

NEW HORIZONS

2014 ANNUAL REPORT *WASHINGTON STATE
TRANSIT INSURANCE POOL*

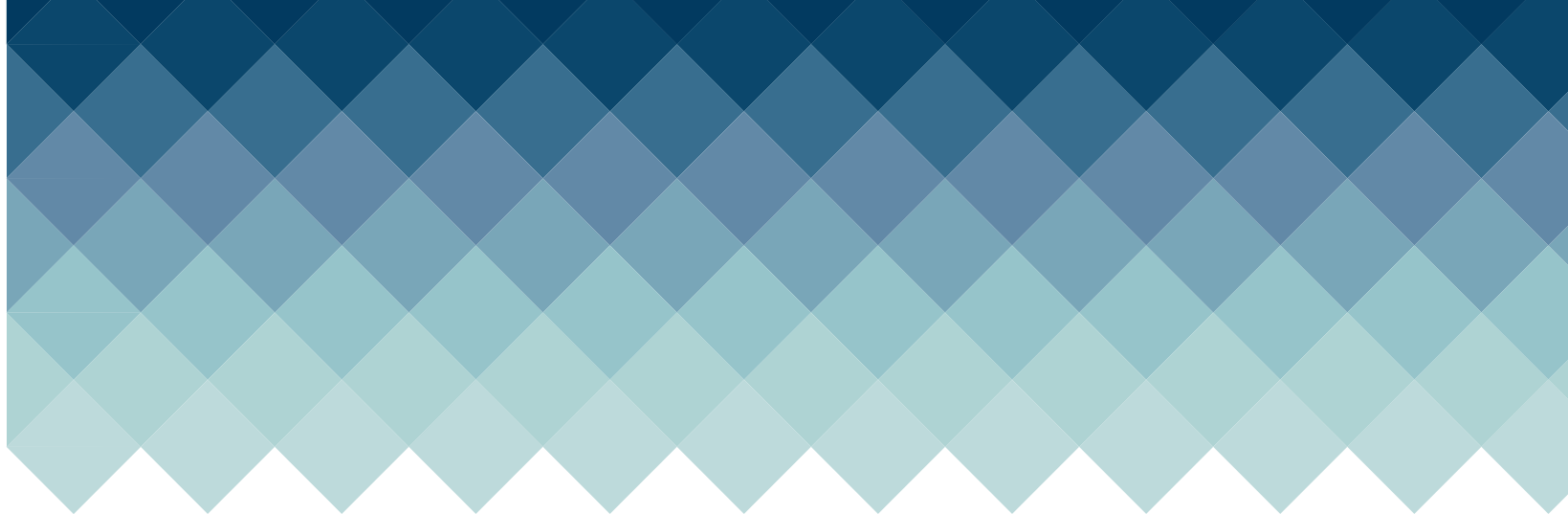


TABLE OF CONTENTS

Message from the President	2-4	Comparative Statement of Cash Flows . . .	16
Board of Directors	5	Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	17
Executive Director’s Message	6-7	Schedule T-2 OFM Schedule of Expenses	18-19
Staff and Service Providers	8	Comparative Statement of Key Financial Indicators	20-21
2014 Coverages	9-13	Claims Development Information	22-23
Comparative Statement of Net Position . .	14		
Comparative Statement of Revenues, Expenses, and Changes in Net Position . .	15		

A Message from
Board President
Ken Mehin

2014 proved to be a year of new horizons on all levels for the Washington State Transit Insurance Pool. Through vigorous discussion and idea-generating, we began to see the first inklings of WSTIP's potential to serve its members in new and innovative ways.

The core idea that set such potential in motion came from one of our Board members, Emmett Heath, Community Transit. While working on a draft of our strategic plan, he suggested we explore where we put our resources and efforts, and whether they are well-placed. In essence, he asked what types of claims

NEW HORIZONS

are the most costly and frequent for WSTIP members, and he suggested we as a Board ensure we are putting our resources where they can most diminish our risk exposure.

This line of experience-driven thought launched an entirely new way of looking at our strategic plan. We asked WSTIP staff to gather the claims data we needed to serve as the foundation for our priority setting. We began questioning what we refer to as "mental models" – the paradigms and givens

we have assumed to be "just how it is" over the years, such as "WSTIP never operates outside of the state of Washington," and "WSTIP only provides coverage for each member up to \$12 million." We made a list of those mental models, and we began challenging them. We made a commitment to discuss our strategic planning goals every quarter.

In September, we joined with the Washington State Transit Association and brought in a nationally recognized leadership trainer, David Jensen, to meet jointly with our Boards to discuss the perils of creating "strategic paradoxes" – policies that seem laudable on the surface, but undermine each other in their execution.

To support our discussions and our move toward a generative governing process, we asked WSTIP staff to develop a series of key

funds. We retired our Golden Coach Award and initiated the new Safety STARS Initiative. The Golden Coach Award focused on members whose safety records improved the most over time. While this was something to celebrate, those who maintained impressive but stable safety records rarely qualified for the award, and members that experienced one or more severe safety incidents qualified for the award if they took steps to prevent it in the future. The new Safety STARS Initiative rewards member transit agencies based on what they do to improve WSTIP's financial situation. The



Through vigorous discussion and idea-generating, we began to see the first inklings of WSTIP's potential to serve its members in new and innovative ways.

dashboards. These dashboards will enable board members to quickly and easily see how data points relevant to our operations respond to our policies and strategies over time.

Our new thinking spilled over into our awards program as well, as we focused on how we can most strategically direct our

Initiative is structured to take into account whether a member agency is small, medium or large. The cash award can be used in whatever way each winning agency chooses, as long as it's used for employee recognition.

We authorized a new Mutual Aid Agreement for all interested WSTIP members. This

agreement paves the way for member transit agencies to provide direct assistance to each other if they so choose. For instance, the agreement makes it possible for one transit agency to loan one or more of its coaches to another transit agency if the need arises, or to loan a transit agency employee with specialized expertise to another transit agency to train their employees. We also began a lengthy process to update and make revisions to the Interlocal Agreement that enables the pool to exist.

My own leadership as President of the Board in 2014 took an unusual turn. I began my term as president representing the transit agency I worked for at the time, Yakima Transit. When an opportunity arose for me to become the general manager for Grays Harbor Transit, it left a bit of a conundrum for the WSTIP Board. Until I was fully ensconced in my new position, I could not serve as President of the Board as I was not technically a member of the pool during the transition. Vice President Nick Covey of Link Transit stepped in to take the helm and served masterfully. Once I was fully established at Grays Harbor Transit, I was re-elected to the Board and to the position of President. The entire pool is deeply grateful to Mr. Covey for his willingness to take on a huge role in such a time of need.

We set up a scholarship program to honor one of our founding board members, Jeff Ristau. Jeff was our last founding member to reach

retirement and his leadership will be missed on the WSTIP Board. You can learn more about this scholarship in the sidebar story in this annual report.

Speaking of retirement, Executive Director Allen Hatten agreed not to retire for another several years. He was planning to retire in 2015, but this year he agreed to continue serving until 2017. With all the changes we are putting in place, having the continuity that Mr. Hatten's leadership provides will be invaluable. As part of our efforts to maintain a strong level of stability, we also completed a succession plan in the event something happened to Mr. Hatten that prevented him from continuing to serve.

2015 holds tremendous promise as we begin to put in place the changes we are discussing now. It has been an honor and a privilege to serve as Board President during such a groundbreaking year.

Ken Mehin, President

Washington State Transit Insurance Pool
General Manager, Grays Harbor Transit, Hoquiam

2014 BOARD OF DIRECTORS

Asotin County PTBA

Kim Gates, PTBA Coordinator
Jenny George, Vanpool Coordinator

Ben Franklin Transit

Gloria Boyce, Administrative Services Manager
Alt: *Dennis Solensky*, General Manager
Alt: *Jim Thoelke*, Safety/Training Supervisor

Clallam Transit

Wendy Clark-Getzin, General Manager
Alt: *Clint Wetzel*, Operations Manager

Columbia County Public Transportation

Stephanie Guettinger, General Manager
Alt: *Steve Mertens*, Finance Manager

Community Transit

Emmett Heath, Director of Administration
Alt: *Mike Burress*, Risk Manager

C-TRAN

Diane O'Regan, Controller
Alt: *Terry Lohnes*, Safety and Training Manager
Alt: *Laura Merry*, Risk Specialist

Everett Transit

Tom Hingson, Transportation Services Director
Alt: *Mary Lamb*, Financial Analyst
Alt: *Chris Muth-Schulz*, Risk Manager

Grant Transit

Greg Wright, General Manager
Alt: *Brandy Heston*, Administrative Assistant

Grays Harbor Transit

Ken Mehin, General Manager
Alt: *Patti Carlin*, Operations Manager

Intercity Transit

Ben Foreman, Finance and Administrative Director
Alt: *Leslie Williamson*, Finance Manager

Island Transit

Vacant, Administrative Services Director
Alt: Vacant, General Manager
Alt: *Staci Jordan*, Rideshare Coordinator

Jefferson Transit

Sara Crouch, Finance & Human Resources Administrator
Alt: *Tammi Rubert*, General Manager

Kitsap Transit

Paul Shinnors, Finance Director
Alt: *Brian Rojo*, Finance Assistant

Link Transit

Nick Covey, Finance Manager
Alt: *Lynn Bourton*, Administrative Services Manager

Mason Transit

Mary Ann Norquist, Finance Manager
Alt: *Rikki Johnson*, Human Resources Manager

Pacific Transit

Tim Russ/Richard Evans, General Manager
Alt: *Audrey Olson*, Office Manager/Clerk of the Board

Pierce Transit

Vacant, Risk Manager
Alt: *Alberto Lara*, Vice President Human Resources & Technology

Pullman Transit

Bill Mulholland, Finance Director
Alt: *Michael Wagner*, Transit Manager

RiverCities Transit

Corey Aldridge, Transit Manager
Alt: *Chris Smith*, Risk Manager

Skagit Transit

Dale O'Brien, General Manager
Alt: *Motoko Pleasant*, Finance and Administrative Manager

Spokane Transit

Lynda Warren, Director of Finance & Information Services
Alt: *Lynn Holmes*, Assistant Director of Finance
Alt: *Mike Toole*, Assistant Manager Safety and Security

Twin Transit

Rob LaFontaine, General Manager
Alt: *Aaron Rollins*, Operations Manager

Valley Transit

Ed McCaw, Administration and Finance Manager
Alt: *Dick Fondahn*, General Manager

Whatcom Transportation Authority

Richard Walsh/Pete Stark, General Manager
Alt: *Pat Dunn/Shonda Shipman*, Director of Finance

Yakima Transit

Alvie Maxie, Transit Manager
Alt: *Chris Waarvick*, Public Works Director/*Kevin Futrell*, Transit Planner

A Message from Executive Director Al Hatten

THE Board of Directors' 2014 ground-breaking shift to experience-based strategic planning (as highlighted in President Mehin's annual report message) presented tremendous opportunities for the Washington State Transit Insurance Pool. The strategic planning process for the Pool has renewed vitality and broad member commitment. There is great potential for a more effective and efficient use of Pool resources to reduce members' risk exposure and manage the cost of purchasing insurance on the secondary market.

Part of what sparked the vigorous discussion leading to the shift was a thorough analytical review of Best Practice Compliance that staff presented early in the year. The review included loss trends and campaign initiatives, enabling the Board to raise the idea of putting WSTIP resources where they can do the most good.

In alignment with this shift, we began the process to replace Risk Master, our Risk Management Information System (RMIS). We arranged and held a symposium to examine state-of-the-art risk

PERSPECTIVE

management information systems. At our invitation, representatives from 11 other government entities attended the symposium, from as far away as Montana, Idaho and Oregon. Our intent is to have a RMIS that will be easy for the claims personnel to use and clearly report analytics and benchmarking.

We moved the majority of WSTIP's information technology function to the "cloud" and our hardware is now housed with the Washington State Department of Enterprise Services. We are the

first organization in Washington outside of state government to be fully protected behind the state firewall. We started our venture into technological innovations in collision avoidance by joining a national coalition exploring the potential application of collision avoidance technology in the transit industry.

Our claims management staff and legal support did an outstanding job in 2014. We withstood two multi-million-dollar court claims, ending in summary judgments in WSTIP's favor on both.

Additionally a 2011 claim made against a member transit agency went to court 2014, with a fair and equitable judgment of \$107,000 (the plaintiff asked for \$1.3 million). We also concluded the largest member property claim (\$8.1 million) in WSTIP history. We implemented a new vanpool driver refresher training program paid for by Board approved increase to the under-insured motorist assessment. This program is now available online for refresher training for vanpool drivers.

The retirement of our long-term insurance broker with Alliant Insurance Services (AIS) presented us the opportunity to explore how other brokers might serve our needs. We went out for a competitive bid for insurance brokers and happily discovered Alliant Insurance Services

was indeed, our most cost effective service provider. We signed a five-year contract with a new broker at AIS, with an option to renew for a second five-year period.

In 2014, the Board and I agreed that I would stay on as Executive Director until 2017. As a result of that decision, I was re-elected to the board of Government Entities Mutual, Inc., which is the protected cell reinsurance captive we are involved in, based in Washington, D.C. This is my fourth and final three-year term on the Board.

This was a very exciting and innovative year for WSTIP. It was a pleasure to serve the Board, and I am once again deeply impressed by the skills, experience and capabilities of our WSTIP staff.

JEFFREY S. RISTAU SCHOLARSHIP ESTABLISHED

The Washington State Transit Insurance Pool might never have come into existence if it wasn't for a gentleman named Jeff Ristau. Mr. Ristau was a founding Board member, and he worked tirelessly for decades to grow the Pool into the well-funded, highly stable organization it is today. In gratitude for his service, the WSTIP Board established the Jeffrey S. Ristau Scholarship in 2014. A total of up to 20 full scholarships worth up to \$1000 each may be given in any one year. The WSTIP Executive Committee will select the winning candidates, and the first scholarship will be awarded in 2015.

To qualify, a scholarship candidate must be:

- a current employee of a WSTIP member transit agency
- engaged in study at an accredited college or university, conference or continuing education program
- seeking to continue their education in areas that further the vision, mission, ethical practices, safety and/or reduction of the cost of risk for public transportation in Washington State.

Preference will be given to candidates studying:

- Public Administration
- Risk Management
- Transportation Planning
- Fleet Management
- Public Finance

STAFF MEMBERS

ALLEN F. HATTEN, Executive Director

Responsible for oversight of all operations, purchasing, and placement of insurance, and board relations.

M. JERRY SPEARS, Deputy Director

Serves as the claims manager, information services manager, and finance manager for the program. Supervises claims and information services staff.

TRACEY CHRISTIANSON, Member Services Manager

Responsible for member communications, loss prevention programs, and training. Manages the activities of the Washington State Transportation Training Coalition and the driver record monitoring program.

RONALD A. FRANZ, General Counsel

Provides legal advice to the Pool on a wide range of questions and issues.

DENISE ELLISON, Claims Specialist

Licensed independent adjuster. Adjusts third party injury and property claims against the members, in addition to managing and pursuing transit damage recoveries. Also develops, organizes, and manages the annual claims coordinator conference. Provides training for, and support of, member claims coordinators on the Riskmaster database.

ANDREA POWELL, Information Services Specialist

Responsible for network administration, desktop application support, and hardware troubleshooting for the WSTIP and WSTA staff. Also serves as the webmaster for all WSTIP supported websites.

ANNA BROADHEAD, Member Services Assistant

Serves as the Clerk of the Board, provides overall administrative support to staff, and accomplishes special projects for members and staff.

MARISA ESPINOZA, Finance Specialist

Responsible for payroll, accounts receivable, accounts payable, prepares financial documents, helps coordinate the annual budget, underwriting, and provides administrative support to the Deputy Director.

JOANNE KERRIGAN, Risk and Training Coordinator

Provides administrative support for Transit Risk Consultant and Serious Loss Analysis Team. Coordinates registration, set up, and facilitation of training activities for the Washington

State Transportation Training Coalition. Provides backup to Finance Specialist.

CHRISTIAN DEVOLL, Transit Risk Consultant

Conducts loss prevention reviews by meeting with members, reviewing operations, and making recommendations for compliance with Best Practices and state and federal regulations.

BRENDA BARNETT, Receptionist

Provides receptionist phone services, manages the Washington State Transportation Training Coalition video loan library, and provides administrative support for the WSTIP staff.

KAREY THORNTON, Claims & Administrative Assistant

Performs support functions for the claims department including auditing and monitoring the database and claim files, assisting with data-entry of initial claims, managing and maintaining diaries from multiple claims, and helping with the maintenance of the existing and implementation of the new risk management information system. Performs general support for all other departments as needed.

SERVICE PROVIDERS

Broker Services Alliant Insurance Services, Newport Beach, CA

Actuarial Services PricewaterhouseCoopers, Seattle, WA

Accounting Services McSwain & Company, Olympia, WA

2014 COVERAGES

Coverages provided by WSTIP are a combination of self-insurance, coverage purchased from a captive insurance pool, and commercial market insurance. The following shows the amount of coverage available to WSTIP regular members including all layers. Some members purchase umbrella coverage above the limits listed in this table.

WSTIP LIABILITY COVERAGES

Liability Coverage*

Bodily Injury and Property Damage	\$12 million each occurrence (and in the aggregate for products/completed operations hazard)
Personal Injury and Advertising Injury	\$12 million each offense
Vanpool Driver Medical Expense Protection [†]	\$35,000 each occurrence
Underinsured Motorist Coverage [†]	\$60,000 each occurrence for bodily injury

Public Officials Liability Coverage^{††}

Deductible	\$5,000
------------	---------

*no deductible applies

[†]optional coverage

^{††}claims made coverage, retroactive to the member's entry date into the program

WSTIP PROPERTY COVERAGES

Property Excess Program (July 1, 2014 to June 30, 2015)

WSTIP/APIP

Per occurrence, all perils, coverages and insureds/members combined, subject to sublimits below:	\$1 billion
Flood zones A & V - annual aggregate (separate deductible)	\$10 million
All flood zones except A & V - annual aggregate (separate deductible)	\$50 million
Earthquake, volcanic eruption, landslide, and mine subsidence - annual aggregate (separate deductible)	\$25 million
Combined Business Interruption, rental income and tax interruption - except \$500,000 per member subject to a maximum of \$2,500,000 per occurrence limit if specific values have not been reported	\$100 million
Extra Expense	\$50 million
Miscellaneous unnamed locations	\$25 million
Automatic acquisition for new locations (report within 120 days) including boiler and machinery	\$25 million
Unscheduled landscaping	\$1 million
Errors and omissions	\$50 million
Course of construction and additions (including new) for projects with completed values not exceeding the sublimit shown	\$25 million
Money and Securities (named perils only)	\$2.5 million
Unscheduled Fine Arts	\$2.5 million

Pollution cleanup and removal, accidental contamination per occurrence and annual aggregate	\$250,000
Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)	\$500,000
Ordinance or law (including losses to undamaged portion, demolition and increased cost of construction) and includes boiler and machinery	\$25 million
Property in transit	\$25 million
Unscheduled Animals; not to exceed \$50,000 per Animal	\$2.5 million
Unscheduled Watercraft (under 27 feet in length unless scheduled)	\$2.5 million
Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated locations	\$25 million
Contingent business interruption, contingent rental values, and contingent extra expense resulting from a covered peril at a non-power generating facility	\$3 million
Claims preparation expenses	\$1 million
Expediting expenses	\$50 million
Jewelry, Furs, Precious Metals and Precious Stones	\$500,000
Personal Property Outside of the USA and Canada	\$1 million
Per Member/Entity for Terrorism	\$300 million

Information Security & Privacy with Electronic Media Liability (Cyber Liability)	Included
Boiler and Machinery	\$100 million
Member Deductible (per occurrence)	\$5,000
C-TRAN & Pierce	\$10,000
Spokane	\$25,000
For Damage or Loss except for CNG Facilities at Pierce and Valley	\$250,000 SIR per occurrence
For Auto Physical Damage while the insured vehicle is underway except for buses less than 10 years old and valued over \$250,000, than calculated at Replacement Cost	Fair Market Value or Replacement Cost \$20,000,000 per occurrence \$1,000,000 any one vehicle \$1,000,000 newly acquired vehicles
APD Member Deductible for damage or loss (per occurrence)	\$5,000
C-TRAN & Pierce	\$10,000
Spokane	\$25,000
Pool Self-insured retention	\$250,000

WSTIP MISCELLANEOUS COVERAGES

Crime Coverage/Public Employee Dishonesty

National Union Fire Insurance Company of Pittsburgh

Employee theft (per loss)	\$1 million per occurrence
Forgery or alteration	\$1 million per occurrence
Theft disappearance and destruction (inside premises)	\$1 million per occurrence
Robbery and safe burglary (inside premises)	\$1 million per occurrence
Outside premises	\$1 million per occurrence
Computer fraud	\$1 million per occurrence
Funds Transfer Fraud	\$1 million per occurrence
Money orders and counterfeit money	\$1 million per occurrence
Deductible	\$10,000 per occurrence

WSTIP also group purchases a pollution liability policy (carrier: XL Insurance) and, for those members that need it, underground storage tank coverage (carrier: Liberty & Zurich).

COMPARATIVE STATEMENT OF NET POSITION

	2014*	2013
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$34,524,371	\$34,011,461
Member Assessments Receivable	36,536	25,225
Reinsurance Recoverable	-	-
Prepaid Expenses	468,051	455,390
TOTAL CURRENT ASSETS	\$35,028,958	\$34,492,076
NONCURRENT ASSETS:		
Capital Assets (Net of Accumulated Depreciation)	\$426,852	\$447,412
TOTAL NONCURRENT ASSETS	\$426,852	\$447,412
OTHER ASSETS:		
Investments	\$1,703,760	\$1,480,218
TOTAL OTHER ASSETS	\$1,703,760	\$1,480,218
TOTAL ASSETS	\$37,159,570	\$36,419,706
LIABILITIES		
CURRENT LIABILITIES:		
Unpaid Claims Liability	\$15,920,981	\$14,544,828
ULAE Reserve	635,000	610,000
Accounts Payable	29,069	92,100
Unearned Member Assessments/Contributions	-	546,077
TOTAL CURRENT LIABILITIES	\$16,585,050	\$15,793,005
NONCURRENT LIABILITIES:		
Compensated Absences	\$145,962	\$130,383
TOTAL NONCURRENT LIABILITIES	\$145,962	\$130,383
TOTAL LIABILITIES	\$16,731,012	\$15,923,388
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$426,852	\$447,412
Non-Restricted Building Reserve	41,192	34,115
Non-Restricted Net Position	\$19,960,514	\$20,014,791
TOTAL NET POSITION	\$20,428,558	\$20,496,318
TOTAL NET POSITION AND LIABILITIES	\$37,159,570	\$36,419,706

*At the time of publishing, 2014 financial statements had not been audited.

COMPARATIVE STATEMENT OF REVENUES,
EXPENSES & CHANGES IN NET POSITION

	2014*	2013
OPERATING REVENUES		
Member Assessments	\$11,570,191	\$11,225,365
Program Revenues	213,502	160,222
TOTAL OPERATING REVENUES	\$ 11,783,693	\$11,385,587
OPERATING EXPENSES		
Incurred Loss/Loss Adjustment Expenses		
Claims Paid	\$6,535,847	\$6,563,252
Change in Unpaid Claims Liability	690,961	(128,413)
Unallocated Loss Adjustment Expense	356,641	331,812
Excess/Reinsurance Premiums	2,206,372	2,166,030
Depreciation Expense	20,560	17,106
General and Administrative Expenses	1,973,911	1,980,812
Insurance Services:		
Brokerage Fee	101,200	103,844
Other Insurance Services	403,970	335,813
TOTAL OPERATING EXPENSES	\$12,289,462	\$11,370,256
OPERATING INCOME (LOSS)	\$(505,769)	\$15,331
NONOPERATING REVENUES (EXPENSES)		
Interest and Dividend Income	\$438,009	\$270,212
CHANGE IN NET POSITION	(67,760)	285,543
TOTAL NET POSITION, January 1	\$20,496,318	\$20,210,775
TOTAL NET POSITION, December 31	\$20,428,558	\$20,496,318

*At the time of publishing, 2014 financial statements had not been audited.

COMPARATIVE STATEMENT OF CASH FLOWS

	2014*	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$11,570,191	\$11,201,576
Cash Payments to Suppliers for Goods and Services	(11,766,367)	(9,701,766)
Cash Payments to Employees for Services	(1,120,035)	(1,074,294)
Increase (Decrease) in Claim Reserve	1,401,152	2,872,531
Other Operating Revenues	213,502	160,222
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$298,443	\$3,458,269
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
NET CASH PROVIDED (USED) BY NON CAPITAL & RELATED FINANCING ACTIVITIES	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	-	\$(27,301)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-	\$(27,301)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceed from Sales of Investments	-	-
Equity in GEM	\$(223,542)	\$(56,813)
Interest Received	438,009	270,212
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$214,467	\$213,399
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$512,910	\$3,644,367
CASH AND CASH EQUIVALENTS, JANUARY 1	\$34,011,461	\$30,367,094
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$34,524,371	\$34,011,461

*At the time of publishing, 2014 financial statements had not been audited.

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

	2014*	2013
OPERATING INCOME	\$(505,769)	\$15,331
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$20,560	\$17,106
(Increase) Decrease in member assessments receivable	(11,311)	(23,789)
(Increase) Decrease in accounts receivable	-	-
(Increase) Decrease in other prepaid expenses	(12,661)	67,773
(Increase) Decrease in insurance recoverables	-	-
Increase (Decrease) in claim reserves	1,401,152	2,872,531
Increase (Decrease) in payables	(63,030)	55,586
Increase (Decrease) in other liabilities	15,579	6,327
Increase (Decrease) in deferred revenue	\$(546,077)	\$447,404
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$298,443	\$3,458,269
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		

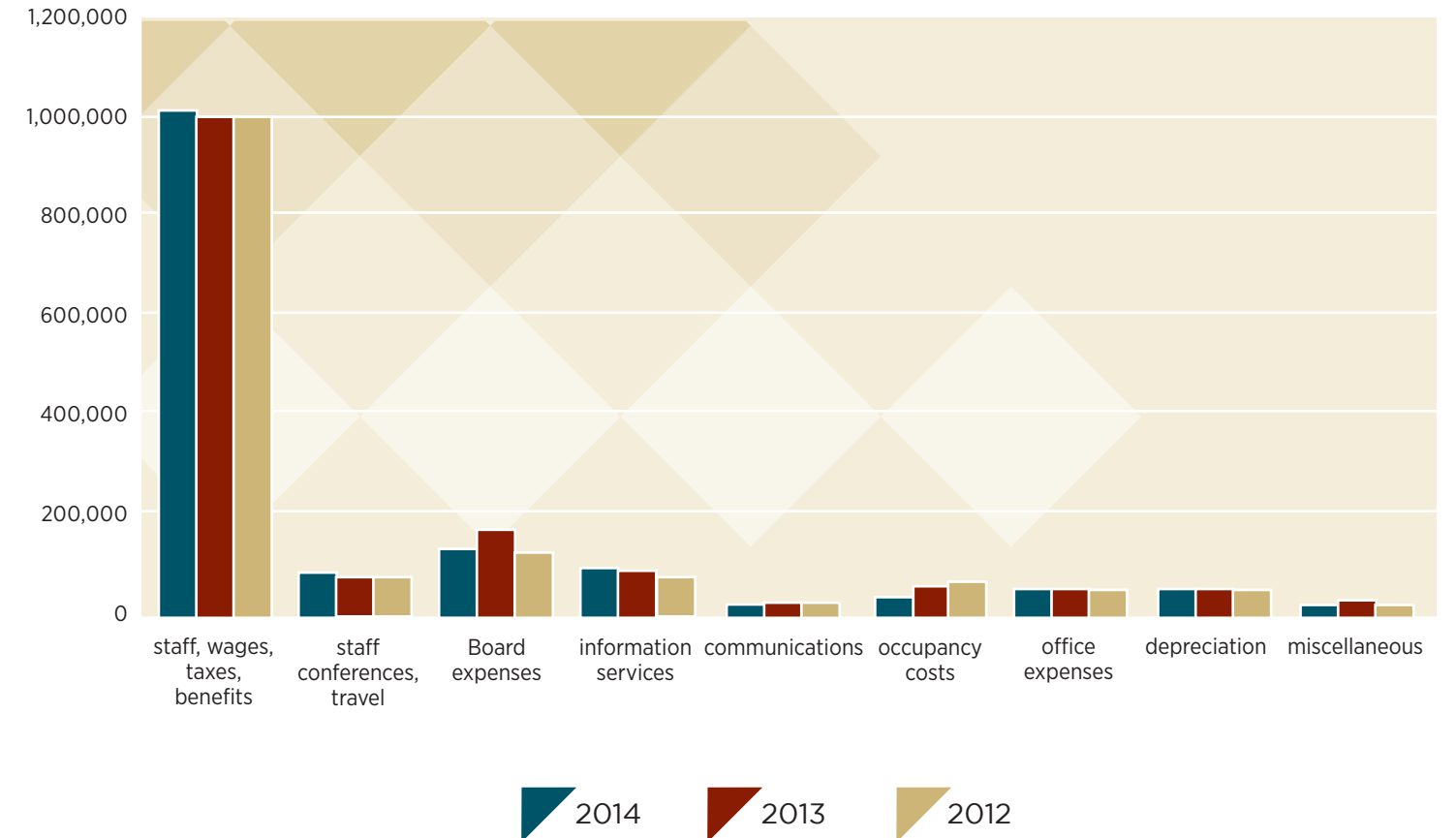
*At the time of publishing, 2014 financial statements had not been audited.

SCHEDULE T-2 OFM SCHEDULE OF EXPENSES

DESCRIPTION	2014*	2013	2012
Claims Self Insurance Fund Excess Insurance Premiums	\$6,892,488	\$6,895,064	\$6,624,189
CONTRACTED SERVICES			
Driver Recording Monitoring	\$278,718	\$220,931	\$162,266
Pierce Transit Sub Contracted Clms	0	0	0
Actuary	59,500	66,525	114,900
Administrative Services	19,868	22,383	27,227
Broker Fees	101,200	103,845	103,845
Contract Web Design	0	0	95
Backup Services	5,950	8,000	20,600
Integrated Risk Management	0	0	46,860
Software Coop/IT Security	0	0	2,817
Contracted Services	46,826	54,759	46,485
Legal and Accounting	12,271	14,613	13,501
Loss Prevention Services	384,102	313,430	205,635
Audits	26,247	31,204	19,593
ADMINISTRATIVE EXPENSES			
Staff Wages, Taxes and Benefits	\$1,120,035	\$1,074,293	\$1,012,090
Staff Conferences and Travel	87,332	82,668	82,203
Board Expenses	119,269	175,379	114,304
Information Services	97,785	94,880	80,181
Communications	19,083	23,588	24,887
Occupancy Costs	39,629	65,732	71,279
Office Expenses	52,276	55,417	52,154
Depreciation	20,560	17,106	11,290
Miscellaneous	8,991	12,822	10,857
Operating Expenses	11,598,502	11,498,671	10,751,093
Change in Unpaid Claims Liability	690,961	-128,413	-772,646
TOTAL OPERATING EXPENSES	\$12,289,463	\$11,370,258	\$9,978,447

*At the time of publishing, 2014 financial statements had not been audited.

ADMINISTRATIVE EXPENSES (2012 TO 2014)

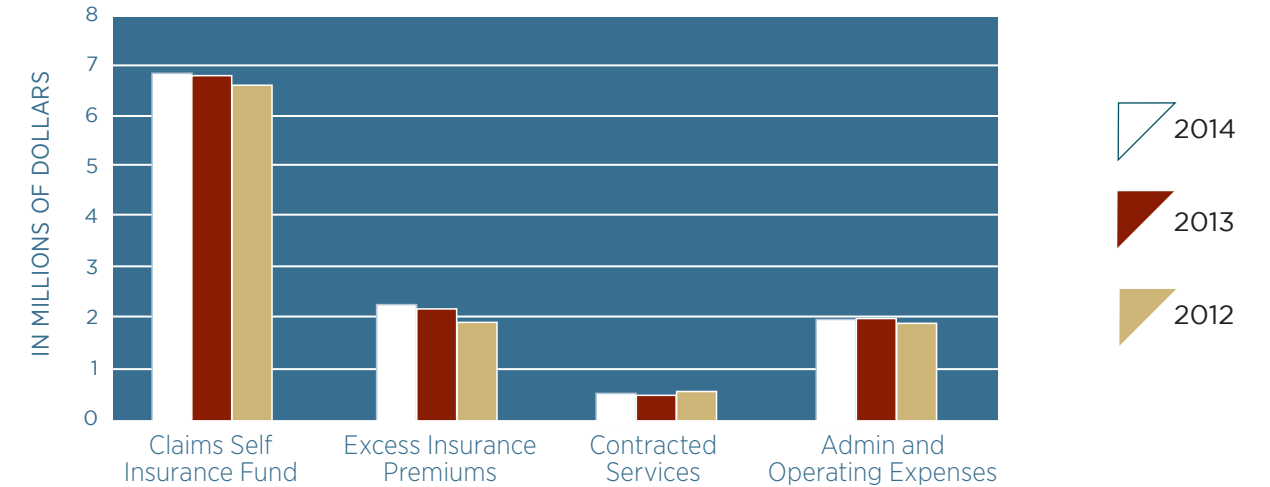


COMPARATIVE STATEMENT OF KEY FINANCIAL INDICATORS

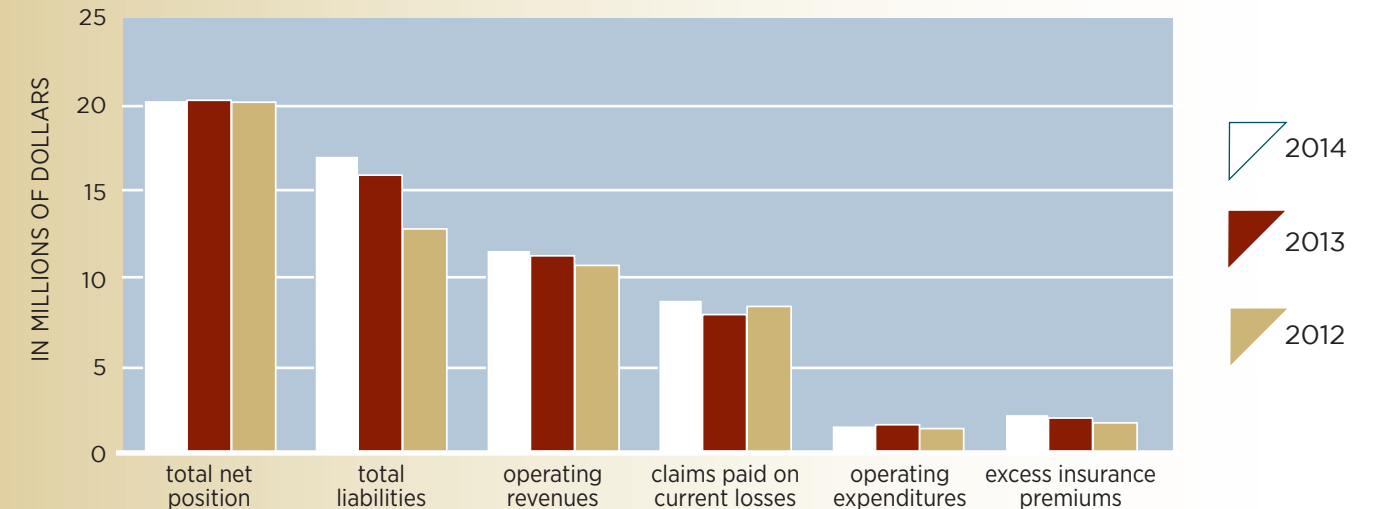
DESCRIPTION	2014*	2013	2012
Capital Assets	\$426,852	\$447,412	\$437,217
Investments	1,703,760	1,480,218	1,423,405
Liabilities	16,731,012	15,923,388	12,541,540
TOTAL NET POSITION	\$20,428,558	\$20,496,318	\$20,210,775
OPERATING REVENUES	\$11,783,693	\$11,385,587	\$10,794,231
OPERATING EXPENSES			
Claims Paid on Current Losses	\$6,892,488	\$6,895,064	\$6,624,189
Adjustment to Prior Years' Claims Reserves	690,961	-128,413	-772,646
Excess Insurance Premiums	2,206,372	2,166,030	1,903,835
Depreciation Expense	20,560	17,106	11,291
Operating Expenditures	1,973,911	1,980,812	1,825,394
Broker Fee	101,200	103,844	103,845
Other Insurance Services	403,970	335,813	282,539
TOTAL OPERATING EXPENSE	\$12,289,462	\$11,370,256	\$9,978,447
OPERATING INCOME (LOSS)	-505,769	15,331	815,784
NON-OPERATING REVENUE	438,009	213,399	269,900
CHANGE IN NET POSITION	\$-67,760	\$233,489	\$1,085,684
KEY POOL INDICATORS			
Total Net Position	\$20,428,558	\$20,444,264	\$20,210,775
Total Liabilities	16,731,012	15,923,388	12,541,540
Operating Revenues	11,783,693	11,385,587	10,794,231
Claims Paid on Current Losses	6,892,488	6,895,064	6,624,189
Operating Expenditures	1,973,911	1,980,812	1,825,394
Excess Insurance Premiums	2,206,372	2,166,030	1,903,835
OPERATING INCOME (LOSS)	-505,769	15,331	815,784
NON-OPERATING REVENUE	\$438,009	\$270,212	\$269,900

*At the time of publishing, 2014 financial statements had not been audited.

POOL EXPENSES BY MAJOR CATEGORY



KEY POOL INDICATORS 2012-2014



CLAIMS DEVELOPMENT INFORMATION

The table below illustrates how the Fund's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last ten years. The 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 the Fund including overhead and claims expenses not allocated to individual claims.
- 3) This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) This section 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. Columns of the table show data for successive policy years.

	2005	2006	2007	2008	2009	2010**	2011	2012	2013	2014
1. Gross required contribution and investment revenues	7,860	7,982	8,401	9,147	9,341	10,785	11,217	10,933	11,439	11,785
Ceded	1,755	1,710	1,943	1,763	1,734	1,651	1,793	1,904	2,166	2,206
Net earned	6,105	6,272	6,458	7,384	7,607	9,134	9,424	9,029	9,273	9,579
2. Unallocated operating expenses	1,370	1,331	1,687	2,132	1,897	2,111	2,272	2,223	2,433	2,496
3. Estimated Losses & Expenses End of Policy Year										
Incurred	2,484	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047
Ceded**	245	85	23	1,467	837	191	4,411	190	202	408
Net Incurred	2,239	3,244	2,967	3,703	4,204	5,457	1,316	4,804	5,268	6,639

*At the time of publishing, 2014 financial statements had not been audited.

2005 2006 2007 2008 2009 2010** 2011 2012 2013 2014

4. Paid (cumulative) as of:										
End of policy year	307	472	451	1,185	789	825	1,077	927	1,075	983
One year later	758	1,276	891	2,191	3,064	2,398	2,774	1,828	2,172	
Two years later	1,635	1,581	1,374	3,991	3,366	3,581	3,744	2,692		
Three years later	1,850	3,416	2,050	4,641	4,005	4,220	4,910			
Four years later	1,989	3,917	2,301	5,025	4,224	5,876				
Five years later	2,235	4,105	2,371	5,044	4,398					
Six years later	2,235	4,331	2,387	5,047						
Seven years later	2,235	4,334	2,424							
Eight years later	2,234	4,546								
Nine years later	2,234									
5. Re-Estimated Ceded Losses & Expenses	230	68	6	1,650	717	112	8,382	267	124	408
6. Re-estimated net incurred claims and expenses:										
End of policy year	2,484	3,329	2,990	5,170	5,041	5,648	5,727	4,994	5,470	7,047
One year later	2,371	3,768	2,325	5,356	4,946	5,364	6,783	4,320	5,052	
Two years later	2,186	3,957	2,462	5,350	4,788	5,975	8,144	4,755		
Three years later	2,138	4,341	2,718	5,069	4,509	6,500	9,075			
Four years later	2,230	4,623	2,600	5,154	4,521	6,288				
Five years later	2,251	4,689	2,640	5,124	4,486					
Six years later	2,241	4,673	2,511	5,117						
Seven years later	2,235	4,677	2,420							
Eight years later	2,234	4,675								
Nine years later	2,234									
7. Increase (decrease) in estimated net incurred claims and expenses for end of the policy year	(250)	1,346	(570)	(53)	(555)	640	3,348	(239)	(418)	0

** At policy year end 2010 our actuary started calculating estimated ceded ultimate loss



2629 12th Court SW | Olympia, WA 98502
(360) 786-1620 | www.wstip.org