



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Washington State Transit Insurance Pool

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

Published August 22, 2022

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

August 22, 2022

Board of Directors
Washington State Transit Insurance Pool
Olympia, Washington

Report on Financial Statements

Please find attached our report on the Washington State Transit Insurance Pool's financial statements.

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

Sincerely,

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*

Washington State Transit Insurance Pool January 1, 2020 through December 31, 2021

Board of Directors
Washington State Transit Insurance Pool
Olympia, 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 Washington State Transit Insurance Pool, 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 15, 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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

August 15, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Washington State Transit Insurance Pool January 1, 2020 through December 31, 2021

Board of Directors
Washington State Transit Insurance Pool
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Washington State Transit Insurance Pool, 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 Washington State Transit Insurance Pool, 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 Opinion

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.

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 Pool's List of Participating Members and Department of Enterprise Services (DES) 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 15, 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 15, 2022

FINANCIAL SECTION

Washington State Transit Insurance Pool 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 Net Position – 2021 and 2020

Comparative Statement of Cash Flows – 2021 and 2020

Notes to Financial Statements – 2021 and 2020

REQUIRED SUPPLEMENTARY INFORMATION

Claims Development Information – 2021 and 2020

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

Schedule of Changes in Total OPEB Liability and Related Ratios – 2021 and 2020

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2021 and 2020

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2021 and 2020

SUPPLEMENTARY AND OTHER INFORMATION

Department of Enterprise Services (DES) Schedule of Expenses – 2021 and 2020

List of Participating Members – 2021 and 2020

Management's Discussion and Analysis (MD&A)

The MD&A of WSTIP's annual financial report provides a narrative overview and analysis of WSTIP's financial performance for the fiscal years ended December 31, 2021 and 2020. To obtain a complete understanding of WSTIP's financial condition, this document should be read in conjunction with the financial statements, the accompanying notes and the required supplementary information/schedules.

Financial Highlights

- The financial condition of WSTIP continued to be impacted by the COVID-19 pandemic. Our Members provide essential public transit services and continue to work to ensure their communities had access to public transportation. Due to the economic impacts related to COVID-19 our Members travelled an average of 12% fewer miles as compared to their 2021 estimates and employed an average of 6% fewer employees. As a result, the 2021 financial statements include a \$1.4M a return of assessment (or a PPAA) which reflects an -8% change from the original assessment and a \$1.4M liability related to the excess assessment due back to our Members. The \$1.4M PPAA was partially offset by \$183K as WSTIP received a return of premium from a reinsurer in 2021 related to the 2020 insured year.
- WSTIP's deposits and short-term investments increased by 9%, or \$5M, as compared to 2020. The increase is related to a \$5M investment that matures in 2022 and changed from a long-term investment to a short-term investment in 2021. WSTIP has no other long-term investments.
- In prior years WSTIP paid for excess insurance premiums in the year of coverage and therefore had a lower year-end balance of prepaid insurance. In 2021 we worked with our Broker and insurance carriers to go through underwriting processes earlier, approve coverage terms earlier and to bind and pay for those coverages earlier. As a result, \$2.4M of cash that would have otherwise been in deposits and investments has gone towards prepayments of 2022 coverage.
- Though not actively in equity markets, WSTIP's financial position was impacted by the market and recorded a net pension asset of \$855K. WSTIP recorded \$546K in interested income before being offset with \$797K in unrealized loss on investments due to market rates of return. WSTIP also recorded a \$459K gain related to equity in GEM.
- Our Actuary initially estimated the 2021 liability and property claims (loss fund or loss year) to be \$8M. At the end of 2021 the estimated cost was lower by 25% to \$6M, a \$2M claims cost savings due in large part to reduced miles travelled. Our Actuary also lowered reserves by \$1.5M due to favorable claims development related to prior year reserves.
- WSTIP's 2021 net position increased by 16% or \$5.6M as compared to 2020. This is a combination of (1) intentional efforts by WSTIP Members to levy excess contributions to further support the Pool's ability to withstand financial adversity, (2) unspent operations budgets and (3) favorable claims development.

Discussion of the basic financial statements

The financial statements provide information about WSTIP's use of accounting methods similar to those used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

The Statement of Net Position presents information on all WSTIP assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of WSTIP is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how WSTIP's net position changed during the current year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., interest income on investments, compensated absences).

The Statement of Cash Flows presents information on WSTIP's cash receipts, cash payments, and net changes in cash and cash equivalents for the year. Generally accepted accounting principles require that cash flows be classified as follows:

- Cash flows from operating activities
- Cash flows from noncapital financing activities (no such activity for WSTIP)
- Cash flows from capital and related financing activities (no financing component for WSTIP)
- Cash flows from investing activities

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided within the financial statements. While many aspects of WSTIP's financial statements presentation are similar to other governmental units there are some items that are specific to risk pooling. We have prepared these notes to the financial statements in a manner that helps to inform the reader about WSTIP's claims management and the components of unpaid claims liabilities.

The Required Supplementary Information (RSI) contains other information the Governmental Accounting Standards Board (GASB) deems necessary. WSTIP's RSI contains additional information related to:

- Claims Development
- Reconciliation of Claims Liabilities by Contract Type
- Accounting and Financial Reporting for Pensions (GASB 68)
- Defined Benefit Other Postemployment Benefit (OPEB) Plans (GASB 75)
- Department of Enterprise Services (DES) Schedule of Expenses
- List of Participating Members

Request for Information

This financial report is designed to provide a general overview of WSTIP's finances. Questions concerning any of the information presented in this management discussion and analysis, the WSTIP financial statements or requests for additional information should be addressed to:

Washington State Transit Insurance Pool
Attn: Tracey Christianson, Executive Director
PO Box 11219
Olympia, WA 98508

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed Comparative Statement of Net Position

	As of December 31,		
	2021	2020	2019
ASSETS			
Current Assets	\$ 62,932,689	\$ 55,462,326	\$ 41,263,876
Capital Assets, Net	397,682	425,588	473,811
Noncurrent Assets	3,362,047	7,024,243	11,976,257
TOTAL ASSETS	\$ 66,692,418	\$ 62,912,157	\$ 53,713,944
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	106,699	91,863	83,724
Deferred Outflows - OPEB	1,538	1,382	-
TOTAL DEFERRED OUTFLOWS	\$ 108,237	\$ 93,245	\$ 83,724
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 66,800,655	\$ 63,005,402	\$ 53,797,668
LIABILITIES			
Current Liabilities	\$ 7,511,339	\$ 7,353,921	\$ 8,047,571
Noncurrent Liabilities	17,103,466	19,823,494	12,658,690
TOTAL LIABILITIES	\$ 24,614,805	\$ 27,177,416	\$ 20,706,261
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	900,911	106,100	221,243
TOTAL LIABILITIES & DEFERRED INFLOWS	\$ 25,515,716	\$ 27,283,516	\$ 20,927,504
NET POSITION			
Investment in Capital Assets	397,682	425,588	473,811
Restricted Pension Asset	854,706	-	-
Unrestricted Net Position	40,032,551	35,296,298	32,396,353
TOTAL NET POSITION	\$ 41,284,939	\$ 35,721,886	\$ 32,870,164
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 66,800,655	\$ 63,005,402	\$ 53,797,668

Financial Statement Analysis

Net Position

WSTIP's total net position reflects a \$398K investment in capital assets such as our buildings, building improvements, furnishings and equipment. WSTIP uses these capital assets as part of normal operations of the Pool. Therefore, this portion of the net position balance is not available for future spending. Net position also includes a \$855K restricted pension asset which is also not available for future spending. Of the amounts unrestricted, \$54K is designated for a building reserve and \$404K is designated for a technology grant reserve. These designated reserves are not legally restricted reserves. Indeed, all of the unrestricted net position is available to support future obligations of the Pool.

WSTIP's 2021 net position increased by 16% or \$5.6M as compared to 2020. This is a combination of (1) intentional efforts by WSTIP Members to levy excess contributions to further support the Pool's ability to withstand financial adversity, (2) unspent operations budgets and (3) favorable claims development.

WSTIP's 2020 net position increased by 9% or \$2.9M as compared to 2019. This is a combination of (1) intentional efforts by WSTIP Members to levy excess contributions to further support WSTIP's ability to withstand financial adversity and (2) due to unspent operations budgets.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position

	For the years ended December 31,		
	2021	2020	2019
OPERATING REVENUES			
Member Assessments (All Types)	\$ 16,267,167	\$ 15,422,586	\$ 17,117,113
Other Operating Revenues	136,549	87,452	217,588
TOTAL OPERATING REVENUES	\$ 16,403,716	\$ 15,510,038	\$ 17,334,701
OPERATING EXPENSES			
Claims & Loss Adjustments	4,462,026	7,218,651	4,447,418
Insurance Services	4,081,510	3,703,765	2,910,591
General & Administrative	2,504,725	2,967,660	2,751,930
TOTAL OPERATING EXPENSES	\$ 11,048,261	\$ 13,890,076	\$ 10,109,939
TOTAL OPERATING INCOME	\$ 5,355,456	\$ 1,619,962	\$ 7,224,762
OTHER INCOME (EXPENSE)			
Interest Income (Loss)	\$ (252,024)	\$ 1,231,761	\$ 1,039,514
Change in Equity in GEMRe	459,620	-	495,608
TOTAL OTHER INCOME (EXPENSE)	\$ 207,596	\$ 1,231,761	\$ 1,535,122
TOTAL CHANGE IN NET POSITION	\$ 5,563,052	\$ 2,851,722	\$ 8,759,884

Financial Statement Analysis

Operating Revenues

WSTIP's operating revenues are predominately related to Member Assessments, ORCC and PPAA which we summarize as Member Assessments (All Types).

Member Assessments are based upon a formula which includes underwriting elements of miles traveled, employee counts, vehicle values and property values as well as a Member's historic claims experience. The assessments include amounts for purchased insurance including excess/reinsurance premiums and Pool operating costs.

Other Insurance Products or Other Rating Cost Components (ORCC) includes the revenue associated with underinsured/uninsured motorists (UIM), pollution, underground storage tanks, crime & fidelity, directors & officers, excess cyber and driver record monitoring.

Performance Period Assessment Audits (PPAA) evaluate a Member's underwriting elements following the completion of a fiscal year as a comparison to previously submitted estimates. These assessment audits are performed annually to ensure cost equity of participation in the Pool. Due to the economic impacts related to COVID-19 our Members travelled an average of 12% fewer miles as compared to their 2021 estimates and employed an average of 6% fewer employees. As a result, the 2021 financial statements include a \$1.4M PPAA (a return of assessment, a -8% change from the original assessment) and a corresponding \$1.4M liability related to the excess assessment due back to our Members. The \$1.4M PPAA was partially offset by \$183K as WSTIP received a return of premium from a reinsurer in 2021 related to the 2020 insured year. The 2020 PPAA was \$3.8M (or a -20% change from the assessment) and the 2019 PPAA was \$351K (or a -2% change from the assessment).

Other Operating Revenues

WSTIP's other operating revenues are training revenues, rental/lease income and revenues generated by other local governmental agencies that utilize WSTIP's driver record monitoring program.

Operating Expenses

WSTIP's operating expenses are predominately related to claims & loss adjustments, insurance services and general & administrative expenses.

Claims & Loss Adjustments is comprised of the loss fund as determined by our actuary based on various rating units to determine Members exposure (or potential) for loss. The 2021 loss year budget of approximately \$8M was developed in 2020 based on estimated miles that would be travelled in 2021. Due to the economic impacts related to COVID-19 our Members travelled an average of 12% fewer miles. Our Actuary estimates the 2021 loss year will be closer to \$6.0M, a savings of \$2M which is reflected in the total value of claims & loss adjustments in the 2021 financial statements. Our Actuary also lowered reserves by \$1.5M due to favorable claims development related to prior year reserves.

Insurance Services includes excess/reinsurance premiums for liability and property coverage. This also includes other insurance product expenses related to the cost of pollution, underground storage tanks, crime & fidelity, directors & officers, excess cyber and driver record monitoring.

General & Administrative is comprised of payroll & benefits, contracted services, risk & loss prevention, training & education and other administrative activities.

The WSTIP Board budgets, monitors and evaluates the Pool's financial performance utilizing financial ratios. The 2021 & 2020 years created a challenge for the measurement in that Operating Revenue decreased by \$1.4M and \$3.8M to account for a return of assessment. The 2019 claims & loss adjustment ratio was favorable to the target as claims closed under the amounts previously reserved.

Expense Classification ÷ Operating Revenue	Target Ratios	2021		2020		2019	
		Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Claims & Loss Adjustments	≤ 50%	43%	27%	47%	47%	53%	26%
Insurance Services	≤ 20%	21%	25%	19%	24%	14%	17%
General & Administrative	≤ 25%	19%	15%	18%	19%	25%	16%

Non-Operating Revenues (Expenses)

WSTIP's non-operating revenues/expenses include interest/investment income, changes in the fair value of investments, changes in equity in GEM reinsurance and any other revenue and expense not meeting the operational revenue or expense criteria are reported as nonoperating revenues and expenses. In 2021 WSTIP recorded \$546K in interested income before being offset with \$797K in unrealized loss on investments due to market rates of return. WSTIP also recorded a \$459K gain related to equity in GEM.

Financial Outlook

WSTIP and its Members continued to experience economic uncertainty due to COVID-19. Our Members travelled an average of 12% fewer miles and employed an average of 6% fewer employees that anticipated for 2021. For most of our Members 2021 was a restoration of service over 2020 with positive outcomes. Fixed route and paratransit service levels (in terms of aggregate miles) continued to edge back to normal. Vanpool operations have not returned to pre COVID-19 levels of participation, and they have not been projected to do so until after 2022. Considered in total there is a sense of confidence that the miles to be travelled in 2022 will be closer to the estimates for 2022.

Significant factors that could impact the future of the Pool include the reinsurance market, the investment market and adverse claims loss development. WSTIP works closely with external partners Alliant Insurance Services (Broker), Thurston County Treasurer and PricewaterhouseCoopers (Actuary) to stay informed of challenges in these risk areas. With current reserves and a conservative approach in uncertain economic conditions, WSTIP has a positive financial outlook for 2022 and beyond.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
FINANCIAL STATEMENTS

COMPARATIVE STATEMENT OF NET POSITION

	As of December 31,	
	2021	2020
ASSETS		
Current Assets		
Deposits and Investments	\$ 59,487,800	\$ 54,477,245
Accounts Receivable	28,796	28,410
Interest Receivable	77,216	87,937
Prepaid Insurance	3,201,028	823,299
Prepaid Expense	137,849	45,435
Total Current Assets	62,932,689	55,462,326
Noncurrent Assets		
Capital Assets, Net	397,682	425,588
Long-Term Investments	-	4,978,775
Equity in GEM	2,503,630	2,044,010
Deposits held for RPLDP	3,711	1,458
Net Pension Asset	854,706	-
Total Noncurrent Assets	3,759,729	7,449,831
TOTAL ASSETS	\$ 66,692,418	\$ 62,912,157
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	106,699	91,863
Deferred Outflows - OPEB	1,538	1,382
TOTAL DEFERRED OUTFLOWS	\$ 108,237	\$ 93,245
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 66,800,655	\$ 63,005,402
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 213,017	\$ 138,058
Compensated Absences	163,346	154,513
Unearned Revenues	900	146,586
Unpaid Claims Liability	7,131,000	6,912,000
Total OPEB Liability	3,076	2,764
Total Current Liabilities	7,511,339	7,353,921
Noncurrent Liabilities		
Compensated Absences	25,009	21,543
Due to RPLDP	3,711	1,458
Due to Members	2,082,774	3,782,992
Unpaid Claims Liability - Reserves	5,922,723	6,202,347
Unpaid Claims Liability - IBNR	7,674,345	8,057,784
Unpaid Claims Liability - ULAE	860,000	844,000
Total OPEB Liability	453,277	571,944
Net Pension Liability	81,627	341,426
Total Long-Term Liabilities	17,103,466	19,823,494
TOTAL LIABILITIES	\$ 24,614,805	\$ 27,177,416
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	900,911	106,100
TOTAL LIABILITIES & DEFERRED INFLOWS	\$ 25,515,716	\$ 27,283,516
NET POSITION		
Investment in Capital Assets	397,682	425,588
Restricted Pension Asset	854,706	-
Unrestricted Building Reserve	54,166	29,166
Unrestricted Technology Grant Reserve	403,614	424,468
Unrestricted Net Position	39,574,771	34,842,664
TOTAL NET POSITION	\$ 41,284,939	\$ 35,721,886
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 66,800,655	\$ 63,005,402

The accompanying notes are an integral part of these financial statements.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
FINANCIAL STATEMENTS

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For the years ended December 31,	
	2021	2020
OPERATING REVENUES		
Member Assessments	\$ 16,626,241	\$ 18,407,525
Other Insurance Products	896,893	896,258
Performance Period Assessment Audit (PPAA)	(1,255,966)	(3,881,197)
Other Operating Revenues	136,549	87,452
TOTAL OPERATING REVENUES	\$ 16,403,716	\$ 15,510,038
OPERATING EXPENSES		
Claims & Loss Adjustments	4,462,026	7,218,651
Purchased Insurance - Liability	1,894,102	1,893,472
Purchased Insurance - Property	1,770,186	1,358,092
Other Insurance Products	417,223	452,200
Payroll & Benefits	1,158,778	1,717,732
Contracted Services	443,975	494,289
Risk & Loss Prevention	220,044	219,645
Training & Education	76,017	43,390
Technical & Subscription Services	301,077	281,025
General & Administrative	276,928	156,845
Depreciation	27,906	27,550
Capital Asset Audit Adjustment Expense	-	27,183
TOTAL OPERATING EXPENSES	\$ 11,048,261	\$ 13,890,076
TOTAL OPERATING INCOME	\$ 5,355,456	\$ 1,619,962
OTHER INCOME (EXPENSE)		
Interest Income (Loss)	\$ (252,024)	\$ 1,231,761
Change in Equity in GEM	459,620	-
TOTAL OTHER INCOME (EXPENSE)	\$ 207,596	\$ 1,231,761
TOTAL CHANGE IN NET POSITION	\$ 5,563,052	\$ 2,851,722
NET POSITION, JANUARY 1	\$ 35,721,886	\$ 32,870,164
NET POSITION, DECEMBER 31	\$ 41,284,939	\$ 35,721,886

The accompanying notes are an integral part of these financial statements.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
FINANCIAL STATEMENTS

COMPARATIVE STATEMENT OF CASH FLOWS

	For the years ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from member assessments	\$ 14,237,940	\$ 19,225,684
Cash from members and others	190,294	101,565
Cash paid for claims	(4,890,089)	(4,931,778)
Cash paid for excess/reinsurance	(6,042,211)	(3,573,685)
Cash paid for employee wages and benefits	(1,555,858)	(1,504,092)
Cash paid for contracted services	(703,187)	(440,912)
Cash paid for general and administrative expenses	(953,085)	(1,116,065)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 283,804	\$ 7,760,717
CASH FLOWS FROM CAPITAL ACTIVITIES		
Cash paid to acquire or improve capital assets	-	(6,510)
NET CASH PROVIDED (USED) BY CAPITAL ACTIVITIES	\$ -	\$ (6,510)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from maturing securities	\$ 5,000,000	\$ 5,000,000
Cash from interest on investments	(273,249)	1,183,703
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 4,726,751	\$ 6,183,703
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	\$ 5,010,555	\$ 13,937,910
BALANCES - BEGINNING OF THE YEAR	\$ 54,477,245	\$ 40,539,335
BALANCES - ENDING OF THE YEAR	\$ 59,487,800	\$ 54,477,245
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 5,355,456	\$ 1,619,962
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	27,906	27,550
Capital Asset Audit Adjustment Expense	-	27,183
Change in assets and liabilities		
Accounts Receivable	(386)	(20,821)
Interest Receivable	10,721	(64,440)
Prepaid Insurance	(2,377,729)	(146,610)
Prepaid Expense	(92,414)	(28,669)
Net Pension Asset	(854,706)	-
Deferred Outflows - Pension	(14,836)	(8,139)
Deferred Outflows - OPEB	(156)	(1,382)
Accounts Payable	74,959	81,131
Compensated Absences	12,299	66,480
Unearned Revenues	(145,686)	22,681
Due to Members	(1,700,218)	3,782,992
Unpaid Claims Liability	(428,063)	2,286,873
Total OPEB Liability	(118,355)	215,757
Net Pension Liability	(259,799)	15,312
Deferred Inflows - Pension	794,811	(115,143)
	\$ 283,804	\$ 7,760,717

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WSTIP (or the Pool) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

- A. Reporting Entity** – WSTIP is an unincorporated, not-for-profit, local government risk sharing pool. WSTIP was formed January 1, 1989 via Interlocal Agreement pursuant to RCW 39.34 and has the authority to self-insure pursuant to RCW 48.62 and is governed to conform with WAC 200-100.

WSTIP was established to provide its Transit Members general liability, automotive liability and property damage. The Pool's general objective is to formulate, develop and administer a program of insurance at the lowest possible cost to Pool Members. WSTIP transfers its risk by buying excess/reinsurance over WSTIP's self-insured retention.

Transit agencies joining the Pool must remain Members for a minimum of 36 months; a Member may withdraw by providing written notice six months prior to the end of the Pool's fiscal year. Any Member that withdraws will not be allowed to rejoin WSTIP for a period of 36 months. Member assessments are adjusted on an annual basis to incorporate actuarial projections and operational needs as approved by the Board of Directors. Since WSTIP is a cooperative program, there is joint liability among the Members. In the event of withdrawal or termination, a Member is still liable pro-rata for any contributions and assessments to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement. If the Pool's net assets were depleted, Members would be responsible for outstanding liabilities of WSTIP. There were not changes in Pool Members in 2021. See Required Supplementary Information for Member list.

WSTIP is governed by a Board of Directors composed of one voting Member Representative from each Member. Each Member has one vote on matters submitted to the Board. The Pool is governed and controlled by an elected Executive Committee in all respects except for those matters reserved by the Board. The Board employs an Executive Director, who is the Chief Executive Officer of the Pool. Through the Executive Director, the Pool's staff carries out the mission and directives of the Board of Directors and the Executive Committee.

- B. Budgetary Information, Spending Controls** – An annual budget is prepared by the Executive Director on the accrual basis of accounting and is presented to the Board of Directors for adoption prior to January 1 of the following year. The budget constitutes the legal authority for expenditures of the Pool. The Executive Director is authorized to make internal adjustments to the budget; however, any revisions that alter that total expenditure authority, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the Board of Directors. The budget also serves as a planning and control document. The Board of Directors are presented with budget to actual comparative reports and can inquire about operational performance at each quarterly board meeting.
- C. Measurement Focus, Basis of Accounting** – The Pool's accounting records are maintained in accordance with methods prescribed by the State Auditor's Office under the authority of RCW 43.09. Statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

- D. Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and certain disclosures. Actual results could differ from the estimated amounts.
- E. Exemption from Federal and State Taxes** – Pursuant to revenue ruling number 90-74, income of Municipal Risk Pools is excluded from gross income under IRC Section 115(1). RCW 48.62 exempts Pools from state insurance premium taxes and RCW 82.04 exempts Pools from B&O taxes.
- F. FICA Replacement Plan** – WSTIP employees participate in a 401(a) Qualified Defined Contribution Retirement Plan in lieu of Social Security. Contribution rates were established by the WSTIP Board as a percentage of the employee's gross wage with the Pool contribution set at 6.20% and the employee contribution set at 9.20%. The Plan is administered by MissionSquare Retirement and employees immediately vest in all employer and employee contributions. Investment of both the employer and employee contributions are at the direction of the employee. WSTIP remitted all required contributions to the Plan. The employer portion is included herein as part of payroll expense.
- G. Assets, Liabilities, and Net Position**
- G.1. Deposits and Investments** – It is WSTIP policy to invest all temporary cash surpluses. For the statement of cash flows, WSTIP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. See Note 2.
- G.2. Receivables** – Consist of customer account receivables and interest receivable.
- Accounts receivables consist of amounts owed based on invoices for services rendered, often in connection with contractual relationships and/or Interlocal Agreement. The amounts are deemed collectible and no allowance has been established for uncollectible accounts.
- Interest receivables represent interest earned on deposit and investment accounts where revenue has been recognized but interest payments have not been received.
- G.3. Prepayments** – Consist of amounts paid to secure the use of assets or the receipt of services, software licensing and insurance, with an initial cost of more than \$5,000 or an estimated useful life in excess of one year. Such assets are recorded at cost and amortized over estimated economic useful life of the asset.
- G.4. Capital Assets** – Capital assets are defined by WSTIP as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and reported net of accumulated depreciation. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs that do not materially add to the value or extend the life of the asset are not capitalized. Depreciation is recorded in the year after purchase using the straight-line method over the following estimated useful lives. Buildings: 39 years; Building Improvements: 15 – 39 years; Furnishings & Equipment: 5 – 15 years. See Note 3.
- G.5. Deposits Held For Risk Pool Leadership Development Program (RPLDP)** – WSTIP is the Treasurer for the RPLDP, an educational program formed under a Memorandum of Understanding (MOU) between multiple Washington State risk pools. As part of the MOU, WSTIP has no financial responsibility for the RPLDP beyond receiving tuition payments and making payments for agreed

upon program expenses. The revenues and expenses of the RPLDP are not included as part of the revenues and expenses of WSTIP. WSTIP makes regular reports to the RPLDP regarding the financial transactions of the RPLDP. WSTIP has a separate bank account for the purpose of segregating the RPLDP which are held for the sole benefit of the RPLDP. WSTIP financial statements report these funds as a non-current asset with an offsetting non-current liability.

- G.6. Equity in Government Entity Mutual** – WSTIP is a founding Member of Government Entities Mutual, Inc. (GEM), a captive insurance program formed on January 1, 2003. A captive is an insurance company owned and operated by its insureds. The intent of membership in GEM is to access the available excess/reinsurance market through GEM. WSTIP's initial 2003 investment was \$500,000 and in 2005 made an additional investment of \$250,000. WSTIP accounts for GEM activity using the equity method of accounting. Changes in equity are the result of profit sharing available to all GEM Members – See Note 10. For more details about GEM or GEM's annual report visit www.gemre.com.
- G.7. Deferred Outflows/Inflows of Resources Related to Pensions** – See Note 6.
- G.8. Deferred Outflows/Inflows of Resources Related to OPEB** – See Note 5.
- G.9. Accounts Payable** – Consists of amounts owed based on invoices for good or services received and are paid in accordance with WSTIP payment terms of Net 30 unless otherwise obligated by agreement or contract.
- G.10. Compensated Absences** – Consists of leave for which employees have earned and are expected to be paid, either through paid time off or cash payment upon termination of employment. The maximum accrual that can be carried into the next fiscal year is 480 hours. Paid time off balances vary throughout the year; as such the financial value is measured as of the end of the fiscal year using the leave balance times an employee's pay rate at fiscal year-end; it also includes the cost of salary related payments (e.g. pension, 401(a), Medicare, etc.) using the current rates at fiscal year-end.
- WSTIP allows employees (after one year of service) the ability to cash out a portion of their accrued leave such that a minimum of 40 hours of leave remains after a cash out. In 2020, the measurement of the non-current portion of compensated absences was changed such that the value of the non-current portion is the value that would remain following a cash out of leave (essentially the value of 40 hours of general leave per employee). Prior to 2020 the calculation of the non-current portion of compensated absences was based on leave utilization over the prior three years. This measurement method was ideal when we had a long-tenured staff but also resulted in big fluctuations from one year to the next.
- G.11. Unearned Revenues** – Consists of Member assessments received prior to the year for which it was due; such payments would be reclassified as revenue in the year when the Member receives the underlying coverage (benefit). Other examples include payments received in connection for training events; such payments would be reclassified as revenue in the month when training was provided or upon terms related to timing of cancellation.
- G.12. Owed to Risk Pool Leadership Development Program** – See 1G.5
- G.13. Due to Members** – Due to the economic impacts related to COVID-19 our Members travelled an average of 12% fewer miles as compared to their estimates. As a result, they are entitled to a return of assessment. The amount will be used as an offset against a future assessment.

G.14. Claims Reserves – WSTIP's claim reserves reflect the estimated ultimate cost of claims, including future claim expenses for claims that have been reported but not settled and claims that have been incurred but not reported. WSTIP utilizes an independent actuary, PricewaterhouseCoopers, to review claims reserves. 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 appropriate modifiers of experience. 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 necessarily result in an exact amount, particularly for coverage such as general liability.

WSTIP uses excess/reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess/reinsurance insurance permits recovery of a portion of losses from the carrier, although it does not discharge WSTIP's primary responsibility for the reinsured risk. The Pool reports reinsured risks as liabilities and show a reinsurance offset for any of those reinsured risks.

WSTIP's claims reserves reflect the estimated ultimate cost of claims, including future claim expenses for claims that have been reported but not settled and claims that have been incurred but not reported. Estimated amounts of claim recoveries such as salvage, subrogation, deductible, and excess/reinsurance on unpaid claims are deducted from the estimated ultimate cost.

Unpaid Claims Liability reserve components include the following:

Open Claims Reserves represent the Pool's estimate of the cost of claims that have occurred (are known to the Pool) but have not yet been settled (closed);

Incurred But Not Reported (IBNR) includes the actuary's assessment of the development of open claim costs and claims that have occurred but have not yet been reported to the Pool;

Unallocated Loss Adjustment Expenses (ULAE) represent the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported.

Claims paid and changes in estimated unpaid claims liabilities and costs, i.e. changes in claim reserves, are charged or credited to expense in the periods in which they are incurred. For more details see Note 4, Unpaid Claims Liabilities and Required Supplementary Information, related to Claims Development and Claims Liabilities by Coverage.

G.15. Other Postemployment Benefit (OPEB) Liability – WSTIP is a member of the Washington State Public Employees Benefit Board (PEBB) which allows member employees who retire the option to continue medical coverage on a self-pay basis. The continuity of coverages creates an implicit subsidy, the cost of which creates an OPEB Liability for plan participants like WSTIP. See Note 5.

G.16. Net Pension Liabilities – For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Restricted net position related to the net pension asset is equal to the net pension asset. See Note 6.

G.17. Net Position – is reported in the following categories:

Investment in Capital Assets which represents WSTIP's total investments in land, buildings, building improvements, furnishing and equipment net of accumulated depreciation.

Restricted Pension Asset represent and equals the net pension asset – See Note 6.

Unrestricted Net Position is available to the Pool for obligations to its Members and creditors. Some of these funds are designated (as noted below) but are available for obligations of the Pool.

Unrestricted Building Reserve is funded with \$25,000 annually to keep the WSTIP building in marketable condition.

Unrestricted Technology Grant Reserve allows for up to \$500,000 in unspent technology grant funding to be carried forward and awarded in future years.

H. Revenues, Expenses and Changes in Net Position

H.1. Operating Revenues – Result from providing services and producing and delivering goods in connection with the Pools principal ongoing operations which are predominately related to Member Assessments, ORCC and PPAA which we summarize as Member Assessments (All Types).

Member Assessments are based upon a formula which includes underwriting elements of miles traveled, employee counts, vehicle values and property values as well as a Members historic claims experience. The assessments include amounts for purchased insurance including reinsurance / excess premiums and Pool operating costs.

Other Insurance Products or Other Rating Cost Components (ORCC) includes the revenue associated with underinsured/uninsured motorists (UIM), pollution, underground storage tanks, crime & fidelity, directors & officers, excess cyber and driver record monitoring.

Performance Period Assessment Audits (PPAA) evaluate a Member's underwriting elements following the completion of a fiscal year as a comparison to previously submitted estimates. These assessment audits are performed annually to ensure cost equity of participation in the Pool.

H.2. Other Operating Revenues – are training revenues, rental/lease income and revenues generated by other local governmental agencies that utilize WSTIP's driver record monitoring program.

H.3. Operating Expenses – Principal operating expenses include claim payments and the change in claim reserves, purchased insurance including excess/reinsurance premiums, the cost of contracted services as well as other general operational and administrative expenses.

H.4. Non-Operating Revenues (Expenses) – include interest and investment income, changes in equity in GEM reinsurance and any other revenue and expense not meeting the operational revenue or expense criteria are reported as nonoperating revenues and expenses

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are classified by type as of December 31, 2021 and 2020 as follows:

Type	Entity	2021	2020
Bank Deposits	US Bank	\$ -	\$ 75,322
Investment Pool	Thurston County Investment Pool	53,851,485	48,773,751
Investment Pool	State Local Government Investment Pool	646,441	645,765
US Treasury Note	Thurston County Treasurer	4,989,874	4,982,407
Subtotal of Deposits and Current Investments		\$ 59,487,800	\$ 54,477,245

US Treasury Note	Thurston County Treasurer	-	4,978,775
Subtotal of Noncurrent Investments		\$ -	\$ 4,978,775

Total Deposits and Investments	\$ 59,487,800	\$ 59,456,020
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*The US Bank Accounts were closed in 2020 when all banking switched to the Thurston County Investment Pool

- A. Custodial Credit Risk** – Deposits are normally subject to custodial credit risk which is the risk that, in event of a failure of a depository financial institution, WSTIP would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. WSTIP's bank deposits are entirely insured by the Federal Depositary Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).
- B. Investments in the State Local Government Investment Pool (LGIP)** – WSTIP is a participant in the LGIP, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. 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 restrictions 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.

- C. Investments in Thurston County Investment Pool (TCIP)** – WSTIP is a participant in the Thurston County Investment Pool, an external investment pool. WSTIP reports its investment in the pool as the fair value amount, which is the same as the value of the TCIP per share. The responsibility for managing the TCIP resides with the Thurston County Treasurer. The TCIP is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The County's investment policy is established by the County Finance Committee consisting of the County Treasurer, the County Auditor and the Chairman of the Board of County Commissioners. The object of the policy is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds. The TCIP does not have a credit rating and had a weighted average maturity of 2.13 years as of December 31, 2021.

Thurston County prepares a Comprehensive Annual Financial Report that includes financial information relative to the TCIP. A copy of the report is available from the Thurston County Auditor, Financial Services, 2000 Lakeridge Drive SW, Olympia, Washington 98502, or online at <https://www.thurstoncountywa.gov/auditor/Pages/finance-reports.aspx>

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

- D. Designated Securities Investment Portfolio** – In 2018 WSTIP invested \$20,000,000 in four U.S. Treasury Notes held in a segregated investment account established per an agreement with the Thurston County Treasurer. One bond matured during 2019, one in 2020 and another matured in 2021. The remaining bond is reported as of December 31, 2021 as follows:

Type	Description	Fair Value	3m - 1 year	1 - 3 years
Debt Securities	U.S. Treasury Note	\$ 4,989,874	\$ 4,989,874	\$ -

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Jan 1, 2021	Increases	Decreases	Dec 31, 2021
Capital Assets, Not Being Depreciated				
Land	\$ 91,010	-	-	\$ 91,010
Total Capital Assets, Not Being Depreciated	\$ 91,010	\$ -	\$ -	\$ 91,010
Capital Assets, Being Depreciated				
Buildings	387,990	-	-	387,990
Building Improvements	64,118	-	-	64,118
Furnishings & Equipment	114,094	-	-	114,094
Total Capital Assets, Being Depreciated	\$ 566,202	\$ -	\$ -	\$ 566,202
Less Accumulated Depreciation				
Buildings	189,510	9,924	-	199,434
Building Improvements	13,796	3,978	-	17,774
Furnishings & Equipment	28,318	14,004	-	42,322
Total Accumulated Depreciation	\$ 231,624	\$ 27,906	\$ -	\$ 259,530
Total Capital Assets, Being Depreciated, Net	\$ 334,578	\$ (27,906)	\$ -	\$ 306,672
Total Capital Assets, Net	\$ 425,588	\$ (27,906)	\$ -	\$ 397,682

Capital asset activity for the year ended December 31, 2020 was as follows:

	Jan 1, 2020	Increases	Decreases	Dec 31, 2020
Capital Assets, Not Being Depreciated				
Land	\$ 91,010	-	-	\$ 91,010
Total Capital Assets, Not Being Depreciated	\$ 91,010	\$ -	\$ -	\$ 91,010
Capital Assets, Being Depreciated				
Buildings	387,990	-	-	387,990
Building Improvements	166,592	6,510	108,984	64,118
Furnishings & Equipment	271,867	-	157,773	114,094
Total Capital Assets, Being Depreciated	\$ 826,449	\$ 6,510	\$ 266,757	\$ 566,202
Less Accumulated Depreciation				
Buildings	179,483	10,027	-	189,510
Building Improvements	18,118	3,547	7,869	13,796
Furnishings & Equipment	246,047	13,976	231,705	28,318
Total Accumulated Depreciation	\$ 443,648	\$ 27,550	\$ 239,574	\$ 231,624
Total Capital Assets, Being Depreciated, Net	\$ 382,801	\$ (21,040)	\$ 27,183	\$ 334,578
Total Capital Assets, Net	\$ 473,811	\$ (21,040)	\$ 27,183	\$ 425,588

In 2020, as part of internal review, WSTIP performed a full system capital asset audit. As a result, WSTIP adjusted asset accounts which resulted in a capital asset audit adjustment expense of \$27,183.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – UNPAID CLAIMS LIABILITY

As discussed in Note 1G.14, the Pool 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 Pool as of December 31, 2021 and 2020:

Change in Unpaid Claims Liabilities by Program	2021	2020
Unpaid claim and claim adjustment expenses at beginning of the fiscal year	\$ 22,016,131	\$ 19,729,258
Incurred claim and claim adjustment expenses:		
Provision for insured events of the current fiscal year	6,094,000	5,968,547
Changes in provision for insured events of prior fiscal years	(1,647,974)	1,140,104
Changes in ULAE	16,000	110,000
Total incurred claim and claim adjustment expenses	\$ 4,462,026	\$ 7,218,651
Payments:		
Claim and claim adjustment expense attributable to insured events of the current fiscal year	1,010,167	773,249
Claim and claim adjustment expense attributable to insured events of the prior fiscal years	3,879,922	4,158,529
Total payments	\$ 4,890,089	\$ 4,931,778
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	\$ 21,588,068	\$ 22,016,131

Components of Unpaid Claims Liability:

Open Claims Reserves - Current	\$ 7,131,000	\$ 6,912,000
Open Claims Reserves - Noncurrent	5,922,723	6,202,347
Open Claims Reserves - Total	\$ 13,053,723	\$ 13,114,347
Incurred But Not Reported (IBNR)	7,674,345	8,057,784
Unallocated Loss Adjustment Expenses (ULAE)	860,000	844,000
Unpaid claim and claim adjustment expense	\$ 21,588,068	\$ 22,016,131

NOTE 5 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2021, with a measurement date of June 30, 2021 and as of December 31, 2021:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 456,353
OPEB assets	\$ -
Deferred outflows of resources	\$ 1,538
Deferred inflows of resources	\$ -
OPEB expenses/expenditures	\$ 118,511

OPEB Plan Description

- a. WSTIP participates in the Washington State Public Employees Benefits Board (PEBB) healthcare program administered by the Washington State Health Care Authority (HCA). The plan is considered to be a single-employer defined benefit OPEB plan.
- b. The plan is available to all WSTIP employees. The plan provides medical, prescription drug, vision and dental coverage. The premiums for the retired employees are blended with the rates for active employees. The blending of rates is considered an implicit subsidy paid by WSTIP. There are no COLAs associated with the plan.
- c. At the PEBB measurement date of June 30, 2021, WSTIP had the following employees covered by the benefit terms:

Classification	Count
Active employees	12
Inactive employees currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Total Plan Members	13

- d. The plan is funded on a pay-as-you-go basis. There are no assets accumulated in a qualifying trust.
- e. No stand-alone financial statements are available for the PEBB program.

Assumptions and Other Inputs

The discount rate used in the online tool developed by the Office of the State Actuary was 2.21% for the beginning of the measurement year and 2.16% for the end of the measurement year. Projected salary changes were 3.50% plus service-based increases. Healthcare Trend rates had initial rate ranges from about 2% to 11% reaching an ultimate rate of approximately 4.3% in 2075. Mortality rates were calculated using the PubG.H-2010 (General) base mortality table with an age setback of zero year, mortality improvements of MP-2017 long-term rates and a generational projection period. An inflation rate of 2.75% was used. Post-retirement participation percentage was 65% and the percentage with spousal coverage was 45%.

Assumptions for retirement, disability, termination and mortality were based on the 2020 PEBB OPEB Actuarial Valuation Report. Retirement service for each active cohort was based on the average entry age of 35 with service being a component of benefit eligibility.

- a. The following presents the total OPEB liability if WSTIP calculated using the current medical and dental cost healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	5.8%	6.8%	7.8%
Net OPEB Liability	\$ 361,391	\$ 456,353	\$ 585,356

- b. The following presents the total OPEB liability if WSTIP calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate.

	1% Decrease	Discount Rate as of June 30, 2021	1% Increase
	1.16%	2.16%	3.16%
Net OPEB Liability	\$ 561,011	\$ 456,353	\$ 375,280

Changes in the Total OPEB Liability

The schedule of changes in the total OPEB liability as of the measurement date of June 30, 2021 and as of December 31, 2021 are as follows:

PEBB - Health Care Authority	2021
Total OPEB liability - beginning	\$ 574,708
Service cost	39,810
Interest cost	13,542
Changes in experience data & assumptions	(168,173)
Changes in benefit terms	-
Benefit payments	(3,534)
Other changes	-
Total OPEB liability - ending	\$ 456,353

- a. The measurement and valuation dates are June 30, 2021. To estimate the Total OPEB Liability (TOL) as of the beginning of the measurement period, the TOL was projected backwards to the measurement date of June 30, 2020. With fewer than 100 plan members, WSTIP calculates OPEB Liability utilizing the Alternative Measurement Method (AMM) tool, prepared by the Washington State Office of the State Actuary. The AMM relies on WSTIP inputs related to plan members and covered-employee payroll.
- b. There was no special funding situation where WSTIP's proportion (percentage) of the collection of net OPEB liability changed since the prior measurement date.
- c. The backward projection of the liability reflected the estimated service cost, assumed interest, and expected benefit payments.
- d. There were no changes of benefit terms that affected measurement of the TOL since the prior measurement date.
- e. There were no obligations for the payment of benefits transferred from the employer to one or more insurance companies.
- f. There were no changes between the measurement date of the TOL and the employer's reporting date that are expected to have any effect on the TOL.
- g. The total OPEB expense (gain) recognized by WSTIP in the reporting period was (\$114,821).
- h. At December 31, 2021, WSTIP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on OPEB plan investments	-	-
Transactions subsequent to the measurement date	1,538	-
TOTAL	\$ 1,538	\$ -

NOTE 6 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (81,627)
Pension assets	\$ 854,706
Deferred outflows of resources	\$ 106,699
Deferred inflows of resources	\$ (900,911)
Pension expenses/expenditures	\$ (211,035)

State Sponsored Pension Plans – Substantially all WSTIP’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, Washington 98540-8380 or online at www.drs.wa.gov.

Public Employee’s Retirement System (PERS) – PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions – The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

PERS Plan 1 – Actual Contribution Rates					
Jan – Jun 2021	ER	EE*	Jul – Dec 2021	ER	EE*
PERS Plan 1	7.92%	6.00%	PERS Plan 1	9.08%	6.00%
PERS Plan 1 UAAL	4.87%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	12.97%	6.00%	Total	12.97%	6.00%

Employer (ER), Employee (EE), Unfunded Actuarial Accrued Liability (UAAL)

* For employees participating in JBM, the contribution rate was 12.26%.

No WSTIP employees are covered by PERS Plan 1; however, a portion of the PERS Plan 2/3 contributions is allocated by DRS to the PERS Plan 1 UAAL. The amounts allocated to PERS Plan 1 UAAL were \$46,369 for 2021.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3 percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions – The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plans 2/3 – Actual Contribution Rates					
Jan – Jun 2021	ER 2/3	EE 2*	Jul – Dec 2021	ER 2/3	EE 2*
PERS Plan 2/3	7.92%	7.90%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	4.87%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
EE PERS Plan 3		Varies	EE PERS Plan 3		Varies
Total	12.97%	6.00%	Total	10.25%	6.36%

Employer (ER), Employee (EE), Unfunded Actuarial Accrued Liability (UAAL)

* For employees participating in JBM, the contribution rate was 15.90%.

No WSTIP employees are covered by PERS Plan 1; however, a portion of the PERS Plan 2/3 contributions is allocated by DRS to the PERS Plan 1 UAAL. The amounts allocated to PERS Plan 1 UAAL were \$46,369 for the year ended December 31, 2021. WSTIP paid administrative fees of \$1,939 with actual PERS plan contributions of \$77,123 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020, Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the OSA introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents WSTIP's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what WSTIP's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease	June 30, 2020 Discount Rate	1% Increase
PERS Plan	6.40%	7.40%	8.40%
Plan 1	\$ 139,057	\$ 81,627	\$ 31,543
Plan 2/3	\$ (243,489)	\$ (854,706)	\$ (1,358,043)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, WSTIP reported its proportionate share of the net pension liabilities (assets) as follows:

PERS Plan	Liability (Asset)
Plan 1	\$ 81,627
Plan 2/3	\$ (854,706)

At June 30, 2021, WSTIP's proportionate share of the collective net pension liabilities was as follows:

Proportionate Share of Collective Net Pension Liabilities			
PERS Plan	June, 30 2020	June, 30 2021	Change
Plan 1	0.006560%	0.006684%	0.000124%
Plan 2/3	0.008587%	0.008580%	-0.000007%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

Pension Expense

For the year ended December 31, 2021, WSTIP's recognized pension expense as follows:

PERS Plan	Pension Expense
Plan 1	\$ (10,898)
Plan 2/3	\$ (200,137)
Total	\$ (211,035)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, WSTIP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(90,579)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	21,214	-
TOTAL	\$ 21,214	\$ (90,579)

PERS Plans 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,512	\$ (10,478)
Net difference between projected and actual investment earnings on pension plan investments	-	(714,334)
Changes of assumptions	1,249	(60,698)
Changes in proportion and differences between contributions and proportionate share of contributions	6,510	(24,822)
Contributions subsequent to the measurement date	36,214	-
TOTAL	\$ 85,485	\$ (810,332)

PERS Plans 1,2,3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,512	\$ (10,478)
Net difference between projected and actual investment earnings on pension plan investments	-	(804,913)
Changes of assumptions	1,249	(60,698)
Changes in proportion and differences between contributions and proportionate share of contributions	6,510	(24,822)
Contributions subsequent to the measurement date	57,428	-
TOTAL	\$ 106,699	\$ (900,911)

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows of resources related to pensions resulting from WSTIP's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3	PERS 1,2,3
2022	\$ (23,994)	\$ (201,663)	\$ (225,657)
2023	\$ (21,988)	\$ (188,828)	\$ (210,816)
2024	\$ (20,790)	\$ (178,692)	\$ (199,482)
2025	\$ (23,807)	\$ (191,199)	\$ (215,006)
2026	\$ -	\$ (1,460)	\$ (1,460)
Thereafter	\$ -	\$ 782	\$ 782

NOTE 7 – SOLVENCY

Washington Administrative Code (WAC) 200-100 requires WSTIP 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 the actuary. 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 the actuary. 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 solvency test results for WSTIP as of December 31, 2021 and 2020 are as follows:

Primary Asset Test		2021	2020
Primary Assets, Net	[A]	\$ 59,003,901	\$ 54,079,185
Unpaid Claims - Expected Level	[B]	\$ 21,588,068	\$ 22,016,131
Margin [A] - [B]		\$ 37,415,833	\$ 32,063,054
Test to Standard [A] ≥ [B]		Met Standard	Met Standard

Primary & Secondary Asset Test		2021	2020
Primary & Secondary Assets, Net	[C]	\$ 62,842,761	\$ 57,533,018
Unpaid Claims - 80% Confidence Level	[D]	\$ 26,670,940	\$ 27,944,000
Margin [C] - [D]		\$ 36,171,821	\$ 29,589,018
Test to Standard [C] ≥ [D]		Met Standard	Met Standard

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – RISK FINANCING LIMITS

The following tables represents the risk financing limits on coverage policies issued and retained by WSTIP at December 31, 2021:

Liability	Member Deductibles	Self-Insured Retention	Reinsurance/Excess Limits
Bodily Injury and Property Damage	No deductible	\$2M	\$25M
Personal Injury and Advertising Injury	No deductible	\$2M	\$25M
Contractual Liability	No deductible	\$2M	\$25M
Vanpool Driver Medical Expense Protection	No deductible	\$35K	None
Underinsured Motorist (UIM) [1]	No deductible	\$60K	None
Permissive Use of a Member-Owned Motor Vehicle	No deductible	[2]	None
Endorsement - Communicable Disease	No deductible	\$500K	\$2M
Public Officials Errors and Omissions	\$5K	\$2M	\$25M
Endorsement - Violations of Wage & Hours Laws	\$25K	\$250K	None
Employment Practice Liability	\$5K	\$2M	\$25M
Crime/Blanket Employee Dishonesty	\$10K	None	\$1M

[1] UIM is mandatory for all vanpool programs, but the Member may elect to purchase UIM on other modes.

[2] \$100K per occurrence for property damage, \$300K per occurrence for bodily injury

Property [3]	Member Deductibles	Self-Insured Retention	Reinsurance/Excess Limits
Building and Contents	Varies by Member [5]	\$250K	\$500M
Boiler and Machinery	Varies by unit size [4]	None	\$100M
Auto Physical Damage (APD)			
Vehicles valued at or below \$250K or more than 10 years old	Varies by Member [5]	\$250K	Fair market value, up to \$250K per vehicle
Vehicles valued over \$250K and less than 10 years old	Varies by Member [5]	\$250K	Replacement Cost, up to \$1.5M per vehicle
Flood [6]			
Flood Zones A&V	\$500K	\$250K	\$10M
Flood Zones except A&V	\$500K	\$250K	\$50M
Earthquake	5% subject to \$500K minimum per occurrence per unit	None	\$25M
Combined Business Interruption, Rental Income, and Tuition Income	Varies by Member [5]	\$250K	\$100M

[3] Central Transit, Everett Transit and Pullman Transit do not purchase property coverage through WSTIP. Yakima and RiverCities Transit purchase auto physical damage coverage but not all risk property.

[4] Boiler & Machinery deductible: \$250,000,000 for units under 750hp, 25,000 KW/KVA/Amp, or Boilers over 75,000 square feet of heating surface; \$350,000,000 for units over above limits.

[5] Members may select a higher deductible for property and auto physical damage. Deductibles for 2019 were: C-Tran \$10,000; Pierce Transit and Spokane Transit \$25,000; all other Members \$5,000.

[6] Annual Aggregate

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – RISK FINANCING LIMITS ... CONTINUED

Cyber Liability and First Party Computer Security [7]	Member Deductibles	Self-Insured Retention	Reinsurance/Excess Limits
Cyber Liability and First Party Computer Security	\$5K	None	\$40M** \$2M*
Breach Response Costs	\$5K	None	\$500K*
FIRST PARTY LOSS			
Business Interruption			
Security Breach	\$5K	None	\$2M*
Dependent Business Loss Resulting from Security Breach	\$5K	None	\$750K*
System Failure	\$5K	None	\$500K*
Dependent Business Loss Resulting from System Failure	\$5K	None	\$100K*
Cyber Extortion	\$5K	None	\$2M*
Data Recovery Costs	\$5K	None	\$2M*
LIABILITY			
Data & Network Liability	\$5K	None	\$2M*
Regulatory Defense & Penalties	\$5K	None	\$2M*
Payment Card Liabilities and Costs	\$5K	None	\$2M*
Media Liability	\$5K	None	\$2M*
eCRIME			
Fraudulent Instruction	\$5K	None	\$75K*
Funds Transfer Fraud	\$5K	None	\$75K*
Telephone Fraud	\$5K	None	\$75K*
Criminal Reward	\$5K	None	\$25K*
Consequential Reputational Loss	\$5K	None	\$100K*
Computer Hardware Replacement Costs	\$5K	None	\$100K*
Invoice Manipulation	\$5K	None	\$100K*
Cryptojacking	\$5K	None	\$25K*

[7] Central Transit, Everett Transit, Pullman Transit, and Yakima Transit do not purchase Cyber Liability/First Party Computer Security

* per Member aggregate

** the \$40M applies to all insureds that purchase the policy

NOTE 9 – EXCESS INSURANCE CONTRACTS / REINSURANCE

The Pool maintains excess insurance contracts with several insurance carriers which provide various limits of coverage over the Pool's self-insured retention limits. The limits provided by these excess insurance contracts are as follows:

Coverage	Carrier	Layer
Liability	GEM Re	\$3M in excess of \$2M
	Munich Re	\$10M in excess of \$5M
	Hallmark Insurance Company	\$5M in excess of \$15M
	Allied World Assurance Co.	\$5M in excess of \$20M
Crime	National Union Fire	\$1M
Blanket Pollution	Beazley Eclipse	\$5M
Underground Storage Tank (UST)	Great American	\$1M per storage tank incident
		\$1M aggregate per location
All Risk Property	Alliant Public Entity Property Program (APIP)	\$500M per occurrence for all members combined with various sublimits
Auto Physical Damage	Evanston	Fair Market Value for vehicles valued at or below \$250K or more than 10 years old
		Replacement Cost for vehicles valued over \$250K and less than 10 years old
Cyber Liability	Beazley	\$25M aggregate for all Beazley insureds
		\$2M aggregate per member

Coverage for public officials liability, pollution and underground storage tanks (UST) are claims-made. All other coverages are occurrence based.

There were no reinsurance transactions ceded in 2021.

NOTE 10 – GOVERNMENT ENTITIES MUTUAL (GEM)

WSTIP accounts for GEM activity using the equity method of accounting. Changes in equity are the result of profit sharing available to all GEM Members. WSTIP's proportionate share of income from GEM for the 2021 financial year has not been determined. It is Pool management's assessment that the adjustment will be immaterial to WSTIP's 2021 financial statement, as such no estimate has been recorded. The amount attributed to the 2021 year will be recorded in 2020 when the amount is known and communicated.

WSTIP's proportionate share of income from GEM's 2020 financial year was \$459,620 and was included in WSTIP's investment income for 2021.

NOTE 11 – CAPITAL ASSET AUDIT

In 2020, as part of internal review, WSTIP performed a full system capital asset audit. As a result, WSTIP adjusted asset accounts which resulted in a capital asset audit adjustment expense of \$27,183 for 2020.

RSI 1 – CLAIMS DEVELOPMENT INFORMATION

The table on the next page illustrates how WSTIP'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 WSTIP as of the end of each of the last ten years. The table of rows are defined as follows:

- (1) This line shows the total of each fiscal years earned contribution revenues and investment revenues.
 - (2) This line shows each fiscal year's other operating costs of WSTIP including overhead and claims expenses not allocated to individual claims.
 - (3) This line shows WSTIP'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). The incurred (accrued) portion shown represents the combination of unpaid claims liability – reserves and unpaid claims liability – IBNR. The ceded portion includes excess insurance premiums, ceded incurred loss and ceded IBNR loss reserves.
 - (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
 - (5) This section shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation 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 re-estimated 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 re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.
 - (7) This line shows the increase (decrease) in estimated net incurred claims and expenses for end of the policy year.
- Columns of the table show data for successive policy years.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 1 – CLAIMS DEVELOPMENT INFORMATION ... CONTINUED

For the Year Ending December 31, 2021 (in thousands of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Member contribution & investment revenues:										
Gross	\$ 10,933	11,439	11,785	12,521	13,198	14,779	15,932	17,842	16,437	16,267
Ceded	\$ 1,904	2,166	2,206	1,999	2,150	2,215	2,324	2,573	3,252	3,664
Net earned	\$ 9,029	9,273	9,579	10,522	11,048	12,564	13,608	15,269	13,185	12,603
2. Unallocated operating expenses	\$ 2,223	2,433	2,500	3,058	3,142	2,735	2,781	2,983	2,880	3,163
3. Estimated losses & expenses end of policy year										
Incurred	\$ 4,994	5,470	7,047	5,764	5,395	8,106	9,068	8,998	5,969	6,094
Ceded	\$ 180	202	408	521	547	361	837	788	804	759
Net Incurred	\$ 4,814	5,268	6,639	5,243	4,848	7,745	8,231	8,210	5,165	5,335
4. Paid (cumulative) as of:										
End of policy year	\$ 927	1,075	983	1,086	805	1,870	1,115	1,097	773	1,010
One year later	\$ 1,828	2,172	2,050	2,270	2,056	2,819	2,808	2,633	1,383	
Two years later	\$ 2,692	3,141	3,815	4,814	3,231	3,344	3,805	3,758		
Three years later	\$ 4,348	3,827	5,730	5,662	3,878	4,235	5,247			
Four years later	\$ 4,855	4,951	5,993	6,267	4,105	5,006				
Five years later	\$ 4,906	6,191	6,020	6,644	4,114					
Six years later	\$ 4,924	6,278	6,023	6,674						
Seven years later	\$ 4,912	6,350	6,041							
Eight years later	\$ 4,910	6,352								
Nine years later	\$ 4,921									
5. Re-estimated ceded losses & expenses	\$ 1,228	46	3,097	764	42	78	393	411	511	
6. Re-estimated net incurred claims and expenses:										
End of policy year	\$ 4,994	5,470	7,047	5,764	5,395	8,106	9,068	4,806	5,969	
One year later	\$ 4,320	5,052	7,640	5,735	6,214	6,605	8,337	10,215	5,716	
Two years later	\$ 4,755	5,448	7,340	7,320	5,668	6,170	8,794	10,035		
Three years later	\$ 4,858	6,220	6,470	9,868	4,691	6,603	9,100			
Four years later	\$ 4,976	6,918	6,262	7,725	4,286	5,994				
Five years later	\$ 5,065	6,753	6,145	7,444	4,221					
Six years later	\$ 5,000	6,222	6,062	6,718						
Seven years later	\$ 4,912	6,368	6,065							
Eight years later	\$ 4,910	6,369								
Nine years later	\$ 4,921									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	\$ 107	1,101	(574)	1,475	(627)	(1,751)	869	1,825	551	(5,335)

RSI 2 – RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

In addition to information in Note 4, the following represents changes WSTIP's Liability and Property programs as of December 31, 2021 and 2020:

Change in Unpaid Claims Liabilities by Program	Liability Program		Property Program	
	2021	2020	2021	2020
Unpaid claim and claim adjustment expenses at beginning of the fiscal year	\$ 22,048,808	\$ 18,940,078	\$ (32,677)	\$ 789,180
Incurred claim and claim adjustment expenses:				
Provision for insured events of the current fiscal year	5,094,000	5,548,000	1,000,000	420,547
Changes in provision for insured events of prior fiscal years	(1,483,817)	1,404,122	(164,157)	(264,018)
Changes in ULAE	15,517	107,044	483	2,956
Total incurred claim and claim adjustment expenses	\$ 3,625,700	\$ 7,059,166	\$ 836,326	\$ 159,485
Payments:				
Claim and claim adjustment expense attributable to insured events of the current fiscal year	434,056	618,873	576,111	154,376
Claim and claim adjustment expense attributable to insured events of the prior fiscal years	3,676,573	3,331,563	203,349	826,966
Total payments	\$ 4,110,629	\$ 3,950,436	\$ 779,460	\$ 981,342
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	\$ 21,563,879	\$ 22,048,808	\$ 24,189	\$ (32,677)
Components of Unpaid Claims Liability:				
Open Claims Reserves - Current	\$ 6,865,334	\$ 6,666,567	\$ 265,666	\$ 245,433
Open Claims Reserves - Noncurrent	5,702,072	5,982,113	220,651	220,234
Open Claims Reserves - Total	\$ 12,567,406	\$ 12,648,680	\$ 486,317	\$ 465,667
Incurred But Not Reported (IBNR)	7,535,413	7,954,585	138,932	103,199
Unallocated Loss Adjustment Expenses (ULAE)	834,059	821,323	25,941	22,677
Unpaid claim and claim adjustment expense	\$ 20,936,878	\$ 21,424,588	\$ 651,190	\$ 591,543

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 3 – SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Washington State Public Employees Benefits Board (PEBB), Health Care Authority
Last 10 Fiscal Years*

		As of PEBB's Fiscal Year Ending June 30, 2021									
PEBB - Health Care Authority		2021	2020	2019	2018	20XX	20XX	20XX	20XX	20XX	20XX
Total OPEB liability (TOL) - beginning	\$	574,708	357,414	438,590	425,066						
Service cost	\$	39,810	21,250	30,848	27,167						
Interest cost	\$	13,542	13,215	18,089	16,152						
Changes in experience data & assumptions	\$	(168,173)	185,058	(126,019)	(27,639)						
Changes in benefit terms	\$	-	-	-	-						
Benefit payments	\$	(3,534)	(2,229)	(4,094)	(2,156)						
Other changes	\$	-	-	-	-						
Total OPEB liability (TOL) - ending	\$	456,353	574,708	357,414	438,590						
Covered-employee payroll**	\$	1,026,263	998,761	896,897	935,800						
TOL as a % of covered payroll	%	44.47%	57.54%	39.85%	46.87%						

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.

** Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246).

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 4 – SCHEDULE OF PROPORTIONAGE SHARE OF THE NET PENSION LIABILITY

Washington State Department of Retirement Systems, Public Employees' Retirement System (PERS) Program
Last 10 Fiscal Years*

PERS Plan 1	As of PERS Fiscal Year Ending June 30, 2021									
	2021	2020	2019	2018	2017	2016	2015	20XX		
Employer's proportion of the net pension liability (asset)	% .006684%	.006560%	.006396%	.007042%	.007128%	.007568%	.007305%			
Employer's proportionate share of the net pension liability	% 81,627	231,603	245,959	314,498	338,229	406,437	382,119			
Covered payroll**	\$ 1,026,263	998,761	896,897	935,800	898,841	899,755	837,525			
Employer's proportionate share of the net pension liability as a % of covered payroll	% 7.95%	23.19%	27.42%	33.61%	37.63%	45.17%	45.62%			
Plan fiduciary net position as a % of the total pension liability	% 88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%			

PERS Plan 2/3	As of PERS Fiscal Year Ending June 30, 2021									
	2021	2020	2019	2018	2017	2016	2015	20XX		
Employer's proportion of the net pension liability (asset)	% .008580%	.008587%	.008253%	.009084%	.009168%	.009710%	.009441%			
Employer's proportionate share of the net pension liability	% (854,706)	109,823	80,165	155,101	318,544	488,891	337,332			
Covered payroll**	\$ 1,026,263	998,761	896,897	935,800	898,841	899,755	837,525			
Employer's proportionate share of the net pension liability as a % of covered payroll	% -83.28%	11.00%	8.94%	16.57%	35.44%	54.34%	40.28%			
Plan fiduciary net position as a % of the total pension liability	% 120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%			

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 5 – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Washington State Department of Retirement Systems, Public Employees' Retirement System (PERS) Program
Last 10 Fiscal Years*

As of WSTIP's Fiscal Year Ending December 31, 2021										
PERS Plan 1	2021	2020	2019	2018	2017	2016	2015	20XX		
Statutorily or contractually required contributions	\$ 46,369	49,398	45,866	46,397	45,256	42,974	38,352			
Contributions in relation to the statutorily or contractually required contributions***	\$ (46,369)	(49,398)	(45,866)	(46,397)	(45,256)	(42,974)	(38,352)			
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-			
Covered payroll**	\$ 1,077,105	1,029,981	928,595	916,494	923,350	900,923	874,004			
Contributions as a % of covered payroll	% 4.30%	4.80%	4.94%	5.06%	4.90%	4.77%	4.39%			
As of WSTIP's Fiscal Year Ending December 31, 2021										
PERS Plan 2/3	2021	2020	2019	2018	2017	2016	2015	20XX		
Statutorily or contractually required contributions	\$ 77,123	81,575	71,745	68,735	63,398	56,127	49,248			
Contributions in relation to the statutorily or contractually required contributions***	\$ (77,123)	(81,575)	(71,745)	(68,735)	(63,398)	(56,127)	(49,248)			
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-			
Covered payroll**	\$ 1,077,105	1,029,981	928,595	916,494	923,350	900,923	874,004			
Contributions as a % of covered payroll	% 7.16%	7.92%	7.73%	7.50%	6.87%	6.23%	5.63%			

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.

** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).

*** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par. 8)

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 6 – DEPARTMENT OF ENTERPRISE SERVICES (DES) SCHEDULE OF EXPENSES

	For the years ended December 31,	
	2021	2020
OPERATING EXPENSES		
Claims & Loss Adjustments	\$ 4,462,026	\$ 7,218,651
Insurance Services		
Purchased Insurance - Liability	\$ 1,894,102	\$ 1,893,472
Purchased Insurance - Property	1,770,186	1,358,092
Other Insurance Products	417,223	452,200
Total Insurance Services	\$ 4,081,510	\$ 3,703,765
Contracted Services		
Actuarial	\$ 141,450	\$ 82,750
Audit Expenses	16,518	11,197
Brokerage Fees	109,000	109,950
Legal Fees	69,682	109,460
State Risk Manager	7,325	11,720
Accounting Services	10,435	31,743
IT Services	58,091	88,807
Other Consultant Fees	31,473	48,663
Total Contracted Services	\$ 443,975	\$ 494,289
General & Administrative Expenses		
Payroll & Benefits	\$ 1,158,778	\$ 1,717,732
Risk & Loss Prevention	220,044	219,645
Training & Education	76,017	43,390
Technical & Subscription Services	301,077	281,025
Board Expenses	84,119	40,426
Staff Travel & Professional Development	47,003	29,289
Occupancy	76,812	95,063
Administrative	68,994	(7,933)
Total General & Administrative Expenses	\$ 2,032,844	\$ 2,418,637
Depreciation	\$ 27,906	\$ 27,550
Capital Asset Audit Adjustment Expense	\$ -	\$ 27,183
Total Operating Expense	\$ 11,048,261	\$ 13,890,076

WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) – 2021
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

RSI 7 – LIST OF PARTICIPATING MEMBERS

Transit Agency	Board Member Representative	Role in Transit
Asotin Co PTBA	Jenny George	CEO / Transit Director
Ben Franklin Transit	Jeff Lubeck	Finance
Central Transit	Betsy Dunbar	CEO / Transit Director
Clallam Transit System	Kevin Gallacci	CEO / Transit Director
Columbia County Public Transportation	David Ocampo	CEO / Transit Director
Community Transit	Geri Beardsley	Administrative Services
C-TRAN	Scott Deutsch	Safety & Risk
Everett Transit	Tom Hingson	CEO / Transit Director
Grant Transit Authority	Brandy Heston	Administrative Services
Grays Harbor Transit	Ken Mehin	CEO / Transit Director
Intercity Transit	Heather Stafford-Smith	Administrative Services
Island Transit	Staci Jordan	Vanpool Administration
Jefferson Transit Authority	Sara Crouch	Finance
Kitsap Transit	Paul Shinnors	Finance
Link Transit	Justin Brockwell	Finance
Mason Transit Authority	Amy Asher	CEO / Transit Director
Pacific Transit	Michael Wagner	CEO / Transit Director
Pierce Transit	Amy Cleveland	Administrative Services
Pullman Transit	Wayne Thompson	CEO / Transit Director
RiverCities Transit	Jim Seeks	CEO / Transit Director
Skagit Transit	Joe Macdonald	Safety & Risk
Spokane Transit Authority	Monique Liard	Finance
Valley Transit	Jesse Kinney	Deputy Transit Director
Whatcom Transportation Authority	Shonda Shipman	Finance
Yakima Transit	Greg Story	Deputy Transit Director

Elected to Executive Committee

President	Danette Rogers, Pierce Transit
Vice President	Jesse Kinney, Valley Transit
Secretary	Scott Deutsch, C-TRAN
Small Member Rep.	David Ocampo, Columbia County Public Transportation
Med. Member Rep.	Brandy Heston, Grant Transit
Large Member Rep.	Geri Beardsley, Community Transit
At-Large Rep.	Jenny George, Asotin CO PTBA
Past President	Shonda Shipman, Whatcom Transportation Authority

Appointed Officers

Treasurer	Suzanne G. Coit, CPA, Intercity Transit
Auditor	Tracey Christianson, WSTIP Executive Director

The following provide ongoing support to WSTIP:

Broker	Alliant Insurance Services – Newport Beach, CA
General Counsel	Law Office of Richard L Hughes – Lacey, WA
Actuary	PricewaterhouseCoopers – Seattle, WA
Accountant	StraderHallett PS – Lacey, WA
Treasury	Thurston County Treasurer – Olympia, WA

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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.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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