



<b>WSTIP Policy Manual</b>			
<b>Document Name:</b>	<b>Budget Development Policy</b>	<b>Date Adopted:</b>	03/26/2010
<b>Category:</b>	<b>Finance</b>	<b>Revision Date:</b>	9/30/2011
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**Budget Development Policy**

**Purpose**

1. To provide the framework for the orderly development of the Pool's annual budget;
2. To coordinate the work and inputs from management, the Executive Committee, and the Board in the development and eventual adoption of the budget; and
3. To evaluate compliance with the Strategic Financial Ratios Policy.

**Authority**

1. Interlocal Agreement, Sections 4f ("adopt an annual budget") and 1 3b ("contributions and assessments shall be established . . . in [the] annual budget"); and
2. Bylaws, Section 4b ("the **Board**. . . [shall adopt the] annual budget").

**Policy Statement**

1. Budget overview. The budget is:
  - a. The primary tool for planning and controlling operations; and
  - b. The manifestation through which the Pool secures stable and predictable member contributions and reduced reliance upon commercial insurance.
  
2. Budget components. The budget shall provide for:
  - a. Self insurance funding;
  - b. Excess and/or reinsurance funding;
  - c. Contribution to surplus;
  - d. Risk management funding; and
  - e. Operating costs.
  
3. Collection of data. For use in the budget process the executive director shall collect the following from the members in a timely fashion:
  - a. Estimated total vehicle miles for all modes;
  - b. Number of vehicles and their values;
  - c. Property values;
  - d. Number of employees; and
  - e. Member UIM preferences.
  
4. Actuarial study. No later than September the executive director shall provide the Executive Committee and the Board with an actuarial study. The study shall address:
  - a. Outstanding claim reserves;
  - b. Funding adequacy;
  - c. Projected losses and loss rates;
  - d. Deductible credits for first party coverage;
  - e. Cash flow requirements; and

- f. The eight financial ratios described in the Strategic Financial Ratios Policy for a running six year period.
- 5. Directions from Executive Committee. At its June meeting the Executive Committee may provide directions to the executive director regarding the draft budget. These directions may include a departure from the Assessment Allocation Policy.
- 6. Recommendation by Executive Committee. At its June meeting the Executive Committee shall consider the budget and may recommend changes to :
  - a. Contributions to equity; and
  - b. Actuarial confidence levels.
- 7. Draft budget. The executive director shall present a draft budget to the Executive Committee and Board at their September meetings.
- 8. Budget workshop. The President may schedule a budget workshop prior to the consideration of the draft budget by the Board. At the workshop the executive director shall present and explain the proposed budget as modified by the Executive Committee.
- 9. Adoption. The proposed budget shall be presented to the Board at its annual meeting. The Executive Committee shall make a recommendation to the Board on the proposed budget. The Board shall adopt a budget at this meeting.

**Amendment**

The Pool's Board may amend this policy.

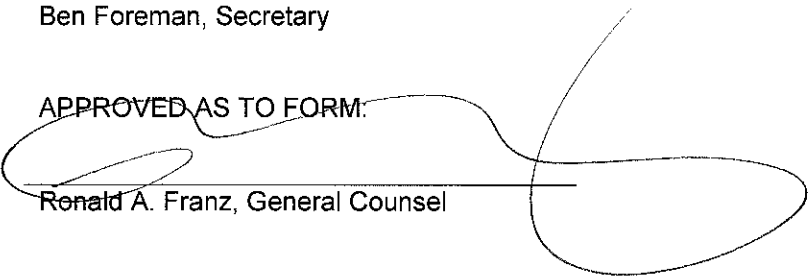
Passed this 8th day of December, 2011  
Executive Committee  
Washington State Transit Insurance Pool

  
\_\_\_\_\_  
Mark Carlin, President

ATTEST.

  
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Ben Foreman, Secretary

APPROVED AS TO FORM:

  
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Ronald A. Franz, General Counsel