Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Washington State Transit Insurance Pool

For the period January 1, 2024 through December 31, 2025

Published June 11, 2026

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Office of the Washington State Auditor
Pat McCarthy

June 11, 2026

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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Washington State Transit Insurance Pool
January 1, 2024 through December 31, 2025

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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated May 27, 2026.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

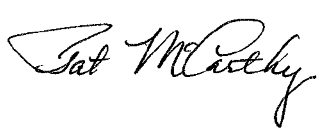
REPORT ON COMPLIANCE AND OTHER MATTERS

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.



Pat McCarthy, State Auditor

Olympia, WA

May 27, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Washington State Transit Insurance Pool
January 1, 2024 through December 31, 2025

Board of Directors
Washington State Transit Insurance Pool
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Washington State Transit Insurance Pool, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the financial section of our report.

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, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 financial section of our report 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 Department of Enterprise Services (DES) Schedule of Expenses and List of Participating Members 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 May 27, 2026 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.

Pat McCarthy, State Auditor

Olympia, WA

May 27, 2026

FINANCIAL SECTION

Washington State Transit Insurance Pool
January 1, 2024 through December 31, 2025

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY AND OTHER INFORMATION

Management's Discussion and Analysis (MD&A)

This section of the Washington State Transit Insurance Pool's (WSTIP or the Pool) annual financial report provides a narrative overview and analysis of WSTIP's financial performance for the fiscal years ended December 31, 2025 and 2024. 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.

WSTIP is an unincorporated, not-for-profit, local government risk sharing pool dedicated to supporting its transit agency Members in the State of Washington. WSTIP provides its Members general liability, automotive liability, and property damage coverage. The Pool's general objective is to formulate, develop and administer a program of insurance at the most reasonable cost for the broadest coverage. For more information about the Pool see Note 1.A.

Financial Highlights

- The financial condition of WSTIP is best measured by changes in net position. Growth in net position supports the Members goals of rate stability and helps strengthen the Pool's ability to withstand and fund financial adversity. WSTIP budgeted 2025 projecting the Pool would add $4.7M to net position. Net position increased by $9.1M or 17% in 2025 as compared to 2024.
- Operating Income was $5.1M with these contributing factors noted:
  - Total operating revenues were $26.9M, a $4.1M or 18% increase as compared to 2024.
  - Total claims and loss adjustments, net of adjustments for reserves from prior years, was $7.8M, a $5.3M or 40% decrease as compared to 2024.
  - Total insurance services were $9.3M, a $2.4M or 35% increase as compared to 2024.
  - Total general & administrative was $4.8M, a $959K or 25% increase as compared to 2024
- Other income was $4.0M, a $113K or 3% decrease as compared to 2024. The decrease is primarily attributed to the decrease in GEM equity related to the 2024 year received in 2025.
- For 2025 and 2024, WSTIP met the solvency standards established by Washington Administrative Code (WAC) 200-100-03001.

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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., claims losses, 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: Matthew Branson, Executive Director
PO Box 11219
Olympia, WA 98508

Condensed Comparative Statement of Net Position

	As of December 31,		
	2025	**2024**	**2023**
ASSETS			
Current Assets	$ 49,656,479	$ 44,136,561	$ 54,996,219
Capital Assets, Net	1,288,742	1,671,931	1,866,515
Noncurrent Assets	42,666,133	40,271,726	18,815,831
TOTAL ASSETS	$ 93,611,354	$ 86,080,218	$ 75,678,566
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pension	456,212	421,419	310,832
Deferred Outflows - OPEB	158	1,703	1,597
TOTAL DEFERRED OUTFLOWS	$ 456,370	$ 423,122	$ 312,429
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 94,067,724**	**$ 86,503,340**	**$ 75,990,995**
LIABILITIES			
Current Liabilities	$ 10,844,959	$ 10,688,239	$ 8,561,350
Noncurrent Liabilities	20,129,191	21,824,239	16,510,856
TOTAL LIABILITIES	$ 30,974,150	$ 32,512,478	$ 25,072,205
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pension	109,869	133,676	217,750
TOTAL LIABILITIES & DEFERRED INFLOWS	$ 31,084,019	$ 32,646,154	$ 25,289,955
NET POSITION			
Investment in Capital Assets	1,288,742	1,671,931	2,043,766
Restricted Pension Asset	359,560	307,735	308,074
Unrestricted Net Position	61,335,404	51,877,520	48,349,199
TOTAL NET POSITION	$ 62,983,706	$ 53,857,186	$ 50,701,039
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 94,067,724**	**$ 86,503,340**	**$ 75,990,995**

Financial Statement Analysis

Net Position

WSTIP's total net position reflects a $1.3M investment in capital assets such as land and as well as capital net of accumulated depreciation and amortization such as building, building improvements, furnishings and equipment and right-to-use subscriptions. 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 includes a $360K restricted pension asset which is also not available for future spending and a $154K unrestricted building reserve that is a designated (not legally restricted) reserve. Indeed, all unrestricted net position is available to support future obligations of the Pool.

2025 net position increased by $9.1M or 17% as compared to 2024 primarily due to excess contributions from Members, favorable claims development and interest income net of fair value adjustments.

2024 net position increased by $3.2M or 6% as compared to 2023 primarily due to excess contributions from Members, favorable claims development and interest income net of fair value adjustments.

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

	2025	2024	2023
OPERATING REVENUES			
Member Assessments (All Types)	$ 26,849,118	$ 22,453,312	$ 19,734,117
Other Operating Revenues	140,607	345,949	68,448
TOTAL OPERATING REVENUES	**$ 26,989,725**	**$ 22,799,261**	**$ 19,802,565**
OPERATING EXPENSES			
Claims & Loss Adjustments	7,793,928	13,075,591	7,477,556
Insurance Services	9,317,518	6,887,432	5,003,743
General & Administrative	4,750,403	3,791,433	3,996,693
TOTAL OPERATING EXPENSES	**$ 21,861,848**	**$ 23,754,456**	**$ 16,477,993**
TOTAL OPERATING INCOME (LOSS)	**$ 5,127,877**	**$ (955,195)**	**$ 3,324,572**
OTHER INCOME (EXPENSE)			
Other Income (expense)	$ 3,998,643	$ 4,111,342	$ 3,215,802
TOTAL OTHER INCOME (EXPENSE)	**$ 3,998,643**	**$ 4,111,342**	**$ 3,215,802**
TOTAL CHANGE IN NET POSITION	**$ 9,126,520**	**$ 3,156,147**	**$ 6,540,374**

Financial Statement Analysis

Operating Revenues

WSTIP's operating revenues are predominately Member Assessments, Other Insurance Products and Performance Period Assessment Audits 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. Included in the 2025 assessment was $4.7M for the purpose of increasing net position to withstand financial adversity inherit to pooling risk.

Other Insurance Products includes the revenue associated with underinsured/uninsured motorists (UIM), pollution, underground storage tanks, crime & fidelity, directors & officers, driver record monitoring, excess cyber, excess auto physical damage (APD), and terrorism and sabotage insurance including loss of rent.

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. As a group, in 2025 WSTIP Members travelled about 2.1% more miles than estimated and ended the year with 2% fewer employees than estimated. As a result, the 2025 financial statements WSTIP recorded a Due from 16 Members for $673K and a Due to 9 Members for $132K, yielding a net PPAA of $541K (a net income to Members) which is a -2.1% change from the original assessment. The 2024 PPAA was $129K (refund to Members) which was a -.06% change from the original assessment. The 2023 PPAA was $6K (an additional assessment to Members) which was a .04% change from the original assessment.

Other Operating Revenues

WSTIP's other operating revenues are training revenues, rental/lease income, and rebates derived from WSTIP's utilization of a purchasing card program. Year-to-year comparisons can be challenging. In 2024, two Members returned grant funding that WSTIP awarded in 2023. No such refunds were received in2025.

Operating Expenses

WSTIP's operating expenses are predominantly 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.

In 2025, claims and loss adjustments were $7.8M, a $5.3M or 40% decrease as compared to 2024.

- The liability and property claim loss fund (2025 loss year) was estimated to be $10.9M. Losses and loss trends for 2025 estimates were more favorable and our Actuary decreased the reserve for the 2025 loss year by $207k to a revised estimate of $10.7M.
- Claims development for the years leading up to and including 2024 have been favorable compared to estimates. As a result, our Actuary reduced the reserves for those years by $3.0M. Our Actuary also increased ULAE by $50K in response to increased claims reserves.

Insurance Services includes excess/reinsurance premiums for liability and property coverage. This also includes other insurance products: Transit Rider Medical Expense Protection (TRMEP) and Public Rideshare Driver Medical Expense Protection (PRDMEP), pollution, underground storage tanks (UST), crime & fidelity, directors & officers, driver record monitoring, excess cyber, excess auto physical damage (APD), and terrorism and sabotage insurance including loss of rent.

In 2025, insurance services were $9.3M, a $2.4M or 35% increase as compared to 2024.

- The commercial insurance market, which supplements Pool coverage, continues to push higher premiums to its policy holders. The high-risk liability claims from 2023 continued to impact the Pool during the 2025 liability renewal as reinsurers revised loss projections for the Pool. This resulted in a premium increase of $2.3M or 76% when compared to 2024.
- Property renewal increases were predominately due to changes in Total Insured Values (TIV). Property TIV increased by $72M or 6% and vehicle TIV increased by $53M or 5% resulting in a premium increase of $138K or 5% when compared to 2024.
- Other insurance products costs changed based on Members participation in TRMEP, PDRMEP, pollution, UST, crime & fidelity, directors & officers, driver record monitoring, excess cyber, excess auto physical damage (APD), and terrorism and sabotage insurance. These changes resulted in premium decrease of $95K or 11% when compared to 2024.

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

In 2025, general & administrative was $4.8M, a $959K or 25% increase as compared to 2024 primarily due to budget management and 2023 had a few projects that are only completed on a three-year basis.

The WSTIP Board budgets, monitors, and evaluates the Pool's financial performance utilizing financial ratios. Most of the trends are in line with their respective targets. A hard market and pool loss trends are resulting in variances in insurance services. The Board continues to monitor that variance.

Expense Classification ÷ Operating Revenue	Target Ratios	2025		2024		2023	
		Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Claims & Loss Adjustments	≤ 50%	41%	29%	39%	57%	44%	38%
Insurance Services	≤ 25%	35%	35%	29%	30%	23%	25%
General & Administrative	≤ 20%	18%	18%	20%	17%	19%	20%
Total Operating Expenses	≤ 95%	94%	82%	88%	104%	86%	83%

Other Income (Expenses)

Includes interest income, changes in the fair value of investments, changes in equity in GEM and any other revenue and expense not meeting the operational revenue or expense criteria.

In 2025, other income was $4M, a $113K or 3% decrease as compared to 2024. The increase is, in part, related to investment income and unrealized gains on fair value adjustments which were partially offset by a decrease in GEM equity related to the 2024 year received in 2025.

Financial Outlook

WSTIP continues to show growth in net position which supports the Members’ goal of rate stability and helps strengthen the Pool’s ability to withstand and fund financial adversity. The Pool manages about 300 open claims annually and the greatest risk to Pool resources are increased frequency and severity of claims. Other factors that could impact the future of the Pool include the insurance market (pricing, availability of insurers), inflation, the investment market and potential new legislation – particularly legislation about pre-judgement interest. WSTIP works closely with external partners: Alliant Insurance Services (Broker), PricewaterhouseCoopers (Actuary), Thurston County Treasurer (Investments & Treasury), and the Office of the State Treasurer (Investments) to stay informed and possibly mitigate the challenges in these risk areas. With current reserves and a conservative approach in uncertain economic conditions, WSTIP has a positive financial outlook for 2026 and beyond.

COMPARATIVE STATEMENT OF NET POSITION

	As of December 31,	
ASSETS	**2025**	**2024**
Current Assets		
Deposits and Investments	$ 41,445,956	$ 36,049,430
Accounts Receivable	11,248	58,244
Due from Members	241,709	460,532
Interest Receivable	46,325	45,808
Prepaid Insurance	7,808,711	7,438,337
Prepaid Expense	102,530	84,210
Total Current Assets	49,656,479	44,136,561
Noncurrent Assets		
Capital Assets, Net	1,288,742	1,671,931
Long-Term Investments	38,770,536	36,757,627
Due from Members	673,749	241,709
Equity in GEM	2,862,288	2,964,655
Net Pension Asset	359,560	307,735
Total Noncurrent Assets	43,954,875	41,943,657
TOTAL ASSETS	$ 93,611,354	$ 86,080,218
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	456,212	421,419
Deferred Outflows - OPEB	158	1,703
TOTAL DEFERRED OUTFLOWS	$ 456,370	$ 423,122
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 94,067,724**	**$ 86,503,340**

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

COMPARATIVE STATEMENT OF NET POSITION

	As of December 31,	
LIABILITIES	**2025**	**2024**
Current Liabilities		
Accounts Payable	$ 604,981	$ 250,860
Compensated Absences	198,921	203,458
Due to Members	370,845	454,463
Subscription Liability	334,930	341,483
Unearned Revenues	253,966	404,568
Unpaid Claims Liability	9,081,000	9,030,000
Total OPEB Liability	316	3,407
Total Current Liabilities	10,844,959	10,688,239
Noncurrent Liabilities		
Compensated Absences	37,707	33,559
Due to Members	132,365	370,845
Subscription Liability	637,253	972,184
Unpaid Claims Liability - Reserves	7,962,938	10,013,824
Unpaid Claims Liability - IBNR	9,886,626	8,873,588
Unpaid Claims Liability - ULAE	1,150,000	1,100,000
Total OPEB Liability	236,506	332,324
Net Pension Liability	85,796	127,915
Total Long-Term Liabilities	20,129,191	21,824,239
TOTAL LIABILITIES	$ 30,974,150	$ 32,512,478
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension	109,869	133,676
TOTAL LIABILITIES & DEFERRED INFLOWS	$ 31,084,019	$ 32,646,154
NET POSITION		
Investment in Capital Assets	1,288,742	1,671,931
Restricted Pension Asset	359,560	307,735
Unrestricted Net Position	61,335,404	51,877,520
TOTAL NET POSITION	$ 62,983,706	$ 53,857,186
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 94,067,724**	**$ 86,503,340**

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

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For the years ended December 31, 2025	2024
OPERATING REVENUES		
Member Assessments	$ 25,161,017	$ 21,478,249
Other Insurance Products	1,146,717	1,104,199
Performance Period Assessment Audit (PPAA)	541,384	(129,136)
Other Operating Revenues	140,607	345,949
TOTAL OPERATING REVENUES	**$ 26,989,725**	**$ 22,799,261**
OPERATING EXPENSES		
Claims & Loss Adjustments	7,793,928	13,075,591
Purchased Insurance - Liability	5,543,374	3,156,877
Purchased Insurance - Property	2,984,765	2,845,914
Other Insurance Products	789,378	884,642
Payroll & Benefits	2,043,593	2,003,574
Contracted Services	575,197	478,148
Risk & Loss Prevention	846,601	216,187
Training & Education	162,086	184,656
Technical & Subscription Services	187,701	98,915
General & Administrative	552,035	486,903
Depreciation & Amortization	383,189	323,049
TOTAL OPERATING EXPENSES	**$ 21,861,848**	**$ 23,754,456**
TOTAL OPERATING INCOME (LOSS)	**$ 5,127,877**	**$ (955,195)**
OTHER INCOME (EXPENSE)		
Interest Income	$ 3,591,893	$ 3,428,339
Unrealized Gain on Investments	519,707	130,156
Change in Equity in GEM	(102,367)	552,846
Interest Expense	(10,590)	0
TOTAL OTHER INCOME (EXPENSE)	**$ 3,998,643**	**$ 4,111,342**
TOTAL CHANGE IN NET POSITION	**$ 9,126,520**	**$ 3,156,147**
NET POSITION, BEGINNING OF THE YEAR	**$ 53,857,186**	**$ 50,701,039**
NET POSITION, ENDING OF THE YEAR	**$ 62,983,706**	**$ 53,857,186**

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

COMPARATIVE STATEMENT OF CASH FLOWS

	For the years ended December 31,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2025**	**2024**
Cash from Member assessments	$ 26,172,352	$ 21,869,540
Cash from Members and others	251,520	2,643,368
Cash paid for claims	(8,730,776)	(5,105,630)
Cash paid for excess/reinsurance	(9,527,101)	(9,266,450)
Cash paid for employee wages and benefits	(2,337,272)	(2,072,160)
Cash paid for contracted services	(979,030)	(504,364)
Cash paid for general and administrative expenses	(1,199,783)	(1,192,188)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$ 3,649,910**	**$ 6,372,116**
CASH FLOWS FROM CAPITAL ACTIVITIES		
Cash paid to acquire or improve capital assets	-	(13,745)
NET CASH PROVIDED (USED) BY CAPITAL ACTIVITIES	**$ -**	**$ (13,745)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for long-term investments	$ -	$ (20,000,000)
Cash from interest on investments	1,746,617	2,089,730
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**$ 1,746,617**	**$ (17,910,270)**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**$ 5,396,527**	**$ (11,551,899)**
BALANCES - BEGINNING OF THE YEAR	**$ 36,049,430**	**$ 47,601,328**
BALANCES - ENDING OF THE YEAR	**$ 41,445,956**	**$ 36,049,430**
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	**$ 5,127,877**	**$ (955,195)**
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & Amortization	383,189	323,049
Change in assets and liabilities		
Accounts Receivable	46,996	2,305,735
Interest Receivable	(517)	39,627
Prepaid Insurance	(370,374)	(2,693,099)
Prepaid Expense	(18,320)	19,324
Due from Members	(213,217)	(154,859)
Net Pension Asset	(51,825)	70,655
Deferred Outflows - Pension	(34,793)	(110,587)
Deferred Outflows - OPEB	1,545	(106)
Accounts Payable	354,121	70,138
Compensated Absences	(389)	22,701
Unearned Revenues	(150,602)	400,773
Due to Members	(322,098)	(831,371)
Unpaid Claims Liability	(936,848)	7,969,961
Total OPEB Liability	(98,909)	14,927
Net Pension Liability	(42,119)	(35,483)
Deferred Inflows - Pension	(23,807)	(84,074)
NET CASH USED IN OPERATING ACTIVITIES	**$ 3,649,910**	**$ 6,372,116**

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 United States 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 Members general liability, automotive liability, and property damage coverage. The Pool's general objective is to formulate, develop and administer a program of insurance at the most reasonable cost for the broadest coverage. 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 has no further obligations to the Pool provided the Member has paid all of its pending contributions and assessments. A withdrawing or terminated Member is not entitled to any portion of the Pool's assets or equity. If the Pool's assets were depleted, Members would be responsible for outstanding liabilities of WSTIP. There were no changes in Pool Members in 2025. See SOI Note 2.

   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 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 or the salary and wage schedule 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 and Rounding** – The preparation of financial statements in conformity with GAAP 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. Financial figures are reported in whole numbers and totals may differ +/- $1 due to rounding.

E. **Exemption from Federal and State Taxes** – Pursuant to IRS Revenue Ruling 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. Deposits and investments are reported in accordance with GASB 72 and GASB 79. See Note 2.

G.2. Receivables – Consists of customer account receivables and interest receivables.

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 – Consists 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 and do not meet the criteria for a capital asset. Such assets are recorded at cost and amortized over the 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 expensed. 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.

Capital Assets Continued – A right-to-use subscription with total payments for fixed costs over the subscription term greater than or equal to $50,000 will be capitalized as an intangible asset. Subscriptions that do not meet these criteria are recognized as current period expenses. Right-to-use subscriptions are recorded at net present value of subscriptions and reported net of accumulated amortization using the straight-line method of amortization over the subscription term. See Note 4.

G.5. Due from Members – On an annual basis the Pool conducts a PPAA of Member underwriting to evaluate a Member's underwriting actual results to previously submitted underwriting estimates. See H.1. Based on the PPAA, a Member would either owe an additional assessment (Due from Members) or receive a refund to offset a future assessment (Due to Members). See G.13.

G.6. Equity in Government Entities 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 $500K and in 2005 WSTIP made an additional $250K investment. 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 12. 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 7.

G.8. Deferred Outflows/Inflows of Resources Related to OPEB – See Note 6.

G.9. Accounts Payable – Consists of amounts owed based on invoices for goods 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. Employees can sell back a portion of their accrued leave ensuring they maintain a minimum of 40 hours of leave after the sale. Changes in compensated absences are reported as a net amount.

G.11. Subscription Liability – GASB 96 defines Subscription Based Information Technology Arrangements (SBITA) as a contract that conveys control of the right to use another party's information technology software for a period of time in an exchange or exchange-like transaction. WSTIP records a right-to-use subscription asset and corresponding subscription liability where total payments for fixed costs (excluding tech support and sales taxes) over the subscription term are greater than or equal to $50,000. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term and is recorded at the commencement of the subscription term, which is when the subscription asset is placed into service. See Note 4.

G.12. 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 advance for training classes which are reclassified as revenue after training is provided or cancellation terms are applied.

G.13. Due to Members – On an annual basis the Pool conducts a PPAA of Member underwriting to evaluate a Member's underwriting performance actual results to previously submitted underwriting estimates. See H.1. Based on the PPAA, a Member would either receive a credit to offset a future assessment (Due to Members) or owe an additional assessment (Due from Members). See G.5.

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.

In accordance with GASB 92 paragraph 11, estimated amounts of claim recoveries such as salvage, subrogation, deductible, and excess/reinsurance on unpaid claims are deducted from the estimated ultimate cost. Claims reserves are reported net of estimated claims recoveries.

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 5, RSI Note 1, and RSI Note 2.

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 coverage creates an implicit subsidy, the cost of which creates an OPEB Liability for plan participants like WSTIP. See Note 6.

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 7.

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, and right-to-use subscriptions, net of accumulated amortization.

Restricted Pension Asset represent and equals the net pension asset. See Note 7.

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. The reserve as of December 31, 2025, was $154,166.

Unrestricted Technology Grant Reserve allows for up to $500,000 in unspent technology grant funding to be carried forward and awarded in future years. The reserve as of December 31, 2025, was $9,445.

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, Other Insurance Products and Performance Period Assessment Audits 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 includes the revenue associated with Transit Rider Medical Expense Protection (TRMEP) and Public Rideshare Driver Medical Expense Protection (PRDMEP), pollution, underground storage tanks, crime & fidelity, directors & officers, driver record monitoring, excess cyber, excess e-crime, excess auto physical damage (APD), and terrorism and sabotage insurance including loss of rent.

Performance Period Assessment Audits (PPAA) evaluate a Member's underwriting performing actual results to previously submitted underwriting estimates relative to miles, employee head counts, TRMEP and PRDMEP miles and individuals monitored in WSTIP's driver record monitoring program. These assessment audits are performed annually to ensure cost equity of participation in the Pool and a Member would either receive a refund to offset a future assessment (Due to Members) or owe an additional assessment (Due from Members) based on the PPAA.

H.2. Other Operating Revenues – are training revenues, rental/lease income, and rebates derived from WSTIP's utilization of a purchasing card 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) – Includes interest income, changes in the fair value of investments, changes in equity in GEM and any other revenue and expense not meeting the operational revenue or expense criteria.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are classified by type as of December 31, 2025 and 2024 as follows:

Type	Entity	2025	2024
Investment Pool	Thurston County Investment Pool - TCIP	2,271,552	8,231,176
Investment Pool	WA Office of the State Treasurer - LGIP	39,174,404	27,818,254
Subtotal of Deposits and Current Investments		**$ 41,445,956**	**$ 36,049,430**
Managed Portfolio	WA Office of the State Treasurer, Separately Managed Account - SMA	38,770,536	36,757,627
Subtotal of Noncurrent Investments		**$ 38,770,536**	**$ 36,757,627**
Total Deposits and Investments		**$ 80,216,492**	**$ 72,807,057**

Investments are subject to the following risks.

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 deposits are entirely insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. **Interest Rate Risk** – Interest rate risk is the risk that WSTIP may face should interest rate variances affect the fair value of investments. Generally, the longer the maturity, the greater the sensitivity of its fair value to changes in market interest rates. WSTIP's investment policy does not specifically address the management of interest rate risk, however, the exposure to interest rate risk is managed through diversification and by purchasing a combination of short and long-term investments that mature evenly over time.

C. **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. WSTIP's does not have a formal policy for concentration of credit risk, however, the exposure to concentration of credit risk is managed by OST who purchases investments from multiple issuers as part of our SMA.

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NOTE 2 – DEPOSITS AND INVESTMENTS … CONTINUED

WSTIP's investment policy authorizes investments with and through the following programs and partners:

D. Investments in Local Government Investment Pool (LGIP) – WSTIP is a participant in LGIP, an external investment pool operated by the Washington State Office of the Treasurer (OST). LGIP is not rated or registered with the Securities & Exchange Commission (SEC). Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. LGIP measures and reports its investments at amortized cost. In accordance with GASB 79 paragraph 41, external participants are required to report their investments in the same manner as the investment pool. As such, WSTIP reports its investment in LGIP at amortized cost, which is the same as the value of the pool per share. LGIP does not impose any restrictions on participant withdrawals.

OST prepares a stand-alone financial report for LGIP. A copy of the report is available from OST, PO Box 40200, Olympia, WA 98504-0200 or at www.tre.wa.gov.

E. Investments in Thurston County Investment Pool (TCIP) – WSTIP is a participant in TCIP, an external investment pool operated by the Thurston County Treasurer's Office (TCT). TCIP is not rated or registered with the Securities & Exchange Commission (SEC). TCIP is established in accordance with RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. TCT'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. TCIP operates on an amortized cost-book value basis and reports its investments at fair value. In accordance with GASB 79 paragraph 41, external participants are required to report their investments in the same manner as the investment pool. As such, WSTIP reports its investment in TCIP at fair value, which is the same as the value of the pool per share. Changes in fair value are included as unrealized gain / (loss) on investments in WSTIP's financial statements. All funds deposited in TCIP are available to the participant at full face value without regard to current fair values of the investment pool. TCIP does not impose any restrictions on participant withdrawals. TCIP does not have a credit rating and had a weighted average maturity of 1.901 years as of December 31, 2025.

Thurston County prepares an Annual Comprehensive Financial Report that includes TCIP financial information. A copy of the report is available from TCT, 3000 Pacific Avenue SE, Olympia, WA 98501, or at https://www.thurstoncountywa.gov/departments/auditor/financial-services/financial-reports.

F. Investments in Separately Managed Account (SMA) – WSTIP entered into an Interagency Agreement with the Washington State Office of the Treasurer (OST) in 2023 to allow WSTIP to participate in OST's Managed Portfolio program, SMA. On February 1, 2023, WSTIP transferred $15M from our LGIP account to open (fund) the SMA with an additional $15M transferred to our SMA on January 17, 2024. OST invests these funds in accordance with OST's investment policies and procedures, which are the same for OST's Core Portfolio. OST provides WSTIP with monthly investment reports. WSTIP does not record the individual transactions made in the SMA but records the net investment changes monthly. In accordance with GASB 72 WSTIP reports its investment in SMA at fair value even if WSTIP was able to (or planned to) hold the SMA investments to maturity. Changes in fair value are included as unrealized gain / (loss) on investments in WSTIP's financial statements. In accordance with the Interagency Agreement, WSTIP's initial investment term of three (3) years ends January 1, 2026. After the initial term, the Agreement automatically renews each year unless either party provides notice to the other party of its intent to terminate the agreement.

NOTE 2 – DEPOSITS AND INVESTMENTS … CONTINUED

G. Investments Measured at Fair Value – WSTIP measures and reports investments at fair value using the valuation input hierarchy established by GASB 72 as follows:

Level 1 – Pricing inputs are observable inputs such as quoted prices, available in active markets, for identical assets or liabilities on the date of measurement.

Level 2 – Pricing inputs are either directly or indirectly observable inputs available in active markets as of the measurement date.

Level 3 – Pricing inputs are unobservable inputs used in cases where financial instruments are considered illiquid, with no significant market activity and little or no pricing information on the date of measurement.

Investments measured at fair value for year ended December 31, 2025 was as follows:

Investments by Fair Value Level			Fair Value Measurements Using		
			Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Type	**Entity**	**Fair Value**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Investment Pool	Thurston County Investment Pool - TCIP	2,271,552		2,271,552	
Managed Portfolio	WA Office of the State Treasurer - SMA	38,770,536		38,770,536	
Total Investments Measured at Fair Value		**$ 41,042,088**	**$ -**	**$ 41,042,088**	**$ -**

Investments Not Measured at Fair Value (not subject to fair value hierarchy)		
Type	**Entity**	**Amortized Cost**
Investment Pool	WA Office of the State Treasurer - LGIP	39,174,404
Total Investments by Amortized Cost		**$ 39,174,404**
Total Investments as of December 31, 2025		**$ 80,216,492**

Investments measured at fair value for year ended December 31, 2024 was as follows:

Investments by Fair Value Level			Fair Value Measurements Using		
			Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Type	**Entity**	**Fair Value**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Investment Pool	Thurston County Investment Pool - TCIP	8,231,176		8,231,176	
Managed Portfolio	WA Office of the State Treasurer - SMA	36,757,627		36,757,627	
Total Investments Measured at Fair Value		**$ 44,988,803**	**$ -**	**$ 44,988,803**	**$ -**

Investments Not Measured at Fair Value (not subject to fair value hierarchy)		
Type	**Entity**	**Amortized Cost**
Investment Pool	WA Office of the State Treasurer - LGIP	27,818,254
Total Investments by Amortized Cost		**$ 27,818,254**
Total Investments as of December 31, 2024		**$ 72,807,057**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance Jan 1, 2025	Increases	Decreases	Balance Dec 31, 2025
Capital Assets, Not Being Depreciated				
Land	$ 91,010	$ -	$ -	$ 91,010
Subtotal	**$ 91,010**	**$ -**	**$ -**	**$ 91,010**
Capital Assets, Being Depreciated & Amortized				
Buildings	387,990	-	-	387,990
Building Improvements	64,118	-	-	64,118
Furnishings & Equipment	147,062	-	-	147,062
Right-to-Use Subscriptions	1,599,217	-	-	1,599,217
Subtotal	**$ 2,198,387**	**$ -**	**$ -**	**$ 2,198,387**
Less Accumulated Depreciation & Amortization				
Buildings	229,206	9,924	-	239,130
Building Improvements	29,618	3,948	-	33,566
Furnishings & Equipment	61,761	15,053	-	76,814
Right-to-Use Subscriptions	296,881	354,264	-	651,145
Subtotal	**$ 617,466**	**$ 383,189**	**$ -**	**$ 1,000,655**
Total Capital Assets, Net of Depreciation & Amortization	**$ 1,580,921**	**$ (383,189)**	**$ -**	**$ 1,197,732**
Total Capital Assets, Net	**$ 1,671,931**	**$ (383,189)**	**$ -**	**$ 1,288,742**

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance Jan 1, 2024	Increases	Decreases	Balance Dec 31, 2024
Capital Assets, Not Being Depreciated				
Land	$ 91,010	$ -	$ -	$ 91,010
Subtotal	**$ 91,010**	**$ -**	**$ -**	**$ 91,010**
Capital Assets, Being Depreciated & Amortized				
Buildings	387,990	-	-	387,990
Building Improvements	64,118	-	-	64,118
Furnishings & Equipment	133,317	13,745	-	147,062
Right-to-Use Subscriptions	1,484,497	114,720	-	1,599,217
Subtotal	**$ 2,069,922**	**$ 128,465**	**$ -**	**$ 2,198,387**
Less Accumulated Depreciation & Amortization				
Buildings	219,282	9,924	-	229,206
Building Improvements	25,670	3,948	-	29,618
Furnishings & Equipment	49,465	12,296	-	61,761
Right-to-Use Subscriptions	-	296,881	-	296,881
Subtotal	**$ 294,417**	**$ 323,049**	**$ -**	**$ 617,466**
Total Capital Assets, Net of Depreciation & Amortization	**$ 1,775,505**	**$ (194,584)**	**$ -**	**$ 1,580,921**
Total Capital Assets, Net	**$ 1,866,515**	**$ (194,584)**	**$ -**	**$ 1,671,931**

NOTE 4 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

As discussed in Note 1G.11, the Pool records a right-to-use subscription asset and corresponding subscription liability where total payments for fixed costs over the subscription term (excluding tech support and sales taxes) are greater than or equal to $50,000. Subscriptions that do not meet this capitalization criteria are recognized as current period expenses. Variable payments arrangements are a common component of WSTIP agreements in that the Pool procures risk management solutions (or platforms) and our Members gain access based on user licensing. In accordance with GASB 96 paragraph 17, variable payments for the number of user seats or licenses are not included in the measurement of the subscription liability. As such, WSTIP excludes payments for variable costs related to user licensing and bulk user licensing (e.g. 500 seats).

WSTIP may end up with an aggregate of excluded agreements that is greater than $50,000. It is not anticipated that excluded agreements would exceed $100,000 in any given year. Aggregate amounts under $100,000 are not significant to WSTIP's financial statements.

Right-to-Use Subscription and Subscription Liability

Subscription asset activity for the year ended December 31, 2025 was as follows:

Right-to-Use Subscriptions	Balance Jan 1, 2025	Increases	Decreases	Balance Dec 31, 2025
Absorb LMS	114,720	-	-	114,720
Origami Risk RMIS Agreement	1,484,497	-	-	1,484,497
Subtotal	**$ 1,599,217**	**$ -**	**$ -**	**$ 1,599,217**
Less Accumulated Amortization				
Absorb LMS	-	57,360	-	57,360
Origami Risk RMIS Agreement	296,881	296,904	-	593,785
Subtotal	**$ 296,881**	**$ 354,264**	**$ -**	**$ 651,145**
Subscription Assets, Net	**$ 1,302,336**	**$ (354,264)**	**$ -**	**$ 948,072**

Subscription asset activity for the year ended December 31, 2024 was as follows:

Right-to-Use Subscriptions	Balance Jan 1, 2024	Increases	Decreases	Balance Dec 31, 2024
Absorb LMS	-	114,720	-	114,720
Origami Risk RMIS Agreement	1,484,497	-	-	1,484,497
Subtotal	**$ 1,484,497**	**$ 114,720**	**$ -**	**$ 1,599,217**
Less Accumulated Amortization				
Absorb LMS	-	-	-	-
Origami Risk RMIS Agreement	-	296,881	-	296,881
Subtotal	**$ -**	**$ 296,881**	**$ -**	**$ 296,881**
Subscription Assets, Net	**$ 1,484,497**	**$ (182,161)**	**$ -**	**$ 1,302,336**

NOTE 4 – SBITA … CONTINUED

In 2023, WSTIP entered into an agreement with Origami Risk to use their Risk Management Information System (RMIS) for the period January 1, 2024 to December 31, 2028. There are tech support costs in the agreement that have been excluded in the SBITA. The subscription asset and liability are calculated over a five-year period using a 2% interest rate, which is the interest rate implicit in the SBITA.

In 2023, WSTIP entered into an agreement with AbsorbLMS to use their Learning Management System (LMS) for the period January 1, 2024 to December 31, 2026. The new fixed cost agreement replaced a fixed cost and variable cost licensing agreement which had been prepaid. It was determined most practical to account for the remaining two years of the agreement as SBITA. The SBITA agreement did not indicate an interest rate. As such, the subscription asset and liability are calculated over a two-year period using the U.S. Prime Rate of 8.5% interest rate.

As of December 31, 2025, the outstanding balances for the asset, net of amortization, and liability are:

	Absorb LMS			Origami Risk			Both Agreements		
	Asset, Net	Liabilty Total	Liabilty Current	Asset, Net	Liability Total	Liability Current	Asset, Net	Liability Total	Liability Current
	$ 57,360	$ 56,864	$ 56,864	$ 890,712	$ 915,319	$ 278,066	$ 948,072	$ 972,183	$ 334,930

Year Ended December 31	Principal	Interest	Total ‡	Principal	Interest	Total ‡	Principal	Interest	Total ‡
2026	$ 56,864	$ 10,078	$ 66,942	$ 278,066	$ 11,234	$ 289,300	$ 334,930	$ 21,312	$ 356,242
2027			-	314,218	19,233	333,451	314,218	19,233	333,451
2028			-	323,035	26,628	349,663	323,035	26,628	349,663
2029			-			-	-	-	-
2030			-			-	-	-	-
2031 - 2035			-			-	-	-	-
2036 - 2040			-			-	-	-	-
Total	**$ 56,864**	**$ 10,078**	**$ 66,942**	**$ 915,319**	**$ 57,095**	**$ 972,414**	**$ 972,183**	**$ 67,173**	**$ 1,039,356**

‡ The total amounts may vary +/- $1 due to rounding

As of December 31, 2024, the outstanding balances for the asset, net of amortization, and liability are:

	Absorb LMS			Origami Risk			Both Agreements		
	Asset, Net	Liabilty Total	Liabilty Current	Asset, Net	Liability Total	Liability Current	Asset, Net	Liability Total	Liability Current
	$ 114,720	$ 114,720	$ 57,856	$ 1,187,616	$ 1,198,947	$ 283,627	$ 1,302,336	$ 1,313,667	$ 341,483

Year Ended December 31	Principal	Interest	Total ‡		Principal	Interest	Total ‡		Principal	Interest	Total ‡
2025	$ 57,856	$ 4,918	$ 62,774	*	$ 283,628	$ 5,673	$ 289,301	*	$ 341,484	$ 10,591	$ 352,075
2026	56,864	10,078	66,942	*	278,066	11,234	289,300	*	334,930	21,312	356,242
2027	-	-	-	*	314,218	19,233	333,451	*	314,218	19,233	333,451
2028	-	-	-	*	323,035	26,628	349,663	*	323,035	26,628	349,663
2029	-	-	-		-	-	-	*	-	-	-
2030 - 2034	-	-	-		-	-	-		-	-	-
2035 - 2039	-	-	-		-	-	-		-	-	-
Total	**$ 114,720**	**$ 14,996**	**$ 129,716**		**$ 1,198,947**	**$ 62,768**	**$ 1,261,715**		**$ 1,313,667**	**$ 77,764**	**$ 1,391,431**

‡ The total amounts may vary +/- $1 due to rounding

NOTE 5 – UNPAID CLAIMS LIABIILTY

As discussed in Note 1G.14, the Pool establishes liabilities 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, 2025 and 2024:

Change in Unpaid Claims Liabilities by Program	2025	2024
Unpaid claim and claim adjustment expenses at beginning of the fiscal year	**$ 29,017,412**	**$ 21,047,451**
Incurred claim and claim adjustment expenses:		
Provision for insured events of the current fiscal year	$ 10,723,928	12,530,000
Changes in provision for insured events of prior fiscal years	$ (2,980,000)	245,591
Changes in ULAE	$ 50,000	300,000
Total incurred claim and claim adjustment expenses	**$ 7,793,928**	**$ 13,075,591**
Payments:		
Claim and claim adjustment expense attributable to insured events of the current fiscal year	$ 1,358,102	1,679,718
Claim and claim adjustment expense attributable to insured events of the prior fiscal years	$ 7,372,674	3,425,912
Total payments	**$ 8,730,776**	**$ 5,105,630**
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	**$ 28,080,564**	**$ 29,017,412**
Components of Unpaid Claims Liablity:		
Open Claims Reserves - Current	$ 9,081,000	$ 9,030,000
Open Claims Reserves - Noncurrent	$ 7,962,938	10,013,824
Open Claims Reserves - Total	$ 17,043,938	$ 19,043,824
Incurred But Not Reported (IBNR)	$ 9,886,626	8,873,588
Unallocated Loss Adjustment Expenses (ULAE)	$ 1,150,000	1,100,000
Unpaid claim and claim adjustment expense	**$ 28,080,564**	**$ 29,017,412**

NOTE 6 – OPEB DEFINED BENEFIT PLAN – NO QUALIFYING TRUST

The table below represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2025, with a measurement date of June 30, 2025 and as of December 31, 2025 and 2024:

Aggregate OPEB Amounts – All Plans		
	2025	**2024**
OPEB liabilities	$ 236,822	$ 335,731
OPEB assets	$ -	$ -
Deferred outflows of resources	$ 158	$ 1,703
Deferred inflows of resources		
OPEB expenses/expenditures	$ (98,586)	$ (14,714)

NOTE 6 – OPEB DEFINED BENEFIT PLAN – NO QUALIFYING TRUST … CONTINUED

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, 2025 and 2024, WSTIP had the following employees covered by the benefit terms:

Classification	2025	2024
Active employees	14	13
Inactive employees currently receiving benefits	-	1
Inactive employees entitled to but not yet receiving benefits	-	-
Total Plan Members	**14**	**14**

- **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 3.93% for the beginning of the measurement year and 5.2% for the end of the measurement year. Projected salary changes were 3.25% plus service-based increases. Healthcare Trend rates had initial rate ranges from about -4.5% to 9.5% reaching an ultimate rate of approximately 3.8% in 2080. Mortality rates were calculated using the Society of Actuaries' PubG.H-2010 (General) base mortality table with a 0-year age setback, mortality improvements of MP-2017 long-term rates and a generational projection period. An inflation rate of 2.4% was used. Post-retirement participation percentage was 60% and spousal coverage was 45%.

Assumptions for retirement, disability, termination and mortality were based on the 2024 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 healthcare cost trend rate of -4.60%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower (-5.60%) or 1% higher (-3.60%) than the current rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	-5.60%	-4.6%	-3.60%
Net OPEB Liability	$ 188,831	$ 236,822	$ 300,757

- **b.** The following presents the total OPEB liability if WSTIP calculated using the discount rate of 5.20%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.20%) or 1% higher (6.20%) than the current rate.

	1% Decrease	Discount Rate as of June 30, 2025	1% Increase
Net OPEB Liability	$ 287,866	$ 236,822	$ 196,683

NOTE 6 – OPEB DEFINED BENEFIT PLAN – NO QUALIFYING TRUST … CONTINUED

Changes in the Total OPEB Liability

The schedule of changes in the total OPEB liability as of the measurement date of June 30, 2025 and as of December 31, 2025 and 2024 was as follows:

PEBB - Health Care Authority	2025	2024
Total OPEB liability - beginning	$ 335,731	$ 320,804
Service cost	19,768	15,812
Interest cost	13,965	12,235
Changes in experience data & assumptions	(147,725)	(10,250)
Changes in benefit terms	15,406	-
Benefit payments	(323)	(2,870)
Other changes	-	-
Total OPEB liability - ending	**$ 236,822**	**$ 335,731**

a. The measurement and valuation dates are June 30, 2025. 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, 2024. 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 $98,586.

h. At December 31, 2025 and 2024, WSTIP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**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	158	-	1,703	-
TOTAL	**$ 158**	**$ -**	**$ 1,703**	**$ -**

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS

The following table represents the aggregate pension amounts for all plans for the years 2025 and 2024:

Aggregate Pension Amounts – All Plans		
	2025	2024
Pension liabilities	$ (85,796)	$ (127,915)
Pension assets	$ 359,560	$ 307,735
Deferred outflows of resources	$ 456,212	$ 421,419
Deferred inflows of resources	$ (109,869)	$ (133,676)
Pension expenses/expenditures	$ (32,373)	$ (20,464)

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 downloaded from the DRS website at www.drs.wa.gov.

Public Employee's Retirement System (PERS) – PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS 1 Unfunded Actuarial Accrued Liability (UAAL).

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS … CONTINUED

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2025 were as follows:

PERS Plan 1 – Actual Contribution Rates					
Jan – Jun 2025	**ER**	**EE***	**Jul – Dec 2025**	**ER**	**EE***
PERS Plan 1	6.36%	6.00%	PERS Plan 1	5.38%	6.00%
PERS Plan 1 UAAL	2.55%		PERS Plan 1 UAAL	0.00%	
Administrative Fee	0.20%		Administrative Fee	0.20%	
Total	**9.11%**	**6.00%**	**Total**	**5.58%**	**6.00%**

, Employee (EE), Unfunded Actuarial Accrued

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 rates are adopted by the Pension Funding Council and is subject to change by the Legislature. The PERS 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL). As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits. The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2025 were as follows:

PERS Plans 2/3 – Actual Contribution Rates					
Jan – Jun 2025	**ER**	**EE***	**Jul – Dec 2025**	**ER**	**EE***
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	5.38%	
PERS Plan 1 UAAL	2.55%		PERS Plan 1 UAAL	0.00%	
Administrative Fee	0.20%		Administrative Fee	0.20%	
EE PERS Plan 3		Varies	EE PERS Plan 3		Varies
Total	**9.11%**	**6.36%**	**Total**	**5.58%**	**0.00%**

, Employee (EE), Unfunded Actuarial Accrued

No WSTIP employees are covered by PERS Plan 1; For the years ended December 31, 2025, and 2024 WSTIP actual contributions to PERS Plan 2/3 were $97,857 and $96,951 respectively.

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS … CONTINUED

Actuarial Assumptions – The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed as of June 30, 2024 with resulted rolled forward to June 30, 2025. 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 *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2024 Actuarial Valuation Report.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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 of 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 their lifetime. Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR).

Change in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

Long-Term Expected Rate of Return – The long-term expected rate of return on the DRS pension plan investments of 7% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) 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 – The table below summarizes the 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, 2025. The inflation component used to create the table is 2.5% 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	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	100%	

Discount Rate – The discount rate used to measure the total pension liability for all DRS plans was 7%. 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% was used to determine the total liability.

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS … CONTINUED

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%, 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% lower (6%) or 1% higher (8%) than the current rate.

	1% Decrease	June 30, 2025 Discount Rate	1% Increase
PERS Plan	**6.00%**	**7.00%**	**8.00%**
Plan 1	$ 144,772	$ 85,796	$ 34,072
Plan 2/3	$ 583,478	$ (359,560)	$ (1,134,057)

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, 2025 WSTIP reported its proportionate share of the net pension liabilities (assets) as follows:

	Liability (Asset)	
PERS Plan	**2025**	**2024**
Plan 1	$ 85,796	$ 127,915
Plan 2/3	$ (359,560)	$ (307,735)
Total	**$ (273,764)**	**$ (179,820)**

At June 30, 2025 WSTIP's proportionate share of the collective net pension liabilities was as follows:

Proportionate Share of Collective Net Pension Liabilities				Change in Proportion	
PERS Plan	**June, 30 2025**	**June, 30 2024**	**June, 30 2023**	**2025 to 2024**	**2024 to 2023**
Plan 1	0.007277%	0.007199%	0.007158%	0.000078%	0.000041%
Plan 2/3	0.009422%	0.009335%	0.009232%	0.000087%	0.000103%

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2025 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

Pension Expense

For the years ended December 31, 2025 and 2024, WSTIP's recognized pension expense as follows:

	Pension Expense	
PERS Plan	**2025**	**2024**
Plan 1	$ (6,331)	$ (585)
Plan 2/3	$ (26,042)	$ (19,879)
Total	**$ (32,373)**	**$ (20,464)**

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS … CONTINUED

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2025 and 2024, WSTIP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	2025		2024	
PERS Plan 1	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**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	-	(5,898)	-	(10,235)
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	1,868	-	19,678	-
TOTAL	**$ 1,868**	**$ (5,898)**	**$ 19,678**	**$ (10,235)**

PERS Plans 2/3	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 262,889	$ -	$ 174,862	$ (712)
Net difference between projected and actual investment earnings on pension plan investments	-	(80,970)	-	(88,188)
Changes of assumptions	138,956	(9,929)	169,932	(19,498)
Changes in proportion and differences between contributions and proportionate share of contributions	5,640	(13,072)	7,953	(15,043)
Contributions subsequent to the measurement date	46,859	-	48,994	-
TOTAL	**$ 454,344**	**$ (103,971)**	**$ 401,741**	**$ (123,441)**

PERS Plans 1,2,3	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 262,889	$ -	$ 174,862	$ (712)
Net difference between projected and actual investment earnings on pension plan investments	-	(86,868)	-	(98,423)
Changes of assumptions	138,956	(9,929)	169,932	(19,498)
Changes in proportion and differences between contributions and proportionate share of contributions	5,640	(13,072)	7,953	(15,043)
Contributions subsequent to the measurement date	48,727	-	68,672	-
TOTAL	**$ 456,212**	**$ (109,869)**	**$ 421,419**	**$ (133,676)**

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS … CONTINUED

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, 2025. 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
2026	$ 5,628	$ 125,020	$ 130,648
2027	$ (4,100)	$ 47,590	$ 43,490
2028	$ (4,258)	$ 46,609	$ 42,351
2029	$ (3,169)	$ 18,244	$ 15,075
2030		$ 44,835	$ 44,835
Thereafter		$ 21,217	$ 21,217

NOTE 8 – 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, deposits and investments 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% 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, 2025 and 2024 are as follows:

Primary Asset Test		2025	2024
Primary Assets, Net	[A]	$ 77,213,038	$ 69,775,637
Unpaid Claims - Expected Level	[B]	$ 28,080,564	$ 29,017,412
Margin [A] - [B]		$ 49,132,474	$ 40,758,225
Test to Standard [A] ≥ [B]		Met Standard	Met Standard

Primary & Secondary Asset Test		2025	2024
Primary & Secondary Assets, Net	[C]	$ 88,201,982	$ 79,776,408
Unpaid Claims - 80% Confidence Level	[D]	$ 34,410,132	$ 35,508,848
Margin [C] - [D]		$ 53,791,850	$ 44,267,560
Test to Standard [C] ≥ [D]		Met Standard	Met Standard

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

The Pool has prepared these reports starting with all long-term liabilities while also reporting the amount due within one year (the current portion) and the amount due beyond one year (the noncurrent portion).

During the year ended December 31, 2025, the following changes occurred in long-term liabilities:

	Balance Jan 1, 2025	Increases	Decreases	Balance Dec 31, 2025	Due Within One Year	Due Beyond One Year
Compensated Absences	237,017	236,628	237,017	236,628	198,921	37,707
Due to Members	825,308	132,365	454,463	503,210	370,845	132,365
Subscription Liability	1,313,667		341,484	972,183	334,930	637,253
Due to RPLDP	-			-		-
Unpaid Claims Liability - Reserves	19,043,824		1,999,886	17,043,938	9,081,000	7,962,938
Unpaid Claims Liability - IBNR	8,873,588	1,013,038		9,886,626		9,886,626
Unpaid Claims Liability - ULAE	1,100,000	50,000		1,150,000		1,150,000
Total OPEB Liability	335,731	236,822	335,731	236,822	316	236,506
Net Pension Liability	127,915	85,796	127,915	85,796		85,796
Total Long-Term Liabilities	**$ 31,857,050**	**$ 1,754,649**	**$ 3,496,496**	**$ 30,115,203**	**$ 9,986,012**	**$ 20,129,191**

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Balance Jan 1, 2024	Increases	Decreases	Balance Dec 31, 2024	Due Within One Year	Due Beyond One Year
Compensated Absences	214,316	237,017	214,316	237,017	203,458	33,559
Due to Members	1,656,679	370,845	1,202,216	825,308	454,463	370,845
Subscription Liability	1,484,497	114,720	285,550	1,313,667	341,483	972,184
Due to RPLDP	544	-	544	-	-	-
Unpaid Claims Liability - Reserves	12,115,107	6,928,717	-	19,043,824	9,030,000	10,013,824
Unpaid Claims Liability - IBNR	8,132,344	741,244	-	8,873,588	-	8,873,588
Unpaid Claims Liability - ULAE	800,000	300,000	-	1,100,000	-	1,100,000
Total OPEB Liability	320,804	335,731	320,804	335,731	3,407	332,324
Net Pension Liability	163,398	127,915	163,398	127,915	-	127,915
Total Long-Term Liabilities	**$ 24,887,689**	**$ 9,156,189**	**$ 2,186,828**	**$ 31,857,050**	**$10,032,811**	**$ 21,824,239**

NOTE 10 – RISK FINANCING LIMITS

The following table reflects the risk financing limits on coverage policies issued and retained by WSTIP at December 31, 2025

Liability	Member Deductibles	Self-Insured Retention	Reinsurance/Excess Limits
Bodily Injury and Property Damage	No deductible	$1.5M	$25M
Personal Injury and Advertising Injury	No deductible	$1.5M	$25M
Contractual Liability	No deductible	$1.5M	$25M
Public Rideshare Driver Medical Expense Protection (PDRMEP)	No deductible	$35K	None
Transit Rider Medical Expense Protection (TRMEP) [1]	No deductible	15K	None
Permissive Use of a Member-Owned Motor Vehicle	No deductible	[2]	None
Agency, rental, and personal/private vehicle occupants not covered by workers' compensation or transit passengers	No deductible	[2]	None
Endorsement - Communicable Disease	No deductible	$500K	$1.5M
Public Officials Errors and Omissions	$5K	$1.5M	$25M
Endorsement - Violations of Wage & Hours Laws	$25K	$250K	None
Employment Practice Liability	$5K	$1.5M	$25M
Crime/Blanket Employee Dishonesty	$10K	None	$2M

[1] PDRMEP is mandatory for all rideshare programs and the Member may elect to purchase TRMEP on any mode.

[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 model year is more than 10 years old	Varies by Member [5]	$250K	Fair market value, up to $250K per vehicle
Vehicles valued over $250K and model year is less than 10 years old	Varies by Member [5]	$250K	Replacement Cost, up to $1.75M 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	$35M
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 Transit purchases 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 2025 were: Spokane Transit $10,000; Pierce Transit $25,000; all other Members $5,000.

[6] Annual Aggregate

NOTE 10 – RISK FINANCING LIMITS … CONTINUED

Cyber Liability [7]	**Member Deductibles**	**Self-Insured Retention**	**Reinsurance/Excess Limits**
Cyber Liability	$5K	None	$75M** $2M*
Breach Response Costs	$5K	None	$500K*
FIRST PARTY LOSS			
Business Interruption			
Business Interuption Resulting from Security Breach	$5K	None	$750K*
Business Interruption Resulting from System Failure	$5K	None	$500K*
Dependent Business Loss Resulting from Security Breach	$5K	None	$750K*
Dependent Business Loss Resulting from System Failure	$5K	None	$100K*
Cyber Extortion	$5K	None	$750K*
Data Recovery Costs	$5K	None	$750K*
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	$200K*
Claims Preparation Costs for Reputation Loss Claims Only	$5K	None	$50K*
Computer Hardware Replacement Costs	$5K	None	$200K*
Invoice Manipulation	$5K	None	$100K*
Cryptojacking	$5K	None	$50K*

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

* per Member aggregate

** the $75M applies to all insureds that purchase the policy

NOTE 11 – 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 following table presents the excess insurance contracts at December 31, 2025:

Coverage	Carrier	Layer
Liability	GEM Re	$3.5M in excess of $1.5M
	Munich Re	$10M in excess of $5M
	StarStone	$5M in excess of $15M
	Allied World Assurance Company	$5M in excess of $20M
Crime	National Union Fire	$2M
Blanket Pollution	Beazley Eclipse	$5M
Underground Storage Tank (UST)	Mid-Continent Casualty Company	$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 Insurance Company	Fair Market Value for vehicles valued at or below $250K or model year is more than 10 years old*
		Replacement Cost for vehicles valued over $250K and model year is less than 10 years old*
		$20M*
	Burlington Insurance Company	$10M in excess of $20M**
Cyber Liability	Alliant Public Entity Property Program (APIP)	$75M aggregate for all insureds/Members combined
		$2M aggregate per Member
	Varies	$2M in excess of $2M***

* $20M aggregate per Member from any one occurance where loss is to more than one vehicle.
** Members may elect to purchase/participate in the additional APD coverage.
*** Members may elect to purchase/participate in additional excess cyber coverage.
Coverage through one of two carriers.

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

NOTE 12 – 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 2025 financial year has not been determined. It is Pool management's assessment that the adjustment will be immaterial to WSTIP's 2025 financial statement, as such no estimate has been recorded. The amount attributed to the year ended 2025 will be recorded in 2026 when the amount is known and communicated.

WSTIP's proportionate share of loss from GEM's 2024 financial year was $102,367 and was included in WSTIP's non-operating revenues (expenses) for 2025.

WSTIP's proportionate share of income from GEM's 2023 financial year was $552,846 and was included in WSTIP's non-operating revenues (expenses) for 2025.

NOTE 13 – GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The objective of this footnote is to communicate the status, outcomes or impacts of each GASB pronouncement on the Pool.

The following GASB's have been evaluated and identified as not impacting WSTIP.

- GASB Statement No. 102, Certain Risk Disclosures

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

  GASB 102 presents a reporting criteria that WSTIP will need to evaluate on an annual basis. However, in connection with the year ended December 31, 2025, WSTIP did not have concentrations or constraints that would limit the Pools ability to acquire resources or control spending as noted in GASB 102 paragraphs 4 – 6 that would require a note to the financial statement as required by GASB 102 paragraph 9.

The following GASB's are expected to impact WSTIP and will require implementation by WSTIP.

- GASB Statement No. 103, Financial Reporting Model Improvements

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

- GASB Statement No. 104, Disclosure of Certain Capital Assets

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

The following GASB's are being evaluated to determine applicability to WSTIP.

- GASB Statement No. 105, Subsequent Events

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2027, and all reporting periods thereafter.

RSI NOTE 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.

RSI NOTE 1 – CLAIMS DEVELOPMENT INFORMATION … CONTINUED

Claims Development Information as of December 31, 2025:

		For the Year Ending December 31, 2025 (in thousands of dollars)									
		2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Member contribution & investment revenues:											
Gross	$	13,198	14,779	15,932	17,842	16,437	16,267	18,457	22,951	26,434	30,858
Ceded	$	2,150	2,215	2,324	2,573	3,252	3,664	4,074	4,519	6,003	8,528
Net earned	$	11,048	12,564	13,608	15,269	13,185	12,603	14,383	18,432	20,431	22,330
Unallocated operating expenses	$	3,142	2,735	2,781	2,983	2,880	3,163	3,111	3,334	3,651	3,854
Estimated losses & expenses end of policy year											
Incurred	$	5,395	8,106	9,068	8,998	5,969	6,094	7,711	12,580	12,530	10,724
Ceded	$	547	361	837	788	804	759	928	1,424	2,243	2,033
Net Incurred	$	4,848	7,745	8,231	8,210	5,165	5,335	6,783	11,156	10,287	8,691
Paid (cumulative) as of:											
End of policy year	$	805	1,870	1,115	1,097	773	1,010	1,091	1,063	1,680	1,358
One year later	$	2,056	2,819	2,808	2,633	1,383	1,743	3,302	2,816	4,493	
Two years later	$	3,231	3,344	3,805	3,758	2,180	2,064	3,623	5,947		
Three years later	$	3,878	4,235	5,247	6,714	2,664	2,669	4,022			
Four years later	$	4,105	5,006	6,801	7,850	2,702	3,054				
Five years later	$	4,114	5,075	9,212	8,500	3,297					
Six years later	$	4,132	5,253	9,272	8,501						
Seven years later	$	4,132	5,254	9,322							
Eight years later	$	4,132	5,251								
Nine years later	$	4,132									
Re-estimated ceded losses & expenses	$	14	19	5,002	50	39	277	689	3,347	1,151	
Re-estimated net incurred claims and expenses:											
End of policy year	$	5,395	8,106	9,068	8,998	5,969	6,094	7,711	12,580	12,530	
One year later	$	6,214	6,605	8,337	10,215	5,716	5,067	7,389	14,022	11,929	
Two years later	$	5,668	6,170	8,794	10,035	4,618	4,318	6,496	13,049		
Three years later	$	4,691	6,603	9,100	9,692	3,344	4,453	5,684			
Four years later	$	4,286	5,994	11,148	8,826	3,258	3,830				
Five years later	$	4,221	5,868	9,857	8,620	3,557					
Six years later	$	4,148	5,318	9,780	8,599						
Seven years later	$	4,145	5,264	9,501							
Eight years later	$	4,139	5,292								
Nine years later	$	4,145									
Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	$	(703)	(2,453)	1,270	389	(1,608)	(1,506)	(1,100)	1,893	1,641	(8,691)

RSI NOTE 1 – CLAIMS DEVELOPMENT INFORMATION … CONTINUED

Claims Development Information as of December 31, 2024:

		For the Year Ending December 31, 2024 (in thousands of dollars)									
		2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1. Member contribution & investment revenues:											
Gross	$	12,521	13,198	14,779	15,932	17,842	16,437	16,267	18,457	22,951	26,434
Ceded	$	1,999	2,150	2,215	2,324	2,573	3,252	3,664	4,074	4,519	6,003
Net earned	$	10,522	11,048	12,564	13,608	15,269	13,185	12,603	14,383	18,432	20,431
2. Unallocated operating expenses	$	3,058	3,142	2,735	2,781	2,983	2,880	3,163	3,111	3,334	3,651
3. Estimated losses & expenses end of policy year											
Incurred	$	5,764	5,395	8,106	9,068	8,998	5,969	6,094	7,711	12,580	12,530
Ceded	$	521	547	361	837	788	804	759	928	1,424	2,243
Net Incurred	$	5,243	4,848	7,745	8,231	8,210	5,165	5,335	6,783	11,156	10,287
4. Paid (cumulative) as of:											
End of policy year	$	1,086	805	1,870	1,115	1,097	773	1,010	1,091	1,063	1,680
One year later	$	2,270	2,056	2,819	2,808	2,633	1,383	1,743	3,302	2,816	
Two years later	$	4,814	3,231	3,344	3,805	3,758	2,180	2,064	3,623		
Three years later	$	5,662	3,878	4,235	5,247	6,714	2,664	2,669			
Four years later	$	6,267	4,105	5,006	6,801	7,850	2,702				
Five years later	$	6,644	4,114	5,075	9,212	8,500					
Six years later	$	6,674	4,132	5,253	9,272						
Seven years later	$	6,675	4,132	5,254							
Eight years later	$	6,675	4,132								
Nine years later	$	6,675									
5. Re-estimated ceded losses & expenses	$	1,104	17	27	5,019	79	57	353	834	24,352	
6. Re-estimated net incurred claims and expenses:											
End of policy year	$	5,764	5,395	8,106	9,068	8,998	5,969	6,094	7,711	12,580	
One year later	$	5,735	6,214	6,605	8,337	10,215	5,716	5,067	7,389	14,022	
Two years later	$	7,320	5,668	6,170	8,794	10,035	4,618	4,318	6,496		
Three years later	$	9,868	4,691	6,603	9,100	9,692	3,344	4,453			
Four years later	$	7,725	4,286	5,994	11,148	8,826	3,258				
Five years later	$	7,444	4,221	5,868	9,857	8,620					
Six years later	$	6,718	4,148	5,318	9,780						
Seven years later	$	6,689	4,145	5,264							
Eight years later	$	6,686	4,139								
Nine years later	$	6,679									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	$	1,436	(709)	(2,481)	1,549	410	(1,907)	(883)	(287)	2,866	(10,287)

RSI NOTE 2 – RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

In addition to information in Note 5, the following represents changes WSTIP's Liability and Property programs as of December 31, 2025 and 2024:

	Liability Program		Property Program		All Programs	
Change in Unpaid Claims Liabilities by Program	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Unpaid claim and claim adjustment expenses at beginning of the fiscal year	**$ 27,175,373**	**$ 20,129,087**	**$ 1,842,039**	**$ 918,364**	**$ 29,017,412**	**$ 21,047,451**
Incurred claim and claim adjustment expenses:						
Provision for insured events of the current fiscal year	9,630,928	10,480,000	1,093,000	2,050,000	10,723,928	12,530,000
Changes in provision for insured events of prior fiscal years	(2,810,525)	297,188	(169,475)	(51,597)	(2,980,000)	245,591
Changes in ULAE	47,588	280,994	2,412	19,006	50,000	300,000
Total incurred claim and claim adjustment expenses	**$ 6,867,991**	**$ 11,058,182**	**$ 925,937**	**$ 2,017,409**	**$ 7,793,928**	**$ 13,075,591**
Payments:						
Claim and claim adjustment expense attributable to insured events of the current fiscal year	1,011,218	1,092,270	346,884	587,448	1,358,102	1,679,718
Claim and claim adjustment expense attributable to insured events of the prior fiscal years	6,326,626	2,919,626	1,046,048	506,286	7,372,674	3,425,912
Total payments	$ 7,337,844	$ 4,011,896	$ 1,392,932	$ 1,093,734	$ 8,730,776	$ 5,105,630
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	**$ 26,705,520**	**$ 27,175,373**	**$ 1,375,044**	**$ 1,842,039**	**$ 28,080,564**	**$ 29,017,412**
Components of Unpaid Claims Liability:						
Open Claims Reserves - Current	$ 8,497,547	$ 8,223,904	$ 583,453	$ 806,096	$ 9,081,000	$ 9,030,000
Open Claims Reserves - Noncurrent	7,451,320	9,119,904	511,618	893,920	7,962,938	10,013,824
Open Claims Reserves - Total	$ 15,948,867	$ 17,343,808	$ 1,095,071	$ 1,700,016	$ 17,043,938	$ 19,043,824
Incurred But Not Reported (IBNR)	9,682,417	8,804,917	204,209	68,671	9,886,626	8,873,588
Unallocated Loss Adjustment Expenses (ULAE)	1,094,518	1,030,310	55,482	69,690	1,150,000	1,100,000
Unpaid claim and claim adjustment expense	**$ 26,725,802**	**$ 27,179,035**	**$ 1,354,762**	**$ 1,838,377**	**$ 28,080,564**	**$ 29,017,412**

RSI NOTE 2 – RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT … CONTINUED

In addition to information in Note 5, the following represents changes WSTIP's Liability and Property programs as of December 31, 2024 and 2023:

	Liability Program		Property Program		All Programs	
Change in Unpaid Claims Liabilities by Program	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Unpaid claim and claim adjustment expenses at beginning of the fiscal year	**$ 20,129,087**	**$ 19,943,849**	**$ 918,364**	**$ 1,426,016**	**$ 21,047,451**	**$ 21,369,865**
Incurred claim and claim adjustment expenses:						
Provision for insured events of the current fiscal year	10,480,000	11,305,000	2,050,000	1,275,000	12,530,000	12,580,000
Changes in provision for insured events of prior fiscal years	297,188	(4,663,977)	(51,597)	(398,467)	245,591	(5,062,444)
Changes in ULAE	280,994	(38,293)	19,006	(1,707)	300,000	(40,000)
Total incurred claim and claim adjustment expenses	**$ 11,058,182**	**$ 6,602,730**	**$ 2,017,409**	**$ 874,826**	**$ 13,075,591**	**$ 7,477,556**
Payments:						
Claim and claim adjustment expense attributable to insured events of the current fiscal year	1,092,270	545,046	587,448	517,633	1,679,718	1,062,679
Claim and claim adjustment expense attributable to insured events of the prior fiscal years	2,919,626	5,872,446	506,286	864,845	3,425,912	6,737,291
Total payments	$ 4,011,896	$ 6,417,492	$ 1,093,734	$ 1,382,478	$ 5,105,630	$ 7,799,970
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	**$ 27,175,373**	**$ 20,129,087**	**$ 1,842,039**	**$ 918,364**	**$ 29,017,412**	**$ 21,047,451**
Components of Unpaid Claims Liability:						
Open Claims Reserves - Current	$ 8,223,904	$ 6,254,796	$ 806,096	$ 448,204	$ 9,030,000	$ 6,703,000
Open Claims Reserves - Noncurrent	9,119,904	5,050,220	893,920	361,887	10,013,824	5,412,107
Open Claims Reserves - Total	$ 17,343,808	$ 11,305,016	$ 1,700,016	$ 810,091	$ 19,043,824	$ 12,115,107
Incurred But Not Reported (IBNR)	8,804,917	8,078,417	68,671	53,927	8,873,588	8,132,344
Unallocated Loss Adjustment Expenses (ULAE)	1,030,310	765,862	69,690	34,138	1,100,000	800,000
Unpaid claim and claim adjustment expense	**$ 27,179,035**	**$ 20,149,295**	**$ 1,838,377**	**$ 898,156**	**$ 29,017,412**	**$ 21,047,451**

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

Washington State Public Employees Benefits Board (PEBB), Health Care Authority
Last 11 Fiscal Years*

		As of PEBB's Fiscal Year Ending June 30, 2025										
PEBB - Health Care Authority		2025	2024	2023	2022	2021	2020	2019	2018	20XX	20XX	20XX
Total OPEB liability (TOL) - beginning	$	335,731	320,804	393,491	456,353	574,708	357,414	438,590	425,066			
Service cost	$	19,768	15,812	19,037	29,936	39,810	21,250	30,848	27,167			
Interest cost	$	13,965	12,235	14,541	10,478	13,542	13,215	18,089	16,152			
Changes in experience data & assumptions	$	(147,725)	(10,250)	(102,695)	(100,860)	(168,173)	185,058	(126,019)	(27,639)			
Changes in benefit terms	$	15,406		-	-	-	-	-	-			
Benefit payments	$	(323)	(2,870)	(3,570)	(2,416)	(3,534)	(2,229)	(4,094)	(2,156)			
Other changes	$			-	-	-	-	-	-			
Total OPEB liability (TOL) - ending	**$**	**236,822**	**335,731**	**320,804**	**393,491**	**456,353**	**574,708**	**357,414**	**438,590**			
Covered-employee payroll**	**$**	1,572,198	1,444,729	1,184,426	1,026,263	998,761	896,897	935,800	935,800			
TOL as a % of covered payroll	**%**	15.06%	23.24%	27.09%	38.34%	45.69%	64.08%	38.19%	46.87%			

Notes to Schedule:

* Until a full 11-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.

RSI NOTE 4 – SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Washington State Department of Retirement Systems, Public Employees' Retirement System (PERS) Program
Last 11 Fiscal Years

		As of PERS Fiscal Year Ending June 30, 2025										
PERS Plan 1		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	.007277%	.007199%	.007158%	.007243%	.006684%	.006560%	.006396%	.007042%	.007128%	.007568%	.007305%
Employer's proportionate share of the net pension liability	%	85,796	127,915	163,398	201,672	81,627	231,603	245,959	314,498	338,229	406,437	382,119
Covered payroll*	$	1,572,198	1,444,729	1,276,183	1,184,426	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	%	5.46%	8.85%	12.80%	17.03%	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	%	89.07%	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

		As of PERS Fiscal Year Ending June 30, 2025										
PERS Plan 2/3		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	%	.009422%	.009335%	.009232%	.009452%	.008580%	.008587%	.008253%	.009084%	.009168%	.009710%	.009441%
Employer's proportionate share of the net pension liability	%	(359,560)	(307,735)	(378,390)	(350,554)	(854,706)	109,823	80,165	155,101	318,544	488,891	337,332
Covered payroll*	$	1,572,198	1,444,729	1,276,183	1,184,426	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	%	-22.87%	-21.30%	-29.65%	-29.60%	-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	%	105.53%	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedule:

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

RSI NOTE 5 – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Washington State Department of Retirement Systems, Public Employees' Retirement System (PERS) Program
Last 11 Fiscal Years

As of WSTIP's Fiscal Year Ending December 31, 2025

PERS Plan 1		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$	22,315	42,073	46,559	46,093	46,369	49,398	45,866	46,397	45,256	42,974	38,352
Contributions in relation to the statutorily or contractually required contributions**	$	(22,315)	(42,073)	(46,559)	(46,093)	(46,369)	(49,398)	(45,866)	(46,397)	(45,256)	(42,974)	(38,352)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-	-
Covered payroll**	$	1,659,490	1,524,381	1,362,405	1,228,320	1,077,105	1,029,981	928,595	916,494	923,350	900,923	874,004
Contributions as a % of covered payroll	%	1.34%	2.76%	3.42%	3.75%	4.30%	4.80%	4.94%	5.06%	4.90%	4.77%	4.39%

As of WSTIP's Fiscal Year Ending December 31, 2025

PERS Plan 2/3		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$	97,857	96,951	86,649	78,164	77,123	81,575	71,745	68,735	63,398	56,127	49,248
Contributions in relation to the statutorily or contractually required contributions**	$	(97,857)	(96,951)	(86,649)	(78,164)	(77,123)	(81,575)	(71,745)	(68,735)	(63,398)	(56,127)	(49,248)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-	-
Covered payroll*	$	1,659,490	1,524,381	1,362,405	1,228,320	1,077,105	1,029,981	928,595	916,494	923,350	900,923	874,004
Contributions as a % of covered payroll	%	5.90%	6.36%	6.36%	6.36%	7.16%	7.92%	7.73%	7.50%	6.87%	6.23%	5.63%

Notes to Schedule:

* 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)

SOI NOTE 1 – DEPARTMENT OF ENTERPRISE SERVICES (DES) SCHEDULE OF EXPENSES

	For the years ended December 31,			
	2025		2024	
OPERATING EXPENSES				
Claims & Loss Adjustments	$	7,793,928	$	13,075,591
Insurance Services				
Purchased Insurance - Liability	$	5,543,374	$	3,156,877
Purchased Insurance - Property		2,984,765		2,845,914
Other Insurance Products		789,378		884,642
Total Insurance Services	**$**	**9,317,518**	**$**	**6,887,432**
Contracted Services				
Actuarial	$	115,300	$	168,000
Audit Expenses		22,395		15,273
Brokerage Fees		101,200		101,200
Legal Fees		108,491		77,106
State Risk Manager		11,720		11,720
Accounting Services		10,300		10,271
IT Services		117,223		68,826
Other Consultant Fees		88,568		25,751
Total Contracted Services	**$**	**575,197**	**$**	**478,148**
General & Administrative Expenses				
Payroll & Benefits	$	2,043,593	$	2,003,574
Risk & Loss Prevention		846,601		216,187
Training & Education		162,086		184,656
Technical & Subscription Services		187,701		98,915
Board Expenses		233,003		255,469
Staff Travel & Professional Development		168,870		130,268
Occupancy		68,861		60,402
Administrative		81,301		40,764
Total General & Administrative Expenses	**$**	**3,792,016**	**$**	**2,990,236**
Depreciation & Amortization	**$**	**383,189**	**$**	**289,914**
Total Operating Expense	**$**	**21,861,848**	**$**	**23,721,321**

SOI NOTE 2 – LIST OF PARTICIPATING MEMBERS

Transit Agency	Board Member Representative	Role in Transit
Asotin Co PTBA	Jenny George	CEO / Transit Director
Ben Franklin Transit	Thomas Drotz	CEO / Transit Director
Central Transit System	Betsy Dunbar	CEO / Transit Director
Clallam Transit System	Cherie Huxtable	Finance
Columbia County Public Transporation	David Ocampo	CEO / Transit Director
Community Transit	Cyndie Eddy	Finance
C-TRAN	Scott Deutsch	Safety & Risk
Everett Transit	Brandon Hilby	Finance
Grant Transit Authority	Brandy Pesta	Administrative Services
Grays Harbor Transit	Ken Mehin	CEO / Transit Director
Intercity Transit	Jana Brown	Finance
Island Transit	Staci Jordan	Ridesahre Administration
Jefferson Transit Authority	Nicole Gauthier	CEO / Transit Director
Kitsap Transit	Paul Shinners	Finance
Link Transit	Justin Brockwell	Finance
Mason Transit Authority	Amy Asher	CEO / Transit Director
Pacific Transit System	Mike Williams	Clerk of the Board
Pierce Transit	Karessa Bowman	Risk Manager
Pullman Transit	Wayne Thompson	CEO / Transit Director
RiverCities Transit	Jim Seeks	CEO / Transit Director
Skagit Transit	Crystle Stidham	CEO / Transit Director
Spokane Transit Authority	Robert Hamud	Finance
Valley Transit	Angie Peters	CEO / Transit Director
Whatcom Transportation Authority	Shonda Shipman	Finance
Yakima Transit	Greg Story	Deputy Transit Director

Elected to Executive Committee	
President	Joe Macdonald, Skagit Transit
Vice President	Karen Thesing, Pierce Transit Scott Deutsch, C-TRAN
Secretary	Miranda Nash, Jefferson Transit Authority
Small Member Rep.	Brandy Pesta, Grant Transit Authority
Medium Member Rep.	Cherie Huxtable, Clallam Transit System
Large Member Rep.	Paul Shinners, Kitsap Transit
At-Large Rep.	Shawn Larson, Link Transit
Past President	Shonda Shipman, Whatcom Transportation Authority
Treasurer (ex-officio)	Cyndie Eddy, Community Transit

Appointed Officers	
Auditor	Matthew Branson, 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 – Olympia, WA
Actuary	PricewaterhouseCoopers – Seattle, WA
Accountant	Opsahl Dawson – Lacey, WA
Investments	Office of the State Treasurer – Olympia, WA
Investments & Treasury	Thurston County Treasurer – Olympia, WA

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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.

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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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