



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Enduris Washington

For the period September 1, 2020 through August 31, 2022

Published May 22, 2023

Report No. 1032590



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

May 22, 2023

Board of Directors
Enduris Washington
Spokane, Washington

Report on Financial Statements

Please find attached our report on Enduris Washington's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Enduris Washington September 1, 2020 through August 31, 2022

Board of Directors
Enduris Washington
Spokane, 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 Enduris Washington, as of and for the years ended August 31, 2022 and 2021, 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 15, 2023.

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 15, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Enduris Washington September 1, 2020 through August 31, 2022

Board of Directors
Enduris Washington
Spokane, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of Enduris Washington, as of and for the years ended August 31, 2022 and 2021, 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 Enduris Washington, as of August 31, 2022 and 2021, 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the Pool adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 Department of Enterprise Services (DES) Schedule of Expenses and the 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 15, 2023 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

May 15, 2023

**Enduris Washington
September 1, 2020 through August 31, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022 and 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022 and 2021

Statement of Revenues, Expenses and Changes in Net Position – 2022 and 2021

Statement of Cash Flows – 2022 and 2021

Notes to the Financial Statements – 2022 and 2021

REQUIRED SUPPLEMENTARY INFORMATION

Ten-Year Claim Development Information – 2022 and 2021

Comparative Schedule of Claim Development, Earned Contributions and Unallocated Expenses – 2022 and 2021

Reconciliation of Claim Liabilities by Type of Contract – 2022 and 2021

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2022 and 2021

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022 and 2021

Notes to Pension Required Supplementary Information – 2022 and 2021

SUPPLEMENTARY AND OTHER INFORMATION

Department of Enterprise Services (DES) Schedule of Expenses – 2022 and 2021

List of Participating Members – 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Enduris is a risk pool in the state of Washington for local government and special purpose districts, with 527 members in fiscal 2022 representing 17 entity types and operating in each of the 39 counties in the state. The mission of Enduris is to provide financial protection, broad coverage, and risk management services responsive to members' needs. The members "pool" resources to share risk and reduce cost. By blending the risk exposures of a diverse membership and combining member total insured values, Enduris secures excess/reinsurance above the Pool's self-insured retentions from the commercial market on a more cost-effective basis. As the risk management arm of its members, the Pool manages claims and provides a broad array of in-depth loss control services, training, and risk consultation.

This discussion and analysis provide an overview of financial activities of Enduris (Enduris or the Pool) for the fiscal years ended August 31, 2022 and 2021. Please read it in conjunction with the financial statements, notes to financial statements, and required supplementary information included in this report.

FINANCIAL HIGHLIGHTS

- The health of Enduris is measured by growth and stability of net position. The Pool's net position increased by \$7.8 million in fiscal 2022 and \$1.5 million in fiscal 2021. With a net position of \$27.8 million at year-end 2022 and \$20.0 million at year end 2021, Enduris is funded in excess of a 97% confidence level as it relates to claim reserves. WAC 200-100-03001 requires a minimum of 80% confidence level. Fiscal soundness is required to support our goal to assure that members have long-term protection from property and liability loss through the long-term viability and financial stability of the Pool.
- Enduris' membership is stable, and our members are satisfied based on our member and claims surveys. The Pool's member contributions increased by \$2.6 million in 2022 and \$2.0 million in 2021. Contributions were impacted by higher liability and property coverage rates, individual member risk adjustments and changes in member exposures. The Pool strives to maintain a fair and equitable rating structure while reducing the volatility in member rates compared to the commercial market.
- Claims expense equaled \$3.7 million in 2022 and \$10.5 million in 2021. In 2021 the Pool's actuary at the time, Aon, projected significant increases in retained severity due to a few high-risk liability claims. This resulted in a change in claims reserves of \$5.1 million. The Pool paid \$5.4 million in member claims during 2021 so claims expense equaled \$10.5 million. For fiscal 2022 the Pool's new actuary, PWC, reduced the estimate of unpaid claim reserves for member losses incurred in prior policy years, citing lower claim development than previously expected. The Pool's total claims expense of \$3.4 million includes the \$5.6 million of net claims paid, offset by the negative \$1.9 million change in claim reserves.
- The frequency and severity of member claims continues to rise compared to historical averages. Weather extremes, aging infrastructure, escalating construction/repair costs and social inflation all remain areas of concern for both the Pool and the reinsurance market in general. Claim Reserves, the actuarial estimate of the Pool's outstanding losses, is \$16.9 million at fiscal year-end 2022. Although this is down \$1.9 million from the \$18.8 million balance at year end 2021, it is still at one of the highest levels in the Pool's history.
- In 2019 we saw the start of a hard commercial insurance market. Since then it has escalated because of the pandemic and catastrophic weather events forcing further reductions in market capacity, more exclusions by carriers, and changes in coverage terms. Enduris' long-term relationships with reinsurers offered the Pool stability that was not felt everywhere. Our property reinsurance rates increased by 40% in fiscal 2022 after increasing 25% in fiscal 2021 and although this seems extreme, overall market increases were even higher. Liability reinsurance rates were up 14% in 2022 after increasing by 11% in 2021. Because of our strong financial position and focus on rate stabilization, Enduris did not pass all of these volatile increases on to our members.
- Enduris met the solvency standards established by Washington Administrative Code (WAC) 200-100-03001 for both 2022 and 2021. Financial solvency is measured by both Enduris' liquid assets and total assets compared to the Pool's financial obligations.

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Pool reports its activities as an enterprise fund. An enterprise fund is a proprietary fund and, as such, uses full accrual accounting for its activities. Enduris’ financial statements consist of the following components: basic financial statements, notes to the financial statements, required supplementary information and required supporting schedules.

BASIC FINANCIAL STATEMENTS

The three basic financial statements required for proprietary funds include a “Statement of Net Position,” a “Statement of Revenues, Expenses, and Changes in Net Position,” and a “Statement of Cash Flows.”

The “Statement of Net Position” presents information on the Pool’s assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. The increases or decreases in net position over time may be a useful indicator in determining if the financial position of the Pool is improving or deteriorating.

The “Statement of Revenues, Expenses, and Changes in Net Position” presents information showing how the Pool’s net position changed during the fiscal year. All changes in 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 in this statement for some items that will result in cash flows in future years.

The “Statement of Cash Flows” presents information on cash flow provided by and used in activities. The activities are classified into one of three categories: operating activities, capital, and related financing activities, and investing activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes are an integral part of the financial statements and provide additional information that is essential to a full understanding of the financial statement data.

REQUIRED SUPPLEMENTARY INFORMATION

The Required Supplementary Information (RSI) contains other information the Government Accounting Standards Board (GASB) deems necessary. This includes pension trend data and revenue and claims development trend data.

SUPPLEMENTARY AND OTHER INFORMATION

Supplementary and Other Information contains other information the State Auditor’s Office deems necessary for risk pools. It includes the DES Schedule of Expenses and the List of Participating Members

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF ENDURIS

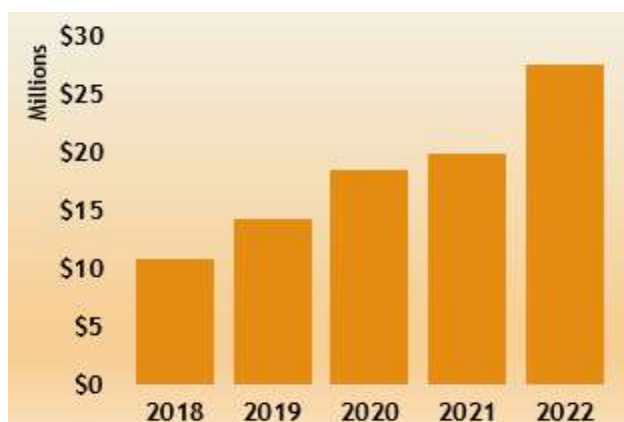
The following table provides a three-year comparative summary of components of the Pool's Statement of Net Position at fiscal year-end August 31st.

Analysis of Statement of Net Position Three-Year Comparative Summary Financial Data As of August 31 st - Dollars in Millions							
	2022	Increase (Decrease) Amount	Increase (Decrease) Percentage	2021	Increase (Decrease) Amount	Increase (Decrease) Percentage	2020
Assets:							
Cash and Cash Equivalents	\$ 44.8	\$ 6.7	20%	\$ 38.1	\$ 2.5	7%	\$ 35.6
Prepaid Excess/Reinsurance	7.6	1.4	20%	6.2	2.5	68%	3.7
Other Current Assets	0.3	-	-	0.3	(0.1)	-25%	0.4
Capital Assets, net	4.5	(0.9)	-20%	5.4	0.3	6%	5.1
Investment in GEM	3.6	0.4	10%	3.2	0.6	23%	2.6
Lease Receivable ⁽¹⁾	2.5	(0.1)	-	2.6	2.6	-	-
Pension Asset	0.6	(1.0)	-60%	1.6	1.6	-	-
Total Assets ⁽¹⁾	\$ 63.9	\$ 6.5	10%	\$ 57.4	\$ 10.0	21%	\$ 47.4
Deferred Outflow related to Pensions	\$ 0.6	\$ 0.4	200%	\$ 0.2	\$ -	0%	\$ 0.2
Liabilities:							
Unearned Member Contributions	\$ 16.1	\$ 2.1	20%	\$ 14.0	\$ -	-	\$ 14.0
Claims Reserves	16.9	(1.9)	-10%	18.8	5.1	37%	13.7
Other Current Liabilities	0.3	-	-	0.3	(0.1)	-25%	0.4
Other Non-Current Liabilities	0.4	0.2	100%	0.2	(0.6)	-75%	0.8
Total Liabilities	\$ 33.7	\$ 0.4	0%	\$ 33.3	\$ 4.4	15%	\$ 28.9
Deferred Inflow related to Pensions	\$ 0.6	\$ (1.1)	-60%	\$ 1.7	\$ 1.5	750%	\$ 0.2
Deferred Inflow related to Leases ⁽¹⁾	\$ 2.4	\$ (0.2)	-10%	\$ 2.6	\$ 2.6	0%	\$ -
Net Position:							
Investment in Capital Assets	\$ 4.5	\$ (0.9)	-20%	\$ 5.4	\$ 0.3	6%	\$ 5.1
Restricted Net Position related to Pensions	0.6	0.4	200%	0.2	0.2	100%	-
Unrestricted Net Position	22.7	8.3	60%	14.4	1.0	8%	13.4
Total Net Position	\$ 27.8	\$ 7.8	40%	\$ 20.0	\$ 1.5	8%	\$ 18.5

(1) Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was effective for fiscal years ending after June 30, 2022. Enduris applied the new standard retroactively to existing agreements and the financial statements effective for fiscal 2021 have been adjusted: Total Assets increased by \$2.6 million for the Lease Receivable and the \$2.6 million Deferred inflow related to Leases was recorded. For more information see the Notes to the Financial Statements.

Net Position

As of August 31st 2018-2022



Enduris' **Net Position** increased by \$7.8 million, to \$27.8 million at fiscal year-end 2022 after increasing by \$1.5 million, to \$20.0 million at fiscal year-end 2021. Part of the Enduris mission is ensuring long-term financial protection and stability of the Pool and to do that the Board has made it a priority to continue to build the net position. A strong fund balance is not only necessary to meet the solvency requirements of the WAC, but also to allow for rate stability while managing the volatility in member claims costs and the higher excess/reinsurance premiums due to the hardening commercial market.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Total Assets of \$63.9 million on August 31, 2022 reflects an increase of \$6.5 million (10%) from fiscal year-end 2021. Total Assets of \$57.4 million (including the \$2.6 million lease receivable under GASB 87) increased by \$10.0 million (21%) from fiscal year-end 2020. The \$0.6 million **Deferred Outflow related to Pensions** increased by \$0.4 million in fiscal 2022 compared to the \$0.2 million balance in fiscal 2021 and 2020.

The majority of the Pool's assets consist of liquid **Cash and Cash Equivalents** invested in the Spokane County Investment Pool (SCIP). As of August 31, 2022 the balance was \$44.8 million and as of August 31, 2021 the balance was \$38.1 million. For both years the increases were primarily a result of positive net earnings.

Prepaid Excess/Reinsurance increased by \$1.4 million in fiscal 2022, to \$7.6 million after increasing by \$2.5 million, to \$6.2 million, in fiscal 2021. The cost of reinsurance has increased dramatically in each of the last two years. Enduris procures property reinsurance in July and liability reinsurance in August each year. The premiums are capitalized and amortized over the policy period so rising premiums have had a significant impact on this asset balance.

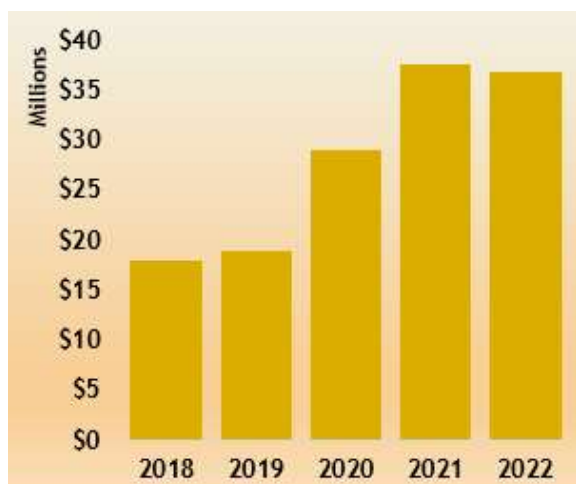
As of August 31, 2022 and 2021 total net book value of **Capital Assets** was \$4.5 million and \$5.4 million, respectively. The Pool's investment in capital assets primarily consist of land, an office building built in 2012 at a cost of \$5.1 million, land and building improvements, furnishings, equipment, and vehicles.

Government Entities Mutual, Inc., PCC, (GEM) is a captive insurance company owned by Member public entity risk pools. Enduris invested approximately \$1.0 million in GEM in 2003. The remaining balance (\$2.6 million, \$2.2 million, and \$1.6 million as of August 31, 2022, 2021 and 2020, respectively) reflects the Pool's proportionate share of GEM's cumulative net earnings.

The **Lease Receivable** of \$2.5 million and \$2.6 million at fiscal year-ends 2022 and 2021 represent the present value of future lease payments related to the Pool's twenty year lease with Spokane Regional Clean Air Agency (SRCAA) under GASB 87. The inception of the lease was June 2021.

The **Pension Asset** of \$0.6 million at fiscal year-end 2022 is down \$1.0 million compared to the \$1.6 million balance at fiscal year-end 2021. These balances are offset by the **Deferred Inflow related to Pensions**.

Liabilities and Deferred Inflows As of August 31st 2018-2022

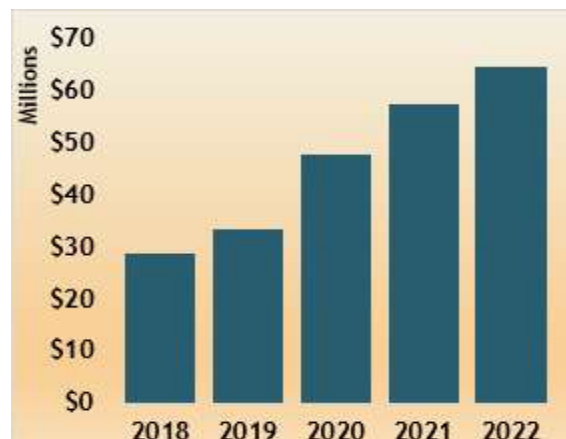


For fiscal 2022, **Total Liabilities** increased only slightly, by \$0.4 million, to \$33.7 million. For fiscal 2021, total liabilities increased \$4.4 million, to \$33.3 million. The Pool's principal liabilities are unearned member contributions and claim reserves.

Deferred Inflow related to Leases equaling \$2.4 million and \$2.6 million at fiscal year-end 2022 and 2021, are tied to the Lease Receivable balance under GASB 87.

Unearned member contributions of \$16.1 million at fiscal year-end 2022 are up \$2.1 million compared to \$14.0 million in each of that last two years. Member contributions are due on September 1st, the beginning of the new policy year and more members are paying on time than in the past.

Assets and Deferred Outflows As of August 31st 2018-2022



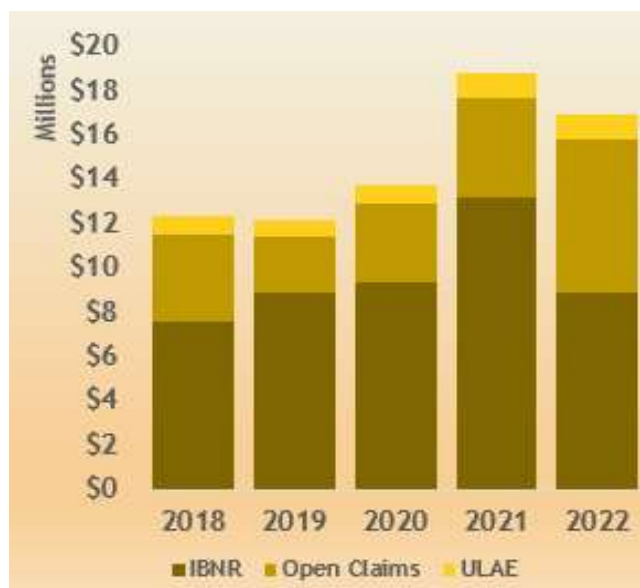
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Coverage with Enduris is primarily on an occurrence-based form. This means that claims incurred in prior years may be reported and paid in future years. Accounting principles require the Pool to work with our actuary, Aon Risk Consultants, Inc. (Aon), to establish estimates for the components of the Pool's liability for claim reserves. The actuarial assessment includes a review of the adequacy of the Pool's reserves for unpaid liabilities for open claims (Open Claims), liabilities for incurred but not reported claims (IBNR) including allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). The estimate is based on several complex factors, and as such, may vary from year to year. Membership growth, changes in member exposures, loss history, the timing of settlements for significant claims, and the Pool's SIR can affect the claim reserves established by Aon.

Claim Reserves decreased by 1.9 million, to \$16.9 million at fiscal year-end 2022 compared to the \$18.8 million balance at fiscal year-end 2021. The Pool's new actuary, PriceWaterHouseCoopers LLP (PWC) cited lower than expected development on certain open member liability claims from 2020 and 2021. The Pool paid member claims of \$7.7 million in 2022 and received excess/reinsurance and other recoveries of \$2.1 million for a net cash outflow of \$5.6 million.

The fiscal year-end 2021 Claim Reserves increased by \$5.1 million, to \$18.8 million from \$13.7 million at fiscal year-end 2020. Significant member loss experience and a few significant liability claims drove increases in Aon's estimated unpaid losses and claims payments in 2021, making this the highest level in the Pool's history. In 2021 the Pool paid \$8.3 million for claims and received excess/reinsurance and other recoveries of \$2.8 million for a net cash outflow of \$5.5 million.

Claim Reserves
As of August 31st 2018-2022



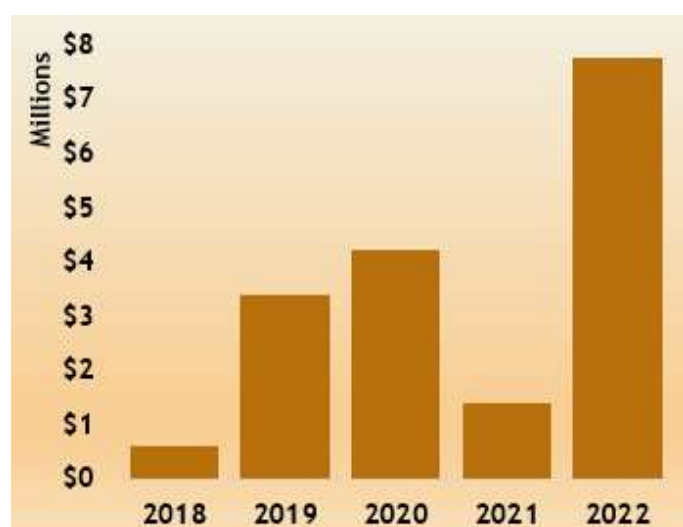
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table provides a three-year comparative summary of components of the Pool's **Statement of Revenues, Expenses and Changes in Net Position**.

Analysis of Statement of Revenues, Expenses and Changes in Net Position							
Three-Year Comparative Summary Financial Data							
For the Fiscal Years ended August 31st - Dollars in Millions							
	2022	Increase (Decrease) Amount	Increase (Decrease) Percentage	2021	Increase (Decrease) Amount	Increase (Decrease) Percentage	2020
Operating Revenues	\$ 22.0	\$ 2.6	10%	\$ 19.4	\$ 2.0	11%	\$ 17.4
Operating Expenses:							
Claims Expense	\$ 3.7	\$ (6.8)	-60%	\$ 10.5	\$ 4.3	69%	\$ 6.2
Excess/Reinsurance	7.5	1.8	30%	5.7	1.0	21%	4.7
General & Administrative	3.9	1.1	40%	2.8	(0.5)	-15%	3.3
Total Operating Expenses	\$ 15.1	\$ (3.9)	-20%	\$ 19.0	\$ 4.8	34%	\$ 14.2
Operating Income (Loss)	\$ 6.9	\$ 6.5	1630%	\$ 0.4	\$ (2.8)	-88%	\$ 3.2
Non Operating Income (Loss):							
Interest Income (Expense)	\$ 0.3	\$ -	-	\$ 0.3	\$ (0.2)	-40%	\$ 0.5
Change in Equity In GEM	\$ 0.4	\$ (0.2)	-30%	\$ 0.6	\$ -	-	\$ 0.6
Other Non-Operating Income (Loss)	0.2	0.1	1.00	0.1	0.2	-200%	(0.1)
Non Operating Income	\$ 0.9	\$ (0.1)	-10%	\$ 1.0	\$ -	0%	\$ 1.0
Change in Net Position	\$ 7.8	\$ 6.4	460%	\$ 1.4	\$ (2.8)	-67%	\$ 4.2
Net Position beginning of year	19.9	1.4		18.5	4.2		14.3
Net Position end of year	\$ 27.7	\$ 7.8		\$ 19.9	\$ 1.4		\$ 18.5

(1) Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was effective for fiscal years ending after June 30, 2022. Enduris applied the new standard retroactively to existing agreements and the financial statements effective for fiscal 2021 have been adjusted: Non-Operating Income (Loss) increased by \$6.8 thousand related to Lease accounting under GASB 87. For more information see the Notes to the Financial Statements.

Changes in Net Position For the Fiscal Years ended August 31st 2018-2022



For fiscal year 2022 Enduris' change in net position equaled \$7.8 million. The Pool had operating income of \$6.9 million. Operating revenues increased by \$2.6 million, claims expense decreased by \$6.8 million, reinsurance costs increased by \$1.8 million, and general & administrative costs increased by \$1.1 million. Non-operating income was \$0.9 million, down \$0.1 million compared to fiscal 2021.

For fiscal year 2021 Enduris' change in net position equaled \$1.4 million. The Pool had operating income of \$0.4 million. Operating revenues increased by \$2.0 million, claims expense increased by \$4.3 million, reinsurance costs increased by \$1.0 million, and general & administrative costs declined by \$0.5 million. Non-operating income was \$1.1 million, flat to fiscal 2020.

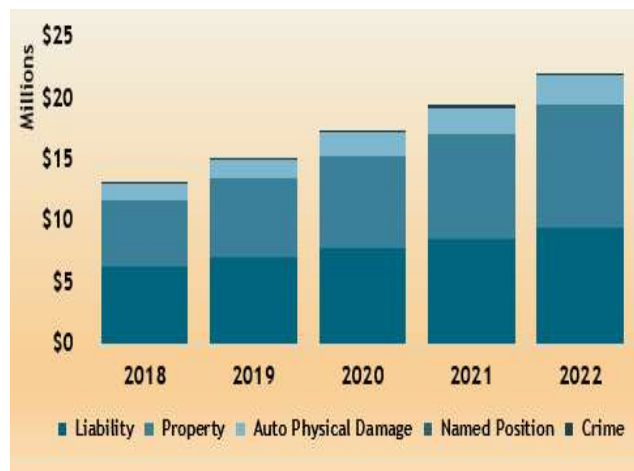
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Enduris' operating revenues from member contributions equaled \$22.0 million in fiscal 2022 and \$19.4 million in fiscal 2021.

Membership is relatively stable. Member contributions are primarily impacted by changes in rated exposure, coverage rates and member risk adjustments.

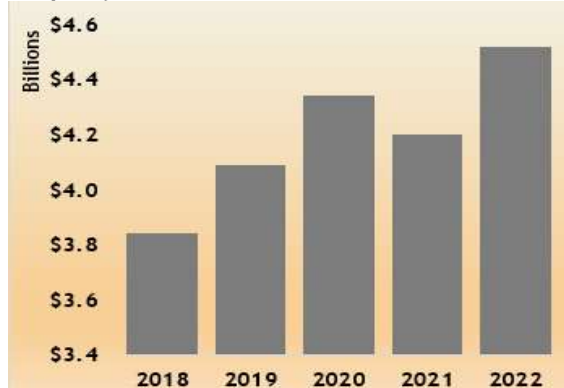
Rapidly increasing member claims costs and excess/reinsurance premiums, along with the Board's goal to strengthen the Pool's financial position resulted in rate increases during the last few years. For fiscal 2022 and 2021 average base rate increases were 10% to 15% for property coverage and 5% to 10% for liability, auto physical damage, crime and named position. Base rates are adjusted on an individual member basis to factor in specific risks and loss experience and are applied to member exposures to calculate individual member contributions each policy year.

Operating Revenues by Coverage
For the Fiscal Years ended August 31st 2018-2022

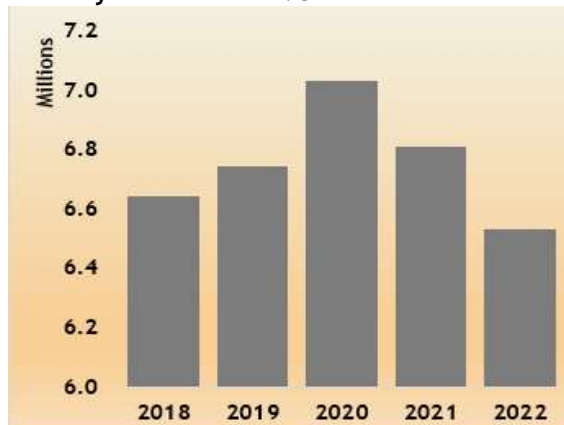


Member Exposures-
For the Fiscal Years ended August 31st 2018-2022

Property TIV



Liability - L&I hours/EMS runs



Although there was organic growth in member exposures in policy years 2018- 2020, in 2021 both property and liabilities exposures declined slightly. Property exposure increased in fiscal 2022 by 8%, while liability exposures declined by 4%

Property exposures are derived from members' total insured value (TIV). Auto physical damage coverage exposure is based on either heavy vehicle value or vehicle count. The Pool's property reinsurance carrier requires an inflationary adjustment to property values each year based on the Marshall & Swift index.

Property total insured values (TIV), including heavy vehicles, equaled \$4.5 billion in 2022, \$4.2 billion in 2021 and \$4.3 billion in 2020. The policy year 2022 inflationary adjustment required under the APIP program was 3.1% for structures and 0.91% for contents, equipment and replacement cost vehicles. . For policy year 2022 the inflationary adjustment required was 0.5% for structures and 2.4% for contents, equipment and replacement cost vehicles.

Liability exposures for all members except fire districts are the worker and volunteer hours reported to the Department of Labor and Industries (L&I hours) in the prior year. Fire district exposures are their annual number of emergency runs (EMS runs).

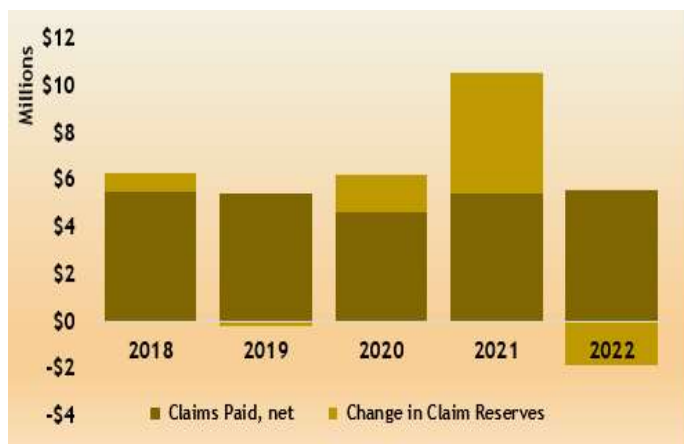
L&I hours/EMS runs exposure units equaled 6.5 million in 2022, 6.8 million in 2021 and 7.0 million in 2020. With the diversity in our membership, the impact of Covid-19 on liability exposures has been relatively low. Where certain members exposure decreased, other members had increases.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Enduris' Operating Expenses can be broken down into three broad categories: claim expenses, excess/reinsurance costs, and general and administrative expenses (which includes contracted services and depreciation). In 2022 total operating expenses of \$15.1 million decreased by \$3.9 million (20%) compared to 2021. In 2021 total operating expenses of \$19.0 million increased by \$4.8 million (34%) compared to 2020. Claims expense was the primary driver of the change in each of the last two years as discussed below.

Claim expenses reported in the financial statements represent member claims paid, net of recoveries, and the actuarial estimate of the cost of claims incurred but not paid during the year, plus or minus any adjustments to claim reserves for claim costs related to prior years. Fluctuations in claims paid and unpaid claim reserves have the greatest fiscal impact on the Pool.

Claims Expense
For the Fiscal Years ended August 31st 2018-2022



The actuarially projected retained severity increased significantly in fiscal 2021 due to a few high-risk liability claims and that drove the actuarial estimate of unpaid claim reserves up significantly, resulting in a change in claims reserves of \$5.1 million. The Pool paid \$5.4 million in member claims during 2021 so claims expense equaled \$10.5 million.

For fiscal 2022 the Pool's new actuary, PWC completed a new reserve analysis. The estimate of unpaid claim reserves for member losses incurred in prior policy years was reduced to reflect lower claim development than previously expected. The Pool's total claims expense of \$3.7 million includes the \$5.6 million of net claims paid, offset by the negative \$1.9 million change in claim reserves.

Enduris maintains a self-insured retention (SIR) of \$250,000 per occurrence for property claims and \$1.0 million per occurrence for liability claims. The Pool purchases excess/reinsurance above the SIR to reduce the risk to the Pool in the event of large claims.

Excess/reinsurance costs have trended upward in the past few years driven primarily by commercial rate increases. The Pool's excess/reinsurance premiums grew by \$1.8 million (30%) in 2022 and \$1.0 million (21%) in 2021. Liability reinsurance rates increased by 14% in 2022 and 11% in 2021. Rates charged by our property reinsurer were up 40% in 2022 after increasing 23% in 2021.

There is a hard insurance market in the U.S. for the first time in over 20 years and the cost of reinsurance procured for the Pool is expected to continue to rise.

A hard market is an underwriting-driven marketplace where capital (and consequently capacity) is reduced, and pricing/rates typically go up. There are several compounding factors which impacted the commercial reinsurance marketplace during the last few years. First, there has been a substantial increase in the number of large weather related loss events. Second, interest rates are at historical lows, and third, the industry is dealing with a rapidly increasing loss trend in liability lines.

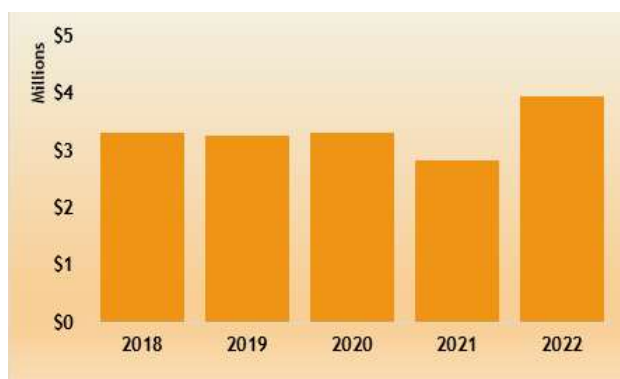
Excess/Reinsurance Cost
For the Fiscal Years ended August 31st 2018-2022



MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

Each of these factors helped drive up prices and reduced coverage availability in the market beginning in 2020. Add to these factors the global Covid pandemic and the related economic fallout, and the commercial market is experiencing a high sense of uncertainty. Market indications point to a continuation of premium increases for 2023. Enduris continues to work diligently to limit the impact of the hard commercial reinsurance market on the Pool and to keep member rates as stable as possible.

General and Administrative Cost For the Fiscal Years ended August 31st 2018-2022



General and Administrative expenses equaled \$3.9 million in fiscal 2022, up \$1.1 million from \$2.8 million in 2021. Fiscal 2021 costs included a \$0.6 million credit related to a GASB 68 pension adjustment. Costs in 2022 reflect the return to relatively normal pre-Covid 19 operations (staff resumed travel, in person member visits, member conferences and training, etc. in the second half of the year.

The Pool continues to focus on partnering with members to reduce risk and to assure that property valuations are accurate.

In addition, in fiscal 2022 Enduris completed generative/strategic work with the Board, began work with PWC on a Capital Adequacy Study and began the redesign of our website.

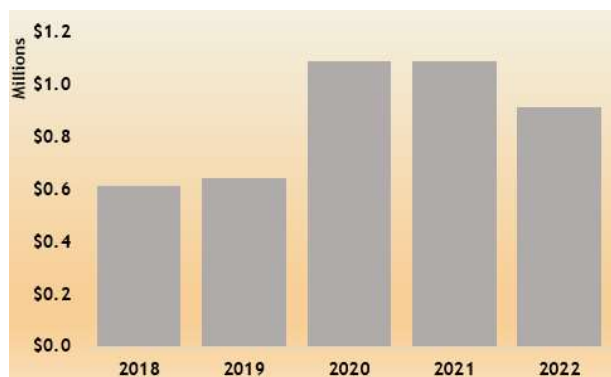
In 2022 total **Non-Operating Income** of \$0.9 million declined by \$0.1 million compared to 2021. In 2021 total non-operating income of \$1.0 million was flat to 2020.

Interest income of \$0.3 million in fiscal 2022 was flat to fiscal 2021 after declining by \$0.2 million from fiscal 2020. The average cash balance invested in the Spokane County Investment Pool (SCIP) grew during the last two years, but the low interest rate environment reduced returns.

The Pool’s proportionate share in GEM’s earnings declined slightly, from \$0.6 million in fiscal 2020 and 2021 to \$0.4 million in fiscal 2022.

Enduris entered into a 20-year lease agreement for space in its office building beginning June 2020. and rental income beginning in June 2021. Under GASB 87 this lease has an interest component and a principal component in non-operating income. The total in fiscal 2020 was \$45 thousand and it increased to \$0.2 million in fiscal 2022.

Non-Operating Income (Loss) For the Fiscal Years ended August 31st 2018-2022



FINANCIAL CONTACT

Questions concerning the information provided in this management discussion and analysis, Enduris’ financial statements, or requests for additional information should be addressed to:

Enduris Washington
Kimberly Millikan, Director of Finance
1610 S. Technology Blvd., Suite 100
Spokane, WA 99224
509-838-0910 or 800-462-8418

**ENDURIS WASHINGTON
STATEMENT OF NET POSITION
AS OF AUGUST 31, 2022 AND 2021**

	2022	2021
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 44,832,517	\$ 38,172,452
Receivables:		
Member Contributions	5,422	5,044
Accrued Recoverables	16,250	5,500
Other Receivables	1,950	158,371
Prepaid Excess/Reinsurance	7,637,669	6,144,984
Lease Receivable	70,072	65,414
Other Current Assets	211,067	171,511
Total Current Assets	\$ 52,774,947	\$ 44,723,276
Non-Current Assets:		
Non-depreciable Capital Assets	\$ 1,408,807	\$ 1,408,807
Capital Assets (net of accumulated depreciation)	3,073,086	3,946,672
Pension Asset	590,141	1,559,888
Lease Receivable	2,445,111	2,515,183
Investment in GEM	3,645,623	3,247,431
Total Non-Current Assets	\$ 11,162,768	\$ 12,677,981
Total Assets	\$ 63,937,715	\$ 57,401,257
Deferred Outflow related to Pensions	\$ 579,763	\$ 200,460
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 76,820	\$ 128,166
Accrued Liabilities	125,024	34,159
Compensated Absences	50,991	101,375
Unearned Member Contributions	16,056,090	13,995,219
Claim Reserves:		
Incurred But Not Reported (IBNR)	2,507,334	4,556,899
Open Claims	1,973,653	1,541,066
Unallocated Loss Adjustment Expenses (ULAE)	311,080	398,324
Claim Reserves	\$ 4,792,067	\$ 6,496,289
Other Current Liabilities	-	85,770
Total Current Liabilities	\$ 21,100,992	\$ 20,840,978
Non-Current Liabilities:		
Compensated Absences	\$ 88,453	\$ 82,328
Claim Reserves:		
Incurred But Not Reported (IBNR)	6,358,770	8,640,027
Open Claims	5,005,318	2,919,303
Unallocated Loss Adjustment Expenses (ULAE)	788,920	755,236
Claim Reserves	\$ 12,153,008	\$ 12,314,566
Pension Liability	338,774	149,113
Other Non-Current Liabilities	14,055	14,056
Total Non-Current Liabilities	\$ 12,594,290	\$ 12,560,063
Total Liabilities	\$ 33,695,282	\$ 33,401,041
Deferred Inflows of Resources:		
Deferred Inflow related to Pensions	\$ 636,646	\$ 1,654,692
Deferred Inflow related to Leases	2,444,290	2,574,652
Total Deferred Inflows of Resources	\$ 3,080,936	\$ 4,229,344
Net Position:		
Investment in Capital Assets	\$ 4,481,893	\$ 5,355,479
Restricted Net Position related to Pensions	576,545	259,582
Unrestricted Net Position	22,682,822	14,356,271
Total Net Position	\$ 27,741,260	\$ 19,971,332

ENDURIS WASHINGTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF AUGUST 31, 2022 AND 2021

	2022	2021
Operating Revenues:		
Member Contributions:		
Liability	\$ 9,380,469	\$ 8,518,249
Property	10,107,883	8,579,082
Auto Physical Damage	2,299,082	2,039,175
Crime	239,230	213,090
Named Position	17,577	21,361
Member Contributions	\$ 22,044,241	\$ 19,370,957
Total Operating Revenues	\$ 22,044,241	\$ 19,370,957
Operating Expenses:		
Incurred Loss and Allocated Loss Adjustment Expenses:		
Claims Paid, net of recoveries	\$ 5,561,115	\$ 5,452,696
Change in Liabilities for Unpaid Claims	(1,812,220)	4,782,103
Unallocated Loss Adjustment Expenses:		
Change in ULAE Reserve	(53,560)	282,472
Claims Expense, net	\$ 3,695,335	\$ 10,517,271
Excess/Reinsurance Costs	7,531,201	5,703,118
Contracted Services	323,433	379,080
General and Administrative	2,766,714	2,179,884
Depreciation	873,586	277,813
Total Operating Expenses	\$ 15,190,269	\$ 19,057,166
Operating Income	\$ 6,853,972	\$ 313,791
Non-Operating Revenues (Expenses):		
Interest and Investment Income	\$ 314,700	\$ 446,734
Interest Income on Lease Activity	\$ 72,699	\$ 12,306
Building Lease Income	130,365	32,590
Change in Equity in GEM	398,192	596,167
Total Non-Operating Revenues (Expenses)	\$ 915,956	\$ 1,087,797
Change in Net Position	\$ 7,769,928	\$ 1,401,588
Net Position, beginning of year September 1	\$ 19,971,332	\$ 18,569,744
Net Position, end of year	\$ 27,741,260	\$ 19,971,332

ENDURIS WASHINGTON ENDURIS WASHINGTON
STATEMENT OF CASH FLOWS
AS OF AUGUST 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash received from members and others	\$ 24,104,734	\$ 19,352,484
Cash paid for claims, net of recoveries	(5,415,444)	(5,377,704)
Cash paid for excess/reinsurance costs	(9,023,886)	(8,143,174)
Cash paid for contract services	(323,433)	(368,455)
Cash paid for general and administrative expenses	(3,134,722)	(2,777,895)
Net Cash Flows Provided (Used) by Operating Activities	\$ 6,207,249	\$ 2,685,256
Cash Flows From Capital and Related Financing Activities:		
Disposal (Acquisition) of capital assets	\$ -	\$ (568,561)
Principal receipts under leases of Capital Assets	65,417	26,645
Interest receipts under leases of Capital Assets	72,699	12,306
Principal payments under capital lease obligations	-	-
Net Cash Flows Provided (Used) by Capital & Related Activities	\$ 138,116	\$ (529,610)
Cash Flows From Investing Activities:		
Investment income received	\$ 314,700	\$ 446,734
Net Cash Flows Provided (Used) by Investing Activities	\$ 314,700	\$ 446,734
Net Increase (Decrease) in Cash	\$ 6,660,065	\$ 2,602,380
Cash and Equivalents at beginning of year	38,172,452	35,570,072
Cash and Equivalents at end of year	\$ 44,832,517	\$ 38,172,452
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 6,853,972	\$ 313,791
Adjustments to Reconcile Net Income to Cash Provided by Operations:		
Depreciation	873,586	277,813
(Increase) Decrease in:		
Receivables, net	145,293	71,111
Prepaid Excess/Reinsurance	(1,492,685)	(2,440,056)
Other Current Assets	(39,556)	(965)
Pension Asset	969,747	(1,559,888)
Deferred outflows of resources - pension	(379,303)	23,653
Increase (Decrease) in:		
Accounts Payable	(51,346)	66,537
Accrued Liabilities	90,865	(27,623)
Compensated Absences	(44,259)	6,385
Unearned Member Contributions	2,060,871	(14,592)
Claim Reserves	(1,865,780)	5,064,575
Net pension liability	189,661	(533,243)
Other Current Liabilities	(85,770)	10,732
Lease Obligations	-	(9,759)
Other Non-Current Liabilities	(1)	14,056
Deferred inflows of resources - pension	(1,018,046)	1,422,729
Net Cash Provided by Operating Activities	\$ 6,207,249	\$ 2,685,256
Supplementary Information		
Noncash Financing and Investing Activities:		
Change in Equity in GEM	\$ 398,192	\$ 596,167

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Enduris (or “the Pool”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to proprietary funds of 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 in this Note.

A. REPORTING ENTITY AND NATURE OF OPERATIONS

Enduris is an unincorporated, not-for-profit, operating under the laws of the state of Washington applicable to local government risk sharing pools. The Pool was originally organized in 1987, and reorganized in 1990 pursuant to RCW 48.62.031, 36.16.138 and 39.34. Enduris was formed under an interlocal government agreement (Master Agreement), approved by the Enduris Board of Directors and the governing bodies of the Enduris members. The Pool’s members are various governmental entities throughout the state of Washington.

As a public entity risk pool, Enduris provides risk financing to its members for general liability, auto liability, property damage, inland marine, fidelity, and other such liability and property coverage common to public entities. The Pool’s general objective is to formulate, develop and administer, on behalf of the member governmental entities, a program of insurance at the lowest possible cost. Enduris transfers its risk by buying excess/reinsurance over a self-insured retention.

Enduris had 527 members during the fiscal year ended August 31, 2022 and 539 members during the fiscal year ended August 31, 2021. Enduris’ members are special purpose districts such as public health districts, water districts, irrigation districts, weed districts, park and recreation districts, libraries, fire districts, air pollution districts, mosquito control districts, port districts, behavioral health organizations, conservation/soil/reclamation districts, cemetery districts, seaport authorities, public facility districts, diking/drainage districts, water conservancy boards, hospital districts, and various consortiums.

Membership in the Pool requires a commitment of at least one full policy year. Membership is automatically renewed unless the member provides a notification of withdrawal at least 60 days prior to the September 1st renewal date. Member contributions are adjusted on an annual basis to incorporate actuarial projections and operational needs, and then approved by the Board of Directors. Since Enduris is a cooperative program, there is joint liability among the participating members. In the event of withdrawal or termination, a member is still liable pro-rata for any contributions and assessments to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Master Agreement. If the Pool’s net assets were depleted, members would be responsible for outstanding liabilities of Enduris.

A Board of Directors consisting of seven members governs Enduris. The Pool’s members elect the Board, and the positions are filled on a rotating basis. The Pool’s Executive Director is a nonvoting member of the Board. The Board meets at least four times a year and is responsible for conducting the business affairs of the Pool.

Through the Executive Director, the Pool’s staff carries out the mission and directives of the Board of Directors. The Operations and Finance departments manage day-to-day operations and administration of the Pool, the Claims department manages all member claims, and the Member Relations department provides various training, consulting and other risk management and risk reducing resources to participating members.

B. BASIS OF PRESENTATION

As a risk pool, Enduris is required to report using the enterprise fund model.

There are three required fund financial statements for proprietary funds:

- Statement of Net Position,
- Statement of Revenues, Expenses and Changes in Fund Net position, and
- Statement of Cash flows.

Statements, schedules, statistical data, and other information the GASB deem necessary is reported as Required Supplementary Information (RSI). Except for MD&A, required RSI is presented immediately following the notes to the financial statements. Enduris' RSI includes pension trend data, and revenue and claims development trend data.

C. Measurement FOCUS AND BASIS OF ACCOUNTING

The Pool's financial 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 liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating revenues relate to the primary operations of the Pool and include all member program contributions and related fees and assessments which are integral to the financing of the insurance and risk management programs. Member contributions are recognized as operating revenue in the relevant policy period. Enduris' policy period is from September 1st to August 31st. Policy year renewal and endorsement contributions for the expiring policy period are included in operating revenue and unpaid amounts are reflected as a receivable.

Operating expenses for the Pool include claims expense, excess/reinsurance costs, contracted services, general and administrative expense, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accounting records of Enduris are maintained in accordance with methods prescribed by the State Auditor's Office under the authority of **RCW chapter 43.09**.

D. EXEMPTION FROM FEDERAL AND STATE TAXES

Pursuant to revenue ruling number 90-74, income of Municipal Risk Pools is excluded from gross income under IRC Section 115(1). In addition, RCW 48.62 exempts Enduris from state insurance premium taxes and business and occupation taxes imposed pursuant to RCW 82.04.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and certain disclosures. Actual results could differ from the estimated amounts.

F. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION

1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term investments with an original maturity of three months or less. State statutes authorize the government to invest according to RCW 48.62. On August 31, 2022 and 2021, Enduris has invested cash in the Spokane County Investment Pool (SCIP) managed by the Treasurer of Spokane County. The investment in the SCIP can be withdrawn upon demand and accordingly is classified as a cash equivalent. There are no external restrictions on cash and cash equivalents.

2. RECEIVABLES

Receivables include earned member contributions as well as accrued claim expenditures recoverable for member deductibles and from excess/reinsurance carriers. As such, amounts are deemed collectible. No allowance has been established for uncollectible accounts. If necessary, management would determine if an account were uncollectible, and the account would be charged to expense in that period. Only the amounts collected in advance are included in unearned revenue and only earned billings were included in accounts receivable.

Enduris recognizes receivables for member contributions/assessments only when they have been formally assessed or a legally enforceable claim exists.

3. PREPAID EXCESS/REINSURANCE

Enduris purchases excess/reinsurance insurance to reduce its exposure to large losses on all types of insured events. Premiums are expensed over the period that coverage is provided for. Prepaid excess/reinsurance premiums are calculated on a pro-rata basis for the unexpired term of the policy in force.

Excess/reinsurance coverage permits recovery of a portion of member losses from excess/reinsurance carriers, although it does not discharge Enduris' primary responsibility for the reinsured risk. Enduris does not report reinsured risks as claim liabilities unless it is probable that the excess/reinsurance carrier will not be able to perform its contractual obligations. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance contracts. As these estimates change, the adjustment is recorded in the current period.

4. LEASES

Enduris is a lessor for a noncancelable lease. The Pool recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Pool initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable will be reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources will be recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgements related to lease include how the Pool determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Enduris uses its estimated incremental borrowing rate as the discount rate for leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Pool monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

5. INVESTMENT IN GEM

Enduris is a founding member of Government Entity Mutual (GEM), a captive insurance company. The Pool made a \$975,708 initial investment in 2003. Enduris accounts for GEM using the equity method of accounting.

6. CAPITAL ASSETS

Capital assets, which include both depreciable assets (building and improvements, equipment, land improvements, vehicles) and non-depreciable assets (land, construction in progress) are reported in the accompanying financial statements. Capital assets are defined by the Pool as assets with an initial, individual cost (including ancillary costs) of more than \$5,000 and an estimated useful life more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Leases with a net present value or fair value, whichever is less, of \$5,000 or more are capitalized and are also included in these financial statements.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the assets. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is calculated using the straight-line method with estimated useful lives of the assets of ten to sixty years for buildings and improvements and three to twenty years for equipment, land improvements, vehicles, and other miscellaneous capital assets.

For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related net gain or loss is credited or charged to income.

Enduris capital assets fiscal year 2021 beginning balance has been restated to remove the Pool's capital lease asset for two leases for office equipment. These leases were evaluated as of September 1, 2020 (fiscal 2021) as part of the implementation of GASB 87 and they did not meet the threshold to be reported as leases under the new standard. Depreciable assets, net was reduced by \$6.0 thousand, and the \$3.0 thousand current portion and \$4 thousand non-current portion of the lease liability was removed.

7. COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation and sick leave.

Vacation Leave: Enduris employees accrue vacation leave at a variable rate based on years of service. Accrued vacation cannot exceed 240 hours. The expense and accrued liability are recognized when the vacation is earned. Accumulated unused vacation leave is payable upon resignation, retirement, or death.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Sick Leave: Employees accrue sick leave at the rate of eight hours per month. For employees hired after September 1, 2018, sick leave may be accumulated up to a maximum of 750 hours. For employees hired prior to that date the maximum sick leave accumulation is 1,500 hours. Sick leave is not vested except in the event of the employee's death or retirement; at such time, Enduris is liable for 50% of the accumulated unused sick leave.

During fiscal 2021 the Enduris Board of Director's approved a resolution to establish a Health Reimbursement Arrangement/Voluntary Employees' Beneficiary Association Plan (HRA VEBA Plan) which provides tax-free, defined contribution accounts for employees to pay qualified medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses of the employees and their qualified dependents. All employee vacation and sick retirement related payouts are required to be contributed to the HRA VEBA Plan by the retiree.

8. UNEARNED MEMBER CONTRIBUTIONS

This liability account includes payments for future periods which are not yet recognized as revenue because the revenue recognition criteria has not been met. Revenue is recognized over the period of insurance coverage.

Members' annual contributions for the upcoming policy year are typically invoiced and collectible on or shortly before the Pool's September 1st policy renewal date. Cash collected prior to August 31st for the upcoming policy year is reported as a liability, in unearned member contributions.

9. CLAIM RESERVES (IBNR, UNPAID CLAIMS, AND ULAE)

As required by GASB Statement No. 10, the Enduris fiscal year end claim reserve is calculated using actuarial methods by our actuary, Aon Global Risk Consulting (Aon). Claim reserves are computed 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 claim 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 historical experience. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Enduris' 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. Estimated amounts of claim recoveries such as salvage, subrogation, deductible, and excess/reinsurance on unpaid claims are deducted from the estimated ultimate cost. Major claim reserve components include:

- Incurred But Not Reported (IBNR) includes the actuary's assessment of the development of open claim costs and claims that have occurred, but not yet been reported to the Pool.
- Open Unpaid Claims represent the Pool's estimate of the unpaid cost of claims that have occurred but have not yet been settled. This includes Allocated Loss Adjustment Expenses (ALAE), which are the direct expenses (such as legal costs) to settle specific open claims.
- Unallocated Loss Adjustment Expenses (ULAE) represents 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.

10. PENSIONS

For purposes of measuring the net pension liability, net pension 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.

For purposes of calculating the restricted net position related to the net pension asset, the Pool includes the net pension asset and the related deferred outflows and deferred inflows.

Deferred inflows of resources for pensions are recorded when actual earnings on pension plan investments exceed projected earnings. Deferred outflows of resources for pensions are recorded when projected earnings on pension plan investments exceed actual earnings. These are amortized to pension expense using a systematic and rational method over a closed five-year period.

Deferred outflows and deferred inflows of resources for pensions also include the difference between expected and actual experience regarding economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Pool's proportionate share of net pension liability or asset. These deferred outflows and deferred inflows are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

Pool contributions to pension plans made after the measurement date are deferred outflows of resources and reduce the net pension liability or asset in the subsequent year.

11. NET POSITION CLASSIFICATION

For Pool reporting as a proprietary fund, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. For purposes of calculating the restricted net position related to the net pension asset, Enduris includes the net pension asset and the related deferred outflows and deferred inflows.

G. ADOPTION OF NEW ACCOUNTING STANDARDS

Statement No. 87 of the Governmental Accounting Standards Board (GASB), "Leases." The requirements of this statement are effective for financial statements with fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments.

For GASB 87 reporting, Enduris is a lessor. Within the Pool's financial statements, reduction of the lease asset is included in non-operating income as interest income and building lease income. The lease is for part of the office building asset owned by the Pool which is included within capital assets. The lease receivable is reported on the Statement of Net Position.

H. ACCOUNTING AND REPORTING CHANGES

1. RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on reported results of operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. CHANGES IN ESTIMATE

Enduris reviews the residual value and the useful life of capital assets at each fiscal year end. The Pool revised the estimated useful life of certain building improvements with effect from September 1, 2021. As required by GASB Statement 62, the revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Pool for the current fiscal year have been increased by approximately \$0.6 million.

3. PRIOR PERIOD ADJUSTMENTS

There was an error in the calculation of the Restricted Net Position Related to Pensions for fiscal 2021. The Pool reported \$97.7 thousand. The correct balance was \$259.6 thousand. This difference was retroactively restated for fiscal year 2021 as a reclassification from Unrestricted Net Position.

We have restated our Financial Statements for the fiscal year ended August 31, 2021 for Statement No. 87 of the Governmental Accounting Standards Board (GASB), "Leases". This Standard eliminates the previous distinction between operating and capital leases by treating all leases as financings.

Under GASB 87 a lease is defined a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period in time in an exchange or exchange-like transactions.

GASB 87 was originally effective for years ending December 31, 2020 and after, but it was delayed to years ending June 30, 2022. GASB 87 transition required that leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). Enduris implemented the GASB 87 at the beginning of fiscal 2021, the first year presented in the financial statements.

Prior to the implementation of GASB 87 the Pool reported the noncancelable twenty year space rental agreement with Spokane Regional Clean Air Authority (SRCAA) as an operating lease. Two agreements for office equipment were reported as capital leases. These contracts were reviewed under the GASB 87 guidance:

- In fiscal 2020 the Pool entered two leases for office equipment which were determined to be capital leases at the time and were included as depreciable assets. These contracts were reviewed as part of the GASB 87 implementation and did not qualify as leased assets under the new standard. For fiscal 2021 the Pool's financial statements were restated to exclude this contract as a lease. The leased assets were removed from capital assets. The impact was a reduction of \$13.2 thousand in leased assets, at cost, and \$6.8 thousand in accumulated depreciation (net \$6.4 thousand). The current lease obligation of \$2.7 thousand and the non-current lease obligation of \$4.5 thousand were removed and \$825 of interest expense related to capital leases was reversed.
- We concluded that for GASB 87 reporting, Enduris is a lessor under the contract with SRCAS. The lease is for part of the office building asset owned by the Pool which is included within capital assets. For fiscal 2021 the Pool's financial statements were restated. A current lease receivable of \$65.0 thousand and a non-current receivable of \$2.5 million is reported on the restated Statement of Net Position. Within the Pool's financial statements, the reduction of the lease asset is included in non-operating income as \$12.3 thousand in interest income and \$32.6 thousand in building lease income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The net impact on the Pool's change in net position under GASB 87 equaled \$6.8 thousand. The full impact of the implementation of GASB 87, Leases, as well as the reclassification between unrestricted net position and restricted Net Position Related to Pensions on the Enduris financial statements for the fiscal year ended August 31, 2021 are presented on a condensed basis in the tables that follow:

Statement of Net Position - Restatement Impact			
For the Fiscal Year Ended August 31, 2021			
	Restated under GASB 87 2021	Originally Reported 2021	Effect of Change 2021
Statement of Net Position:			
Assets:			
Lease Receivable, current	\$ 65,414	\$ -	\$ 65,414
Other Current Assets	44,657,862	44,657,862	-
Total Current Assets	\$ 44,723,276	\$ 44,657,862	\$ 65,414
Capital Assets (net of accumulated depreciation)	3,946,672	3,953,111	(6,439)
Lease Receivable, non-current	2,515,183	-	2,515,183
Other Non-Current Assets	6,216,126	6,216,126	-
Total Non-Current Assets	\$ 12,677,981	\$ 10,169,237	\$ 2,508,744
Total Assets	\$ 57,401,257	\$ 54,827,099	\$ 2,574,158
Deferred Outflow of Resources:			
Total Deferred Outflow of Resources	\$ 200,460	\$ 200,460	\$ -
Liabilities:			
Lease Obligations, current	\$ -	\$ 2,741	\$ (2,741)
Other Current Liabilities	20,840,978	20,840,978	-
Total Current Liabilities	\$ 20,840,978	\$ 20,843,719	\$ (2,741)
Lease Obligations, non-current	-	4,523	(4,523)
Other Non-Current Liabilities	12,560,063	12,560,063	-
Total NonCurrent Liabilities	\$ 12,560,063	\$ 12,564,586	\$ (4,523)
Total Liabilities	\$ 33,401,041	\$ 33,408,305	\$ (7,264)
Deferred Inflows of Resources:			
Deferred Inflow related to Leases	\$ 2,574,652	\$ -	\$ 2,574,652
Other Deferred Inflows	\$ 1,654,692	\$ 1,654,692	\$ -
Total Deferred Inflows of Resources	\$ 4,229,344	\$ 1,654,692	\$ 2,574,652
Net Position:			
Investment in Capital Assets	\$ 5,355,479	\$ 5,361,918	\$ (6,439)
Restricted Net Position Related to Pensions	\$ 259,582	\$ 97,656	\$ 161,926
Unrestricted Net Position	\$ 14,356,271	\$ 14,504,988	\$ (148,717)
Total Net Position	\$ 19,971,332	\$ 19,964,562	\$ 6,770

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position - Restatement Impact For the Fiscal Year Ended August 31, 2021

	Restated under GASB 87 2021	Originally Reported 2021	Effect of Change 2021
Operating Income	\$ 313,791	\$ 313,791	\$ -
Non-Operating Revenues (Expenses):			
Interest Income on Lease Activity	\$ 12,306	\$ -	\$ 12,306
Building Lease Income	32,590	38,951	(6,361)
Interest Expense on Capital Leases	-	(825)	825
Other Non-Operating Income (Expense)	1,042,901	1,042,901	-
Total Non-Operating Revenues (Expenses)	\$ 1,087,797	\$ 1,081,027	\$ 6,770
Change in Net Position	\$ 1,401,588	\$ 1,394,818	\$ 6,770
Net Position, beginning of year September 1	18,569,744	18,569,744	-
Net Position, end of period	\$ 19,971,332	\$ 19,964,562	\$ 6,770

Statement of Cash Flows - Restatement Impact For the Fiscal Year Ended August 31, 2021

	Restated under GASB 87 2021	Originally Reported 2021	Effect of Change 2021
Cash Flows from Operating Activities:			
Cash paid for general and administrative expenses	\$ (2,777,895)	\$ (2,768,136)	\$ (9,759)
Other Cash flows from operating activities	5,463,151	5,463,151	-
Cash paid for other	-	38,126	(38,126)
Net Cash Flows Provided (Used) by Operating Activities	\$ 2,685,256	\$ 2,733,141	\$ (47,885)
Cash Flows From Capital and Related Financing Activities:			
Disposal (Acquisition) of capital assets	\$ (568,561)	\$ (575,000)	\$ 6,439
Principal receipts under leases of Capital Assets	26,645	-	26,645
Interest receipts under leases of Capital Assets	12,306	-	12,306
Principal payments under capital lease obligations	-	(2,495)	2,495
Net Cash Flows Provided (Used) by Capital & Related Activities	\$ (529,610)	\$ (577,495)	\$ 47,885
Cash Flows From Investing Activities:			
Investment income received	\$ 446,734	\$ 446,734	\$ -
Net Cash Flows Provided (Used) by Investing Activities	\$ 446,734	\$ 446,734	\$ -
Net Increase (Decrease) in Cash	\$ 2,602,380	\$ 2,602,380	\$ -
Cash and Equivalents at beginning of year	\$ 35,570,072	\$ 35,570,072	\$ -
Cash and Equivalents at end of year	\$ 38,172,452	\$ 38,172,452	\$ -

I. COMMITMENTS

On August 6, 2020, Enduris entered into a twenty year Lease Agreement with Spokane Regional Clean Air Agency (SRCAA) to lease part of the building owned by the Pool.

NOTE 2 - RISK FINANCING LIMITS

The Enduris’ program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials’ Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a “claims made” coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an “occurrence” coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool’s SIR up to the coverage maximum limit of liability.

The following tables reflects the risk financing limits on coverage policies issued and retained by Enduris for the fiscal and policy year ended August 31, 2022 and August 31, 2021:

Risk Financing Limits Fiscal Year ended August 31, 2022				
Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾
Property ⁽⁴⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽⁵⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) ⁽⁶⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁷⁾:				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity; subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool aggregate \$1 billion/per occurrence APIP program \$1.4 billion/APIP program aggregate	\$0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Risk Financing Limits Fiscal Year ended August 31, 2022				
Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Automobile Physical Damage ⁽⁸⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles valued over \$750,000	\$1 billion	\$250 - \$1,000
Crime Blanket ⁽⁹⁾	Per Occurrence	\$50,000	\$2 million	\$1,000
Named Position ⁽¹⁰⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽¹¹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹²⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
- (3) Members pay a 20% co-pay of costs on Employment Practices Liability claims. By meeting established guidelines, the co-pay may be waived.
- (4) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$ 1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (5) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (6) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (7) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (8) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (9) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$2 million.
- (10) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (11) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (12) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

Risk Financing Limits Fiscal Year ended August 31, 2021				
Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Risk Financing Limits				
Fiscal Year ended August 31, 2021				
Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Property ⁽⁴⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery ⁽⁵⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) ⁽⁶⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁷⁾:				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity; subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool aggregate \$1.2 billion/per occurrence APIP program \$1.4 billion/APIP program aggregate	\$0
Automobile Physical Damage⁽⁸⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles valued over \$750,000	\$800 million	\$250 - \$1,000
Crime Blanket ⁽⁹⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽¹⁰⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽¹¹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹²⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
- (3) Members pay a 20% co-pay of costs up to a maximum of \$100,000 on Employment Practices Liability claims. By meeting established guidelines, the co-pay may be waived.
- (4) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (5) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (6) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (7) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (8) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (9) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (10) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (11) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (12) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Article 8 of the Master Agreement states that the funds of Enduris shall be used to hold harmless and defend any director, officer, executive director or employee for any act or omission taken or omitted in good faith by the Board, the executive director, or employee relating to or arising out of the conduct of Enduris business. This obligation shall be considered an expense of Enduris. Enduris may purchase, subject to availability and cost, insurance providing coverage for directors, officers, and the executive director.

The above limits are subject to change by Enduris and are subject to specific limitations as specified in the memorandum of coverage provided to each member entity.

NOTE 3 - EXCESS/REINSURANCE CONTRACTS

Enduris maintains excess/reinsurance contracts with several insurance carriers, which provide various limits of coverage over the Pool's self-insured retention limits.

The limits provided by these excess/reinsurance contracts for the fiscal years ended August 31, 2022 and 2021 are shown in the following table:

Excess/Reinsurance Contracts For the Fiscal Year Ended August 31, 2022 and 2021				
Coverage	Carrier	Per Occurrence	Member Aggregate	Pool Aggregate
Comprehensive General Liability ⁽¹⁾	Government Entities Mutual Inc.	\$9 million	None	None
	Great American Ins Co and Everest Reinsurance Co	\$10 million	None	None
Public Officials Errors & Omissions ⁽¹⁾	Government Entities Mutual Inc.	\$9 million	\$19 million (excludes Pool's SIR of \$1 million)	None
	Great American Ins Co and Everest Reinsurance Co	\$10 million		None
Employment Practices ⁽¹⁾	Government Entities Mutual Inc.	\$9 million	\$19 million (excludes Pool SIR of \$1 million)	None
	Great American Ins Co and Everest Reinsurance Co	\$10 million		None
Property	Alliant Property Insurance Program (APIP)	100% replacement cost per location	100% replacement cost per location	100% replacement cost per location
Sublimits:				
Flood				\$50 million (shared)
Earthquake				\$10 million (shared)
Terrorism (Primary)		\$100 million		\$200 million (shared)
Terrorism (Excess)				\$600 million (shared)
Crime	National Union Fire Insurance Co	\$1 million	None	None

(1) Government Entities Mutual, Inc., PCC (GEM) provided the \$9 million primary layer of liability reinsurance coverage in excess of the Pool's \$1 million self-insured retention while Great American Insurance Company and Everest Reinsurance Company provided the \$10 million in excess of the first \$10 million on a 50% quota share basis.

The policy year for Enduris membership is September 1 through August 31. Liability excess/reinsurance policies are effective for the same period. Property excess/reinsurance policies are effective July 1 through June 30. At the renewal of the policies limits are subject to change. When a change occurs in the limits, Enduris may be responsible for differences between the coverage provided to the membership at the beginning of the policy year and limits purchased at renewal.

As of August 31, 2022 and 2021, Enduris management opines that there were no open claims against Enduris members that would result in an additional liability to the Pool above the self-insured retention. In addition, during 2022 and 2021 there were no claim settlements, per occurrence or in aggregate, which exceeded the coverage provided by excess/reinsurance contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The cost of excess/reinsurance was \$7.5 million in fiscal 2022 and \$5.7 million in fiscal 2021. Excess/reinsurance recoveries (ceded losses) equaled \$1.6 million during fiscal 2022 and \$2.4 million during fiscal 2021, respectively. The following table summarizes the actuarially estimated amount recoverable from excess/reinsurance carriers that reduced claim reserves on the balance sheet on August 31, 2022 and 2021:

Actuarial Estimates for Excess/Reinsurance Recoveries		
As of August 31st - Dollars in Thousands		
	2022	2021
Open Claim Reserves	\$4,434	\$3,431
IBNR	1,609	2,605
Total	\$6,043	\$6,036

NOTE 4 - DEPOSITS AND INVESTMENTS

Enduris' bank deposits are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Enduris invests cash in the Spokane County Investment Pool (SCIP) and the Pool's policy is to maximize yield, in a safe and prudent manner, without jeopardizing principal. At fiscal year-end 2022 and 2021 SCIP interest rates were 1.33% and 0.84%, respectively. Although heavily concentrated in SCIP, management of Enduris opines, based on the investment policy of SCIP, there is not any significant risk associated with interest rate, credit, or concentration risks and Enduris does not separately address these risks in policy. Fiscal year-end deposits and investments were as follows:

Cash Deposits and Investments		
As of August 31st - Dollars in Thousands		
	2022	2021
Funds held by Spokane County Treasurer:		
Spokane County Investment Pool (SCIP)	\$42,577	\$35,976
Cash in Bank	2,255	2,197
Total	\$44,832	\$38,173

Funds invested in the SCIP are carried at cost plus interest which approximates fair value. Enduris' fair value of its position in SCIP approximates the same as the value of the pool shares. Interest earnings from SCIP are allocated on average daily balance and are credited monthly. Funds invested in the SCIP can be withdrawn on demand and are reported as cash and cash equivalents. The SCIP is not registered with the Securities and Exchange Commission and is unrated. The State Auditor's Office and the Finance Committee of Spokane County provide regulatory oversight of the SCIP. SCIP has not obtained or provided any legally binding guarantees. As of August 31, 2022 and 2021, the SCIP investment effective duration is 1.64 years and 1.32 years, respectively. The monies held in the pool investment funds are not subject to categorization by risk category. Investments by SCIP are limited by state statute. SCIP deposits and certificates of deposit are covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the PDPC. The SCIP investment policy in its entirety is available at www.spokanecounty.org.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - CAPITAL ASSETS

On August 6, 2020, Enduris entered into a twenty year Lease Agreement with Spokane Regional Clean Air Agency (SRCAA) to lease part of the building owned by the Pool. Under the contract Enduris was obligated for the management, design, and completion of certain property owner and tenant improvements prior to the lease commencement date. The Pool was responsible to pay for the cost of the preliminary “shell” work for the space and for a tenant improvement allowance which totaled approximately \$570,000. SRCAA was responsible for costs in excess of these items. The construction project was completed and SRCAA moved into the space in June 2021.

In fiscal 2020 the Pool entered two leases for office equipment which were determined to be capital leases at the time and were included as depreciable assets. These contracts were reviewed as part of the GASB 87 implementation and did not qualify as leased assets under the new standard. The leased assets were removed from capital assets. The impact is reflected in decreases in fiscal 2021 in the table below as a reduction of \$13.0 thousand in leased assets, at cost and \$7.0 thousand in accumulated depreciation.

Enduris reviews the residual value and the useful life of capital assets at each fiscal year end. The Pool revised the estimated useful life of the building and improvements with effect from September 1, 2021. As required by GASB Statement 62, the revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Pool for the current fiscal year have been increased by approximately \$0.6 million.

The following is a summary of changes in capital assets for fiscal year 2022 and 2021:

Capital Assets							
As of August 31 st - Dollars in Thousands							
	Balance			Balance			Balance
	2020	Increases	Decreases	2021 ⁽¹⁾	Increases	Decreases	2022
Non-depreciable assets:							
Land	\$ 1,374	\$ -	\$ -	\$ 1,374	\$ -	\$ -	\$ 1,374
Other Assets	35	-	-	35	-	-	35
Construction in progress	9	561	(570)	-	-	-	-
Non-depreciable assets	\$ 1,418	\$ 561	\$ (570)	\$ 1,409	\$ -	\$ -	\$ 1,409
Depreciable assets:							
Buildings and Improvements	\$ 3,697	\$ 570	\$ -	\$ 4,267	\$ -	\$ -	\$ 4,267
Equipment	178	14	-	192	-	-	192
Land Improvements	521	-	-	521	-	-	521
Vehicles	94	-	-	94	-	-	94
Leased Assets ⁽¹⁾	13	-	(13)	-	-	-	-
Depreciable assets, at cost	\$ 4,503	\$ 584	\$ (13)	\$ 5,074	\$ -	\$ -	\$ 5,074
Accumulated depreciation	(856)	(278)	7	(1,127)	(874)	-	(2,001)
Depreciable assets, net	\$ 3,647	\$ 306	\$ (6)	\$ 3,947	\$ (874)	\$ -	\$ 3,073
Capital assets, net	\$ 5,065	\$ 867	\$ (576)	\$ 5,356	\$ (874)	\$ -	\$ 4,482

⁽¹⁾ Revised as part of GASB 87 implementation to remove certain assets previously recorded as capital leases.

NOTE 6 - INVESTMENT IN GEM

Enduris is a founding member of Government Entities Mutual, Inc., PCC (GEM) and made a \$975,708 Initial Surplus Contribution in fiscal 2003. As a member of GEM, the Pool accounts for the investment in GEM using the equity method of accounting.

GEM is domiciled in the District of Columbia and is capitalized by Member public entity risk pools. The company commenced operations on January 1, 2003.

GEM was originally formed as an association sponsored reinsurance captive on behalf of a group of public entity risk pools. Effective in January 2010 the company's articles of incorporation were amended to convert the company to protected cell captive insurer under captive insurance laws of the District of Columbia.

A protected cell captive insurer in the District of Columbia can establish separate protected cells within the company whereby the assets and liabilities of any one cell are financially and legally protected from the assets and liabilities of the other cells. Should any individual cell become insolvent, the creditors of that cell will only have access to the assets of that specific cell and will not have recourse against the assets of other cells within the company. As of the company's latest audited financial statements on December 31, 2021, GEM had not created any protected cells.

GEM is managed by a CEO and has an elected Board from the membership. GEM operates independently from Enduris, and the Pool does not have substantial influence over the management of GEM. GEM's management works to ensure the availability, cost, and quality of excess or reinsurance layers necessary for its Member pools during difficult phases of insurance market cycles. It performs traditional functions such as marketing, underwriting, financial and regulatory administration, claims, and litigation management and risk management through staff or vendors.

On an annual basis GEM is provided with underwriting information from each of its members and independently determines the reinsurance coverage available, terms and conditions of the policy, and the price of the quote. Each member can accept the quote or chose to purchase a reinsurance policy from another commercial insurance company. GEM is a non-assessable mutual insurance company which means that the liability of each policyholder is limited to the amount of the premium owned on the policy. GEM procures reinsurance coverage from the commercial market to limit its net exposure, and the amount of GEM's retention is determined based on the specific insurance limits written for each individual member. Enduris has purchased various limits of liability reinsurance coverage from GEM for both policy year 2022 and 2021. See Note 3 - Excess/Reinsurance Contracts for more information.

As of August 31, 2022 GEM's membership included twenty public entity risk pools. There are three classifications of membership with GEM: Founding, Premier, and Associate Members. Enduris is a Founding Member.

Each GEM Member's "Contributed Surplus" and "Allocated Surplus" account balance and their member type provide certain rights and obligations. Some of the most important are outlined below:

- The GEM Board may request additional surplus contributions, in such amounts and at such times as may be deemed necessary and appropriate by the Board, to maintain adequate surplus to premium ratios.
- Each GEM Member has one vote for each \$100,000 of the Member's allocated surplus account balance.
- If a Member ceases to obtain insurance from GEM, they can either withdraw their Surplus Contributions or maintain an account. GEM's current policies regarding withdrawals are:
 - Founding and Premier Members withdrawing from GEM within the first five years of joining forfeit both their Surplus Contribution and any Allocated Surplus.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Founding and Premier Members who have been with GEM more than five years can withdraw only their Initial and Additional Surplus Contributions, but any Allocated Surplus is forfeited. If the Member elects to withdraw the account and no longer be a Member of GEM, the withdrawal must be approved by GEM's Board of Directors and is subject to the approval of the Department of Insurance, Securities and Banking of Washington D.C. It can take up to five years from the date of notice of withdrawal for the withdrawal to be completed.
- Associate Members who withdraw forfeit both their Surplus Contribution and any Allocated Surplus.

Enduris has not made any additional contributions to GEM since the initial \$975,708 investment in 2003. Based on GEM's audited financial statements dated December 31, 2021 and 2020, this represented an 8% interest.

Enduris accounts for the Pool's investment in GEM using the equity method of accounting. Under the equity method of accounting, the Enduris Investment in GEM includes the Pool's initial investment and the proportionate share of cumulative earnings. The Enduris Statement of Net Position reflects the Pool's total investment of \$3.6 million on August 31, 2022 and \$3.2 million on August 31, 2021.

Each year the Pool's change in the proportionate share of cumulative earnings is recorded as non-operating income by Enduris. The change in equity in GEM equaled \$398,192 for fiscal 2022, and \$596,167 for fiscal 2021.

For more information, including GEM's annual report please visit their website at <http://www.gemre.com>.

NOTE 7 - PENSION PLANS

The following table represents the Pool's aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the fiscal years ended August 31, 2022 and 2021:

Aggregate Pension Amounts - All Plans				
Fiscal Years Ended August 31st - Dollars in Thousands				
	2022		2021	
Pension assets	\$	590	\$	1,560
Pension liabilities	\$	339	\$	149
Deferred outflows of resources	\$	580	\$	200
Deferred inflows of resources	\$	637	\$	1,655
Pension (income) expense	\$	(32)	\$	(403)

STATE SPONSORED PENSION PLANS

Substantially all Enduris' full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), one of the statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

As established in the Revised Code of Washington (RCW) Chapter 41.5, the DRS, a department within the primary government of the State of Washington, administers eight retirement systems covering eligible employees of the state and local governments. Administration of the retirement systems is funded by an employer rate of 0.18% of reported compensation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The state Legislature establishes and amends laws pertaining to the creation and administration of the public retirement systems.

The DRS issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The most recent DRS ACFR, dated June 30, 2022, may be downloaded from the DRS website at <http://www.drs.wa.gov> or may be obtained by writing to:

Department of Retirement Systems, Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS

A. ADMINISTRATION

PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate plans for membership purposes. PERS Plan 1 and Plan 2 are defined benefit plans. PERS Plan 3 is a defined benefit plan with a defined contribution component.

PERS members include elected officials, state employees, employees of local governments and higher education employees not participating in higher education retirement plans (HERPs).

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 portion 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. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

B. PARTICIPATION

Enduris is a **Participating Employer** in both PERS Plan 2 and PERS Plan 3 and a **Non-Employer contributing entity** in PERS Plan 1.

PERS Plan 1 was closed to new entrants on September 20, 1977. Although Enduris has no active members in PERS Plan 1, as a non-employer contributing entity, the Pool is required to contribute to the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL) based on its PERS Plan 2/3 employer contribution.

As of June 30th the following number of participating employers and non-employer contributing entities contributed to the PERS retirement system:

Number of Participating Employers and Non-Employer Contributing Entities as of June 30th		
	2022	2021
Employer:		
PERS Plan 1	194	225
PERS Plan 2	835	866
PERS Plan 3	600	591
Non-Employer:		
PERS Plan 1	930	884

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Membership includes both inactive members and active members. Inactive plan members receiving benefits include retired members or their beneficiaries currently receiving benefits. Inactive members not yet receiving benefits are inactive plan members that are entitled to, but not yet receiving benefits. Membership for nonvested inactive plan members is excluded from the membership counts. Active plan members include both vested and nonvested members.

The total membership within each of the PERS Plans is presented in the table below as of June 30th, the DRS Fiscal year-end:

Number of Participating Members		
As of June 30th		
	2022	2021
PERS Plan 1	41,982	44,002
PERS Plan 2	226,427	217,571
PERS Plan 3	52,574	51,965

C. BENEFITS PROVIDED

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are calculated as 2% times the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit 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 inactive status before age 65 may also receive actuarially reduced benefits. Other benefits include an optional Cost-of-Living Adjustment (COLA).

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits for Plan 2 are calculated as 2% times the member's Average Final Compensation (AFC) times the member's years of service. Defined benefits for Plan 3 are calculated using 1% times the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 highest-paid consecutive service months.

Members are eligible for retirement with a full benefit at age 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 reduced benefit. The benefit 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 Cost-Of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

Annuities purchased with Plan 3 defined contributions that are invested withing the WSIB TAP by Plan 3 members are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and purchased annuities include a COLA of 3% annually.

PERS Plan 3 Defined contributions benefits are totally dependent on employee contributions and investment earnings on those contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

D. VESTING

PERS Plan 1 members were vested after the completion of five years of eligible service.

PERS Plan 2 members are vested after completing five years of eligible service.

PERS Plan 3 members are immediately vested in the defined contribution portion of their plan. 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 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.

E. CONTRIBUTIONS

All employers are required to contribute at the level the Legislature establishes. The methods used to determine PERS contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

1. CONTRIBUTION REQUIREMENTS

The following PERS System contribution requirements were in effect during the Pool's last two fiscal years:

The **PERS Plan 1** member contribution rate is established in statute at 6%. The employer contribution rate is developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council, and is subject to change by the legislature.

The **PERS Plan 2/3** defined benefit employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, **PERS 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.

2. CONTRIBUTION RATES

PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) during the Enduris fiscal years ended August 31, 2022 and 2021 were as follows:

PERS Plan 1 Required Contribution Rates - State Agencies, Local Government Units Fiscal Years Ended August 31st						
	2022		2021			
	9/1/2021-8/31/2022		7/1/2021-8/31/2021		9/1/2020-6/30/2021	
Contribution Rates:	Employer	Employee	Employer	Employee	Employer	Employee
PERS Plan 1	6.36%	6.00%	6.36%	6.00%	7.92%	6.00%
Pers Plan 1 UAAL ⁽¹⁾	3.71%		3.71%		4.87%	
Administrative Fee	0.18%		0.18%		0.18%	
Total	10.25%	6.00%	10.25%	6.00%	12.97%	6.00%

⁽¹⁾ Employer rates include the rate to fund the Unfunded Actuarial Accrued Liability (UAAL) of PERS 1 Plan 1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERS Plan 2/3 required defined benefit contribution rates (expressed as a percentage of covered payroll) during the Enduris fiscal years ended August 31, 2022 and 2021 were as follows:

PERS Plan 2/3 Required Contribution Rates - State Agencies, Local Government Units Fiscal Years Ended August 31st									
	2022			2021					
	9/1/2021-8/31/2022			7/1/2021-8/31/2021			9/1/2020-6/30/2021		
	Employer	Employee Plan 2	Employee Plan 3	Employer	Employee Plan 2	Employee Plan 3	Employer	Employee Plan 2	Employee Plan 3
Contribution Rates:									
PERS Plan 2/3	6.36%	6.36%	Varies ⁽²⁾	6.36%	6.36%	Varies ⁽²⁾	7.92%	7.90%	Varies ⁽²⁾
Pers Plan 1 UAAL ⁽¹⁾	3.71%			3.71%			4.87%		
Administrative Fee	0.18%			0.18%			0.18%		
Total	10.25%	6.36%	Varies⁽¹⁾	10.25%	6.36%	Varies⁽¹⁾	12.97%	7.90%	Varies⁽¹⁾

⁽¹⁾ Employer rates include the rate to fund the Unfunded Actuarial Accrued Liability (UAAL) of PERS 1 Plan 1.

⁽²⁾ Variable from 5% to 15% based on rate the member selects.

3. ENDURIS ACTUAL PERS PLAN CONTRIBUTIONS AND ADMINISTRATIVE FEES

As a non-employer contributing entity in **PERS Plan 1**, Enduris contribution amounts allocated to the . Plan 1 UAAL were \$75,855 and \$91,173 for the fiscal year ending August 31, 2022 and 2021. For the DRS fiscal year ending June 30, 2022 and 2021, the amounts were \$74,566 and \$90,948.

The Pool's actual contributions allocated to **PERS Plan 2/3** were \$129,894 and \$149,290 for the fiscal year ended August 31, 2022 and 2021. For the DRS fiscal year ending June 30, 2022 and 2021, the amounts were \$127,828 and \$148,332.

Enduris paid DRS administrative fees of \$3,678 and \$3,503 for the fiscal year ended August 31, 2022 and 2021. For the DRS fiscal year ending June 30, 2022 and 2021, the amounts were \$3,618 and \$3,371.

F. NET PENSION LIABILITY (ASSET)

The components of the collective net pension liability (asset) of the Retirement Systems for all participating employers and non-employer contributing entities in PERS Plan 1 and PERS Plan 2/3 as of June 30, 2022 and 2021 are outlined in the following tables:

PERS Plan 1 - All Participating Employers Net Pension Liabilities (Assets) As of DRS Fiscal Years Ended June 30th - Dollars in Thousands				
	2022		2021	
Total Pension Liability	\$	11,877,621	\$	10,847,066
Plan Fiduciary Net Position		(9,093,254)		(9,625,832)
Net Pension Liability (Asset)	\$	2,784,367	\$	1,221,234
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		76.56%		88.74%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERS Plan 2/3 - All Participating Employers			
Net Pension Liabilities (Assets)			
As of DRS Fiscal Years Ended June 30th - Dollars in Thousands			
	2022	2021	
Total Pension Liability	\$ 55,125,197	\$ 49,095,728	
Plan Fiduciary Net Position	(58,833,978)	(59,057,337)	
Net Pension Liability (Asset)	\$ (3,708,781)	\$ (9,961,609)	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.73%	120.29%	

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

Allocation Method: Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Non-Employer Allocations for all plans. Enduris' proportionate share of the collective net pension liabilities (assets) on June 30, 2022 and June 30, 2021 is shown in the following table:

PERS Plan 1 and Plan 2/3			
Enduris Proportionate Share of Net Pension Liabilities (Assets)			
For the DRS Fiscal Years Ended June 30th			
	2022	2021	Change
PERS Plan 1	0.012167%	0.012210%	-0.000043%
PERS Plan 2/3	0.015912%	0.015659%	0.000253%

The Enduris proportionate share of the pension liabilities and assets as of August 31st 2022 and 2021 was as follows:

PERS Plan 1 and Plan 2/3			
Enduris Proportionate Share of Net Pension Liabilities (Assets)			
For the Fiscal Years Ended August 31st - Dollars in Thousands			
	2022	2021	
PERS Plan 1	\$ 339	\$ 149	
PERS Plan 2/3	\$ (590)	\$ (1,560)	
Total	\$ (251)	\$ (1,411)	

1. ACTUARIAL METHODS AND ASSUMPTIONS

For the DRS fiscal year ended June 30, 2022, the total pension liability for each of the plans was determined using the most recent an actuarial valuation completed in 2022 with a valuation date of June 30, 2021. For the DRS fiscal year ended June 30, 2021, the total pension liability was determined by an actuarial valuation as of June 30, 2020 with a valuation date of June 30, 2022. The actuarial assumption used in each year's valuation are summarized in the respective Actuarial Section of DRS' *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2022 and for the fiscal year ended June 30, 2021 located on the DRS website.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the 2013-2018 *Demographic Experience Study Report* and the 2021 *Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report which can be found at <https://leg.wa.gov/osa> .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The total pension liability for each of the years was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022 and 2021, respectively, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

PERS Plan 1 and Plan 2/3	
Actuarial Assumptions	
DRS Fiscal Year Ended June 30, 2022	
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 promotions and longevity
Investment Rate of Return	7.00%
DRS Fiscal Year Ended June 30, 2021	
Inflation	2.75% total economic inflation, 3.50% salary inflation
Salary Increases	In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity
Investment Rate of Return	7.40%

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. The Office of the State Actuary (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. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

CHANGES IN ASSUMPTIONS AND METHODS:

Actuarial results that OSA provided reflect the following changes in assumptions and methods for the purpose of the June 30, 2021 valuation completed in 2022:

ASSUMPTION CHANGES:

- OSA updated the Joint-and-Survivor Factors and Early retirement Factors in their model. These factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors recently provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. The investment return was reduced from 7.4 to 7.00 percent, and the salary growth assumption was lowered from 3.5 to 3.25 percent. This action is the result of recommendations from the OSA's biennial economic experience study.

METHOD CHANGES:

- Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR). OSA introduced a temporary method change to produce asset and liability measures for June 30, 2020 AVR.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial results that OSA provided reflect the following changes in assumptions and methods for the purpose of the June 30, 2020 valuation completed in 2021:

ASSUMPTION CHANGES:

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

METHOD CHANGES:

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the OSA introduced temporary method changes to produce asset and liability measures as of the valuation date. A high-level summary of those changes is outlined in the following paragraph. OSA expects to revert back to the methods outlined in their 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.

To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020 assets by relying on the fiscal year-end 2019 assets, reflecting actual investment performance over fiscal year 2020, and reflecting assumed contribution amounts and benefit payments during fiscal 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to our projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation.

2. DISCOUNT RATE

The discount rate used to measure the total pension liability or asset for all DRS plans was 7.00% in fiscal 2022 and 7.4% in fiscal 2021. 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 of current plan members.

Based on the assumptions described in OSA's certification letter within the DRS ACFR, the pension plan's 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 7.0% (for fiscal 2022) and 7.40% (for fiscal 2021) was applied to determine the total pension liability for each of the respective reporting periods.

3. SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

The table below presents Enduris' proportionate share of the net pension liability (asset), as of the DRS fiscal years ended June 30, 2022 and June 30, 2021, calculated using the discount rate of 7.00% and 7.40%, respectively, as well as what the Pool's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as outlined in the table.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Discount Rate Sensitivity						
Enduris' Proportionate Share of the Net Pension Liability (Assets)						
As of DRS Fiscal Years Ended June 30th - Dollars in Thousands						
	2022			2021		
	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.4%)	Current Rate (7.4%)	1% Increase (8.4%)
PERS Plan 1	\$ 453	\$ 339	\$ 239	\$ 254	\$ 149	\$ 58
PERS Plan 2/3	\$ 695	\$ (590)	\$ (1,646)	\$ (444)	\$ (1,560)	\$ (2,479)

4. LONG-TERM EXPECTED RATE OF RETURN

For fiscal 2022, OSA selected a 7.0% long-term expected rate of return on pension plan investments using a building-block-method. This is down slightly, from 7.4% for fiscal 2021. 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 the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

The expected future rates of return (expected returns net of pension plan investment expense, including inflation) are developed by the WSIB for each major asset class.

5. 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, 2022 and 2021.

The inflation component used to create the table is 2.2% for both years presented and represents WSIB's most recent long-term estimate of broad economic inflation.

Estimated Rates of Return by Asset Class				
DRS Fiscal Years Ended June 30th				
Asset Class:	2022		2021	
	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	1.5%	20.0%	2.2%
Tangible Assets	7.0%	4.7%	7.0%	5.1%
Real Estate	18.0%	5.4%	18.0%	5.8%
Global Equity	32.0%	5.9%	32.0%	6.3%
Private Equity	23.0%	8.9%	23.0%	9.3%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

G. PENSION EXPENSE

For the years ended August 31, 2022 and 2021, the components of the pension expense recognized by Enduris are as follows:

Enduris Pension (Income) Expense - All Plans				
Fiscal Years Ended August 31st - Dollars in Thousands				
	2022		2021	
PERS Plan 1 UAAL	\$	155	\$	(60)
PERS Plan 2/3	\$	(187)	\$	(346)
Administration Fee ⁽¹⁾	\$	-	\$	4
Total	\$	(32)	\$	(403)

⁽¹⁾ The fiscal 2021 administration fee was included incorrectly

H. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

At August 31, 2022 and 2021, Enduris reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources				
As of August 31st - Dollars in Thousands				
	PERS Plan 1			
	2022		2021	
	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	-	56	-	165
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	13	-	12	-
Total	\$ 13	\$ 56	\$ 12	\$ 165

Deferred Outflows of Resources and Deferred Inflows of Resources				
As of August 31st - Dollars in Thousands				
	PERS Plan 2/3			
	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146	\$ 13	\$ 76	\$ 19
Net difference between projected and actual investment earnings on pension plan investments	-	436	-	1,304
Changes of assumptions	329	86	2	111
Changes in proportion and differences between contributions and proportionate share of contributions	70	45	91	56
Contributions subsequent to the measurement date	21	-	19	-
Total	\$ 566	\$ 580	\$ 188	\$ 1,490

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources As of August 31st - Dollars in Thousands

	Combined			
	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146	\$ 13	\$ 76	\$ 19
Net difference between projected and actual investment earnings on pension plan investments	-	492	-	1,469
Changes of assumptions	329	86	2	111
Changes in proportion and differences between contributions and proportionate share of contributions	70	45	91	56
Contributions subsequent to the measurement date	34	-	31	-
Total	\$ 579	\$ 636	\$ 200	\$ 1,655

Deferred outflows of resources related to pensions resulting from Enduris' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended August 31, 2023. These and other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows and Deferred Inflows Pension (Income) Expense Recognition As of August 31st - Dollars in Thousands

Year	2022			2021		
	PERS Plan 1	PERS Plan 2	Total	PERS Plan 1	PERS Plan 2	Total
2022				\$ (32)	\$ (329)	\$ (361)
2023	\$ (10)	\$ (105)	\$ (115)	(40)	(326)	(366)
2024	(22)	(115)	(137)	(38)	(313)	(351)
2025	(27)	(134)	(161)	(43)	(332)	(375)
2026	16	206	222	-	2	2
2027	-	66	66	-	2	2
Thereafter	-	68	68	-	(3)	(3)
Totals	\$ (43)	\$ (14)	\$ (57)	\$ (153)	\$ (1,299)	\$ (1,452)

I. REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS

Under GASB Statement 68, local governments that participate in one or more of the State's plans must present Required Supplementary Information (RSI). These schedules are included in this report after the Notes to the Financial Statements. RSI include a Schedule of Proportionate Share of the Net Pension Liability (Asset) and a Schedule of Employer Contributions.

NOTE 8 - LEASES

On August 6, 2020, Enduris entered into a Lease Agreement with Spokane Regional Clean Air Agency (SRCAA) to lease part of the building owned by the Pool for general office use. Under the contract Enduris was obligated for the management, design, and completion of certain property owner and tenant improvements prior to the lease commencement date. The Pool was responsible to pay for the cost of the preliminary "shell" work for the space and for a tenant improvement allowance which totaled approximately \$570,000. SRCAA was responsible for costs in excess of these items. The construction project was completed and SRCAA moved into the space in June 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The lease is for a noncancelable 20-year term, from June 1, 2021 to May 31, 2041. The tenant has no right or option to extend the lease.

Monthly Base rent, adjusted as discussed below, is payable on the first day of each month. Base rent of \$14,056 per month, was paid during the first year of the lease. Beginning in year two (June 1, 2022), rent was adjusted upward by 2.5%, to \$14,407. In all subsequent years, the rent will be adjusted upward by 2.5%.

The lease is a gross lease under which the annual costs for utilities and services related to the building and grounds are paid by Enduris as lessor. A portion of these incremental facility costs are allocated to the lease based on the proportion of the Pool's total building area. The allocated utilities and service costs for fiscal 2022 and 2021 were \$31,612 and \$3,216, respectively. Estimated future annual costs were calculated using a 2.5% inflation factor.

At the beginning of year 11 of the lease (June 2031), Enduris is obligated to provide an additional allowance of \$133,000 for new carpet and paint.

The lease does not specify an interest rate, and the Pool has not calculated the periodic payments it is charging SRCAA based on a specific interest rate. Enduris is not able to estimate the rate implicit in the lease contract, does not know SRCAA's incremental borrowing rate and is not able to identify similar instruments for which there are published market rates. Therefore, the Pool uses its own estimated incremental borrowing rate of 2.85%, based on the 20-year fixed mortgage rate interpolated from the 15-year and 30-year mortgage rates as of June 1, 2020, the inception of the lease term, as the discount rate in calculating the present value of the future lease payments it will receive. The Pool uses its own incremental borrowing rate as of the same date as the discount rate when calculating the present value of future payments it will make, which is 2.85%.

The total cost of buildout and improvements for the lessor was \$562,163, and at the time the lease was entered into, the Pool estimated the remaining useful life of these assets to be between 10 and 50 years. Enduris uses straight line depreciation. At August 31, 2022 and 2021, the net building and improvements on lease, net equaled \$541.3 and \$561.1 thousand, respectively as outlined in the table below. Amounts are included in Capital Assets (see Note 5).

Property on Lease, net		
As of August 31st - Dollars in Thousands		
	2022	2021
Buildings and Improvements	\$ 569.2	\$ 569.2
Less: Accumulated Depreciation	\$ 30.4	\$ 6.1
Property on Lease, net	\$ 538.8	\$ 563.1

Enduris has a fiscal year end of August 31st and as a pool, all activity is accounted for within the proprietary fund. The Pool uses the date placed in service to calculate amortization of all capital assets and deferred outflow/inflows of resources from leases.

Lease payments received from the lease totaled \$169,725 and \$42,168 for the fiscal years ended August 31, 2022 and 2021, respectively.

This lease is not part of the Pool's principal ongoing operations. The non-operating income from this lease was \$203,064 and \$44,896 for the fiscal year ended August 31, 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - CLAIM RESERVES

Enduris establishes claim reserves for reported and unreported insured events, which include estimates of the undiscounted future cash payments of losses and related claim allocated loss adjustment expenses (ALAE), and unallocated loss adjustment expenses (ULAE). The following table presents the changes in Enduris' aggregate claim reserves during each of the years ended August 31, 2022 and 2021:

Claim Reserves		
As of August 31st - Dollars in Thousands		
	2022	2021
Unpaid claim and claim adjustment expenses		
at beginning of the fiscal year	\$ 18,811	\$ 13,746
Incurred claim and claim adjustment expenses:		
Provision for insured events of the current fiscal year	9,150	9,863
Changes in provision for insured events in prior fiscal years	(5,401)	372
Changes in ULAE	(54)	282
Total incurred claim and claim adjustment expenses	\$ 3,695	\$ 10,517
Payments:		
Claim and claim adjustment expense attributable		
to insured events in the current fiscal year	\$ (3,085)	\$ (2,423)
Claim and claim adjustment expense attributable		
to insured events in prior fiscal years	(2,476)	(3,029)
Total Payments	\$ (5,561)	\$ (5,452)
Total unpaid claim and claim adjustment expenses		
at the end of the fiscal year	\$ 16,945	\$ 18,811
Components of Claim Reserve:		
Claim Reserves	\$ 6,979	\$ 4,460
Claim IBNR	8,866	13,197
ULAE - Administrative Run Off	1,100	1,154
Unpaid claim and claim adjustment expense	\$ 16,945	\$ 18,811

NOTE 10 - BENEFIT ALLOWANCE

Regular employees of Enduris receive a monthly taxable medical benefit allowance. The monthly allowance equaled \$1,900 from September 1, 2020 to February 28, 2021. Effective March 1, 2021 it was increased to \$2,000. The allowance may be used to purchase a variety of health insurance coverage and/or long-term disability and life insurance for the employee and eligible dependents. Any excess allowance is directed to a 457(b) deferred compensation plan or a 401(a) retirement plan at the employee's option. The deferred compensation plan is administered by the state of Washington Department of Retirement Systems. The 401(a) plan is administered by Mission Square Retirement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - 401(A) RETIREMENT PLAN

Enduris does not participate in social security and therefore, the Board of Directors of Enduris elected to participate in a 401(a) defined contribution retirement plan for the benefit of Enduris employees. The Enduris 401(a) Money Purchase Plan (the Plan) is administered by Mission Square Retirement and open to all employees of Enduris.

The contribution rates and terms of the plan were established by Enduris' Board of Directors and may be modified by the Executive Director. Enduris makes contributions in the amount of 6.2% of an employee's gross wages, in lieu of a contribution to social security. Employees are required to make a matching contribution of 6.2% and have the option to contribute in excess of 6.2% on an after-tax basis. Employees are eligible for participation upon employment and are immediately 100% vested. Investment of both the employer and employee contributions is at the direction of the employee. Enduris made all required contributions (included in payroll expense) to the Plan in the amounts of \$122 thousand for fiscal 2022 and \$118 thousand for fiscal 2021.

NOTE 12 - COMPENSATED ABSENCES

The liability for compensated absences totaled \$139 thousand and \$183 thousand on August 31, 2022 and 2021, respectively. The estimated compensated balance payable within one year was \$51 thousand for fiscal 2022 and \$101 thousand for fiscal 2021.

Compensated Balances			
Fiscal Years Ended August 31st - Dollars in Thousands			
	2022	2021	
Current	\$ 51	\$ 101	
Non-current	88	82	
Total	\$ 139	\$ 183	

The following table provides a summary of the balance and the changes in compensated absences for the fiscal year 2022 and 2021:

Changes in Compensated Absences			
Fiscal Years Ended August 31st - Dollars in Thousands			
	2022	2021	Change
Vacation Leave	\$103	\$110	(\$7)
Sick Leave	36	73	(37)
Total	\$139	\$183	(\$44)

NOTE 13 - REGULATORY SOLVENCY

Revised Washington Administrative Code (WAC) 200-100 requires Enduris to maintain certain levels of primary and secondary assets to meet solvency standards. As defined in WAC 200-100-03001, total primary assets, cash, and cash equivalents less non-claim liabilities, must be at least equal to the unpaid claims estimate at the expected level as determined by the actuary. Additionally, total primary and secondary assets must be at least equal to the independent actuary’s unpaid claims estimate at the 80% confidence level. 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 following table shows the results of the primary and secondary asset test as of August 31, 2022 and 2021.

Primary and Secondary Asset Test				
As of August 31st - Dollars in Millions				
	2022		2021 ⁽¹⁾	
Primary Asset Test (Test 1):				
Primary Assets	\$	28.1	\$	23.6
Unpaid Claims - Expected Level		16.9		18.8
Margin	\$	11.2	\$	4.8
Test 1 Result		PASS		PASS
Primary and Secondary Test (Test 2):				
Primary Assets	\$	28.1	\$	23.6
Secondary Assets		16.6		15.2
Primary and Secondary Assets	\$	44.7	\$	38.8
Unpaid Claims - 80% Confidence Level		20.5		22.5
Margin	\$	24.2	\$	16.3
Test 2 Result		PASS		PASS

⁽¹⁾ Reflects the impact of GASB 87. Secondary Assets and Test 2 Margin declined by \$1.4 million.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 1
TEN-YEAR CLAIM DEVELOPMENT INFORMATION
FOR THE FISCAL YEARS ENDED AUGUST 31, 2022 AND 2021

The table on the following page (Schedule 1) illustrates how Enduris' earned revenues (net of reinsurance) and interest income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last ten years. The rows of the table are defined as follows:

1. This section shows the total of each fiscal year's gross earned contribution revenue and interest income, the amount of that contribution revenue ceded to reinsurers (excess/reinsurance premiums), and the difference, or the net earned contribution revenue and interest income.
2. This line shows each fiscal year's unallocated operating expenses which include other operating costs of the Pool such as overhead and claims expense not allocable to individual claims.
3. This section shows the Pool's gross incurred claims and allocated adjustment expenses, claims assumed by reinsurers (ceded losses), and net incurred claims and allocated adjustment expenses (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 the policy year).
4. This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by excess/reinsurance carriers as of the end of the current year for each policy year.
6. This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual actuarial re-estimation results from added information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (Section 3, net incurred) and shows whether this latest estimate of net 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 net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 1(A) (CONTINUED)

COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT, EARNED CONTRIBUTIONS AND UNALLOCATED EXPENSES
AS OF AUGUST 31, 2022
FOR THE YEARS ENDED AUGUST 31, 2013 THROUGH AUGUST 31, 2022

Fiscal and Policy Year Ended August 31st Dollars in Thousands	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
1) Gross Earned Member Contributions & Investment Revenue	\$ 22,432	\$ 19,818	\$ 17,892	\$ 15,609	\$ 13,392	\$ 12,194	\$ 10,764	\$ 9,852	\$ 9,141	\$ 8,935
Ceded	7,531	5,703	4,685	3,981	3,422	3,411	3,025	2,573	2,379	2,069
Net Earned	14,901	14,115	13,207	11,628	9,970	8,783	7,739	7,279	6,762	6,866
2) Unallocated Operating Expenses	3,964	2,837	3,319	3,172	3,597	3,069	3,018	2,834	2,742	2,751
3) Estimated Losses and Expenses at end of accident year:										
Incurred	11,900	16,747	7,296	6,985	8,859	8,263	4,764	5,579	3,299	5,682
Ceded	2,750	6,884	847	1,188	1,605	1,201	526	1,288	595	1,985
Net Incurred	9,150	9,863	6,449	5,797	7,254	7,062	4,238	4,291	2,704	3,698
4) Cumulative paid as of:										
End of policy year	3,085	1,886	1,548	1,017	1,723	2,268	1,300	1,475	795	976
One year later		3,457	2,744	1,827	2,936	2,999	2,341	3,234	1,475	2,585
Two years later			4,032	2,579	3,403	3,371	3,138	4,199	1,848	2,870
Three years later				3,089	3,732	3,585	3,456	3,711	1,963	3,455
Four years later					4,556	3,820	3,924	3,892	1,866	4,060
Five years later						4,227	4,227	3,901	1,955	3,845
Six years later						4,858	5,061	3,901	1,952	3,748
Seven years later								6,576	1,989	3,750
Eight years later									2,146	3,750
Nine years later										4,332
5) Re-estimated Ceded Losses and Expenses:	2,750	5,976	430	660	1,091	771	3,509	1,976	78	3,520
6) Re-estimated Incurred Claims:										
End of policy year	9,150	9,863	6,449	5,797	7,254	7,062	4,238	4,291	2,704	3,698
One year later		7,606	8,142	6,455	6,672	6,185	5,165	5,149	2,585	4,088
Two years later			6,587	6,106	5,897	5,742	5,332	5,488	2,578	4,060
Three years later				5,302	5,668	5,470	5,633	6,977	2,633	4,173
Four years later					5,098	5,035	5,554	7,024	2,330	4,606
Five years later						4,962	5,062	6,575	2,283	4,489
Six years later							5,177	6,576	2,273	4,464
Seven years later								6,632	2,161	4,330
Eight years later									2,162	4,331
Nine years later										4,361
7) Increase (decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:	-	(2,257)	138	(495)	(2,156)	(2,100)	939	2,341	(542)	663

This required supplementary information is an integral part of the accompanying financial statements.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 1(B) (CONTINUED)

COMPARATIVE SCHEDULE OF CLAIM DEVELOPMENT, EARNED CONTRIBUTIONS AND UNALLOCATED EXPENSES
AS OF AUGUST 31, 2021
FOR THE YEARS ENDED AUGUST 31, 2012 THROUGH AUGUST 31, 2021

Fiscal and Policy Year Ended August 31st Dollars in Thousands	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
1) Gross Earned Member Contributions & Investment Revenue	\$ 19,818	\$ 17,892	\$ 15,609	\$ 13,392	\$ 12,194	\$ 10,764	\$ 9,852	\$ 9,141	\$ 8,935	\$ 8,565
Ceded	5,703	4,685	3,981	3,422	3,411	3,025	2,573	2,379	2,069	1,844
Net Earned	14,115	13,207	11,628	9,970	8,783	7,739	7,279	6,762	6,866	6,721
2) Unallocated Operating Expenses	2,837	3,319	3,172	3,597	3,069	3,018	2,834	2,742	2,751	2,546
3) Estimated Losses and Expenses at end of accident year:										
Incurred	16,747	7,296	6,985	8,859	8,263	4,764	5,579	3,299	5,682	4,535
Ceded	6,884	847	1,188	1,605	1,201	526	1,288	595	1,985	947
Net Incurred	9,863	6,449	5,797	7,254	7,062	4,238	4,291	2,704	3,698	3,588
4) Cumulative paid as of:										
End of policy year	1,886	1,548	1,017	1,723	2,268	1,300	1,475	795	976	968
One year later		2,744	1,827	2,936	2,999	2,341	3,234	1,475	2,585	1,862
Two years later			2,579	3,403	3,371	3,138	4,199	1,848	2,870	2,548
Three years later				3,732	3,585	3,456	3,711	1,963	3,455	3,013
Four years later					3,820	3,924	3,892	1,866	4,060	3,209
Five years later						4,227	3,901	1,955	3,845	3,230
Six years later							3,437	1,952	3,748	2,811
Seven years later								1,971	3,750	2,909
Eight years later									3,705	2,918
Nine years later										2,962
5) Re-estimated Ceded Losses and Expenses:	6,884	1,021	1,130	1,664	1,366	3,815	2,495	750	3,668	570
6) Re-estimated Incurred Claims:										
End of policy year	9,863	6,449	5,797	7,254	7,062	4,238	4,291	2,704	3,698	3,588
One year later		8,142	6,455	6,672	6,185	5,165	5,149	2,585	4,088	2,314
Two years later			6,106	5,897	5,742	5,332	5,488	2,578	4,060	3,441
Three years later				5,668	5,470	5,633	6,977	2,633	4,173	3,657
Four years later					5,035	5,554	7,024	2,330	4,606	3,641
Five years later						5,062	6,575	2,283	4,489	3,502
Six years later							6,576	2,273	4,464	3,493
Seven years later								2,161	4,330	3,575
Eight years later									4,331	3,630
Nine years later										3,621
7) Increase (decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:	-	1,693	309	(1,586)	(2,027)	824	2,285	(543)	633	33

This required supplementary information is an integral part of the accompanying financial statements.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 2

RECONCILIATION OF CLAIM LIABILITIES BY TYPE OF CONTRACT
AS OF AUGUST 31, 2022 AND 2021

The schedule below presents the changes in claim liabilities for the past two years for Enduris' liability and property coverage programs:

Claim Reserves				
As of August 31st - Dollars in Thousands				
	Liability Program		Property Program	
	2022	2021	2022	2021
Unpaid claim and claim adjustment expenses				
at beginning of the fiscal year	\$ 16,869	\$ 11,547	\$ 1,942	\$ 2,199
Incurred claim and claim adjustment expenses:				
Provision for insured events of the current fiscal year	5,500	6,547	3,650	3,316
Changes in provision for insured events in prior fiscal years	(4,134)	1,457	(1,267)	(1,085)
Changes in ULAE	(6)	296	(48)	(14)
Total incurred claim and claim adjustment expenses	\$ 1,360	\$ 8,300	\$ 2,335	\$ 2,217
Payments:				
Claim and claim adjustment expense attributable to insured events in the current fiscal year	\$ (686)	\$ (413)	\$ (2,399)	\$ (2,010)
Claim and claim adjustment expense attributable to insured events in prior fiscal years	(1,963)	(2,565)	(513)	(464)
Total Payments	\$ (2,649)	\$ (2,978)	\$ (2,912)	\$ (2,474)
Total unpaid claim and claim adjustment expenses at the end of the fiscal year	\$ 15,580	\$ 16,869	\$ 1,365	\$ 1,942
Components of Claim Reserve:				
Claim Reserves	\$ 6,144	\$ 3,873	\$ 835	\$ 587
Claim IBNR	8,424	11,978	442	1,219
ULAE - Administrative Run Off	1,012	1,018	88	136
Unpaid claim and claim adjustment expense	\$ 15,580	\$ 16,869	\$ 1,365	\$ 1,942

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 3

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - LAST 10 FISCAL YEARS
AS OF JUNE 30TH

PERS Plan 1	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
As of June 30										
Employer's proportion of the net pension liability (asset)	0.012167%	0.012210%	0.013111%	0.011490%	0.010038%	0.011284%	0.010931%	0.011230%	0.011413%	0.011149%
Employer's proportionate share of the net pension liability	\$ 338,774	\$ 149,113	\$ 462,889	\$ 441,830	\$ 448,300	\$ 535,435	\$ 587,046	\$ 581,836	\$ 574,925	\$ 651,464
Employer's covered payroll	\$ 2,009,873	\$ 1,872,877	\$ 1,996,171	\$ 1,612,479	\$ 1,339,990	\$ 1,277,215	\$ 1,317,479	\$ 1,275,150	\$ 1,267,997	\$ 1,227,877
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	16.86%	7.96%	23.19%	27.40%	33.46%	41.92%	44.56%	45.63%	45.34%	53.06%
Plan fiduciary net position as a percentage of the total pension liability	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%	*
PERS Plan 2/3	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
As of June 30										
Employer's proportion of the net pension liability (asset)	0.015912%	0.015659%	0.017160%	0.014829%	0.012818%	0.014514%	0.013987%	0.014373%	0.014694%	0.014847%
Employer's proportionate share of the net pension liability (asset)	\$ (590,141)	\$ (1,559,888)	\$ 219,467	\$ 144,039	\$ 218,856	\$ 504,292	\$ 704,234	\$ 513,555	\$ 297,019	\$ 633,969
Employer's covered payroll	\$ 2,009,873	\$ 1,872,877	\$ 1,996,171	\$ 1,612,479	\$ 1,339,990	\$ 1,277,215	\$ 1,317,479	\$ 1,275,150	\$ 1,267,997	\$ 1,227,877
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	-29.36%	-83.29%	10.99%	8.93%	16.33%	39.48%	53.45%	40.27%	23.42%	51.63%
Plan fiduciary net position as a percentage of the total pension liability	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%	*

This required supplementary information is an integral part of the accompanying financial statements.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 4

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST 10 FISCAL YEARS
AS OF AUGUST 31ST

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PERS Plan 1 *										
As of August 31										
Statutorily or contractually required contributions (for UAAL portion only)	\$ 75,885	\$ 91,173	\$ 92,001	\$ 83,764	\$ 68,111	\$ 71,941	\$ 65,476	\$ 52,490	\$ 50,571	\$ 32,151
Contributions in relation to the statutorily or contractually required contributions	(75,885)	(91,173)	(92,001)	(83,764)	(68,111)	(71,941)	(65,476)	(52,490)	(50,571)	(32,151)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employer payroll (for UAAL only)	\$ 2,043,534	\$ 1,946,222	\$ 1,938,210	\$ 1,650,511	\$ 1,357,671	\$ 1,272,609	\$ 1,385,369	\$ 1,280,988	\$ 1,265,764	\$ 1,243,482
Contributions as a percentage of covered employee payroll	3.7%	4.7%	4.7%	5.1%	5.0%	5.7%	4.7%	4.1%	4.0%	2.6%
PERS Plan 2/3										
As of August 31										
Statutorily or contractually required contributions (for UAAL portion only)	\$ 129,894	\$ 149,290	\$ 153,766	\$ 124,961	\$ 100,822	\$ 67,874	\$ 85,364	\$ 66,176	\$ 62,266	\$ 58,632
Contributions in relation to the statutorily or contractually required contributions	(129,894)	(149,290)	(153,766)	(124,961)	(100,822)	(67,874)	(85,364)	(66,176)	(62,266)	(58,632)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employer payroll (for UAAL only)	\$ 2,043,534	\$ 1,946,222	\$ 1,938,210	\$ 1,650,511	\$ 1,357,671	\$ 1,272,609	\$ 1,385,369	\$ 1,280,988	\$ 1,265,764	\$ 1,243,482
Contributions as a percentage of covered employee payroll	6.4%	7.7%	7.9%	7.6%	7.4%	5.3%	6.2%	5.2%	4.9%	4.7%

* No Enduris employees are covered by PERS Plan 1 however a portion of the PERS Plan 2/3 contribution is allocated by DRS to the PERS Plan 1 UAAL.

This required supplementary information is an integral part of the accompanying financial statements.

ENDURIS WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE 3 AND SCHEDULE 4
PENSION REQUIRED SUPPLEMENTARY INFORMATION

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions for PERS: The Office of the State Actuary (OSA) calculates the actuarially determined contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined in Chapter 41.45 RCW.

Consistent with the state's contribution-rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. The actuarial valuation with a June 30, 2017 valuation date, completed in the Fall of 2018, plus any supplemental contribution rates from the preceding legislative session, determines the ADC for the period beginning July 1, 2019 and ending June 30, 2021.

Additional Considerations on ADC for All Plans: OSA calculates the ADC consistent with the methods described above. Adopted contribution rates could be different pending the actions of the governing bodies.

CRC for All Cost-Sharing Plans: For cost-sharing plans, OSA calculates the contractually required contributions (CRC) using the same assumptions and methods as the ADC, except the CRC reflect the adopted contribution rates for the time period shown, which might differ from the contribution rates produced for the ADC.

Additional plan-specific actuarial method and assumption information is in Note 7 of the Financial Section.

ENDURIS WASHINGTON
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE 5

DEPARTMENT OF ENTERPRISE SERVICES (DES) SCHEDULE OF EXPENSES
FOR THE FISCAL YEARS ENDED AUGUST 31, 2022 AND 2021

	2022	2021
Claims Expense:		
Incurred Loss and Allocated Loss Adjustment Expenses:		
Claims Paid, net of recoveries	\$ 5,561,115	\$ 5,452,696
Change in Liabilities for Unpaid Claims	(1,812,220)	4,782,103
Unallocated Loss Adjustment Expenses:		
Change in ULAE Reserve	(53,560)	282,472
Claims Expense, net	\$ 3,695,335	\$ 10,517,271
Excess/Reinsurance Costs:		
Liability	\$ 1,242,748	\$ 1,198,246
Property	6,158,453	4,367,872
Brokerage Fees	130,000	137,000
Excess/Reinsurance Costs	\$ 7,531,201	\$ 5,703,118
Contracted Services:		
Legal Services	\$ 11,925	\$ 76,179
Pre-Defense Review	85,945	101,870
Municipal Research and Services	82,509	80,790
Actuarial Services	72,500	15,000
Claims Audit	10,925	10,625
Financial/Accountability Audit	16,873	16,456
State Risk Manager	4,395	5,860
Technology Services	24,602	29,800
Other Consultants	13,759	42,500
Contracted Services	\$ 323,433	\$ 379,080
General and Administrative Expenses:		
Staff Wages, Benefits and Taxes	\$ 2,468,903	\$ 2,413,932
GASB 68 Pension Adjustment	(237,941)	(646,749)
Technology and Claims System	222,623	178,490
Member Services and Training	64,073	63,388
Building and Occupancy	79,795	98,100
Dues, Conferences and Training	66,530	30,514
Communications	41,265	23,852
Office Supplies and Expenses	18,339	3,208
Board Expenses	20,591	2,354
Miscellaneous	22,536	12,795
General and Administrative Expense	\$ 2,766,714	\$ 2,179,884
Depreciation	\$ 873,586	\$ 277,813
Total Operating Expenses	\$ 15,190,269	\$ 19,057,166

ENDURIS WASHINGTON

SUPPLEMENTARY AND OTHER INFORMATION

SCHEDULE 6

LIST OF PARTICIPATING MEMBERS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

4 Culture	Chelan County FPD #6	Everett Public Facilities District
Adams Conservation District	Chelan County FPD #8	Fall City Metropolitan Park District
Adams County FPD #1	Chelan County FPD #10	Ferry Conservation District
Adams County FPD #6	Chelan Douglas Health District	Ferry County #3/Stevens County #8 Joint FPD
Adams County Mosquito Control District	Chelan Douglas Regional Port Authority and POCC and PODC and PMA	Ferry County EMS District #1
Adams County Noxious Weed Board	Chelan Douglas Transportation Council	Fidalgo Pool & Fitness Center
Adams County Park & Recreation Board #2	Chelan Falls Irrigation District	Fort Worden Public Development Authority
Adams County Parks & Recreation District #3	Chelan Falls Water District	Foster Creek Conservation District
Adams County Park & Recreation District #4	Chelan River Irrigation District	Four Lakes Water District
Adams County Park District #1	Chinook Water District	Franklin Conservation District
Adams County Weed District #1	City of Kent Special Events Center Public Facilities District	Franklin County Emergency Management
Admiral's Cove Water District	Clallam Conservation District	Franklin County FPD #3
Aging & Adult Care of Central Washington	Clallam County FPD #1	Franklin County Irrigation District #1
Aging & Long-Term Care of Eastern Washington	Clallam County FPD #3	Franklin County Mosquito Control
Agnew Irrigation District	Clallam County FPD #4	Freeland Water District
Ahtanum Irrigation District	Clallam County FPD #5	Graham Fire & Rescue
Alta Vista Irrigation District	Clallam County FPD #6	Grant County Conservation District
Anderson Island Fire & Rescue	Clallam County Park & Recreation District #1	Grant County FPD #3
Anderson Island Park & Recreation District	Clark Conservation District	Grant County FPD #7
Ashford Water District	Clark County Cemetery District #4	Grant County FPD #8
Asotin County Conservation District	Clark County Cemetery District #5	Grant County FPD #10
Asotin County FPD #1	Clark County Cemetery District #6	Grant County FPD #12
Asotin County Health District	Clark County Diking District #14	Grant County Health District
Asotin County Library	Clark County FPD #3	Grant County Hospital District #7
Badger Mountain Irrigation District	Clark County FPD #13	Grant County Mosquito Control District #1
Bainbridge Island Fire Department	Clark County Mosquito Control District	Grant County Mosquito Control District #2
Bainbridge Island Metro Park & Recreation District	Clark County Public Facilities District	Grant County Port District #4
Bayview Beach Water District	Clear Lake Water District	Grant County Port District #5
Benton Clean Air Agency	Cline Irrigation District	Grant County Port District #6
Benton Conservation District	Colfax Cemetery District #6	Grant County Port District #7
Benton County FPD #1	Columbia Conservation District	Grays Harbor Conservation District
Benton County FPD #2	Columbia County Rural Library District	Grays Harbor County FPD #1
Benton County FPD #4	Columbia Irrigation District	Grays Harbor County FPD #2
Benton County FPD #5	Columbia Mosquito Control District	Grays Harbor County FPD #10
Benton County FPD #6	Community Connectivity Consortium	Grays Harbor County FPD #12
Benton County Mosquito Control District #1	Coulee Area Park & Recreation District	Grays Harbor County FPD #17
Benton County Noxious Weed Control Board	Cowlitz Conservation District	Grays Harbor County Public Facilities District
Benton County Weed District #1	Cowlitz County Cemetery District #2	Grays Harbor Historical Seaport Authority
Benton-Franklin Council of Governments	Cowlitz County Mosquito Control District	Grays Harbor/Pacific County FPD #15
Benton Franklin Health District	Cowlitz County Public Facilities District	Greater Columbia Behavioral Health
Benton Irrigation District	Cowlitz Skamania County FPD #7	Greater Wenatchee Irrigation District
Bertrand Watershed Improvement District	Crystal Mountain Sewer District	Greater Wenatchee Regional Events Center PFD
Black Diamond Water District	Darrington Fire District #24	Hangman Hills Water District #15
Blaine-Birch Bay Park & Recreation District #2	Diamond Lake Water & Sewer District	Helensdale Irrigation District
Blalock Orchards Water District #12	Douglas County Cemetery District #2	Highland Irrigation District
Brewster Flat Irrigation District	Douglas County FPD #3	Highline Water District
Bridgeport Irrigation District #1	Douglas County FPD #4	Hutchinson Irrigation District #16
Burbank Irrigation District #4	Douglas County Sewer District #1	Hydro Irrigation District #9
Camano Island Mosquito Control District #1	Douglas Okanogan County FPD #15	Isenhart Irrigation District
Capital Area Regional Public Facilities District	Drayton Watershed Improvement District	Island County Diking District #1
Carnhope Irrigation District #7	Dungeness Irrigation District	Island County Diking District #2
Cascade Valley Water District	East County Park & Recreation District	Island County Emergency Services Comm Center
Cascadia Conservation District	East Lewis County Public Development Authority	Jefferson County Conservation District
Central Kitsap Fire and Rescue	East Wenatchee Water District	Key Peninsula Metropolitan Park District
Central Klickitat Conservation District	Eastern Klickitat Conservation District	King Conservation District
Central Klickitat County Park & Recreation District	Eastmont Metropolitan Park District	King County Cemetery District #1
Central Mason Fire & EMS	Eastside/Westside Irrigation District	King County Drainage District #1
Central Skagit Rural Library District	Eastsound Sewer & Water District	King County Drainage District #7
Chelan County Cemetery District #1	Edmonds Public Facilities District	King County Flood Control District
Chelan County Cemetery District #4	Entiat Irrigation District	King County FPD #45

ENDURIS WASHINGTON

SUPPLEMENTARY AND OTHER INFORMATION

SCHEDULE 6 (CONTINUED)

LIST OF PARTICIPATING MEMBERS

Kitsap Conservation District
Kitsap Public Facilities District
Kitsap Public Health District
Kitsap Readiness Center Joint Management Group
Kittcom
Kittitas County Conservation District
Kittitas County FPD #7
Kittitas County Water District #4
Kittitas County Water District #6
Kittitas County Weed District #5
Kittitas Park & Rec District #1
Klickitat County EMS District #1
Klickitat County FPD #1
Klickitat County FPD #3
Klickitat County FPD #4
Klickitat County FPD #11
Klickitat County FPD #13
Klickitat County FPD #14
Klickitat County Port District
La Conner Regional Library
Lagoon Point Water District
Lake Chelan Reclamation District
Lake Chelan Sewer District
Lake Forest Park Water District
Lake Wenatchee Fire & Rescue
Laurel Watershed Improvement District
Leavenworth Mosquito Control District
Ledgewood Beach Water District
Lewis County Cemetery District #1
Lewis County Cemetery District #2
Lewis County Conservation District
Lewis County Flood District #1
Lewis County FPD #2
Lewis County FPD #8
Lewis County FPD #13
Lewis County Public Facilities District
Lewis County Water Sewer District #6
Lewis-Mason-Thurston Area Agency on Aging
Liberty Lake Sewer and Water District
Lincoln-Adams County FPD #3
Lincoln County Conservation District
Lincoln County FPD #6
Lincoln County FPD #9
Lincoln County Noxious Weed Control Board
Lincoln County Park & Recreation District #2
Lincoln County Park & Recreation District #3
Loon Lake Sewer District #4
Lopez Island Library District
Lopez Solid Waste Disposal District
Lower Columbia Fish Recovery Board
Lower Squilchuck Irrigation District
Lynnwood Public Facilities District
Main Street Sewer District
Manchester Water District
Manson Park & Recreation District
Marshland Flood Control District
Mason Conservation District
Mason County FPD #6
Mason County FPD #17
McKenna Water District
Methow-Okanogan Reclamation District
Methow Valley Irrigation District
Midway Sewer District
Model Irrigation District #18
North Beach Water District
Naches Park & Recreation District
North City Water District
North Country Emergency Medical Service
North Lynden Watershed Improvement District
North Olympic Library System
North Sound Behavioral Health Organization
North Yakima Conservation District
Northeast Tri County Health District
Northeast Public Development Authority
Northwest Clean Air Agency
Oakesdale Park & Recreation District #4
Odessa Public Development Authority
Okanogan Conservation District
Okanogan County FPD #2
Okanogan County FPD #7
Okanogan County FPD #8
Okanogan County FPD #10
Okanogan County FPD #11
Okanogan County FPD #12
Okanogan County Public Health
Okanogan County Rural FPD #6
Okanogan Irrigation District
Olympic Region Clean Air Agency
Orcas Island Health Care District
Orcas Island Library District
Orcas Island Park & Recreation District
Oroville Tonasket Irrigation District
Pacific Conservation District
Pacific County Drainage District #1
Pacific County FPD #1
Pacific County FPD #2
Pacific County FPD #4
Pacific County FPD #6
Palouse Conservation District
Palouse-Rock Lake Conservation District
Pend Oreille Cemetery District #1
Pend Oreille Conservation District
Pend Oreille County FPD #2
Pend Oreille County FPD #4
Pend Oreille County FPD #5
Pend Oreille County FPD #8
Pend Oreille County Hospital District #2
Pend Oreille County Library District
Peninsula Metropolitan Park District
Penn Cove Water & Sewer District
Petrichor Broadband, LLC
Pierce Conservation District
Pierce County Drainage District #10
Pierce County FPD #18
Pierce County FPD #23
Pine Creek Conservation District
Pomeroy Conservation District
Port District of South Whidbey Island
Port Ludlow Drainage District
Port of Allyn
Port of Benton
Port of Brownsville
Port of Camas-Washougal
Port of Centralia
Port of Chehalis
Port of Chinook
Port of Clarkston
Port of Columbia
Port of Coupeville
Port of Dewatto
Port of Edmon
Port of Eglon
Port of Friday Harbor
Port of Garfield
Port of Grandview
Port of Grapeview
Port of Grays Harbor
Port of Hoodspport
Port of Illahee
Port of Ilwaco
Port of Indianola
Port of Kahlotus
Port of Keyport
Port of Kingston
Port of Lopez
Port of Manchester
Port of Olympia
Port of Orcas
Port of Pasco
Port of Pend Oreille
Port of Peninsula
Port of Port Townsend
Port of Poulsbo
Port of Ridgefield
Port of Royal Slope
Port of Shelton
Port of Silverdale
Port of Skagit
Port of Skamania County
Port of Tracyton
Port of Walla Walla
Port of Waterman
Port of Whitman County
Port of Willapa Harbor
Port of Woodland
Poulsbo Fire Department
Public Law Library of King County
Public Utility District #1 of Skagit County
Puget Sound Clean Air Agency
Puget Sound Emergency Radio Network (PSERN) Operator
Quillayute Valley Park & Recreation District
Renton Regional Fire Authority
Rosalia Park & Recreation District #5
Sacheen Lake Sewer & Water District
Salish Behavioral Health Organization
Samish Water District
San Juan County Cemetery District #1
San Juan County Cemetery District #3
San Juan County FPD #4
San Juan Island Library District
San Juan Island Park & Recreation District
San Juan Islands Conservation District
Scatchet Head Water District
Seaview Sewer District
Selah and Moxee Irrigation District
Silver Lake Flood Control District
Silverdale Water District #16
Skagit Conservation District
Skagit County Cemetery District #1
Skagit County Consolidated Diking District #22
Skagit County Dike & Drainage District #5
Skagit County Dike District #17
Skagit County Drainage & Irrigation District #15
Skagit County Drainage District #19
Skagit County Drainage and Irrigation District Consortium, LLC

ENDURIS WASHINGTON

SUPPLEMENTARY AND OTHER INFORMATION

SCHEDULE 6 (CONTINUED)

LIST OF PARTICIPATING MEMBERS

Skagit County FPD #4
Skagit County FPD #5
Skagit County FPD #7
Skagit County FPD #9
Skagit County FPD #12
Skagit County FPD #13
Skagit County FPD #15
Skagit County FPD #16
Skagit County FPD #17
Skagit County Regional Public Facilities District
SkagitNet, LLC
Skamania County Cemetery District #1
Skamania County FPD #5
Skamania County FPD #6
Skamania County Mosquito Control District
Snohomish Conservation District
Snohomish County Diking District #1
Snohomish County Drainage & Improvement District #13
Snohomish County FPD #25
Snohomish County Public Facilities District
Snohomish Health District
Snoqualmie Valley Watershed Improvement District
Soos Creek Water & Sewer District
South Bay Fire Department
South Douglas Conservation District
South King Fire & Rescue
South Kitsap Fire and Rescue
South Lynden Watershed Improvement District
South Pend Oreille Fire & Rescue
South Pierce Fire & Rescue District #17
South Whidbey Fire/EMS
South Whidbey Park & Recreation District
South Yakima Conservation District
Southeast WA ALTC Council of Governments
Southwest Clean Air Agency
Southwest Suburban Sewer District
Spokane Aquifer Joint Board
Spokane Conservation District
Spokane County FPD #2
Spokane County FPD #3
Spokane County FPD #5
Spokane County FPD #10
Spokane County FPD #13
Spokane County Noxious Weed Board
Spokane County Water District #3
Spokane Public Facilities District
Spokane Regional Clean Air Agency
Spokane Regional Health District
Spokane Regional Transportation Council
Spokane Valley Fire Department
Stevens County Conservation District
Stevens County FPD #1
Stevens County FPD #2
Stevens County FPD #5
Stevens County FPD #7
Stevens County FPD #9
Stevens County FPD #10
Stevens County FPD #11
Stevens County FPD #12
Stevens County FPD #13
Stevens County Rural Library District
Strathview Water District #16
Sumas Watershed Improvement District
SunLand Water District
Stevens Pass Sewer District
Stillaguamish Flood Control District
SW WA Council of Governments on Aging
Swantown Water District
Tekoa Park & Recreation District #6
Terrace Heights Irrigation District
Thurston Conservation District
Thurston County Cemetery District #2
Thurston County Chambers Ditch District #3
Thurston County FPD #9
Tonasket Park & Recreation District
Touchet-Lowden Mosquito Control District
Tri-City Estates Water District #45
Underwood Conservation District
Underwood Park & Recreation District
Union Gap Irrigation District
Upper Skagit Library District
Upper Valley Park & Recreation Service Area
Valley View Sewer District
Vashon Island Fire & Rescue
Vashon-Maury Island Park & Recreation District
Vel View Water District #13
Vera Water and Power
Village Green Metropolitan Park District
WA Fire Commissioners Association
Wahkiakum County Conservation District
Wahkiakum County Diking/Drainage District #1
Wahkiakum County FPD #2
Wahkiakum County Port District #1
Wahkiakum County Port District #2
Walla Walla County Conservation
Walla Walla County FPD #5
Walla Walla County Rural Library District
Warden Port District #8
Weed District #1 of Grant County
Weed District #3 of Grant County
Wells Ranch Irrigation District
Wenas Irrigation District
Wenatchee-Chiwawa Irrigation District
Wenatchee Heights Reclamation District
Wenatchee Reclamation District
West Benton Fire Rescue
West Plains/Airport Area Public Development Authority
Whatcom Council of Governments
Whatcom Conservation District
Whatcom County Flood Control Zone District
Whatcom County Cemetery District #2
Whatcom County Cemetery District #6
Whatcom County Cemetery District #10
Whatcom County FPD #11
Whatcom County FPD #17
Whatcom County Water District #13
Whidbey Island Conservation District
White Salmon Valley Pool Metropolitan Park District
Whitestone Reclamation District
Whitman Conservation District
Whitman County FPD #5
Whitman County FPD #6
Whitman County FPD #7
Whitman County FPD #8
Whitman County FPD #10
Whitman County FPD #12
Whitman County FPD #13
Whitman County FPD #14
Whitman County Rural Library District
Willapa Valley Water District
Wolf Creek Reclamation District
Yakima County Drainage Improvement District #7
Yakima County Drainage Improvement District #11
Yakima County Drainage Improvement District #12
Yakima County Drainage Improvement District #16A
Yakima County Drainage Improvement District #28
Yakima County FPD #7
Yakima County FPD #9
Yakima County FPD #14
Yakima County Mosquito Control District #1
Yakima Health District
Yakima Regional Clean Air Agency
Yakima Reservation Irrigation District
Zillah Irrigation District

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

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