

FINANCIAL REPORT

UIP TRUST

October 15, 2010

To: CWPU UIP Trustees
Allison E. Walsh, Benton PUD
Wyatt W. Scheibner, Douglas PUD
Andrea Olson, Ferry PUD
Susan Paysse, Franklin PUD
Hilde Carlsen, Grant PUD
Don Coppock, Okanogan PUD
Mike Peda, Pend Oreille PUD

From: Chad B. Bartram, UIP Trust Co-Administrator/Treasurer
Tim Nies, UIP Trust Co-Administrator/Auditor

Subject: Approval of Trust Income & Disbursement Transactions
For the period June 1, 2010 through September 30, 2010

Attached is a Statement of Account for the Trust for the period June 1, 2010 through September 30, 2010. This quarterly financial report has been reconciled to the bank statements of the Trust by the Co-Administrators and is deemed to be a proper and accurate reflection of the transactions in the Trust for the subject period. We therefore recommend approval of the attached Statement of Account at the Trustee meeting on October 27, 2010.

Attachments

cc: Mercer Health & Benefits
Bob Sebris, Sebris Busto James

*CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM TRUST*

Statement of Account Approval

We, the undersigned Trustees of the Central Washington Public Utilities Unified Insurance Program Trust, do hereby certify the activity specified on the attached Statement of Account for the period June 1, 2010 through September 30, 2010 accurately reflects the financial activity of the Trust account and is, therefore approved.

PUD No. 1 of Benton County

PUD No. 2 of Grant County

PUD No. 1 of Douglas County

PUD No. 1 of Okanogan County

PUD No. 1 of Ferry County

PUD No. 1 of Pend Oreille

PUD No. 1 of Franklin County

Date _____

Auditor and Treasurer Certification:

We, the undersigned Auditor and Treasurer, do hereby certify under penalty of perjury that the attached Statement of Account for the period June 1, 2010 through September 30, 2010 accurately reflects the proper receipts and disbursements of the Central Washington Public Utilities Unified Insurance Program Trust and that we are authorized to authenticate and certify said statement.

Tim Nies

Auditor
Title Date

Chad B. Bartram

Treasurer
Title Date

CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM TRUST
 ACCOUNT SUMMARY
 as of September 30, 2010

Reserves	Money Market	Investments	Total Balance	Minimum Target Balance	Excess ⁽³⁾ (Deficiency)
Contingency Reserve ⁽¹⁾	\$2,619,946	\$4,523,819	\$7,143,765	\$6,081,000	\$1,062,765
IBNR (Incurred But Not Reported) Reserve ⁽²⁾	24,794	2,010,757	2,035,551	2,084,000	(48,449)
Total			\$9,179,315	\$8,165,000	\$1,014,315 ⁽⁴⁾

Target reserve balances per Financial Policy adopted 4/19/07 and amended 4/22/09:

(1) Minimum target balance for Contingency Reserve = 5 months of medical claims paid for fiscal year ended 7/31/10 (\$5,939,000) and one month of estimated dental claims (\$142,000).

(2) Minimum target balance for IBNR Reserve = \$2,084,000 as of 7/31/09. This includes 2.25 months of medical average claims, 0.5 months of Rx average claims, 0.5 months for dental average claims and 10% additional expense anticipated for administration expenses for run-out claims.

(3) For reference purposes, a one-month medical premium holiday would equate to \$1.3 million.

(4) The following schedule adjusts the excess of the August 31 reserve balance for unrecorded transactions:

Excess Reserves	
Excess reserves reported at September 30, 2010	\$1,014,315
Less: October premiums received during September	
Grant PUD	(\$871,538)
Pend Oreille PUD	(121,226)
Douglas PUD - Distribution	(106,705)
Douglas PUD - Wells Hydro	(122,436)
	(1,221,905)
Adjusted excess balance excluding October activity	(\$207,590)

CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM
STATEMENT OF ACCOUNT
CONTINGENCY RESERVE
for the fiscal year August 1, 2010 - July 31, 2011

MONEY MARKET ACTIVITY															
FY10	Premium Receipts	Interest Income	Premera		Washington Dental		Unum Contracts	LifeWise Contract	Mercer Fee	Accounting Fee	Miscellaneous Activity	Investments		Balance	
			Claims Paid	Admin. Fee	Claims Paid	Admin. Fee						Purchased	Matured		
														Balance at 7/31/10	1,711,238.48
Aug-10	\$1,808,478.24	\$262.93	(\$1,198,429.52)	(\$89,343.76)	(\$291,555.70)	(\$11,799.20)	(\$93,832.36)	(\$35,872.32)	(\$7,833.33)	(1,375.00)	\$86,230.67	-	-	1,876,169.13	
Sep-10	2,792,234.59	6,836.89	(1,646,938.39)	(84,434.57)	(164,862.05)	(11,840.82)	(93,583.18)	(36,529.60)	(13,000.01)	(1,375.00)	(2,730.98)	-	-	2,619,946.01	
Oct-10															
Nov-10															
Dec-10															
Jan-11															
Feb-11															
Mar-11															
Apr-11															
May-11															
Jun-11															
Jul-11															
Total	\$4,600,712.83	\$7,099.82	(\$2,845,367.91)	(\$173,778.33)	(\$456,417.75)	(\$23,640.02)	(\$187,415.54)	(\$72,401.92)	(\$20,833.34)	(\$2,750.00)	\$83,499.69	\$0.00	\$0.00	\$2,619,946.01	

INVESTMENTS							Yield at 9/30/10 = 1.06%
Purchase Date	Security	Par Value	Yield	Accrued Interest	Principal	Maturity Date	
10/19/09	Federal Home Loan Bank	\$500,000.00	0.5000%	\$6.95	\$500,320.00	10/18/10	
10/16/09	U. S. Treasury Note	500,000.00	0.4423%	3,505.43	505,527.34	10/31/10	
12/21/09	U. S. Treasury Note	1,500,000.00	0.5148%	2,956.73	1,507,382.81	03/31/11	
12/30/09	U. S. Treasury Note	1,000,000.00	0.8104%	5,594.93	1,004,765.63	06/30/11	
10/16/09	U. S. Treasury Note	500,000.00	1.0343%	3,733.01	507,500.00	11/15/11	
10/21/09	Federal Natl Mortgage Assn	500,000.00	1.1062%	180.55	498,323.00	11/23/11	
				<u>\$15,977.60</u>	<u>\$4,523,818.78</u>		

Description of Miscellaneous Activity

AUGUST 2010	
Description	Amount
Premera RX Rebate	\$44,641.75
Symetra Reinsurance Payment	43,913.22
Oxycontin Settlement	675.70
Mental Health Parity Testing	(3,000.00)
	<u>\$86,230.67</u>

SEPTEMBER 2010	
Description	Amount
Bank Fee	(\$2,730.98)
	<u>(\$2,730.98)</u>

CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM
 STATEMENT OF ACCOUNT

IBNR RESERVE
 for the fiscal year August 1, 2010 - July 31, 2011

MONEY MARKET ACTIVITY							
FY10	Purchase of Investments	Investments Matured	Interest Income	Other	Description	Balance ¹	Rate
					<i>Balance at 7/31/10</i>	\$21,276.59	
Aug-10	-	-	\$2.71	-		21,279.30	0.15%
Sep-10	-	-	4,377.71	(863.46)	Bank fees Jul - Sep 2010	24,793.55	0.15%
Oct-10							
Nov-10							
Dec-10							
Jan-11							
Feb-11							
Mar-11							
Apr-11							
May-11							
Jun-11							
Jul-11							

¹ Ending balance is swept into Wells Fargo Bank Institutional Money Market Account

INVESTMENTS							Yield at 9/30/10 = 1.03%
Purchase Date	Security	Par Value	Yield	Accrued Interest	Principal	Maturity Date	
10/19/09	Federal Home Loan Bank	\$250,000.00	0.5000%	\$3.47	\$250,160.00	10/18/10	
10/16/09	U.S. Treasury Note	250,000.00	0.4423%	1,752.72	252,763.68	10/31/10	
12/21/09	U.S. Treasury Note	1,000,000.00	0.5148%	1,971.15	1,004,921.88	03/31/11	
10/16/09	U.S. Treasury Note	250,000.00	1.0343%	1,866.51	253,750.00	11/15/11	
10/21/09	Federal Natl Mortgage Assn	250,000.00	1.1062%	90.28	249,161.50	11/23/11	
				\$5,684.13	\$2,010,757.06		

CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM
STATEMENT OF ACCOUNT
CONTINGENCY RESERVE
for the fiscal year August 1 2009 - July 31, 2010

MONEY MARKET ACTIVITY																
FY10	Premium Receipts	Rx Rebate	Interest Income ²	Premera		Washington Dental		Unum Contracts ¹	Symetra Contract	Mercer Fee	Accounting Fee	Bank Fees	Miscellaneous Activity	Investments		Balance
				Claims Paid	Admin. Fee	Claims Paid ²	Admin. Fee							Purchased	Matured	
														Balance at 7/31/09		\$2,200,865.25
Aug-09	\$396,028.36	\$30,157.63	\$309.11	(\$972,396.73)	(\$85,919.69)	\$0.00	(\$11,291.13)	(\$148.37)	(\$34,805.52)	(\$7,833.33)	-	-	-	-	-	1,514,965.58
Sep-09	1,799,573.64	-	4,798.59	(1,418,141.01)	(85,703.36)	(269,370.83)	(11,140.47)	(136,620.76)	(34,643.60)	(7,833.33)	-	(2,968.29)	-	-	2,495,424.17	3,848,340.33
Oct-09	1,834,359.33	-	(7,123.19)	(1,314,127.50)	(85,951.58)	(143,643.35)	(11,358.09)	(94,304.96)	(34,695.40)	(7,833.33)	-	-	-	(2,011,670.34)	-	1,971,991.92
Nov-09	1,036,504.53	-	9,070.39	(1,317,377.77)	(87,043.60)	(122,192.20)	(11,316.24)	(89,601.55)	(34,801.36)	(7,833.33)	-	-	(38,834.32)	-	-	1,308,566.47
Dec-09	2,496,729.77	23,791.77	1,320.23	(1,157,561.32)	(84,883.94)	(156,737.54)	(11,190.69)	(89,035.25)	(34,663.04)	(7,833.33)	(1,375.00)	(2,696.77)	133,083.66	(2,512,148.44)	2,495,964.17	2,401,330.75
Jan-10	1,037,866.52	-	306.87	(1,123,128.13)	(86,021.69)	(136,466.89)	(11,266.02)	(88,266.66)	(34,631.24)	(7,833.33)	(1,375.00)	-	12,063.30	-	-	1,962,578.48
Feb-10	1,335,905.62	-	278.87	(1,007,975.45)	(85,797.74)	(147,155.12)	(11,249.28)	(90,674.16)	(34,727.20)	(7,833.33)	(1,375.00)	-	144,789.07	-	-	2,056,764.76
Mar-10	1,328,967.22	28,261.87	6,810.65	(1,399,507.19)	(85,872.39)	(146,670.90)	(11,215.80)	(89,992.92)	(33,101.36)	(7,833.33)	(1,375.00)	(2,800.99)	75,055.02	-	-	1,717,489.64
Apr-10	2,541,368.64	-	5,279.59	(1,113,832.18)	(86,027.69)	(166,946.70)	(11,291.13)	(89,403.07)	(34,889.68)	(7,833.33)	(1,375.00)	-	-	-	-	2,752,539.09
May-10	536,219.13	-	7,166.41	(1,447,894.78)	(86,772.46)	(147,594.87)	(11,358.09)	(90,466.45)	(32,323.60)	(7,833.33)	(1,375.00)	-	118,045.36	-	-	1,588,351.41
Jun-10	1,552,359.45	-	5,921.19	(1,434,166.89)	(87,747.78)	(126,098.07)	(11,433.42)	(91,635.79)	(35,132.84)	(7,833.33)	(1,375.00)	(2,598.78)	275,759.33	-	-	1,624,369.48
Jul-10	1,430,969.56	-	230.63	(1,114,867.77)	(86,954.62)	-	(11,492.01)	(90,215.34)	(35,428.36)	(7,833.33)	(1,375.00)	-	3,835.24	-	-	1,711,238.48
Total	\$17,326,851.77	\$82,211.27	\$34,369.34	(\$14,820,976.72)	(\$1,034,696.54)	(\$1,562,876.47)	(\$135,602.37)	(\$1,040,365.28)	(\$413,843.20)	(\$93,999.96)	(\$11,000.00)	(\$11,064.83)	\$723,796.66	(\$4,523,818.78)	\$4,991,388.34	\$1,711,238.48

¹ August premiums to Unum for LTD, traditional and supplemental life were collected and paid during September since bills were not available in August

² Interest income is netted in both October and December to account for accrued interest on purchases of US Treasury Bills

³ December payment of \$156,737.54 to WDS was disbursed by Wells Fargo in February. Credit of \$224,807.92 for return of Premium Stabilization Reserve (PSR) applied to February and March invoices

INVESTMENTS							Yield at 5/31/10 = 1.06%
Purchase Date	Security	Par Value	Yield	Accrued Interest	Principal	Maturity Date	
10/19/09	Federal Home Loan Bank	\$500,000.00	0.5000%	\$6.95	\$500,320.00	10/18/10	
10/16/09	U. S. Treasury Note	500,000.00	0.4423%	3,505.43	505,527.34	10/31/10	
12/21/09	U. S. Treasury Note	1,500,000.00	0.5148%	2,956.73	1,507,382.81	03/31/11	
12/30/09	U. S. Treasury Note	1,000,000.00	0.8104%	5,594.93	1,004,765.63	06/30/11	
10/16/09	U. S. Treasury Note	500,000.00	1.0343%	3,733.01	507,500.00	11/15/11	
10/21/09	Federal Natl Mortgage Assn	500,000.00	1.1062%	180.55	498,323.00	11/23/11	
				<u>\$15,977.60</u>	<u>\$4,523,818.78</u>		

Description of Miscellaneous Activity

NOVEMBER 2009	
Description	Amount
Reimbursement of premium to retiree	(\$990.69)
Wellness program - Franklin PUD	(1,710.00)
Wellness program - Douglas PUD	(10,517.02)
Wellness program - Grant PUD	(25,616.61)
	<u>(\$38,834.32)</u>

DECEMBER 2009	
Description	Amount
Symetra stop loss reinsurance payment	\$96,516.77
Symetra stop loss reinsurance payment	37,528.09
Surety premium (Invoice 238115, 12/10/09)	(100.00)
Wellness program - Ferry PUD	(401.20)
Wellness program - Pend Oreille PUD	(460.00)
	<u>\$133,083.66</u>

JANUARY 2010	
Description	Amount
Symetra stop loss reinsurance payment	\$25,010.02
Wellness program - Okanogan PUD	(1,082.74)
OFM LGSI assessment	(1,922.48)
Wellness program - Benton PUD	(9,941.50)
	<u>\$12,063.30</u>

FEBRUARY 2010	
Description	Amount
WDS PSR credit	\$147,155.12
Wellness program - Grant PUD	(2,366.05)
	<u>\$144,789.07</u>

MARCH 2010	
Description	Amount
Symetra stop loss reinsurance payment	\$10,115.22
Wellness program - Douglas PUD	(30.00)
Annual REHN renewal	(250.00)
Wellness program - Benton PUD	(4,322.00)
Insurance premium paid to Marsh	(8,111.00)
WDS PSR credit	77,652.80
	<u>\$75,055.02</u>

MAY 2010	
Description	Amount
Symetra stop loss reinsurance payment	\$115,620.72
Suit settlement for Vioxx	2,424.64
	<u>\$118,045.36</u>

JUNE 2010	
Description	Amount
Symetra stop loss reinsurance payment	\$275,759.33
	<u>\$303,611,022.33</u>

JULY 2010	
Description	Amount
Symetra stop loss reinsurance payment	\$5,757.72
OFM for UIP Trust Share	(1,922.48)
	<u>\$3,835.24</u>

CENTRAL WASHINGTON PUBLIC UTILITIES
UNIFIED INSURANCE PROGRAM
 STATEMENT OF ACCOUNT

IBNR RESERVE

for the fiscal year August 1, 2009 - July 31, 2010

MONEY MARKET ACTIVITY							
FY10	Purchase of Investments	Investments Matured	Interest Income ¹	Other	Description	Balance ²	Rate
					<i>Balance at 7/31/09</i>	\$26,333.12	
Aug-09	-	-	\$4.13	-		26,337.25	0.13%
Sep-09	-	998,145.83	1,857.42	(860.97)	Bank fees Jun - Aug 2009	1,025,479.53	0.13%
Oct-09	(1,005,835.18)	-	50.68	(3,712.98)	Accrued interest on investments	15,982.05	0.10%
Nov-09	-	-	4,430.21	-		20,412.26	0.15%
Dec-09	(1,004,921.88)	998,391.11	(360.16)	(862.75)	Bank fees Sep - Dec 2009	12,658.58	0.15%
Jan-10	-	-	18.69	-		12,677.27	0.15%
Feb-10	-	-	1.61	-		12,678.88	0.15%
Mar-10	-	-	4,376.46	(861.22)	Bank fees Jan - Mar 2010	16,194.12	0.15%
Apr-10	-	-	2,501.60	-		18,695.72	0.15%
May-10	-	-	3,439.54	-		22,135.26	0.15%
Jun-10	-	-	2.56	(863.92)	Bank fees Apr - Jun 2010	21,273.90	0.15%
Jul-10	-	-	2.69	-		21,276.59	0.15%

¹ Negative interest in December is a result of accrued interest from purchase of bonds.

² Ending balance is swept into Wells Fargo Bank Institutional Money Market Account

INVESTMENTS							Yield at 5/31/10 = 1.03%
Purchase Date	Security	Par Value	Yield	Accrued Interest	Principal	Maturity Date	
10/19/09	Federal Home Loan Bank	\$250,000.00	0.5000%	\$3.47	\$250,160.00	10/18/10	
10/16/09	U.S. Treasury Note	250,000.00	0.4423%	1,752.72	252,763.68	10/31/10	
12/21/09	U.S. Treasury Note	1,000,000.00	0.5148%	1,971.15	1,004,921.88	03/31/11	
10/16/09	U.S. Treasury Note	250,000.00	1.0343%	1,866.51	253,750.00	11/15/11	
10/21/09	Federal Natl Mortgage Assn	250,000.00	1.1062%	90.28	249,161.50	11/23/11	
				<u>\$5,684.13</u>	<u>\$2,010,757.06</u>		