20 | 53 | 0 |

Health & Welfare Program - Policy Year Ended December 31, 2021

(In Thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1. Required contribution and investment revenue | | | | | | | | | | |
| Earned | 12,324 | 12,592 | 13,713 | 14,891 | 16,193 | 14,920 | 18,651 | 17,502 | 16,695 | 17,116 |
| Premiums | 617 | 677 | 680 | 762 | 773 | 790 | 1,032 | 950 | 1,130 | 1,209 |
| Net | 11,707 | 11,915 | 13,033 | 14,129 | 15,420 | 14,130 | 17,619 | 16,552 | 15,565 | 15,907 |
| 2. Unallocated expenses | 1,041 | 1,109 | 1,127 | 1,382 | 1,384 | 1,369 | 1,694 | 1,537 | 1,826 | 2,100 |
| 3. Estimated claims and expenses end of policy year | | | | | | | | | | |
| Incurred | 10247 | 10678 | 11720 | 12763 | 14443 | 13409 | 15376 | 15517 | 13051 | 14363 |
| Excess Reimb | 0 | 32 | 173 | 337 | 924 | 283 | 301 | 590 | 0 | 125 |
| Net Incurred | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15075 | 14927 | 13051 | 14238 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15075 | 14927 | 13051 | 14238 |
| One year later | 11040 | 11667 | 12211 | 13513 | 14344 | 14638 | 16258 | 16129 | 14099 | |
| Two years later | 11057 | 11671 | 12217 | 13517 | 14346 | 14641 | 16265 | 16145 | | |
| Three years later | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | 16268 | | | |
| Four years later | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | | | | |
| Five years later | 11057 | 11671 | 12217 | 13518 | 14348 | | | | | |
| Six years later | 11057 | 11671 | 12217 | 13518 | | | | | | |
| Seven years later | 11057 | 11671 | 12217 | | | | | | | |
| Eight years later | 11057 | 11671 | | | | | | | | |
| Nine years later | 11057 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15075 | 14927 | 13051 | 14238 |
| One year later | 11040 | 11667 | 12211 | 13513 | 14344 | 14638 | 16258 | 16129 | 14099 | |
| Two years later | 11057 | 11671 | 12217 | 13517 | 14346 | 14641 | 16265 | 16145 | | |
| Three years later | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | 16268 | | | |
| Four years later | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | | | | |
| Five years later | 11057 | 11671 | 12217 | 13518 | 14348 | | | | | |
| Six years later | 11057 | 11671 | 12217 | 13518 | | | | | | |
| Seven years later | 11057 | 11671 | 12217 | | | | | | | |
| Eight years later | 11057 | 11671 | | | | | | | | |
| Nine years later | 11057 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 810 | 1025 | 670 | 1092 | 829 | 1516 | 1193 | 1218 | 1048 | 0 |

Liability Program - Policy Year Ended December 31, 2020

(In Thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1. Net earned required contribution and investment revenues | 1,290 | 1,110 | 1,225 | 2,945 | 1,845 | 1,714 | 2,252 | 1,379 | 1,525 | 2,974 |
| 2. Unallocated expenses | 553 | 526 | 532 | 626 | 554 | 654 | 592 | 642 | 654 | 627 |
| 3. Estimated incurred claims and expense, end of policy year | 120 | 186 | 345 | 269 | 92 | 285 | 329 | 355 | 190 | 122 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 89 | 141 | 304 | 164 | 75 | 268 | 288 | 209 | 145 | 81 |
| One year later | 211 | 281 | 497 | 511 | 108 | 402 | 367 | 411 | 191 | |
| Two years later | 335 | 1349 | 585 | 523 | 112 | 482 | 501 | 521 | | |
| Three years later | 543 | 1363 | 1222 | 541 | 194 | 766 | 647 | | | |
| Four years later | 614 | 1376 | 1606 | 543 | 229 | 831 | | | | |
| Five years later | 614 | 1395 | 1690 | 605 | 255 | | | | | |
| Six years later | 614 | 1456 | 1691 | 605 | | | | | | |
| Seven years later | 614 | 1462 | 1692 | | | | | | | |
| Eight years later | 614 | 1462 | | | | | | | | |
| Nine years later | 614 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 120 | 186 | 345 | 269 | 92 | 285 | 329 | 355 | 190 | 122 |
| One year later | 241 | 381 | 523 | 595 | 130 | 433 | 422 | 466 | 211 | |
| Two years later | 362 | 1381 | 645 | 564 | 133 | 508 | 580 | 1508 | | |
| Three years later | 560 | 1398 | 1306 | 576 | 207 | 798 | 679 | | | |
| Four years later | 614 | 1396 | 1691 | 576 | 237 | 847 | | | | |
| Five years later | 614 | 1431 | 1691 | 616 | 262 | | | | | |
| Six years later | 614 | 1468 | 1692 | 614 | | | | | | |
| Seven years later | 614 | 1476 | 1693 | | | | | | | |
| Eight years later | 614 | 1476 | | | | | | | | |
| Nine years later | 614 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 494 | 1290 | 1348 | 345 | 170 | 562 | 350 | 1153 | 21 | 0 |

Property Program - Policy Year Ended December 31, 2020

(In Thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|------|------|------|------|
| 1. Net earned required contribution and investment revenues | 484 | 700 | 423 | 580 | 547 | 448 | 654 | 391 | 614 | 482 |
| 2. Unallocated expenses | 335 | 294 | 294 | 329 | 417 | 384 | 373 | 345 | 324 | 344 |
| 3. Estimated incurred claims and expense, end of policy year | 156 | 367 | 67 | 155 | 97 | 92 | 41 | 53 | 252 | 108 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 38 | 96 | 46 | 134 | 86 | 79 | 12 | 50 | 223 | 59 |
| One year later | 212 | 157 | 69 | 180 | 100 | 365 | 43 | 188 | 272 | |
| Two years later | 234 | 409 | 72 | 187 | 100 | 384 | 43 | 188 | | |
| Three years later | 237 | 409 | 72 | 187 | 102 | 384 | 44 | | | |
| Four years later | 237 | 409 | 72 | 187 | 102 | 384 | | | | |
| Five years later | 237 | 409 | 72 | 187 | 102 | | | | | |
| Six years later | 237 | 409 | 72 | 187 | | | | | | |
| Seven years later | 237 | 409 | 72 | | | | | | | |
| Eight years later | 237 | 409 | | | | | | | | |
| Nine years later | 237 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 156 | 367 | 67 | 155 | 97 | 92 | 41 | 53 | 252 | 108 |
| One year later | 218 | 417 | 88 | 202 | 110 | 367 | 43 | 188 | 272 | |
| Two years later | 237 | 409 | 72 | 207 | 103 | 384 | 43 | 188 | | |
| Three years later | 237 | 409 | 72 | 187 | 102 | 384 | 44 | | | |
| Four years later | 237 | 409 | 72 | 187 | 102 | 384 | | | | |
| Five years later | 237 | 409 | 72 | 187 | 102 | | | | | |
| Six years later | 237 | 409 | 72 | 187 | | | | | | |
| Seven years later | 237 | 409 | 72 | | | | | | | |
| Eight years later | 237 | 409 | | | | | | | | |
| Nine years later | 237 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 81 | 42 | 5 | 32 | 5 | 292 | 3 | 135 | 20 | 0 |

Health & Welfare Program - Policy Year Ended December 31, 2020

(In Thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1. Required contribution and investment revenue | | | | | | | | | | |
| Earned | 11,750 | 12,324 | 12,592 | 13,713 | 14,891 | 16,193 | 14,920 | 18,651 | 17,502 | 16,695 |
| Premiums | 601 | 617 | 677 | 680 | 762 | 773 | 790 | 1,032 | 950 | 1,130 |
| Net | 11,149 | 11,707 | 11,915 | 13,033 | 14,129 | 15,420 | 14,130 | 17,619 | 16,552 | 15,565 |
| 2. Unallocated expenses | 1,035 | 1,041 | 1,109 | 1,127 | 1,382 | 1,384 | 1,369 | 1,694 | 1,537 | 1,826 |
| 3. Estimated claims and expenses end of policy year | | | | | | | | | | |
| Incurred | 9614 | 10247 | 10678 | 11720 | 12763 | 14443 | 13409 | 15378 | 15523 | 13091 |
| Excess Reimb | 239 | 0 | 32 | 173 | 337 | 924 | 283 | 301 | 590 | 0 |
| Net Incurred | 9375 | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15077 | 14933 | 13091 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 9375 | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15077 | 14933 | 13091 |
| One year later | 10408 | 11040 | 11667 | 12211 | 13513 | 14344 | 14638 | 16261 | 16140 | |
| Two years later | 10410 | 11057 | 11671 | 12217 | 13517 | 14346 | 14641 | 16268 | | |
| Three years later | 10411 | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | | | |
| Four years later | 10411 | 11057 | 11671 | 12217 | 13518 | 14348 | | | | |
| Five years later | 10411 | 11057 | 11671 | 12217 | 13518 | | | | | |
| Six years later | 10411 | 11057 | 11671 | 12217 | | | | | | |
| Seven years later | 10411 | 11057 | 11671 | | | | | | | |
| Eight years later | 10411 | 11057 | | | | | | | | |
| Nine years later | 10411 | | | | | | | | | |
| 5. Reestimated incurred claims and expense: | | | | | | | | | | |
| End of Policy Year | 9375 | 10247 | 10646 | 11547 | 12426 | 13519 | 13126 | 15077 | 14933 | 13091 |
| One year later | 10408 | 11040 | 11667 | 12211 | 13513 | 14344 | 14638 | 16261 | 16140 | |
| Two years later | 10410 | 11057 | 11671 | 12217 | 13517 | 14346 | 14641 | 16268 | | |
| Three years later | 10411 | 11057 | 11671 | 12217 | 13518 | 14348 | 14642 | | | |
| Four years later | 10411 | 11057 | 11671 | 12217 | 13518 | 14348 | | | | |
| Five years later | 10411 | 11057 | 11671 | 12217 | 13518 | | | | | |
| Six years later | 10411 | 11057 | 11671 | 12217 | | | | | | |
| Seven years later | 10411 | 11057 | 11671 | | | | | | | |
| Eight years later | 10411 | 11057 | | | | | | | | |
| Nine years later | 10411 | | | | | | | | | |
| 6. Increase (decrease) in estimated incurred claims and expense from end of policy year | 1036 | 810 | 1025 | 670 | 1092 | 829 | 1516 | 1191 | 1207 | 0 |

PUBLIC UTILITY RISK MANAGEMENT SERVICES JOINT SELF-INSURANCE FUND

REQUIRED SUPPLEMENTARY INFORMATION

Reconciliation of Claims Liabilities by Type of Contract

The schedule below presents the changes in claims liabilities for the past two years for the Fund's three pools: liability, property and health & welfare.

| | 2021 | | | 2020 | | |
|--|---------------------|------------------|-----------------------------|---------------------|------------------|-----------------------------|
| | <u>Liability</u> | <u>Property</u> | <u>Health & Welfare</u> | <u>Liability</u> | <u>Property</u> | <u>Health & Welfare</u> |
| Unpaid claims and claim adjustment expenses at beginning of the fiscal year | \$ 3,845,022 | \$244,482 | \$ 1,266,912 | \$ 2,908,882 | \$217,215 | \$ 1,359,108 |
| Incurred claims and claim adjustment expenses: | | | | | | |
| Provision for insured events of the current fiscal year | 51,916 | 142,194 | 15,218,075 | 184,420 | 115,788 | 14,317,181 |
| Increases in provision for insured events of prior fiscal years | <u>111,587</u> | <u>53,706</u> | <u>(199,912)</u> | <u>1,228,033</u> | <u>21,534</u> | <u>(144,108)</u> |
| Total incurred claims and claim adjustment expenses | <u>\$ 163,503</u> | <u>\$195,900</u> | <u>\$ 15,018,163</u> | <u>\$ 1,412,453</u> | <u>\$137,322</u> | <u>\$ 14,173,073</u> |
| Payments: | | | | | | |
| Claims and claim adjustment expenses attributable to insured events of the current fiscal year | 126,685 | 100,798 | 14,009,038 | 82,187 | 59,596 | 13,050,269 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | <u>224,600</u> | <u>22,033</u> | <u>1,067,000</u> | <u>394,126</u> | <u>50,459</u> | <u>1,215,000</u> |
| Total payments | <u>\$ 351,285</u> | <u>\$122,831</u> | <u>\$ 15,076,038</u> | <u>\$ 476,313</u> | <u>\$110,055</u> | <u>\$ 14,265,269</u> |
| Total unpaid claims and claim adjustment expenses at end of the fiscal year | <u>\$ 3,657,240</u> | <u>\$317,551</u> | <u>\$ 1,209,037</u> | <u>\$ 3,845,022</u> | <u>\$244,482</u> | <u>\$ 1,266,912</u> |

This required supplementary information is an integral part of the accompanying financial statements

**PUBLIC UTILITY RISK MANAGEMENT SERVICES
JOINT SELF-INSURANCE FUND**

MEMBER DISTRICTS

ASOTIN COUNTY PUD NO. 1
P.O. Box 605
Clarkston, WA 99403

BENTON COUNTY PUD
P.O. Box 6270
Kennewick, WA 99336

CLALLAM COUNTY PUD
P.O. Box 1000
Carlsborg, WA 98324

GRAYS HARBOR COUNTY PUD
P.O. Box 480
Aberdeen, WA 98520

JEFFERSON COUNTY PUD
310 Four Corners Road
Port Townsend, WA 98368

KITSAP COUNTY PUD
P.O. Box 1989
Poulsbo, WA 98370

KLICKITAT COUNTY PUD
1313 South Columbus
Goldendale, WA 98620

LEWIS COUNTY PUD
P.O. Box 330
Chehalis, WA 98532

MASON COUNTY PUD NO. 3
P.O. Box 2148
Shelton, WA 98584

NOANET
7195 Wagner Way, #104
Gig Harbor, WA 98335

OKANOGAN COUNTY PUD
P.O. Box 912
Okanogan, WA 98840

PACIFIC COUNTY PUD NO. 2
P.O. Box 472
Raymond, WA 98577

PEND OREILLE COUNTY PUD
P.O. Box 190
Newport, WA 99156

SKAGIT COUNTY PUD
P.O. Box 1436
Mount Vernon, WA 98273

SKAMANIA COUNTY PUD
P.O. Box 500
Carson, WA 98610

STEVENS COUNTY PUD
P.O. Box 592
Loon Lake, WA 99148

THURSTON COUNTY PUD
1230 Ruddell Rd SE
Lacey, WA 98503

WAHKIAKUM COUNTY PUD
P.O. Box 248
Cathlamet, WA 98612

WHATCOM COUNTY PUD
P.O. Box 2308
Ferndale, WA 98248

**PUBLIC UTILITY RISK MANAGEMENT SERVICES
JOINT SELF-INSURANCE FUND**

DEPARTMENT OF ENTERPRISE SERVICES SCHEDULE OF EXPENSES

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

| OPERATING EXPENSES: | <u>Liability Pool</u> | <u>Property Pool</u> | <u>H&W Pool</u> | <u>All Combined</u> |
|---|-----------------------|----------------------|---------------------|----------------------|
| Claims & Claim Adjustment Expenses | | | | |
| Claims Paid on Current Losses | \$ 98,205 | 100,798 | 14,133,533 | \$ 14,332,536 |
| Claims Paid on Prior Losses | 50,898 | 22,033 | 1,067,000 | 1,139,931 |
| Claims Adjustment on Current Losses | 28,480 | - | - | 28,480 |
| Claims Adjustment on Prior Losses | 1,381,842 | - | - | 1,381,842 |
| Claims Paid, Excess of Retention/Stop Loss | (1,208,140) | - | (124,495) | (1,332,635) |
| Adjustment to Current Year's Claims Reserve | (74,769) | 41,396 | 77,862 | 44,489 |
| Adjustment to Prior Year's Claims Reserve | (113,013) | 31,673 | (135,737) | (217,077) |
| Adjustment to ULAE Claims Reserve | 3,432 | 3,474 | (1,737) | 5,169 |
| Insurance Purchased - Excess/Stop Loss | 3,002,497 | 1,843,877 | 1,209,279 | 6,055,653 |
| Insurance Purchased - Fidelity Bond | 2,607 | 1,438 | 449 | 4,494 |
| Contracted Services: | | | | |
| PPO Network Fee | - | - | 393,440 | 393,440 |
| Administrator's Fee | 274,026 | 145,716 | 411,918 | 831,660 |
| Brokers Fee | 114,582 | 52,318 | 15,914 | 182,814 |
| Actuarial Fee | 12,675 | 6,825 | 9,800 | 29,300 |
| Fund Legal Fees | 74,545 | 17,558 | 40,137 | 132,240 |
| Audit/Program Assessment Fees | 14,896 | 8,155 | 3,572 | 26,623 |
| Accounting Fees | 2,680 | 2,680 | 5,360 | 10,720 |
| Property Appraisal Fees | - | 54,399 | - | 54,399 |
| H&W Case Management Fees | - | - | 1,134 | 1,134 |
| Disaster Recovery Services | - | 18,991 | - | 18,991 |
| Lobbyist Fees | 13,920 | 7,680 | 2,400 | 24,000 |
| General Administrative Expenses: | | | | |
| Bank Fees/Supplies | 295 | - | 6,318 | 6,613 |
| Dues and Conferences | 385 | - | - | 385 |
| Member Safety Classes | 2,426 | - | - | 2,426 |
| Total Operating Expense | <u>\$ 3,682,469</u> | <u>2,359,011</u> | <u>17,116,147</u> | <u>\$ 23,157,627</u> |

**PUBLIC UTILITY RISK MANAGEMENT SERVICES
JOINT SELF-INSURANCE FUND**

DEPARTMENT OF ENTERPRISE SERVICES SCHEDULE OF EXPENSES

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

| OPERATING EXPENSES: | <u>Liability Pool</u> | <u>Property Pool</u> | <u>H&W Pool</u> | <u>All Combined</u> |
|---|-----------------------|----------------------|---------------------|----------------------|
| Claims & Claim Adjustment Expenses | | | | |
| Claims Paid on Current Losses | \$ 72,930 | 59,596 | 13,050,269 | \$ 13,182,795 |
| Claims Paid on Prior Losses | 196,644 | 50,459 | 1,215,000 | 1,462,103 |
| Claims Adjustment on Current Losses | 9,257 | - | - | 9,257 |
| Claims Adjustment on Prior Losses | 897,106 | - | - | 897,106 |
| Claims Paid, Excess of Retention/Stop Loss | (699,624) | - | - | (699,624) |
| Adjustment to Current Year's Claims Reserve | 102,233 | 56,192 | 25,457 | 183,882 |
| Adjustment to Prior Year's Claims Reserve | 833,907 | (28,925) | (117,653) | 687,329 |
| Adjustment to ULAE Claims Reserve | (15,473) | 692 | 763 | (14,018) |
| Insurance Purchased - Excess/Stop Loss | 2,342,571 | 1,483,962 | 1,130,238 | 4,956,771 |
| Insurance Purchased - Fidelity Bond | 2,404 | 1,326 | 415 | 4,145 |
| Contracted Services: | | | | |
| PPO Network Fee | - | - | 126,923 | 126,923 |
| Administrator's Fee | 290,793 | 145,559 | 412,469 | 848,821 |
| Brokers Fee | 111,858 | 51,042 | 58,190 | 221,090 |
| Actuarial Fee | 12,415 | 6,685 | 9,200 | 28,300 |
| Fund Legal Fees | 170,075 | 32,203 | 54,807 | 257,085 |
| Audit/Program Assessment Fees | 17,747 | 9,690 | 4,646 | 32,083 |
| Accounting Fees | 4,958 | 4,959 | 9,918 | 19,835 |
| Property Appraisal Fees | - | 63,782 | - | 63,782 |
| H&W Case Management Fees | - | - | 9,093 | 9,093 |
| Disaster Recovery Services | - | 20,618 | - | 20,618 |
| Lobbyist Fees | 13,920 | 7,680 | 2,400 | 24,000 |
| General Administrative Expenses: | | | | |
| Bank Fees | - | - | 7,569 | 7,569 |
| Dues and Conferences | 3,253 | 554 | 173 | 3,980 |
| Total Operating Expense | <u>\$ 4,366,974</u> | <u>1,966,074</u> | <u>15,999,877</u> | <u>\$ 22,332,925</u> |

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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