



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Enduris Washington

For the period September 1, 2023 through August 31, 2024

*Published April 17, 2025*

Report No. 1037004



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

April 17, 2025

Board of Directors  
Enduris Washington  
Spokane, Washington

**Report on Financial Statements**

Please find attached our report on the 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

***Americans with Disabilities***

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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, 2023 through August 31, 2024

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 the Enduris Washington, as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated April 4, 2025.

### 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

April 4, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Enduris Washington September 1, 2023 through August 31, 2024**

Board of Directors  
Enduris Washington  
Spokane, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the Enduris Washington, as of and for the years ended August 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Enduris Washington, as of August 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

The other information comprises the 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 April 4, 2025 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 4, 2025

## **FINANCIAL SECTION**

### **Enduris Washington September 1, 2023 through August 31, 2024**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2024 and 2023

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2024 and 2023

Statement of Revenues, Expenses and Changes in Net Position – 2024 and 2023

Statement of Cash Flows – 2024 and 2023

Notes to the Financial Statements – 2024 and 2023

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Ten-Year Claim Development Information – 2024 and 2023

Comparative Schedule of Claim Development, Earned Contributions and Unallocated Expenses – 2024 and 2023

Reconciliation of Claim Liabilities by Type of Contract – 2024 and 2023

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2024 and 2023

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2024 and 2023

Notes to Pension Required Supplementary Information – 2024 and 2023

Risk Pools Information – 2024 and 2023

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Department of Enterprise Services (DES) Schedule of Expenses – 2024 and 2023

List of Participating Members – 2024

## Management's Discussion and Analysis

Enduris is a risk pool in the state of Washington for local government and special purpose districts. There were 507 members in the pool during the 2024 fiscal year ending August 31, 2024. Those members represented 17 different types of special purpose entities located throughout 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. 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 the financial activities of Enduris (Enduris or the Pool) for the fiscal years ended August 31, 2024, and 2023. Please read it in conjunction with the financial statements, notes to financial statements, and required supplementary information included in this report.

### Financial Highlights

- The growth and stability of net position measures the health of Enduris. The Pool's net position increased by \$10.6 million in fiscal 2024 and \$5.1 million in fiscal 2023. With a year-end net position of \$43.2 million for 2024 and \$32.6 million for 2023, Enduris is funded more than a 97% confidence level related to claim reserves. WAC 200-100-03001 requires a minimum of 80% confidence level. Fiscal soundness is needed to support our goal of ensuring that members have long-term protection from property and liability loss through the long-term viability and financial stability of the Pool. The Pool's Board has prioritized continuing to build the net position to meet this goal.

During 2024, Enduris retained our actuary, PricewaterhouseCoopers LLP (PWC), to update the capital adequacy assessment. Management and the board desire to ensure that the financial metrics used to assess the Pool's financial strength and guide key business decisions are consistent with member expectations. PWC's report concludes that the actuarially derived risk capital target range for the Pool's Net Position is between \$36 and \$62 million. The Board policy calls for the Pool to align capital with these target ranges over a reasonable period. According to PWC's latest report, with a Net Position of \$43.2 on August 31, 2024, Enduris is \$7 million above the lower bound of the capital target range.

Enduris' membership is stable, and our members are satisfied based on recent member and claims surveys. The Pool's member contributions equaled \$28.2 million in 2024 and \$25.8 million in 2023. Higher liability and property coverage rates, individual member risk adjustments, and changes in member exposures impacted individual contributions. The Pool strives to maintain a fair and equitable rating structure while reducing the volatility in member rates compared to the commercial market.

- The frequency and severity of member claims are impacted by weather extremes, aging infrastructure, escalating construction/repair costs, and social inflation, and these remain areas of concern for the Pool.
- In 2024, Enduris paid \$7.8 million in losses. After \$2.3 million in reinsurance and other recoveries, net claims paid equaled \$5.5 million. Citing a lower-than-expected development of the prior three year's losses, the actuary reduced the reserve for unpaid claims by \$1.4 million, resulting in claims expense of \$4.1 million. In 2023, the total claims expense was \$8.4 million. Gross claims payments were \$13.8 million, with \$6.6 million in recoveries, so the net cash paid was \$7.2 million. The actuary increased the reserve for unpaid claims by \$1.2 million.
- Claim Reserves, the actuarial estimate of unpaid losses, equaled \$16.8 million at fiscal year-end 2024, down \$1.4 million from \$18.2 million at fiscal year-end 2023.
- Since 2020, there has been a hard commercial insurance market in the U.S. for the first time in over 20 years. Over the last few years, it 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's long-term relationships with reinsurers offered the Pool some rate and coverage stability compared to the market, but we still experienced significant reinsurance rate increases. Excess/reinsurance premiums grew by 30%, to \$12.1 million for fiscal 2024, after increasing 22% in 2023 and 30% in 2022. The Pool's excess/reinsurance costs doubled in the last four years. Some cost increases are attributable to underlying member exposure changes, but our members' loss experience in the previous three years is a substantial factor.

## Management's Discussion and Analysis (continued)

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- Enduris has historically maintained self-insured retention (SIR) of \$250 thousand per occurrence for property claims and \$1.0 million per occurrence for liability claims. In response to the increases in property reinsurance rates, Enduris increased the Pool's self-insured retention (SIR) to \$500 thousand per occurrence for the APIP policy year beginning July 1, 2023. Although Enduris membership has seen rate increases, the Pool continues to insulate our membership from these volatile increases and keep our member's rates as stable as possible.
- In 2023, Enduris recorded an asset impairment loss of \$56.5 thousand under GASB 42 related to building improvements and furniture damage. Condensation gathered in the fire suppression system caused a pipe to freeze, burst, and create water damage due to the ensuing flooding. Although Enduris participates in the Pool's reinsurance program, this loss was under the property SIR. The construction cost was \$197.5 thousand; total building improvements net of the impact of the asset impairment were \$84.6 thousand.
- Enduris met the solvency standards established by Washington Administrative Code (WAC) 200-100-03001 for 2024 and 2023. Enduris' liquid and total assets measure financial solvency compared to the Pool's financial obligations.

## Overview of the Financial Statements

The Pool reports its activities as an enterprise fund, a proprietary fund that uses full accrual accounting. 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 helpful 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. These activities are classified into 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 essential to fully understanding 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 Statement Analysis

#### Condensed Comparative Statement of Net Position

This table provides a three-year comparative summary of the Statement of Net Position at the end of the Pool's fiscal year, August 31<sup>st</sup>. All comparative information and our management discussion and analysis relate to the fiscal year.

| <b>Three-Year Condensed Comparative Statement of Net Position</b> |                |                                       |                |                                       |                            |
|-------------------------------------------------------------------|----------------|---------------------------------------|----------------|---------------------------------------|----------------------------|
| <b>As of August 31<sup>st</sup> – Dollars in Millions</b>         |                |                                       |                |                                       |                            |
|                                                                   | <b>2024</b>    | <b>Increase<br/>(Decrease)<br/>\$</b> | <b>2023</b>    | <b>Increase<br/>(Decrease)<br/>\$</b> | <b>2022 <sup>(1)</sup></b> |
| <b>Assets:</b>                                                    |                |                                       |                |                                       |                            |
| Cash and Cash Equivalents                                         | \$ 64.4        | \$ 12.2                               | \$ 52.2        | \$ 7.4                                | \$ 44.8                    |
| Prepaid Excess/Reinsurance                                        | 9.4            | (1.0)                                 | 10.4           | 2.8                                   | 7.6                        |
| Other Current Assets <sup>(1)</sup>                               | 1.0            | (1.3)                                 | 2.3            | 2.2                                   | 0.1                        |
| Capital Assets, net <sup>(1)</sup>                                | 4.6            | (0.4)                                 | 5.0            | 0.4                                   | 4.6                        |
| Investment in GEM                                                 | 3.8            | 0.7                                   | 3.1            | (0.5)                                 | 3.6                        |
| Lease Receivable <sup>(2)</sup>                                   | 2.4            | -                                     | 2.4            | (0.1)                                 | 2.5                        |
| Pension Asset                                                     | 0.5            | (0.1)                                 | 0.6            | -                                     | 0.6                        |
| <b>Total Assets</b>                                               | <b>\$ 86.1</b> | <b>\$ 10.1</b>                        | <b>\$ 76.0</b> | <b>\$ 12.2</b>                        | <b>\$ 63.8</b>             |
| <b>Deferred Outflow related to Pensions</b>                       | <b>\$ 0.7</b>  | <b>\$ 0.2</b>                         | <b>\$ 0.5</b>  | <b>\$ (0.1)</b>                       | <b>\$ 0.6</b>              |
| <b>Liabilities:</b>                                               |                |                                       |                |                                       |                            |
| Unearned Member Contributions                                     | \$ 23.0        | \$ 1.6                                | \$ 21.4        | \$ 5.3                                | \$ 16.1                    |
| Claims Reserves                                                   | 16.8           | (1.4)                                 | 18.2           | 1.3                                   | 16.9                       |
| Other Current Liabilities <sup>(1)</sup>                          | 0.7            | -                                     | 0.7            | 0.4                                   | 0.3                        |
| Other Non-Current Liabilities <sup>(1)</sup>                      | 0.7            | (0.2)                                 | 0.9            | 0.3                                   | 0.6                        |
| <b>Total Liabilities</b>                                          | <b>\$ 41.2</b> | <b>\$ 0.0</b>                         | <b>\$ 41.2</b> | <b>\$ 7.3</b>                         | <b>\$ 33.9</b>             |
| <b>Deferred Inflow related to Pensions</b>                        | <b>\$ 0.2</b>  | <b>\$ (0.2)</b>                       | <b>\$ 0.4</b>  | <b>\$ (0.2)</b>                       | <b>\$ 0.6</b>              |
| <b>Deferred Inflow related to Leases <sup>(2)</sup></b>           | <b>\$ 2.2</b>  | <b>\$ (0.1)</b>                       | <b>\$ 2.3</b>  | <b>\$ (0.1)</b>                       | <b>\$ 2.4</b>              |
| <b>Net Position:</b>                                              |                |                                       |                |                                       |                            |
| Investment in Capital Assets <sup>(1)</sup>                       | \$ 4.6         | \$ (0.4)                              | \$ 5.0         | \$ 0.4                                | \$ 4.6                     |
| Restricted Net Position related to Pensions                       | 1.3            | 0.5                                   | 0.8            | 0.2                                   | 0.6                        |
| Unrestricted Net Position <sup>(1)</sup>                          | 37.3           | 10.5                                  | 26.8           | 4.5                                   | 22.3                       |
| <b>Total Net Position</b>                                         | <b>\$ 43.2</b> | <b>\$ 10.6</b>                        | <b>\$ 32.6</b> | <b>\$ 5.1</b>                         | <b>\$ 27.5</b>             |

(1) Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) and GASB Statement No. 101, *Compensated Absences* were both adopted, and Enduris applied the new standards retroactively as required under GASB Statement No. 100, *Accounting for Changes and Error Corrections*. The fiscal 2022 financial statements presented in this fiscal 2023 financial report have been restated: Total Assets increased by \$2.6 thousand, and Total Liabilities increased by \$216.6 thousand. For more information, see the Notes to the Financial Statements.

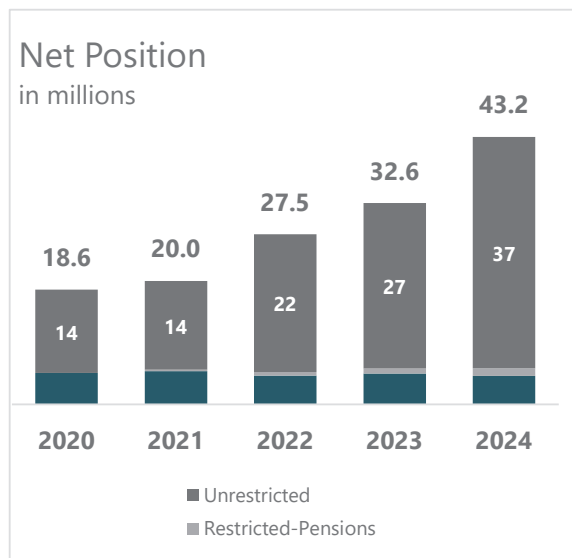
(2) Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was effective for fiscal years ending after June 30, 2022. Enduris applied the new standard retroactively to existing agreements, and the financial statements effective for fiscal 2021 were restated as reported in the Enduris fiscal 2022 financial report: Total Assets increased by \$2.6 million for the Lease Receivable, and the \$2.6 million Deferred inflow related to Leases was recorded.

## Management's Discussion and Analysis (continued)

### Net Position

Enduris' net position increased by \$10.6 million to \$43.2 million at year-end 2024 after rising by \$5.1 million to \$32.6 million for 2023.

Net Position consists of 1) the Investment in Capital Assets, 2) the Restricted Net Position related to Pensions, and 3) the Unrestricted Net Position, as summarized in the graph below.

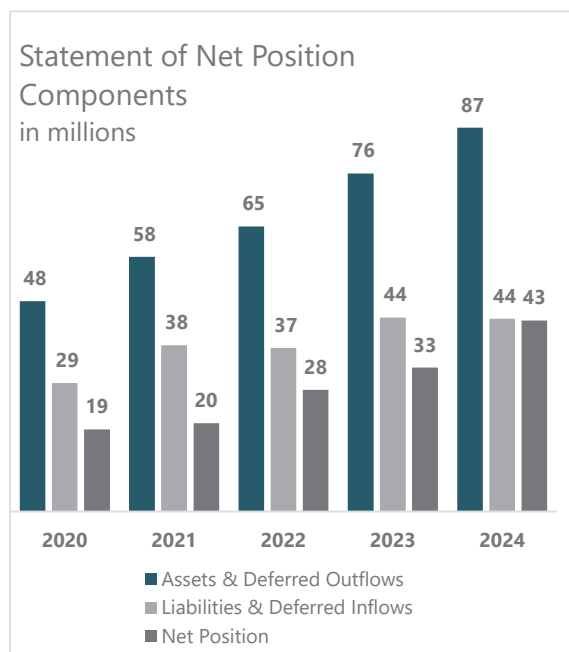


Part of Enduris's mission is to ensure the Pool's long-term financial protection and stability; to do that, the Board has prioritized continuing to build the net position.

During 2024, Enduris retained our actuary, PricewaterhouseCoopers LLP (PWC), to update their assessment of the Pool's capital adequacy. Management and the board desire to ensure that the financial metrics used to assess the Pool's financial strength and guide key business decisions are consistent with member expectations. PWC's report concludes that the actuarially derived risk capital target range for the Pool's Net Position is between \$36 and \$62 million. The Board policy calls for the Pool to align capital within this target range. According to PWC's latest report, with a Net Position of \$43.2 million on August 31, 2024, Enduris is \$7 million above the lower bound of the capital target range.

A strong fund balance is necessary to meet the WAC's solvency requirements, allow for as much rate stability as possible, and manage the volatility in member claims costs and excess/reinsurance premiums.

The components of the Statement of Net Position are presented below.



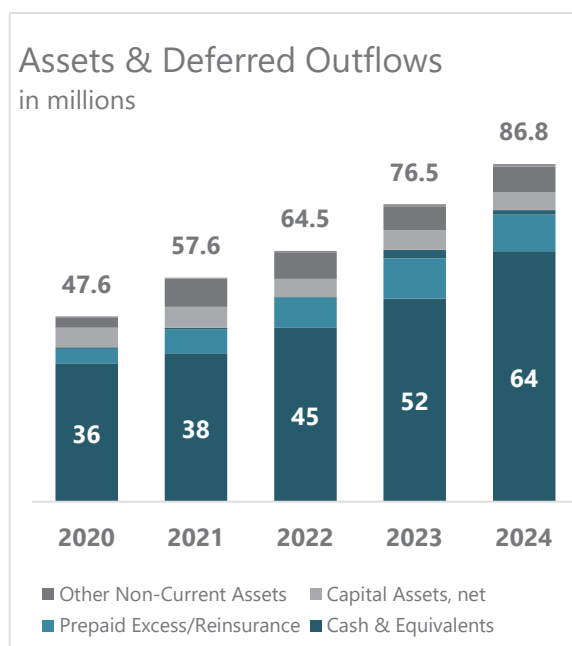
Assets and Deferred outflows grew by \$39.2 million over the last five years as the Pool worked to strengthen liquidity and Net Position. The primary increase is in Cash and Equivalents. Liabilities and Deferred inflows also grew by \$14.5 million in the form of \$3.1 million higher claims reserves and \$8.9 million higher unearned member contributions. The net impact is the Pool's Net Position growth, which grew from \$24.7 million in 2020 to \$43.2 million at the end of 2024.

The material components of the Statement in Net Position and related Changes in Net Position will be discussed in more detail in the rest of our management discussion and analysis, focusing on the last two years.

## Management's Discussion and Analysis (continued)

### Assets and Deferred Inflows

**Total assets** were \$86.1 million, and **Deferred Outflows related to Pensions** were \$0.7 million on August 31, 2024. The total \$86.8 million is a \$10 million, or 14%, increase over the \$76.5 million balance at the end of 2023. Cash and Equivalents represent 70%, and Prepaid/Excess Reinsurance and Capital Assets each represent 10% of total assets on August 31, 2024,



Most of the Pool's assets are liquid **Cash and Cash Equivalents** invested in the Washington State Treasurer's Office Local Government Investment Pool (LGIP) and the Spokane County Investment Pool (SPIF). As of August 31, 2024, the balance was \$64.4 million, up \$12.2 million over the \$52.2 million balance at the end of 2023 and another \$7.4 million over the \$44.8 Million balance at the end of 2022. For both years, the increases were primarily a result of positive net earnings, and the timing of claim payments and unearned member contributions receipts attributable to the following policy year.

**Prepaid Excess/Reinsurance** is the second largest asset. The 2024 balance of \$9.4 million is down \$1.0 million from 2023 due to timing. The \$1.5 million liability reinsurance invoice was not issued until September 2024. The balance was up by \$2.8M (40%) in 2023 over 2022. The cost of reinsurance has increased dramatically in the last three 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 significantly impacted this asset balance.

As of August 31, 2024, and 2023, Capital Assets' total net book value was \$4.6 million and \$5.0 million, respectively. The Pool's capital asset investment primarily consists of land, our office building, furnishings, equipment, vehicles, and intangible right-to-use assets. The \$0.4 million decrease is mainly due to depreciation. Of the \$0.4 million 2023 over 2022, about \$0.2 million is related to adding the SBITA asset under GASB 96. The remainder is the capitalized cost of the restoration and improvements to the office building from water damage due to a flood loss in 2023, net of impairments, and depreciation expense for the year.

**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 reflects the Pool's proportionate share of GEM's cumulative net earnings. In 2024, that was a gain of \$0.7 million; in 2023, it was a loss of \$0.5 million.

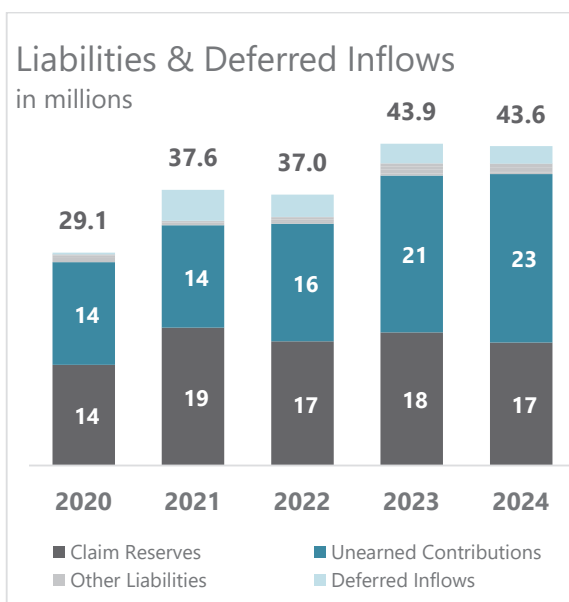
The **Lease Receivable** of \$2.4 million at year-end 2024 and 2023 represents the present value of future lease payments for Pool's twenty-year lease with Spokane Regional Clean Air Agency (SRCAA). The annual reduction was \$76 thousand in 2024 and \$70 thousand in 2023

The \$0.5 million **Pension Asset** at fiscal year-end 2024 is down \$0.1 million compared to 2023 and 2022. These balances are offset by the Deferred Inflow related to Pensions.

### Liabilities and Deferred Inflows

**Total Liabilities** of \$41.2 million and **Deferred Inflows** of \$2.4 million. The total \$43.6 million 2024 balance is down \$0.3 million from 2023. Unearned Member Contributions are up \$1.6 million, offset by the \$1.4 million decrease in Claim Reserves. For 2023, of the \$7.0 million increase, \$5.3 million was Unearned Member Contributions, and \$1.3 million was claim reserves. Unearned Member Contributions and Claim Reserves represent 56% and 41% of total liabilities as of August 31, 2024.

## Management's Discussion and Analysis (continued)



**Unearned member contributions** of \$23.0 million at year-end 2024 are up \$1.6 million from 2023 and another \$5.3 million from 2022. Member contributions are due on September 1<sup>st</sup>, the beginning of the new policy year. Contribution invoices are sent earlier than in the past to encourage members to pay on time.

**Claim Reserves** decreased by \$1.4 million to \$16.8 million at year-end 2024 after increasing by \$1.3 million to \$18.2 million for 2023. Claim Reserves are based on the actuarial assessment of unpaid liabilities for open claims (Open Claims), liabilities for incurred but not reported claims (IBNR, and unallocated loss adjustment expenses (ULAE).

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, PricewaterhouseCoopers LLP (PWC), to establish estimates for the components of the Pool's liability for claim reserves each year. The actuarial assessment includes a review of the adequacy of Pool reserves for unpaid liabilities for open claims (Open Claims) and the estimate of IBNR and ULAE. The actuarial assessment includes a review of the adequacy of Pool reserves for unpaid liabilities for Open Claims and the development of estimates of unpaid liabilities for IBNR and ULAE. Estimates are based on several complex factors, which may vary from year to year.

Membership changes, growth in member exposures, loss history, the timing of settlements for significant claims, and the Pool's SIR can each affect the claim reserves established by PWC.



The open claims reserve estimates were \$7 million each of the last three years, a significant increase over the \$4 million historical norm in 2020 and 2021. Although both the loss frequency and severity of member claims are up, most of the volatility in claims reserves and claims expense in the last five years has been driven by changes in the IBNR reserve determined by the Pool's actuary.

The IBNR reserve decreased by \$1 million, from \$10 million to \$9 million for 2024. PWC's report cited that the "Pool's liability loss development has been favorable, with both paid losses and incurred loss development less than expected at this time last year." This reversed the \$1 million PWC increase in 2023 when the IBNR reserve increased from \$9 million to \$10 million.



## Management's Discussion and Analysis (continued)

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

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

| <b>Three-Year Condensed Comparative<br/>Statement of Revenues, Expenses, and Changes in Net Position<br/>For the Fiscal Years ended August 31<sup>st</sup> – Dollars in Millions</b> |                |                                           |                |                                           |                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------|----------------|-------------------------------------------|----------------------------|
|                                                                                                                                                                                      | <b>2024</b>    | <b>Increase<br/>(Decrease)<br/>Amount</b> | <b>2023</b>    | <b>Increase<br/>(Decrease)<br/>Amount</b> | <b>2022 <sup>(1)</sup></b> |
| <b>Operating Revenues</b>                                                                                                                                                            | <b>\$ 28.2</b> | <b>\$ 2.4</b>                             | <b>\$ 25.8</b> | <b>\$ 3.8</b>                             | <b>\$ 22.0</b>             |
| <b>Operating Expenses:</b>                                                                                                                                                           |                |                                           |                |                                           |                            |
| Claims Expense                                                                                                                                                                       | \$ 4.1         | \$ (4.3)                                  | \$ 8.4         | \$ 4.7                                    | \$ 3.7                     |
| Excess/Reinsurance                                                                                                                                                                   | 12.1           | 2.9                                       | 9.2            | 1.7                                       | 7.5                        |
| General & Administrative                                                                                                                                                             | 4.2            | 0.5                                       | 3.7            | (0.4)                                     | 4.1                        |
| <b>Total Operating Expenses</b>                                                                                                                                                      | <b>\$ 20.4</b> | <b>\$ (0.9)</b>                           | <b>\$ 21.3</b> | <b>\$ 6.0</b>                             | <b>\$ 15.3</b>             |
| <b>Operating Income (Loss)</b>                                                                                                                                                       | <b>\$ 7.8</b>  | <b>\$ 3.3</b>                             | <b>\$ 4.5</b>  | <b>\$ (2.2)</b>                           | <b>\$ 6.7</b>              |
| <b>Non-Operating Income (Loss):</b>                                                                                                                                                  |                |                                           |                |                                           |                            |
| Interest Income (Expense)                                                                                                                                                            | \$ 1.9         | \$ 0.9                                    | \$ 1.0         | \$ 0.6                                    | \$ 0.4                     |
| Change in Equity In GEM                                                                                                                                                              | \$ 0.7         | \$ 1.2                                    | (0.5)          | (0.9)                                     | 0.4                        |
| Other Non-Operating Income (Loss)                                                                                                                                                    | 0.2            | 0.1                                       | 0.1            | -                                         | 0.1                        |
| <b>Total Non-Operating Income</b>                                                                                                                                                    | <b>\$ 2.8</b>  | <b>\$ 2.2</b>                             | <b>\$ 0.6</b>  | <b>\$ (0.3)</b>                           | <b>\$ 0.9</b>              |
| <b>Change in Net Position</b>                                                                                                                                                        | <b>\$ 10.6</b> | <b>\$ 5.5</b>                             | <b>\$ 5.1</b>  | <b>\$ (2.5)</b>                           | <b>\$ 7.6</b>              |
| Net Position beginning of year                                                                                                                                                       | 32.6           | 5.1                                       | \$ 27.5        | \$ 7.6                                    | \$ 19.9                    |
| <b>Net Position end of year</b>                                                                                                                                                      | <b>\$ 43.2</b> | <b>\$ 10.6</b>                            | <b>\$ 32.6</b> | <b>\$ 5.1</b>                             | <b>\$ 27.5</b>             |

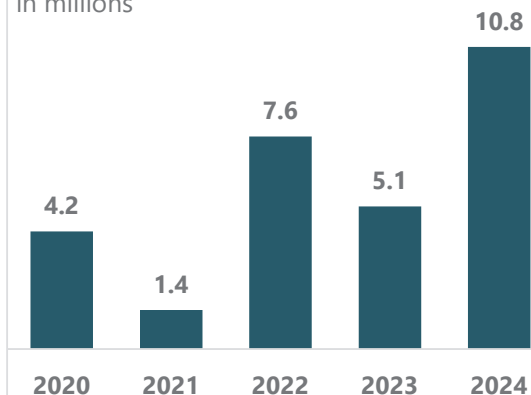
(1) Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) and GASB Statement No. 101, *Compensated Absences* were both adopted, and Enduris applied the new standards retroactively as required under GASB Statement No. 100, *Accounting for Changes and Error Corrections*. The fiscal 2022 financial statements presented in this fiscal 2023 financial report have been restated: Total Assets increased by \$2.6 thousand, and Total Liabilities increased by \$216.6 thousand. For more information, see the Notes to the Financial Statements

(2) 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 adjusted the financial statements effective for fiscal 2021: 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.

### Change in Net Position

Enduris had a change in net position of \$10.6 million in 2024, up \$5.5 million from the \$5.16 million change in 2023, which increased from \$1.4 million in 2022. The Pool's operating income volatility directly results from the variability of claims expenses and the lack of predictable reinsurance costs. Enduris develops an annual operating budget for Board approval each year in May. The budget is used to establish member rates. The main assumptions are the actuarial projection of claims expense and our broker's reinsurance cost projections, and any actual variances from these costs or member exposure result in variances in net operating income. Although the Board seeks to improve the Pool's net position, the significant earnings variability in the last three years was not expected.

### Change in Net Position in millions

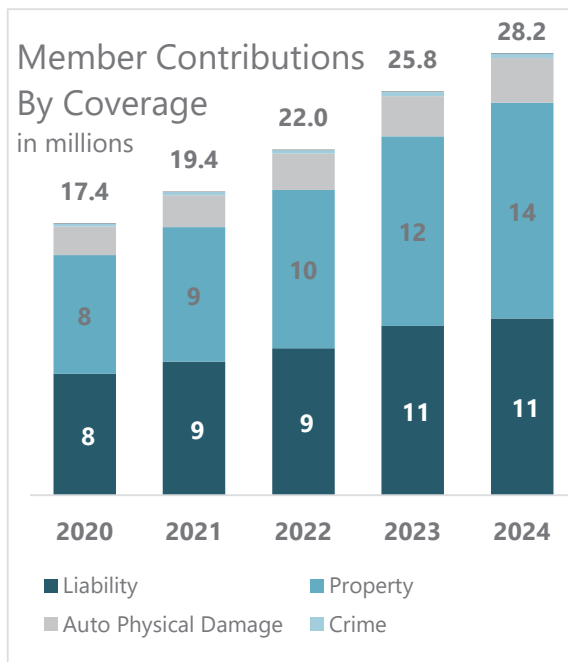


## Management's Discussion and Analysis (continued)

### Operating Revenues

Enduris's **Operating Revenues** from member contributions equaled \$28.2 million in 2024 and \$25.80 million in 2023. Contributions are a function of each member's exposure, entity type, and specific individual risk and loss ratios.

The graph below summarizes Member Contributions by coverage for the last five fiscal years. Property contributions are up \$1.9 million, and liability coverage contributions are up \$0.5 million over 2023.



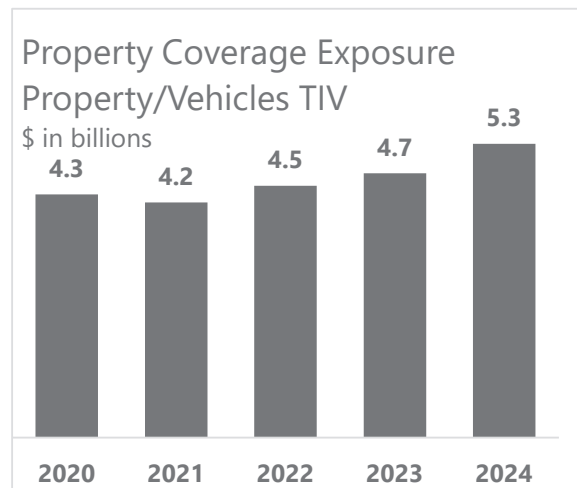
Membership is relatively stable. Changes in rated exposure, coverage rates, member experience, and risk adjustments all impact annual member contributions. Rapidly increasing member claims costs, escalating excess/ reinsurance premiums, and the Board's goal to strengthen the Pool's financial position have resulted in rate increases during the last few years.

For the policy year 2024, Member's average base rate increases were 5% to 10% for property and auto physical damage coverage and 2% to 5% for all other coverage. For the policy year 2023, Member's average base rate increases were 10% to 15% for property coverage and 5% to 10% for all other coverage. Base rates are adjusted on an individual member basis to factor in specific risks and claim experience and applied to member exposures to calculate individual member contributions.

Member exposures for the property and liability coverage programs increased in each of the last three years.

**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 yearly property values based on the Marshall & Swift index under the APIP program. For the policy year 2024, the required index for structures, contents, mobile equipment, and replacement cost vehicles was 7.5%. For the policy year 2023, the inflationary index was 7.5% for structures and 5% for contents, mobile equipment, and replacement cost vehicles.

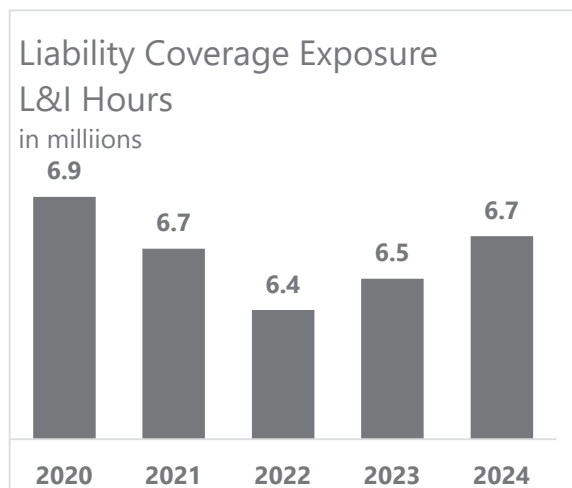
Property total insured values (TIV), including heavy vehicles, equaled \$5.3 billion in 2024, up 11.2% from \$4.7 billion in 2023 and 4.9% from \$4.5 billion in 2022. In addition to the inflation index, many members are building or improving facilities, and more appraisals are required under the APIP program.



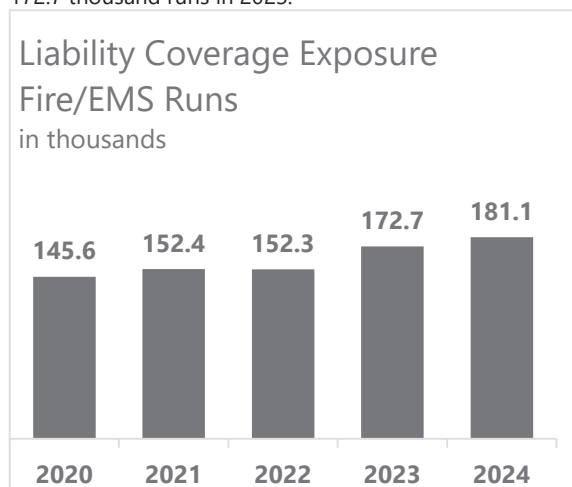
## Management's Discussion and Analysis (continued)

**Liability exposures** for all members except fire districts are based on the worker and volunteer hours reported to the Department of Labor and Industries (L&I hours) in the prior year. L&I hour exposure units equaled 6.7 million in 2024, 6.5 million in 2023, and 6.4 million in 2022.

Our membership is quite diverse, and since 2020, volatility in L&I hours for the Pool as a whole has not been significant.



Fire district exposures are their annual number of emergency runs (EMS runs). In 2024, Fire/EMS runs increased slightly, to 181.1 thousand runs, compared to 172.7 thousand runs in 2023.



### Operating Expenses

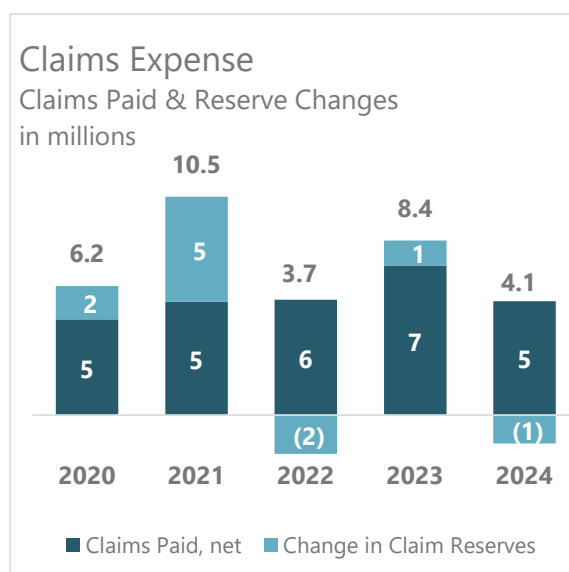
**Enduris' Operating expenses** can be divided into three broad categories: claim, excess/ reinsurance, and general and administrative expenses. In 2024, total operating expenses were \$20.4 million, a decrease of \$0.9 million from \$21.3 million in 2023.

For 2023, total operating expenses increased by \$6.0 million from \$15.3 million in 2022. As discussed below, claims expense was the primary driver of the change in the last two years; however, increases in excess/ reinsurance costs also had a substantial impact.

**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.

Claims paid for member losses, net of recoveries such as reinsurance and subrogation, have been relatively stable, ranging from \$5 to \$7 million each of the last three years.

The Actuarial estimates of claim reserves have greatly influenced the Pool's net operating expenses in the last three years.



Fiscal 2021 was a bit of an anomaly. The actuarially projected retained severity increased significantly in 2021 due to a few high-risk liability claims, driving the actuarial estimate of unpaid claim reserves up and resulting in a change in claims reserves of \$5.0 million. The Pool paid \$5.5 million in member claims during 2021, so claims expense equaled \$10.5 million.

For 2022, the actuary reduced the unpaid liability estimate on many member losses incurred in prior years, citing lower claim development than expected. This resulted in a \$1.8 million reduction in claims expenses for the year. Combined with claims paid of \$5.5 million, the total claims expense was \$3.7 million.

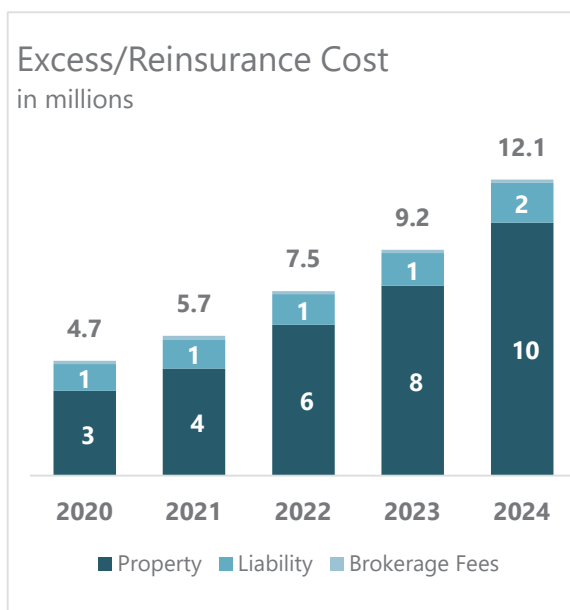
## Management's Discussion and Analysis (continued)

In 2023, Enduris paid \$13.8 million in losses. After \$6.6 million in reinsurance and other recoveries, net claims paid equaled \$7.2 million. The actuarial increase in the reserve for unpaid claims by \$1.2 million for a total claims expense of \$8.4 million for the year.

In 2024, Enduris paid \$7.8 million in losses. After \$2.3 million in reinsurance and other recoveries, net claims paid equaled \$5.5 million. The actuary decreased the reserve for unpaid claims by \$1.4 million for a total claims expense of \$4.1 million for the year.

Enduris has maintained self-insured retention (SIR) of \$1.0 million per occurrence for liability claims. For the 2024 policy year, the property SIR was increased to \$500,000 from \$250,000 per occurrence. The Pool purchases excess/reinsurance above the SIR to reduce the Pool's risk in the event of large claims. The reinsurance recovery for member losses was over \$9.5 million in the last three years. Annual losses have historically been less than \$1 million. The severity of recent member property losses is one of the factors negatively impacting property reinsurance premiums.

**Excess/Reinsurance premiums** grew by \$2.9 million (30%) in 2024, \$1.7 million (20%) in 2023, and \$1.8 million (30%) in 2022. The Pool's cost has more than doubled in the last four years. Although underlying member exposure increases are a factor, rates are the most significant. Liability reinsurance rates increased by 20% in 2024 and 14% in 2023. Property reinsurance rates were up 32% and 15% in 2024 and 2023, respectively.

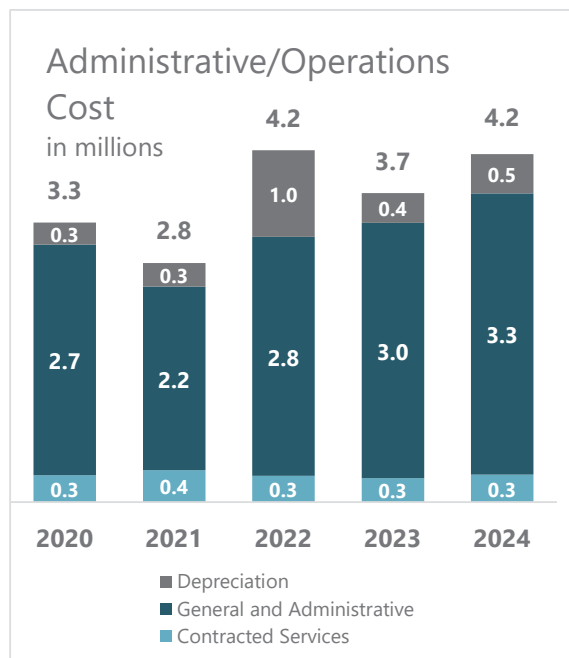


Beginning in 2020, there has been a hard commercial insurance market in the U.S. for the first time in over 20 years. A hard market is an underwriting-driven marketplace where capital (and capacity) is reduced, and pricing/rates typically increase. In the last few years, several compounding factors have impacted the commercial reinsurance marketplace. First, there has been a substantial increase in large weather-related loss events. Second, inflation and construction costs are up, and third, the industry is dealing with a rapidly increasing loss trend in liability lines and cyber.

These factors have driven up prices and reduced coverage availability in the market. In addition to these factors, the global Covid pandemic, the related economic fallout, and the commercial market are experiencing high uncertainty.

Market indications point to a continuation of premium increases for the near future. That, combined with the Pool's claims experience and loss ratios, has challenged reinsurance renewals. Enduris continues to work diligently to limit the impact on the Pool and keep member rates as stable as possible.

**General and Administrative expenses** equaled \$4.2 million, \$3.7 million, and \$4.2 million in 2024, 2023 and 2022, respectively. This classification includes general and administrative costs, contracted services, and depreciation.



## Management's Discussion and Analysis (continued)

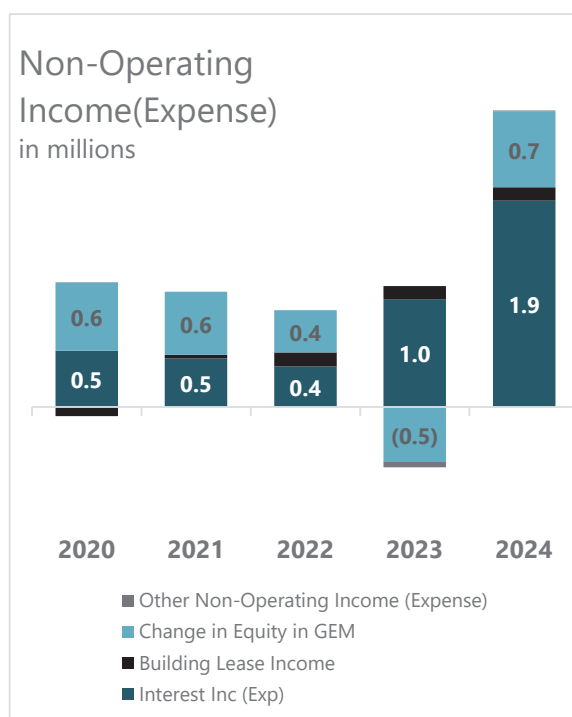
General and Administrative expenses increased by \$0.5 million in 2024, the opposite of the increase in 2023. The following are the most impactful items:

- The \$0.3 million increase in staffing costs includes a general wage increase, one additional FTE, and additional accruals for compensated absences under GASB 101.
- A \$0.5 million increase in depreciation expense. In 2024, Enduris revised the estimated useful life of the building.
- Costs under the pre-defense legal and investigation program doubled over the prior year.
- Additional costs for member engagement as the Pool increased our focus on partnering with members to reduce risk. The member relations team conducted over 110 in-person on-site visits.
- Higher technological costs for the claims system.

### Non-Operating Income (Expense)

In 2024, total non-operating income of \$2.8 million increased by \$2.2 million, from \$0.6 million in 2023 and \$0.9 million in 2022.

Interest income and the change in Equity in GEM are the most significant components.



Higher average cash balances invested in LGIP and SPIF, combined with rising interest rates, resulted in \$1.9 million in interest income in 2024, an increase of \$0.9 million over 2023. In 2023, interest earnings were \$1.0 million, an increase of \$0.6 million over 2022. The average yield was 3.47% for 2024 and 2.34% for 2023.

The Enduris proportionate share of earnings in GEM was a gain of \$0.7 million in 2024. In 2023, GEM had a loss related to its investments, and the Pool's proportionate share of GEM's loss was \$0.5 million.

Enduris entered a 20-year lease agreement for space in its office building beginning in June 2020. Under GASB 87, which was implemented in 2022, this lease has an interest component and a principal component in non-operating income. The total income in fiscal 2024 was \$193 thousand; in 2023, it was \$195 thousand, and in 2022 it was \$203 thousand.

In 2023, Enduris recorded an asset impairment loss of \$56.5 thousand under GASB 42 related to building improvements and furniture damage. Condensation gathered in the fire suppression system, causing a pipe to freeze and burst, with water damage due to the ensuing flooding. Although Enduris participates in the Pool's reinsurance program, this loss was under our property's self-insured retention.

### 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, 2024 and 2023**

|                                             | <b>2024</b>          | <b>2023</b>          |
|---------------------------------------------|----------------------|----------------------|
| <b>Assets:</b>                              |                      |                      |
| <b>Current Assets:</b>                      |                      |                      |
| Cash and Cash Equivalents                   | \$ 64,395,300        | \$ 52,226,007        |
| Receivables:                                |                      |                      |
| Member Contributions                        | 15,055               | 5,556                |
| Accrued Recoverables                        | 979,626              | 2,156,062            |
| Other Receivables                           | 50                   | -                    |
| Prepaid Excess/Reinsurance                  | 9,421,068            | 10,356,905           |
| Lease Receivable                            | 81,495               | 75,661               |
| Other Current Assets                        | 50,736               | 10,009               |
| <b>Total Current Assets</b>                 | <b>\$ 74,943,330</b> | <b>\$ 64,830,200</b> |
| <b>Non-Current Assets:</b>                  |                      |                      |
| Non-depreciable Capital Assets              | \$ 1,408,807         | \$ 1,408,807         |
| Depreciable Capital Assets, net             | 3,185,549            | 3,596,387            |
| Pension Asset                               | 513,672              | 644,600              |
| Lease Receivable                            | 2,287,955            | 2,369,450            |
| Investment in GEM                           | 3,845,421            | 3,128,331            |
| <b>Total Non-Current Assets</b>             | <b>\$ 11,241,404</b> | <b>\$ 11,147,575</b> |
| <b>Total Assets</b>                         | <b>\$ 86,184,734</b> | <b>\$ 75,977,775</b> |
| <b>Deferred Outflows of Resources:</b>      |                      |                      |
| <b>Deferred Outflow related to Pensions</b> | <b>\$ 651,831</b>    | <b>\$ 491,488</b>    |

*(Continued on the next page)*

**Enduris Washington**  
**Statement of Net Position**  
**As of August 31, 2024 and 2023**  
(Continued from the prior page)

|                                             | <b>2024</b>          | <b>2023</b>          |
|---------------------------------------------|----------------------|----------------------|
| <b>Liabilities:</b>                         |                      |                      |
| <b>Current Liabilities:</b>                 |                      |                      |
| Accounts Payable                            | \$ 424,346           | \$ 295,823           |
| Accrued Liabilities                         | 83,543               | 81,287               |
| Compensated Absences                        | 148,046              | 139,834              |
| Subscription Liability                      | -                    | 196,601              |
| Unearned Member Contributions               | 22,990,968           | 21,411,971           |
| Claim Reserves:                             |                      |                      |
| Incurred But Not Reported (IBNR)            | 2,681,928            | 3,330,740            |
| Open Claims                                 | 2,036,875            | 2,474,445            |
| Unallocated Loss Adjustment Expenses (ULAE) | 363,000              | 356,160              |
| Claim Reserves                              | 5,081,803            | 6,161,345            |
| Other Current Liabilities                   | 15,136               | -                    |
| <b>Total Current Liabilities</b>            | <b>\$ 28,743,842</b> | <b>\$ 28,286,861</b> |
| <b>Non-Current Liabilities:</b>             |                      |                      |
| Compensated Absences                        | \$ 330,432           | \$ 267,814           |
| Subscription Liability                      | 193,014              | 383,487              |
| Claim Reserves:                             |                      |                      |
| Incurred But Not Reported (IBNR)            | 6,183,951            | 6,488,658            |
| Open Claims                                 | 4,697,033            | 4,821,745            |
| Unallocated Loss Adjustment Expenses (ULAE) | 837,000              | 693,840              |
| Claim Reserves                              | 11,717,984           | 12,004,243           |
| Pension Liability                           | 211,284              | 279,155              |
| <b>Total Non-Current Liabilities</b>        | <b>\$ 12,452,714</b> | <b>\$ 12,934,699</b> |
| <b>Total Liabilities</b>                    | <b>\$ 41,196,556</b> | <b>\$ 41,221,560</b> |
| <b>Deferred Inflows of Resources:</b>       |                      |                      |
| Deferred Inflow related to Pensions         | \$ 214,157           | \$ 371,119           |
| Deferred Inflow related to Leases           | 2,183,566            | 2,313,928            |
| <b>Total Deferred Inflows of Resources</b>  | <b>\$ 2,397,723</b>  | <b>\$ 2,685,047</b>  |
| <b>Net Position:</b>                        |                      |                      |
| Investment in Capital Assets                | \$ 4,594,356         | \$ 5,005,194         |
| Restricted Net Position related to Pensions | 1,256,066            | 785,447              |
| Unrestricted Net Position                   | 37,391,864           | 26,772,015           |
| <b>Total Net Position</b>                   | <b>\$ 43,242,286</b> | <b>\$ 32,562,656</b> |

**Enduris Washington**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended August 31, 2024 and 2023**

|                                                              | <b>2024</b>          | <b>2023</b>          |
|--------------------------------------------------------------|----------------------|----------------------|
| <b>Operating Revenues:</b>                                   |                      |                      |
| <b>Member Contributions:</b>                                 |                      |                      |
| Liability                                                    | \$ 11,282,534        | \$ 10,805,046        |
| Property                                                     | 13,767,044           | 12,098,060           |
| Auto Physical Damage                                         | 2,841,076            | 2,561,584            |
| Crime                                                        | 299,202              | 272,804              |
| Named Position                                               | 15,413               | 17,052               |
| <b>Member Contributions</b>                                  | <b>\$ 28,205,269</b> | <b>\$ 25,754,546</b> |
| <b>Operating Expenses:</b>                                   |                      |                      |
| <b>Incurred Loss and Allocated Loss Adjustment Expenses:</b> |                      |                      |
| Claims Paid, net of recoveries                               | \$ 5,483,683         | \$ 7,191,832         |
| Change in Liabilities for Unpaid Claims                      | (1,515,801)          | 1,270,513            |
| <b>Unallocated Loss Adjustment Expenses:</b>                 |                      |                      |
| Change in ULAE Reserve                                       | 150,000              | (50,000)             |
| <b>Claims Expense, net</b>                                   | <b>\$ 4,117,882</b>  | <b>\$ 8,412,345</b>  |
| <b>Excess/Reinsurance Costs</b>                              | <b>12,075,401</b>    | <b>9,214,954</b>     |
| <b>Contracted Services</b>                                   | <b>326,573</b>       | <b>281,834</b>       |
| <b>General and Administrative</b>                            | <b>3,337,730</b>     | <b>3,033,485</b>     |
| <b>Depreciation</b>                                          | <b>465,933</b>       | <b>350,234</b>       |
| <b>Total Operating Expenses</b>                              | <b>\$ 20,323,519</b> | <b>\$ 21,292,852</b> |
| <b>Operating Income</b>                                      | <b>\$ 7,881,750</b>  | <b>\$ 4,461,694</b>  |
| <b>Non-Operating Revenues (Expenses):</b>                    |                      |                      |
| Interest and Investment Income                               | \$ 1,887,190         | \$ 946,671           |
| Interest Income on Lease Activity                            | 68,714               | 70,784               |
| Interest Expense                                             | (8,062)              | (164)                |
| Building Lease Income                                        | 124,698              | 124,650              |
| Change in Equity in GEM                                      | 717,090              | (517,292)            |
| Gain/Loss on Disposals                                       | 4,000                | (56,536)             |
| Other Non-Operating Income (Expense)                         | 4,250                | 5,550                |
| <b>Total Non-Operating Revenues (Expenses)</b>               | <b>\$ 2,797,880</b>  | <b>\$ 573,663</b>    |
| <b>Change in Net Position</b>                                | <b>\$ 10,679,630</b> | <b>\$ 5,035,357</b>  |
| <b>Net Position, beginning of year September 1</b>           | <b>\$ 32,562,656</b> | <b>\$ 27,527,299</b> |
| <b>Net Position, end of year</b>                             | <b>\$ 43,242,286</b> | <b>\$ 32,562,656</b> |



**Enduris Washington**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended August 31, 2024 and 2023**

|                                                   | <b>2024</b>          | <b>2023</b>          |
|---------------------------------------------------|----------------------|----------------------|
| <b>Cash Flows From Operating Activities:</b>      |                      |                      |
| Cash received from members and others             | \$ 29,774,767        | \$ 31,110,293        |
| Cash paid for claims, net of recoveries           | (4,307,297)          | (9,329,693)          |
| Cash paid for excess/reinsurance costs            | (11,139,564)         | (11,934,190)         |
| Cash paid for contract services                   | (326,573)            | (281,834)            |
| Cash paid for general and administrative expenses | (3,415,960)          | (3,052,630)          |
| <b>Net Cash Flows Provided (Used)</b>             |                      |                      |
| <b>by Operating Activities</b>                    | <b>\$ 10,585,373</b> | <b>\$ 6,511,946</b>  |
| <b>Cash Flows From Capital</b>                    |                      |                      |
| <b>and Related Financing Activities:</b>          |                      |                      |
| Disposal (Acquisition) of Capital assets          | \$ (51,095)          | \$ (197,496)         |
| Principal receipts under leases of Capital Assets | 69,997               | 64,360               |
| Interest receipts under leases of Capital Assets  | 68,714               | 70,784               |
| Principal payments on Subscription Liability      | (387,074)            | (8,161)              |
| Interest payments on Subscription Liability       | (8,062)              | (164)                |
| Other                                             | 4,250                | 5,550                |
| <b>Net Cash Flows Provided (Used)</b>             |                      |                      |
| <b>by Capital &amp; Related Activities</b>        | <b>\$ (303,270)</b>  | <b>\$ (65,127)</b>   |
| <b>Cash Flows From Investing Activities:</b>      |                      |                      |
| Investment income received                        | \$ 1,887,190         | \$ 946,671           |
| <b>Net Cash Flows Provided (Used)</b>             |                      |                      |
| <b>by Investing Activities</b>                    | <b>\$ 1,887,190</b>  | <b>\$ 946,671</b>    |
| <b>Net Increase (Decrease) in Cash</b>            | <b>\$ 12,169,293</b> | <b>\$ 7,393,490</b>  |
| <b>Cash and Equivalents at beginning of year</b>  | <b>52,226,007</b>    | <b>44,832,517</b>    |
| <b>Cash and Equivalents at end of year</b>        | <b>\$ 64,395,300</b> | <b>\$ 52,226,007</b> |

*(Continued on the next page)*

**Enduris Washington**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended August 31, 2024 and 2023**

(Continued from the prior page)

|                                                       | <u>2024</u>          | <u>2023</u>         |
|-------------------------------------------------------|----------------------|---------------------|
| <b>Reconciliation of Operating Income to Net Cash</b> |                      |                     |
| <b>Provided by Operating Activities:</b>              |                      |                     |
| <b>Cash Flows from Operating Activities:</b>          |                      |                     |
| <b>Operating Income (Loss)</b>                        | <b>\$ 7,881,750</b>  | <b>\$ 4,461,694</b> |
| <b>Adjustments to Reconcile Net Income to Cash</b>    |                      |                     |
| <b>Provided by Operations:</b>                        |                      |                     |
| Depreciation and Amortization                         | 465,933              | 350,234             |
| <b>(Increase) Decrease in:</b>                        |                      |                     |
| Receivables, net                                      | 1,166,887            | (2,137,996)         |
| Prepaid Excess/Reinsurance                            | 935,837              | (2,719,236)         |
| Other Current Assets                                  | (40,727)             | 51,161              |
| Pension Asset                                         | 130,928              | (54,459)            |
| Deferred outflows of resources - pension              | (160,343)            | 88,275              |
| <b>Increase (Decrease) in:</b>                        |                      |                     |
| Accounts Payable                                      | 128,523              | 219,003             |
| Accrued Liabilities                                   | 2,256                | (43,737)            |
| Compensated Absences                                  | 70,830               | 59,815              |
| Unearned Member Contributions                         | 1,578,997            | 5,355,881           |
| Claim Reserves                                        | (1,365,801)          | 1,220,513           |
| Net pension liability                                 | (67,871)             | (59,619)            |
| Other Current Liabilities                             | 15,136               | -                   |
| Other Non-Current Liabilities                         | -                    | (14,056)            |
| Deferred inflows of resources - pension               | (156,962)            | (265,527)           |
| <b>Net Cash Provided by Operating Activities</b>      | <b>\$ 10,585,373</b> | <b>\$ 6,511,946</b> |
| <br><b>Supplementary Information</b>                  |                      |                     |
| <b>Noncash Financing and Investing Activities:</b>    |                      |                     |
| Change in Equity in GEM                               | \$ 717,090           | \$ (517,292)        |

## Enduris Washington

### 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 initially organized in 1987 and reorganized in 1990 under 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 an insurance program at the lowest possible cost for the member governmental entities. Enduris transfers its risk by buying excess/reinsurance over self-insured retentions.

There were 507 Pool members during the fiscal year 2024 and 519 members during the fiscal year 2023. Enduris’s 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 before the September 1<sup>st</sup> renewal date. Member contributions are adjusted annually 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 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 Enduris’s outstanding liabilities.

A seven-member Board of Directors 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 non-voting member of the Board. The Board meets at least four times a year and is responsible for conducting the Pool’s business affairs.

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 the Pool’s day-to-day operations and administration, 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**

Enduris must report using the enterprise fund model as a risk pool.

There are three required fund financial statements for proprietary funds:

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

Statements, schedules, statistical data, and other information the GASB deems necessary are reported as Required Supplementary Information (RSI). Except for MD&A, the required RSI is presented immediately following the notes in 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 cash flow timing.

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

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

Operating expenses for the Pool include claims expenses, excess/reinsurance costs, contracted services, general and administrative expenses, 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 following methods prescribed by the State Auditor's Office under the authority of **RCW chapter 43.09**.

**D. Exemption from Federal and State Taxes**

Under revenue ruling 90-74, Municipal Risk Pools' income 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 under 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. The actual results could differ from the estimated amounts.

**F. Assets, Liabilities, and 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, 2024, and 2023, Enduris invested cash in the Spokane County Investment Pool (SPIF) managed by the Spokane County Treasurer and in the Local Government Investment Pool (LGIP) managed by the Washington State Treasurer. Investments in SPIF and LGIP can be withdrawn upon demand and are accordingly classified as cash equivalents. There are no external restrictions on cash and cash equivalents.

**2. Receivables**

Receivables include earned member contributions and accrued recoveries collectible for claim expenditures related to member deductibles, excess/reinsurance carrier reimbursement, and subrogation. The amounts are deemed collectible; no allowance has been established for uncollectible accounts.

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 significant losses on all insured events. Premiums are expensed over the period for which coverage is provided. Prepaid excess/reinsurance premiums are calculated pro-rata for the unexpired policy term.

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 cannot perform its contractual obligations. Amounts recoverable from reinsurers are estimated based on the relevant reinsurance contracts. As these estimates change, the adjustment is recorded in the current period.

**4. Leases**

Enduris is the lessor under 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 the 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 on a straight-line basis.

Key estimates and judgments 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.

The lease term includes the noncancelable period. Lease receipts included in the lease liability measurement 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 specific changes occur that are expected to affect the lease receivable amount significantly.

## 5. Investment in GEM

Enduris is a founding member of Government Entity Mutual, Inc. (GEM), a captive insurance company formed on January 1, 2003. A captive is an insurance company owned and operated by its insureds. Enduris made an initial investment of \$975,708 in 2003. No additional investments have been made. Enduris accounts for GEM using the equity method of accounting. Changes in equity are the Pool's proportionate share of GEM's annual financial results.

## 6. Capital Assets

Capital assets include depreciable assets (building and improvements, equipment, land improvements, vehicles) and non-depreciable assets (land, construction in progress). Enduris defines capital assets as assets with an initial, individual cost) of over \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the assets. The costs for routine maintenance and repairs are not capitalized. Significant outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is calculated using the straight-line method over the following estimated useful lives:

| <b>Capital Assets</b>           | <b>Years</b>      |
|---------------------------------|-------------------|
| Buildings and improvements      | 15-60             |
| Furniture and equipment         | 5-14              |
| Land improvements               | 20                |
| Vehicles                        | 5-10              |
| Right-to-use subscription asset | Subscription term |

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.

As required under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Enduris immediately recognizes decreases in the productive capacity of capital assets that are expected to remain in service. When permanently impaired, the capital asset impairment is calculated according to methods proscribed in the statement. All insurance recoveries are reported net of the related loss as soon as the recovery is either realized or realizable.

A right-to-use subscription with total payments for fixed costs over the subscription term greater than or equal to \$5,000 will be capitalized as an intangible asset. Subscriptions that do not meet these criteria are recognized as current-period expenses. Right-to-use subscription assets may include certain implementation costs, prepayments made before the subscription assets exist, and the net present value of future subscription payments required under the contract. Subsequent implementations or contract amendments that increase the subscription asset's service capacity (functionality or efficiency) may be added during the contract term. The subscription asset is amortized straight-line during the subscription term and reported net of accumulated amortization. The subscription assets and accumulated amortization are removed at the end of the subscription term. However, if Enduris and the SBITA vendor execute an amendment to extend the subscription term, a new subscription asset and liability are recorded.

## 7. Compensated Absences

Enduris recognizes a liability for compensated absences if it is more likely than not to be used by the employee or settled as a cash payment in future reporting periods. More likely than not is defined as a likelihood greater than 50 percent. The liability is measured as the unused leave expected to be used or settled times the employee's pay rate as of the date of the financial statements, plus any salary-related payments directly or incrementally associated with the salary, such as the employer share of payroll taxes (Medicare, etc.) and any retirement benefits (pension, 401a, etc.) in effect at the time that will accrue with the payment.

The portion of the liability related to compensated absences used but not yet paid in cash or settled as of the fiscal year-end are reported with salaries payable.

#### 8. Subscription Liability

A subscription is defined as a contract that conveys control of the right to use another party's information technology software for a period of time in an exchange or exchange-like transaction. Enduris records a right-to-use subscription asset and corresponding subscription liability where total payments for fixed costs over the subscription term are greater than or equal to \$10,000. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. It is recorded at the subscription term's commencement when the subscription asset is placed into service. The subscription term excludes periods for which both Enduris and the SBITA vendor can terminate the contract, or both parties must agree to extend it. Renewal periods are subject to remeasurement of the SBITA Liability.

#### 9. Unearned Member Contributions

This liability account includes payments for future periods that have not yet been recognized as revenue because the revenue recognition criteria have not been met. Revenue is recognized throughout 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 before August 31st for the upcoming policy year is reported as a liability in unearned member contributions.

#### 10. Claim Reserves (IBNR, Unpaid Claims, and ULAE)

As GASB Statement No. 10 requires, 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 various actuarial and statistical techniques to produce 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 on actual historical data that reflect past inflation and other factors that are appropriate modifiers of historical experience. The 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 have 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) and direct expenses (such as legal costs) to settle specific open claims.
- Unallocated Loss Adjustment Expenses (ULAE) represent the estimated cost to settle 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 expenses in the periods in which they are incurred.

## 11. 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 the Washington State Department of Retirement Systems reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable per the benefit terms. Investments are reported at fair value.

The Pool includes the net pension asset and the related deferred outflows and deferred inflows to calculate the restricted net position related to it.

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 expenses 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 inflows are amortized over the average expected remaining service lives of all employees 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.

## 12. Net Position

For Pool reporting as a proprietary fund, the difference between assets and deferred outflows of resources minus 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. To calculate the restricted net position related to the net pension asset, Enduris includes the net pension asset and the related deferred outflows and deferred inflows.

## **Note 2 - Accounting and Reporting Changes**

### **A. New Accounting Standards**

Several Governmental Accounting Standards Board (GASB) pronouncements had implementation effective dates within the fiscal reporting periods presented in this report. Each pronouncement was assessed to determine the impact on the Pool's financial reporting.

#### 1. GASB Standards adopted or issued in fiscal 2024

In fiscal year 2024, Enduris did not adopt any new statements of financial accounting standards issued by the GASB.

Two new standards were issued after September 1, 2023. They will be effective in the upcoming years. The Pool is currently assessing the applicability and impact of these new pronouncements.

- GASB Statement No. 102, Certain Risk Disclosures.

State and local governments face various risks that could negatively affect their service level or their ability to meet obligations as they come due. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to



begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This Statement's requirements are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

- GASB Statement No. 103, *Financial Report Model Improvements*.

State and local governments must provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. This Statement aims to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. GASB Standards adopted in fiscal 2023

In fiscal year 2023, Enduris adopted four new statements of financial accounting standards issued by the GASB:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Statement No. 96 guides the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosures, which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources. The requirements of this statement were effective for fiscal years beginning after June 15, 2022. Enduris assessed the impact of this standard and determined that the Pool's contract with our Risk Management Information Systems (RIMS) provider is a SBITA.

The financial reporting impact from the implementation of Statement No. 96 resulted in the restatement of the Pool's Financial Statements for the fiscal year that ended August 31, 2022. Net Position declined by \$5.6 thousand. Other Current Assets related to contract prepayments decreased by \$149.9 thousand, Capital Assets associated with the SBITA increased by \$152.5 thousand, and a Subscription Liability of \$8.2 thousand was recorded. The net impact on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2022 was only \$5.6 thousand; however, there were reclassifications between various operating and non-operating expenses. The changes to the fiscal 2022 financial statements are outlined in the tables in the next section, "Prior Period Adjustments," which incorporates the restatement for GASB Statement No. 96 and GASB Statement 101 in a columnar presentation.

- GASB Statement No. 99, *Omnibus 2022*

This statement addresses various practice issues, such as requirements related to derivatives, leases, PPPs, and SBITAs identified during implementing and applying certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The Pool implemented relevant requirements related to this standard for SBITAs in this year's financial statements. Enduris does not have derivative or hedging instruments as defined by Statement No. 99, nor does it have any PPPs defined by Statement No. 94.

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. It describes the transactions or other events that constitute those changes. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, but early adoption is encouraged. Enduris elected to early adoption of this statement in connection with the Fiscal 2023 reporting year. This GASB impacted the Pool's accounting and financial reporting for implementing GASB Statement No. 96 and GASB Statement No. 101. As new pronouncements, both changes in accounting principles were applied retroactively by restating the prior periods presented in the basic financial statements. The fiscal year ended August 31, 2022, was restated as summarized in the tables in the next section, "Prior Period Adjustments."

- **GASB Statement No. 101, *Compensated Absences***

This Statement aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit post-employment benefits should not be included in liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, but early adoption is encouraged. Enduris elected to early adoption of this statement in connection with the Fiscal 2023 reporting year. The financial reporting impact from the implementation of Statement No. 101 resulted in the restatement of the Pool's Statement of Net Position for the fiscal year ended August 31, 2022, of \$208.4 thousand. The balance of Compensated Absences increased by \$51.5 thousand (current portion) and \$156.9 thousand (non-current portion). The impact on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2022 was a decrease of \$208.4 thousand. The changes to the fiscal 2022 financial statements are outlined in the tables in the next section, "Prior Period Adjustments," which incorporates the restatement for GASB Statement No. 96 and GASB Statement 101 in a columnar presentation.

## **B. Prior Period Adjustments**

See the Pool's 2023 Financial Report for disclosure of the impact of the restatements on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position on Fiscal 2022 reported in connection with the Fiscal 2023 reporting year in connection with the adoption of GASB Statement No. 96 and GASB Statement No. 101.

## **C. Reclassification of Prior Year Presentation**

Certain amounts from the prior year have been reclassified for consistency with the current year's presentation. These reclassifications did not affect the reported results of operations.

### Note 3 – Risk Financing Limits

The Enduris program provides 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 apply to them. The Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays specific to their needs. Enduris is responsible for payment of all covered losses above the member deductible or copay 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 table reflects the risk financing limits on coverage policies issued and retained by Enduris for the policy years ended August 31, 2024, and 2023:

| Risk Financing Limits<br>Fiscal Year ended August 31, 2024 and 2023 |                                       |                                                       |                                          |                                            |
|---------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------|------------------------------------------|--------------------------------------------|
| Coverage                                                            | Coverage Type                         | Pool Self-Insured Retention                           | Excess/ Reinsurance Limits               | Member Deductibles/ Co-Pays <sup>(1)</sup> |
| <b>Liability:</b>                                                   |                                       |                                                       |                                          |                                            |
| 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<br>Member Aggregate | \$1 million                                           | \$20 million<br>\$20 million             | \$1,000 - \$100,000                        |
| Terrorism Liability <sup>(2)</sup>                                  | Per Occurrence<br>Pool Aggregate      | \$500,000<br>\$1 million                              | None                                     | \$1,000 - \$100,000                        |
| Employment Practices Liability                                      | Per Occurrence<br>Member Aggregate    | \$1 million                                           | \$20 million<br>\$20 million             | 20% Copay <sup>(3)</sup>                   |
| <b>Property <sup>(4)</sup>:</b>                                     |                                       |                                                       |                                          |                                            |
| Buildings and Contents                                              | Per Occurrence                        | \$500,000                                             | \$1 billion                              | \$1,000 - \$250,000                        |
| Mobile Equipment                                                    | Per Occurrence                        | \$500,000                                             | \$1 billion                              | \$1,000 - \$250,000                        |
| Boiler and Machinery                                                | Per Occurrence                        | \$500,000                                             | \$100 million                            | \$1,000 - \$250,000                        |
| Business Interruption (BI)/<br>Extra Expense (EE) <sup>(5)</sup>    | Per Occurrence                        | \$500,000                                             | \$100 million (BI)/<br>\$50 million (EE) | \$1,000 - \$250,000                        |
| <b>Property Sublimits <sup>(6)</sup>:</b>                           |                                       |                                                       |                                          |                                            |
| Flood                                                               | Per Occurrence                        | \$500,000                                             | \$50 million (shared by<br>Pool members) | \$1,000 - \$250,000                        |
| Earthquake                                                          | Per Occurrence                        | 5% of indemnity,<br>subject to a<br>\$500,000 minimum | \$10 million (shared by<br>Pool members) | \$1,000 - \$250,000                        |

**Risk Financing Limits**  
**Fiscal Year ended August 31, 2024 and 2023**

| Coverage                                                    | Coverage Type       | Pool Self-Insured Retention   | Excess/ Reinsurance Limits                         | Member Deductibles/ Co-Pays <sup>(1)</sup> |
|-------------------------------------------------------------|---------------------|-------------------------------|----------------------------------------------------|--------------------------------------------|
| Property Sublimits (continued) <sup>(6)</sup> :             |                     |                               |                                                    |                                            |
| Terrorism Primary                                           | Per Occurrence      | \$250,000                     | \$100 million per occurrence                       | \$1,000 - \$250,000                        |
|                                                             | Pool Aggregate      |                               | \$200 million aggregate                            |                                            |
| Terrorism Excess                                            | Per Occurrence      | \$500,000                     | \$600 million/ Pool aggregate                      | \$0                                        |
|                                                             | APIP Per Occurrence |                               | \$1.1 billion/ per occurrence                      |                                            |
|                                                             | APIP Aggregate      |                               | APIP program \$1.4 billion/ APIP program aggregate |                                            |
| <b>Automobile Physical Damage</b> <sup>(7)</sup>            | Per Occurrence      | \$500,000 with exceptions     | \$1 billion                                        | \$250 - \$1,000                            |
| <b>Cyber</b> <sup>(8)</sup>                                 | Each Claim          | \$50,000 to                   | \$2 million                                        | 20% Copay                                  |
|                                                             | APIP Aggregate      | \$100,000 with waiting period | \$45 million                                       |                                            |
| <b>Pollution</b> <sup>(9)</sup>                             | Each Claim          | \$250,000                     | \$2 million                                        | \$1,000 - \$250,000                        |
|                                                             | APIP Aggregate      | with exceptions               | \$25 million                                       |                                            |
| <b>Crime Blanket</b> <sup>(10)</sup>                        | Per Occurrence      | \$50,000                      | \$1 million                                        | \$1,000                                    |
| <b>Named Position</b> <sup>(11)</sup>                       | Per Occurrence      | \$50,000                      | \$1 million                                        | \$1,000                                    |
| <b>Identity Fraud Expense Reimbursement</b> <sup>(12)</sup> | 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 are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.
- (4) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP), reinsurance carriers cover insured losses over \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.
- (5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; 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.
- (6) This Property Program sub-limit 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.
- (7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.
- (8) Cyber coverage is included under the Pool's Property program on an optional basis. 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/member's property TIV

### **Risk Financing Limits**

#### **Fiscal Year ended August 31, 2024 and 2023**

- 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.
- (9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.
- (11) 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.
- (12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 per member.

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

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 Enduris' expense. Subject to availability and cost, Enduris may purchase insurance that provides coverage for directors, officers, and the executive director.

## **Note 4 – Excess and Reinsurance Insurance 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 year ended August 31, 2024, and 2023 are shown in the following table:

| <b>Coverage</b>                                                  | <b>Carrier</b>                                                                     | <b>Pool Limit</b>                                                                        | <b>Type</b> |
|------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------|
| <b>General Liability <sup>(1)</sup></b>                          | Government Entities Mutual Inc.<br>Great American Ins Co Everest<br>Reinsurance Co | \$9 million<br>\$5 million excess of \$10 million<br>\$5 million excess of \$15 million, | Occurrence  |
| <b>Public Officials<br/>Errors &amp; Omissions<sup>(1)</sup></b> | Government Entities Mutual Inc.<br>Great American Ins Co<br>Everest Reinsurance Co | \$9 million<br>\$5 million excess of \$10 million<br>\$5 million excess of \$15 million, | Occurrence  |
| <b>Employment Practices<br/>Liability <sup>(1)</sup></b>         | Government Entities Mutual Inc.<br>Great American Ins Co<br>Everest Reinsurance Co | \$9 million<br>\$5 million excess of \$10 million<br>\$5 million excess of \$15 million, | Occurrence  |
| <b>Property <sup>(2)</sup></b>                                   | Alliant Property Insurance<br>Program (APIP)                                       |                                                                                          |             |
| Buildings and Contents                                           |                                                                                    | \$1 billion                                                                              | Occurrence  |
| Mobile Equipment                                                 |                                                                                    | \$1 billion                                                                              | Occurrence  |
| Boiler and Machinery                                             |                                                                                    | \$100 million                                                                            | Occurrence  |

| Coverage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Carrier                                      | Pool Limit                                                                                                             | Type                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>Property continued</b> <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |                                                                                                                        |                             |
| Business Interruption (BI)/<br>Extra Expense (EE)                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              | \$100 million (BI)/<br>\$50 million (EE)                                                                               | Occurrence                  |
| Automobile Physical Damage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              | \$1 billion                                                                                                            | Occurrence                  |
| <i>Property Sublimits:</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |                                                                                                                        |                             |
| Flood                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                              | \$50 million                                                                                                           | Occurrence                  |
| Earthquake                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              | \$10 million                                                                                                           | Occurrence                  |
| Terrorism (Primary)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              | \$100 million per occurrence<br>\$200 million aggregate                                                                | Occurrence                  |
| Terrorism (Excess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                              | \$600 million Pool aggregate,<br>\$1.1 billion per occurrence<br>APIP program,<br>\$1.4 billion APIP program aggregate | Occurrence                  |
| <b>Cyber</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Alliant Property Insurance<br>Program (APIP) | \$2 million each claim,<br>\$45 million APIP program aggregate                                                         | Claims made<br>and reported |
| <b>Pollution</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Alliant Property Insurance<br>Program (APIP) | \$2 million each claim<br>\$25 million APIP program aggregate                                                          | Claims made<br>and reported |
| <b>Crime Blanket</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | National Union Fire<br>Insurance Co          | \$1 million                                                                                                            | Discovery<br>form           |
| <sup>(1)</sup> Government Entities Mutual, Inc., PCC (GEM) provided the \$9 million primary layer of liability reinsurance coverage above the Pool's \$1 million self-insured retention. Great American Insurance Company provided \$5 million above the first \$10 million, and Everest Reinsurance Company provided \$5 million above the first \$15 million.<br><sup>(2)</sup> Member's scheduled property is covered at 100% to the extent of the cost of repair or replacement according to the excess/reinsurance policy. |                                              |                                                                                                                        |                             |

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. Limits are subject to change at the renewal of the policies. 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, 2024, and 2023, 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 2024 and 2023, no claim settlements, per occurrence or in aggregate, exceeded the coverage provided by excess/reinsurance contracts.

The cost of excess/reinsurance was \$12.1 million in 2024 and \$9.2 million in 2023, while recoveries (ceded losses) equaled \$3.1 million and \$3.4 million during 2024 and 2023, 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, 2024 and 2023:

| <b>Actuarial Estimates for Excess/Reinsurance Recoveries</b> |                 |                 |
|--------------------------------------------------------------|-----------------|-----------------|
| <b>As of August 31st - Dollars in Thousands</b>              |                 |                 |
|                                                              | <b>2024</b>     | <b>2023</b>     |
| Open Claim Reserves                                          | \$ 5,766        | \$ 6,942        |
| IBNR                                                         | \$ 2,876        | \$ 2,225        |
| <b>Total</b>                                                 | <b>\$ 8,642</b> | <b>\$ 9,167</b> |

## Note 5 – Cash Deposits and Investments

Enduris's cash deposits and investments consisted of the following on August 31, 2024, and 2023:

| Cash Deposits and Investments                       |                  |                  |
|-----------------------------------------------------|------------------|------------------|
| As of August 31st - Dollars in Thousands            |                  |                  |
|                                                     | 2024             | 2023             |
| Funds held by the Spokane County Treasurer:         |                  |                  |
| Spokane County Investment Pool (SPIF)               | \$ 11,191        | \$ 50,513        |
| Funds held by the Office of the WA State Treasurer: |                  |                  |
| Local Government Investment Pool (LGIP)             | 50,699           | -                |
| Cash in Bank                                        | 2,505            | 1,713            |
| <b>Total</b>                                        | <b>\$ 64,395</b> | <b>\$ 52,226</b> |

In accordance with RCW 39.58, Enduris's fund deposits are entirely 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). Funds not required for immediate expenditure are invested in the Spokane County Investment Pool (SPIF) or the Local Government Investment Pool (LGIP).

Enduris's Board policy authorizes investments with the following external investment pools:

### Investments in the Spokane County Investment Pool (SPIF)

Enduris has a formal interlocal agreement with the Spokane County Treasurer's office to participate in the Spokane County Investment Pool (SPIF). SPIF is an external investment pool operated by the Spokane County Treasurer's Office. SPIF is not rated or registered with the Securities & Exchanges Commission (SEC). SPIF is established per RCW 36.29, which authorizes the County Treasurer to invest the participants' funds. Investment activity is subject to the Revised Code of Washington, the investment policy is approved by the County Finance Committee as defined by RCW 36.48.070 and subject to the discretion of the Treasurer. The State Auditor's Office and the Finance Committee of Spokane County provide regulatory oversight of the SPIF. SPIF has not obtained or provided any legally binding guarantees.

Funds invested in SPIF can be withdrawn on demand and are reported as cash and cash equivalents. They are carried at cost plus interest, approximating fair value. The fair value of Enduris' position in SPIF is approximately the same as the value of the pool shares.

Interest earnings from SPIF are allocated based on the average daily balance and credited monthly. At the end of fiscal years 2024 and 2023, respectively, the SPIF effective rate of return was 3.25% and 2.59%.

**Interest Rate Risk.** As of August 31, 2024, and 2023, SPIF's effective duration was 1.55 years and 1.49 years, respectively. To limit exposure to rising interest rates, securities purchased in the investment pool must have a weighted average maturity of no longer than two and one-half years. The weighted average maturity of SPIF on August 31, 2024, was 1.61 years; it was 1.57 on August 31, 2023. While SPIF's market value is calculated monthly, unrealized gains and losses are not distributed to participants. SPIF distributes earnings monthly using an amortized cost methodology.

**Credit Risk.** SPIF is not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, the SPIF Investment Policy authorizes investments in U.S. Treasury securities, U.S. agency securities, supranational institution obligations, municipal securities, certificates of deposits or bank deposits of qualified public depositories, repurchase agreements, corporate notes, commercial paper, Direct District Notes, and the Local Government Investment Pool. Investments by SPIF are limited by state statute. SPIF 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 SPIF investment policy in its entirety is available at [www.spokanecounty.org](http://www.spokanecounty.org).

### Investments in the Local Government Investment Pool (LGIP)

In March 2024, Enduris became a participant in the Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Office of the Treasurer (OST). LGIP is not rated or registered with the Securities & Exchanges Commission (SEC). Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policies annually. The LGIP Advisory Committee reviews the proposed changes.

LGIP's portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. In accordance with GASB 79 paragraph 41, external participants are required to report their investment in the same manner as the investment pool. As such, Enduris reports its investment in LGIP at an amortized cost, which is the same as the value of the pool per share. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the SEC. Rule 2a-7 funds are limited to high-quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. As of August 31, 2024, the weighted average maturity of the LGIP portfolio was 14 days. The effective net rate of return was 5.40%.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, or online at <http://www.tre.wa.gov>.



## Note 6 – Capital Assets

The following is a summary of changes in capital assets for the fiscal years ended August 31, 2024 and 2023:

| <b>Capital Assets</b>                                      |                                        |                  |                                                              |                            |                         |                  |                  |                         |
|------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------------------------------|----------------------------|-------------------------|------------------|------------------|-------------------------|
| <b>As of August 31<sup>st</sup> – Dollars in Thousands</b> |                                        |                  |                                                              |                            |                         |                  |                  |                         |
|                                                            | <b>Balance<br/>2022 <sup>(1)</sup></b> | <b>Increases</b> | <b>Decreases<br/>related to<br/>Asset<br/>Impairment (2)</b> | <b>Other<br/>Decreases</b> | <b>Balance<br/>2023</b> | <b>Increases</b> | <b>Decreases</b> | <b>Balance<br/>2024</b> |
| <b>Non-depreciable assets:</b>                             |                                        |                  |                                                              |                            |                         |                  |                  |                         |
| Land                                                       | \$ 1,374                               | \$ -             | \$ -                                                         | \$ -                       | \$ 1,374                | \$ -             | \$ -             | \$ 1,374                |
| Other assets                                               | 35                                     | -                | -                                                            | -                          | 35                      | -                | -                | 35                      |
| <b>Non-depreciable assets</b>                              | <b>\$ 1,409</b>                        | <b>\$ -</b>      | <b>\$ -</b>                                                  | <b>\$ -</b>                | <b>\$ 1,409</b>         | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 1,409</b>         |
| <b>Depreciable assets:</b>                                 |                                        |                  |                                                              |                            |                         |                  |                  |                         |
| Buildings and improvements                                 | \$ 4,267                               | \$ 197           | \$ (103)                                                     | \$ -                       | \$ 4,361                | \$ -             | \$ -             | \$ 4,361                |
| Land improvements                                          | 521                                    | -                | -                                                            | -                          | 521                     | -                | -                | 521                     |
| Furniture and equipment                                    | 192                                    | -                | (10)                                                         | -                          | 182                     | 55               | -                | 237                     |
| Vehicles                                                   | 94                                     | -                | -                                                            | -                          | 94                      | -                | (30)             | 64                      |
| Right-to-use subscription asset <sup>(1)</sup>             | 305                                    | 580              | -                                                            | (305)                      | 580                     | -                | -                | 580                     |
| <b>Depreciable assets, at cost</b>                         | <b>\$ 5,379</b>                        | <b>\$ 777</b>    | <b>\$ (113)</b>                                              | <b>\$ (305)</b>            | <b>\$ 5,738</b>         | <b>\$ 55</b>     | <b>\$ (30)</b>   | <b>\$ 5,763</b>         |
| <b>Accumulated depreciation/<br/>amortization</b>          | <b>\$ (2,153)</b>                      | <b>\$ (358)</b>  | <b>\$ (56)</b>                                               | <b>\$ 425</b>              | <b>\$ (2,142)</b>       | <b>\$ (466)</b>  | <b>\$ 30</b>     | <b>\$ (2,578)</b>       |
| <b>Depreciable assets, net</b>                             | <b>\$ 3,226</b>                        | <b>\$ 419</b>    | <b>\$ (169)</b>                                              | <b>\$ 120</b>              | <b>\$ 3,596</b>         | <b>\$ (411)</b>  | <b>\$ -</b>      | <b>\$ 3,185</b>         |
| <b>Capital assets, net</b>                                 | <b>\$ 4,635</b>                        | <b>\$ 419</b>    | <b>\$ (169)</b>                                              | <b>\$ 120</b>              | <b>\$ 5,005</b>         | <b>\$ (411)</b>  | <b>\$ -</b>      | <b>\$ 4,594</b>         |
| <b>Total Capital Assets, at cost</b>                       | <b>\$ 6,788</b>                        | <b>\$ 777</b>    | <b>\$ (113)</b>                                              | <b>\$ (305)</b>            | <b>\$ 7,147</b>         | <b>\$ 55</b>     | <b>\$ (30)</b>   | <b>\$ 7,172</b>         |

<sup>(1)</sup> Revised in 2023 as part of GASB 96 implementation to record Software Based Information Technology Agreement (SBITA).

<sup>(2)</sup> Asset impairment recorded under GASB 42 related to damage to building improvements and furniture from water damage.

In fiscal 2023, Enduris adopted GASB 96, Subscription-Based Information Technology Arrangements (SBITAs) (See Note 6). Capital Assets include the intangible, right-to-use subscription assets and related accumulated amortization. Capital Assets increased by \$305 thousand as of September 1, 2021, from the impact of this pronouncement. The restatement of fiscal 2022 includes accumulated amortization for the year (See Note 6 and Note 1 paragraph E).

Enduris owns an office building in Spokane, Washington. It was built in 2012, and since then, land and building improvements have been capitalized under the policy.

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 to manage, design, and complete specific property owner and tenant improvements before the lease commencement date. The Pool was responsible for paying for the preliminary "shell" work for the space and a tenant improvement allowance, totaling approximately \$570,000. SRCAA was accountable for the costs above these items. The construction project was completed, and SRCAA moved into the space in June 2021. 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.

In fiscal 2023, Enduris recorded an asset impairment loss of \$56.5 thousand under GASB 42 related to building improvements and furniture damage. Condensation gathered in the fire suppression system caused a pipe to freeze, burst, and create water damage due to the ensuing flooding. Although Enduris participates in the Pool's reinsurance program, this loss was under the property coverage SIR, so there was no reinsurance recovery. The construction cost was \$197.5 thousand; total building improvements net of the impact of the asset impairment were \$84.6 thousand.

Enduris reviews the residual value and the useful life of capital assets at each fiscal year's end. In fiscal 2024, the Pool revised the estimated useful life of the building and improvements, effective September 1, 2023. As required by GASB Statement 62, the revisions were accounted for prospectively as a change in accounting estimates. As a result, the depreciation charges of the Pool for the current fiscal year were increased by approximately \$60 thousand.

## **Note 7 – Subscription-Based Information Technology Arrangements (SBITAs)**

In fiscal 2023, Enduris adopted GASB 96, Subscription-Based Information Technology Arrangements (SBITAs).

A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. A majority of the Pool's subscription arrangements are excluded from GASB 96 as they are short-term or perpetual licenses as defined under GASB 96. Enduris records a right-to-use subscription asset and corresponding subscription liability where total payments for the fixed costs over the subscription term are greater than or equal to \$5,000. Subscriptions not meeting this capitalization criteria are recognized as current period expenses.

Implementing GASB Statement No. 96 required Enduris to review SBITA contracts as of the beginning of fiscal 2022 or September 1, 2021. Enduris had one contract that was determined to be a SBITA. That contract gives the Pool the right to use an IT vendor's Risk Management Information System (RIMS).

The three-year, fixed-cost agreement provided Enduris with access to the vendor's RMIS from August 15, 2020, to August 15, 2023. Our members also have limited access. The contract calls for annual payments at the beginning of each year. The contract includes specific service components that are excluded from the SBITA calculations. Although the contract outlines several user seats, Enduris does not consider this a variable payment per GASB 96, paragraph 17. During the contract term, Enduris and the vendor entered into multiple amendments, some of which were deemed a component of the SBITA contract. On August 3, 2023, the contract was amended to extend it 16 days through August 31, 2023, and some of that cost was also considered a component of the SBITA contract.

GASB 96 requires that SBITAs be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year of implementation (September 1, 2021, in this case). The subscription asset and liability are measured using the remaining subscription term and discount rate as of the beginning of the fiscal year of implementation.

At the beginning of 2022, on September 1, 2021, the Pool had a prepaid asset of \$140.7 thousand that was reclassified as a right-to-use subscription asset. The net present value of the future payments under the contract was recorded as a right-to-use subscription asset of \$164.3 thousand and a subscription liability of \$167.7 thousand. The combined total of the right-to-use subscription asset equaled \$305 thousand.

The financial reporting impact from the implementation of Statement No. 96 resulted in the restatement of the Pool's Financial Statements for the fiscal year that ended August 31, 2022. The impact on Net Position was a reduction of \$5.6 thousand. Other Current Assets related to contract prepayments decreased by \$149.9 thousand, Capital Assets associated with the SBITA increased by \$152.5 thousand, and a Subscription Liability of \$8.2 thousand was recorded. The net impact on the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2022 was only \$5.6 thousand. However, there were reclassifications between various operating and non-operating expenses. Additional information regarding this standard, as well as the impact on the 2022 Financial Statements, is outlined in Note 1, Section D.

The original contract was terminated on August 31, 2023. The Subscription Liability was paid in full, and the Subscription Asset and related accumulated depreciation were removed. On August 29, 2023, Enduris and the SBITA vendor entered into an agreement to extend the contract to August 31, 2026. The net present value of the future payments under the extension was recorded as a new right-to-use subscription asset of \$580.1 thousand and a subscription liability of \$592.7 thousand. Payments are due in advance each year.

The total subscription assets and the related accumulated amortization on August 31, 2024, and 2023 were \$152.5 thousand and \$152.5 thousand, respectively, as outlined in the following table. Amounts are included in Capital Assets (see Note 6).

**Subscription Assets**

**As of August 31st - Dollars in Thousands**

|                                   | Beginning<br>Balance<br>2022 | Increases       | Decreases   | Ending<br>Balance<br>2023 | Increases         | Decreases   | Ending<br>Balance<br>2024 |
|-----------------------------------|------------------------------|-----------------|-------------|---------------------------|-------------------|-------------|---------------------------|
| Right -to-use Subscription Assets | \$ 305.0                     | \$ 580.1        | \$ (305.0)  | \$ 580.1                  | \$ -              | \$ -        | \$ 580.1                  |
| Accumulated Amortization          | (152.5)                      | (152.5)         | 305.0       | -                         | (193.4)           | -           | (193.4)                   |
| <b>Net Subscription Asset</b>     | <b>\$ 152.5</b>              | <b>\$ 427.6</b> | <b>\$ -</b> | <b>\$ 580.1</b>           | <b>\$ (193.4)</b> | <b>\$ -</b> | <b>\$ 386.7</b>           |

The payment due for fiscal 2025 was paid in late August 2024. As of August 31, 2024, only one more payment is due. The subscription liability's principal and interest requirements to maturity were \$193.0 thousand and \$4.6 thousand, respectively. On August 31, 2023, the principal was \$580.0 thousand, and the interest was \$12.6 thousand:

**Subscription Liabilities**

**Principal and Interest Requirements to Maturity**

**As of August 31, 2024 - Dollars in Thousands**

|              | Principal       | Interest      | Total           |
|--------------|-----------------|---------------|-----------------|
| 2025         | \$ -            | \$ -          | \$ -            |
| 2026         | \$ 193.0        | \$ 4.6        | \$ 197.6        |
| 2027         | \$ -            | \$ -          | \$ -            |
| Thereafter   | \$ -            | \$ -          | \$ -            |
| <b>Total</b> | <b>\$ 193.0</b> | <b>\$ 4.6</b> | <b>\$ 197.6</b> |

**As of August 31, 2023 - Dollars in Thousands**

|              | Principal       | Interest       | Total           |
|--------------|-----------------|----------------|-----------------|
| 2024         | \$ 196.5        | \$ 8.1         | \$ 204.6        |
| 2025         | \$ 189.8        | \$ 4.2         | \$ 194.0        |
| 2026         | \$ 193.7        | \$ 0.3         | \$ 194.0        |
| Thereafter   | \$ -            | \$ -           | \$ -            |
| <b>Total</b> | <b>\$ 580.0</b> | <b>\$ 12.6</b> | <b>\$ 592.6</b> |

## **Note 8 – Lease Receivable**

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 to manage, design, and complete certain property owner and tenant improvements before the lease commencement date. The Pool was responsible for paying for the preliminary "shell" work for the space and a tenant improvement allowance, which totaled approximately \$570,000. SRCAA was liable for the costs above these items. The construction project was completed, and SRCAA moved into the space in June 2021.

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. Under the contract, monthly rent increases by 2.5% annually. As of June 1, 2023 (year three), the rent was \$14,767 monthly. As of June 1, 2024, rent was \$15,136 monthly.

The lease is a gross lease under which Enduris pays the annual costs for utilities and services related to the building and grounds as a 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 2024 and 2023 were \$39,600 and \$38,820, respectively. Estimated future annual costs were calculated using a 2.5% inflation rate.

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 charges SRCAA based on a specific interest rate. Enduris cannot estimate the rate implicit in the lease contract, does not know SRCAA's incremental borrowing rate, and cannot 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 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. On August 31, 2024, and 2023, the net building and improvements on lease, net equaled \$491.3 and \$517.4 thousand, respectively, as outlined in the table below. Amounts are included in Capital Assets (see Note 6).

| <b>Property on Lease, net</b>                   |                 |                 |
|-------------------------------------------------|-----------------|-----------------|
| <b>As of August 31st - Dollars in Thousands</b> |                 |                 |
|                                                 | <b>2024</b>     | <b>2023</b>     |
| Buildings and Improvements                      | \$ 569.2        | \$ 569.2        |
| Less: Accumulated Depreciation                  | \$ 77.9         | \$ 51.8         |
| <b>Property on Lease, net</b>                   | <b>\$ 491.3</b> | <b>\$ 517.4</b> |

Enduris's fiscal year ends on 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 the amortization of all capital assets and deferred outflows/inflows of resources from leases.

Lease payments from the lease totaled \$178,311 and \$173,964 for the fiscal years ending August 31, 2024, and 2023, respectively.

This lease is not part of the Pool's principal ongoing operations. Under GASB 87, the non-operating income from this lease was \$193,412 for the fiscal year ending August 31, 2024, and \$195,434 for the fiscal year ending August 31, 2023.

## **Note 9 – Investment in GEM**

Enduris is a founding Government Entities Mutual, Inc., PCC (GEM) member 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 formed initially 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 it to a protected cell captive insurer under the 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. They 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, 2023, GEM had not created any protected cells.

A CEO manages GEM and has an elected Board from the membership. GEM operates independently from Enduris, and the Pool does not substantially influence GEM's management. 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 member and independently determines the reinsurance coverage available, the policy's terms and conditions, and the quote's price. Each member can accept the quote or 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 member. Enduris has purchased various limits of liability reinsurance coverage from GEM for both policy years 2024 and 2023. See Note 4 – Excess Insurance Contracts/Reinsurance Contracts for more information.

As of August 31, 2024, GEM's membership included twenty-two public entity risk pools. GEM has three membership classifications: Founding, Premier, and Associate Members. Enduris is a Founding Member.

Each GEM Member's "Contributed Surplus" and "Allocated Surplus" account balance and 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 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 their Surplus Contribution and any Allocated Surplus.

Founding and Premier Members who have been with GEM for over 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 is no longer 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 the withdrawal notice for completion.

Associate Members who withdraw forfeit their Surplus Contribution and any Allocated Surplus.

Enduris has not made any additional contributions to GEM since the initial \$975,708 investment in 2003.

Enduris accounts for the Pool's investment in GEM using the equity method of accounting under which the Enduris Investment in GEM includes the Pool's initial investment and the proportionate share of cumulative earnings each year based on GEM's most recent audited financial statements.

The Enduris Statement of Net Position reflects the Pool's total investment of \$3.8 million on August 31, 2024, and \$3.1 million on August 31, 2023.

Enduris's proportionate share of the change in GEM's cumulative earnings is recorded yearly as non-operating income (expense). The positive change in equity for the fiscal year 2024 and 2023 equaled \$717,090 and \$517,292, respectively.

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

## Note 10 – Pension Plans

The table to the right represents the Enduris 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 ending August 31, 2024, and 2023.

| Aggregate Pension Amounts - All Plans                 |         |         |
|-------------------------------------------------------|---------|---------|
| Fiscal Years Ended August 31st – Dollars in Thousands |         |         |
|                                                       | 2024    | 2023    |
| Pension assets                                        | \$ 514  | \$ 645  |
| Pension liabilities                                   | \$ 211  | \$ 279  |
| Deferred outflows of resources                        | \$ 652  | \$ 491  |
| Deferred inflows of resources                         | \$ 214  | \$ 371  |
| Pension (income) expense                              | \$ (29) | \$ (69) |

### 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 0.20% of reported compensation.

The state Legislature establishes and amends laws about creating and administering 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, 2024, may be downloaded from the DRS website at <http://www.drs.wa.gov> or obtained by writing to the Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380.

### 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 members 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 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 must contribute to the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL) based on its PERS Plan 2/3 employer contribution.

The table to the right summarizes the number of participating employers and non-employer contributing entities that contributed to the PERS retirement system as of June 30th in the last two years.

| Number of Participating Employers<br>and Non-Employer Contributing Entities<br>As of June 30th |       |      |
|------------------------------------------------------------------------------------------------|-------|------|
|                                                                                                | 2024  | 2023 |
| <b>Employer:</b>                                                                               |       |      |
| PERS Plan 1                                                                                    | 126   | 158  |
| PERS Plan 2                                                                                    | 843   | 841  |
| PERS Plan 3                                                                                    | 615   | 620  |
| <b>Non-Employer:</b>                                                                           |       |      |
| PERS Plan 1                                                                                    | 1,003 | 973  |

**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 who 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 PERS Plan as of June 30<sup>th</sup>, the DRS Fiscal year-end, is presented in the table to the right.

| Number of Participating Members<br>As of June 30th |         |         |
|----------------------------------------------------|---------|---------|
|                                                    | 2024    | 2023    |
| PERS Plan 1                                        | 38,289  | 40,117  |
| PERS Plan 2                                        | 249,175 | 238,580 |
| PERS Plan 3                                        | 56,355  | 54,505  |

## 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 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 invested within 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 dependent on employee contributions and investment earnings on those contributions.

#### **D. Vesting**

**PERS Plan 1** members were vested after completing 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 the 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 under Chapters 41.40 and 41.45 RCW.

##### 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 6%, established in statute. The employer contribution rate is developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council, and subject to legislative change.

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 Pension Funding Council adopts the rates, which are subject to change by the Legislature. The employer rate includes a component addressing 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%. When joining membership, PERS Plan 3 members choose their contribution rate from six options and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.



### Contribution Rates

**PERS Plan 1** required contribution rates (expressed as a percentage of covered payroll) during the Enduris fiscal years ended August 31, 2024, and 2023 were as follows:

| <b>PERS Plan 1</b>                                                          |                           |                 |                           |                 |                           |                 |                           |                 |
|-----------------------------------------------------------------------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| <b>Required Contribution Rates - State Agencies, Local Government Units</b> |                           |                 |                           |                 |                           |                 |                           |                 |
| <b>Fiscal Years Ended August 31st</b>                                       |                           |                 |                           |                 |                           |                 |                           |                 |
|                                                                             | <b>2024</b>               |                 |                           |                 | <b>2023</b>               |                 |                           |                 |
|                                                                             | <b>7/1/2024-8/31/2024</b> |                 | <b>9/1/2023-6/30/2024</b> |                 | <b>7/1/2023-8/31/2023</b> |                 | <b>9/1/2022-6/30/2023</b> |                 |
| <b>Contribution Rates:</b>                                                  | <b>Employer</b>           | <b>Employee</b> | <b>Employer</b>           | <b>Employee</b> | <b>Employer</b>           | <b>Employee</b> | <b>Employer</b>           | <b>Employee</b> |
| PERS Plan 1                                                                 | 5.86%                     | 6.00%           | 6.36%                     | 6.00%           | 5.36%                     | 6.00%           | 6.36%                     | 6.00%           |
| Pers Plan 1 UAAL <sup>(1)</sup>                                             | 2.97%                     |                 | 2.97%                     |                 | 3.85%                     |                 | 3.85%                     |                 |
| Administrative Fee                                                          | 0.20%                     |                 | 0.20%                     |                 | 0.18%                     |                 | 0.18%                     |                 |
| <b>Total</b>                                                                | <b>9.03%</b>              | <b>6.00%</b>    | <b>9.53%</b>              | <b>6.00%</b>    | <b>9.39%</b>              | <b>6.00%</b>    | <b>10.39%</b>             | <b>6.00%</b>    |

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

**PERS Plan 2/3** required defined benefit contribution rates (expressed as a percentage of covered payroll) during the Enduris fiscal years ended August 31, 2024, and 2023 were as follows:

| <b>PERS Plan 2/3</b>                                                        |                           |                        |                              |                           |                        |                              |                           |                        |                              |                           |                        |
|-----------------------------------------------------------------------------|---------------------------|------------------------|------------------------------|---------------------------|------------------------|------------------------------|---------------------------|------------------------|------------------------------|---------------------------|------------------------|
| <b>Required Contribution Rates - State Agencies, Local Government Units</b> |                           |                        |                              |                           |                        |                              |                           |                        |                              |                           |                        |
| <b>Fiscal Years Ended August 31st</b>                                       |                           |                        |                              |                           |                        |                              |                           |                        |                              |                           |                        |
|                                                                             | <b>2024</b>               |                        |                              |                           |                        |                              | <b>2023</b>               |                        |                              |                           |                        |
|                                                                             | <b>7/1/2024-8/31/2024</b> |                        |                              | <b>9/1/2023-6/30/2024</b> |                        |                              | <b>7/1/2023-8/31/2023</b> |                        |                              | <b>9/1/2022-6/30/2023</b> |                        |
|                                                                             | <b>Employer</b>           | <b>Employee Plan 2</b> | <b>Employee Plan 3</b>       | <b>Employer</b>           | <b>Employee Plan 2</b> | <b>Employee Plan 3</b>       | <b>Employer</b>           | <b>Employee Plan 2</b> | <b>Employee Plan 3</b>       | <b>Employer</b>           | <b>Employee Plan 2</b> |
| <b>Contribution Rates:</b>                                                  |                           |                        |                              |                           |                        |                              |                           |                        |                              |                           |                        |
| PERS Plan 2/3                                                               | 5.86%                     | 6.36%                  | Varies <sup>(2)</sup>        | 6.36%                     | 6.36%                  | Varies <sup>(2)</sup>        | 5.36%                     | 6.36%                  | Varies <sup>(2)</sup>        | 6.36%                     | 6.36%                  |
| Pers Plan 1 UAAL <sup>(1)</sup>                                             | 2.97%                     |                        |                              | 2.97%                     |                        |                              | 3.85%                     |                        |                              | 3.85%                     |                        |
| Administrative Fee                                                          | 0.20%                     |                        |                              | 0.20%                     |                        |                              | 0.18%                     |                        |                              | 0.18%                     |                        |
| <b>Total</b>                                                                | <b>9.03%</b>              | <b>6.36%</b>           | <b>Varies <sup>(1)</sup></b> | <b>9.53%</b>              | <b>6.36%</b>           | <b>Varies <sup>(1)</sup></b> | <b>9.39%</b>              | <b>6.36%</b>           | <b>Varies <sup>(1)</sup></b> | <b>10.39%</b>             | <b>6.36%</b>           |

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

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

### Enduris Actual PERS Plan Contributions and Administrative Fees

As a non-employer contributing entity in **PERS Plan 1**, Enduris' contribution amounts are allocated to the Plan 1 UAAL was \$70,338 and \$81,490 for the fiscal year ending August 31, 2024, and 2023, respectively. For the DRS fiscal year ending June 30, 2024, and 2023, the amounts were \$71,185 and \$83,335, respectively.

The Pool's actual contributions allocated to **PERS Plan 2/3** were \$155,014 and \$140,954 for the fiscal years ended August 31, 2024, and 2023, respectively. For the DRS fiscal years ending June 30, 2024, and 2023, the amounts were \$153,368 and \$138,272.

Enduris paid DRS administrative fees of \$4,874 and \$3,989 for the fiscal years ending August 31, 2024, and 2023, respectively. The amounts for the fiscal years ending June 30, 2024, and 2023 were \$4,745 and \$3,915, respectively.

**F. Net Pension Liability (Asset)**

The tables to the right outline the components of the Retirement Systems' collective net pension liability (asset) for all participating employers and non-employer contributing entities in PERS Plan 1 and PERS Plan 2/3 as of June 30, 2024, and 2023.

The separately issued DRS financial report provides detailed information about the State's pension plan's fiduciary net position.

| <b>PERS Plan 1 - All Participating Employers</b>                     |                     |                     |
|----------------------------------------------------------------------|---------------------|---------------------|
| <b>Net Pension Liabilities (Assets)</b>                              |                     |                     |
| <b>As of DRS Fiscal Years Ended June 30th – Dollars in Thousands</b> |                     |                     |
|                                                                      | <b>2024</b>         | <b>2023</b>         |
| Total Pension Liability                                              | \$ 11,141,258       | \$ 11,508,253       |
| Plan Fiduciary Net Position                                          | (9,364,420)         | (9,225,521)         |
| <b>Net Pension Liability (Asset)</b>                                 | <b>\$ 1,776,838</b> | <b>\$ 2,282,732</b> |
| <b>Plan Fiduciary Net Position as a</b>                              |                     |                     |
| <b>Percentage of Total Pension Liability</b>                         | <b>84.05%</b>       | <b>80.16%</b>       |

| <b>PERS Plan 2/3 - All Participating Employers</b>                   |                       |                       |
|----------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Net Pension Liabilities (Assets)</b>                              |                       |                       |
| <b>As of DRS Fiscal Years Ended June 30th – Dollars in Thousands</b> |                       |                       |
|                                                                      | <b>2024</b>           | <b>2023</b>           |
| Total Pension Liability                                              | \$ 63,715,736         | \$ 58,402,368         |
| Plan Fiduciary Net Position                                          | (67,012,309)          | (62,501,051)          |
| <b>Net Pension Liability (Asset)</b>                                 | <b>\$ (3,296,573)</b> | <b>\$ (4,098,683)</b> |
| <b>Plan Fiduciary Net Position as a</b>                              |                       |                       |
| <b>Percentage of Total Pension Liability</b>                         | <b>105.17%</b>        | <b>107.02%</b>        |

**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, 2024, and 2023 is shown in the table to the right.

| <b>PERS Plan 1 and Plan 2/3</b>                 |             |             |               |
|-------------------------------------------------|-------------|-------------|---------------|
| <b>Enduris Proportionate Share of</b>           |             |             |               |
| <b>Net Pension Liabilities (Assets)</b>         |             |             |               |
| <b>For the DRS Fiscal Years Ended June 30th</b> |             |             |               |
|                                                 | <b>2024</b> | <b>2023</b> | <b>Change</b> |
| PERS Plan 1                                     | 0.011891%   | 0.012229%   | -0.000338%    |
| PERS Plan 2/3                                   | 0.015582%   | 0.015727%   | -0.000145%    |

The table to the right outlines Enduris's proportionate share of the pension liabilities and assets for PERS Plan 1 and PERS Plan 2/3 as of August 31, 2024, and 2023.

| <b>PERS Plan 1 and Plan 2/3</b>                                      |                 |                 |
|----------------------------------------------------------------------|-----------------|-----------------|
| <b>Enduris Proportionate Share of</b>                                |                 |                 |
| <b>Net Pension Liabilities (Assets)</b>                              |                 |                 |
| <b>For the Fiscal Years Ended August 31st - Dollars in Thousands</b> |                 |                 |
|                                                                      | <b>2024</b>     | <b>2023</b>     |
| PERS Plan 1                                                          | \$ 211          | \$ 279          |
| PERS Plan 2/3                                                        | \$ (514)        | \$ (646)        |
| <b>Total</b>                                                         | <b>\$ (303)</b> | <b>\$ (366)</b> |

## Actuarial Methods and Assumptions

For the DRS fiscal year that ended June 30, 2024, the total pension liability for each plan was determined by an actuarial valuation as of June 30, 2023, with the results rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement. The actuarial assumptions used in each year's valuation are summarized below, and the detailed assumptions can be found in the Actuarial Section of DRS' Annual Comprehensive Financial Report for the respective year.

| <b>PERS Plan 1 and Plan 2/3</b>            |                                                                                                                                  |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Actuarial Assumptions</b>               |                                                                                                                                  |
| <b>DRS Fiscal Year Ended June 30, 2024</b> |                                                                                                                                  |
| Inflation                                  | 2.75% total economic inflation, 3.25% salary inflation                                                                           |
| Salary Increases                           | In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases. |
| Investment Rate of Return                  | 7.00%                                                                                                                            |
| <b>DRS Fiscal Year Ended June 30, 2023</b> |                                                                                                                                  |
| Inflation                                  | 2.75% total economic inflation, 3.25% salary inflation                                                                           |
| Salary Increases                           | In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases. |
| Investment Rate of Return                  | 7.00%                                                                                                                            |

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 Mortality rates, which vary by member status (that is... 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 yearly after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2023 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 2023 actuarial valuation report, which can be found at <https://leg.wa.gov/osa>.

### Long-Term Expected Rate of Return

OSA selected a 7.0% long-term expected rate of return on pension plan investments for fiscal 2024 and 2023. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, 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.

### 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, 2024, and 2023.

The inflation component used to create the table is 2.5% for 2024 and 2.2% in 2023 for the years presented, representing WSIB's most recent long-term estimate of broad economic inflation.

| <b>Estimated Rates of Return by Asset Class</b> |                          |                                                |                          |                                                |
|-------------------------------------------------|--------------------------|------------------------------------------------|--------------------------|------------------------------------------------|
| <b>DRS Fiscal Years Ended June 30th</b>         |                          |                                                |                          |                                                |
| <b>Asset Class:</b>                             | <b>2024</b>              |                                                | <b>2023</b>              |                                                |
|                                                 | <b>% Long-Term</b>       |                                                | <b>% Long-Term</b>       |                                                |
|                                                 | <b>Target Allocation</b> | <b>Expected Real Rate of Return Arithmetic</b> | <b>Target Allocation</b> | <b>Expected Real Rate of Return Arithmetic</b> |
| Fixed Income                                    | 19.0%                    | 2.1%                                           | 20.0%                    | 1.5%                                           |
| Tangible Assets                                 | 8.0%                     | 4.5%                                           | 7.0%                     | 4.7%                                           |
| Real Estate                                     | 18.0%                    | 4.8%                                           | 18.0%                    | 5.4%                                           |
| Global Equity                                   | 30.0%                    | 5.6%                                           | 32.0%                    | 5.9%                                           |
| Private Equity                                  | 25.0%                    | 8.6%                                           | 23.0%                    | 8.9%                                           |

### Discount Rate

The discount rate used to measure the total pension liability or asset for all DRS plans was 7.0% in fiscal 2024 and 2023. 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 2024 and 2023 was applied to determine the total pension liability for each reporting period.

### 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, 2024, and 2023, calculated using the discount rate of 7.0%, 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.

| <b>Discount Rate Sensitivity</b>                                          |                        |                    |                        |                        |                    |                        |
|---------------------------------------------------------------------------|------------------------|--------------------|------------------------|------------------------|--------------------|------------------------|
| <b>Enduris' Proportionate Share of the Net Pension Liability (Assets)</b> |                        |                    |                        |                        |                    |                        |
| <b>As of DRS Fiscal Years Ended June 30th - Dollars in Thousands</b>      |                        |                    |                        |                        |                    |                        |
|                                                                           | <b>2024</b>            |                    |                        | <b>2023</b>            |                    |                        |
|                                                                           | <b>1%</b>              | <b>Current</b>     | <b>1%</b>              | <b>1%</b>              | <b>Current</b>     | <b>1%</b>              |
|                                                                           | <b>Decrease (6.0%)</b> | <b>Rate (7.0%)</b> | <b>Increase (8.0%)</b> | <b>Decrease (6.0%)</b> | <b>Rate (7.0%)</b> | <b>Increase (8.0%)</b> |
| PERS Plan 1                                                               | \$ 311                 | \$ 211             | \$ 124                 | \$ 390                 | \$ 279             | \$ 182                 |
| PERS Plan 2/3                                                             | \$ 926                 | \$ (514)           | \$ (1,696)             | \$ 701                 | \$ (645)           | \$ (1,750)             |

Changes in Assumptions and Methods:

Actuarial results that OSA provided reflect the following changes in assumptions and methods for the June 30, 2023 valuation completed in 2024:

Assumption Changes:

- Assumptions did not change from the prior contribution rate setting June 30, 2022, Actuarial Valuation Report (AVR).

Method Changes:

- OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected.
- OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

The actuarial results that OSA provided reflect the following changes in assumptions and methods for the June 30, 2022, valuation completed in 2023:

Assumption Changes:

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

Method Changes:

- Methods did not change for PERS 1 or PERS 2/3 from the prior contribution rate setting June 30, 2021, Actuarial Valuation Report (AVR).

**G. Pension Expense**

The table to the right summarizes the components of the pension (income) and expense recognized by Enduris for the years ended August 31, 2024, and 2023.

| <b>Enduris Pension (Income) Expense - All Plans</b>          |                |                |
|--------------------------------------------------------------|----------------|----------------|
| <b>Fiscal Years Ended August 31st – Dollars in Thousands</b> |                |                |
|                                                              | <b>2024</b>    | <b>2023</b>    |
| PERS Plan 1 UAAL                                             | \$ (11)        | \$ (1)         |
| PERS Plan 2/3                                                | \$ (18)        | \$ (68)        |
| Administration Fee <sup>(1)</sup>                            | \$ -           | \$ -           |
| <b>Total</b>                                                 | <b>\$ (29)</b> | <b>\$ (69)</b> |

**H. Deferred Outflows of Resources and Deferred Inflows of Resources**

On August 31, 2024, and 2023, 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                    |                               |                                |                               |
|------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                                                      | 2024                           |                               | 2023                           |                               |
|                                                                                                      | 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          | -                              | 17                            | -                              | 31                            |
| Changes of assumptions                                                                               | -                              | -                             | -                              | -                             |
| Changes in proportion and differences between contributions and proportionate share of contributions | -                              | -                             | -                              | -                             |
| Contributions subsequent to the measurement date                                                     | 10                             | -                             | 11                             | -                             |
| <b>Total</b>                                                                                         | <b>\$ 10</b>                   | <b>\$ 17</b>                  | <b>\$ 11</b>                   | <b>\$ 31</b>                  |

**Deferred Outflows of Resources and Deferred Inflows of Resources**

**As of August 31st - Dollars in Thousands**

|                                                                                                      | PERS Plan 2/3                  |                               |                                |                               |
|------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                                                      | 2024                           |                               | 2023                           |                               |
|                                                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                                                   | \$ 292                         | \$ 1                          | \$ 131                         | \$ 7                          |
| Net difference between projected and actual investment earnings on pension plan investments          | -                              | 147                           | -                              | 243                           |
| Changes of assumptions                                                                               | 284                            | 33                            | 271                            | 59                            |
| Changes in proportion and differences between contributions and proportionate share of contributions | 40                             | 16                            | 54                             | 31                            |
| Contributions subsequent to the measurement date                                                     | 25                             | -                             | 24                             | -                             |
| <b>Total</b>                                                                                         | <b>\$ 641</b>                  | <b>\$ 197</b>                 | <b>\$ 480</b>                  | <b>\$ 340</b>                 |

**Deferred Outflows of Resources and Deferred Inflows of Resources**

**As of August 31st - Dollars in Thousands**

|                                                                                                      | Combined                       |                               |                                |                               |
|------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                                                                                      | 2024                           |                               | 2023                           |                               |
|                                                                                                      | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                                                   | \$ 292                         | \$ 1                          | \$ 131                         | \$ 7                          |
| Net difference between projected and actual investment earnings on pension plan investments          | -                              | 164                           | -                              | 274                           |
| Changes of assumptions                                                                               | 284                            | 33                            | 271                            | 59                            |
| Changes in proportion and differences between contributions and proportionate share of contributions | 40                             | 16                            | 54                             | 31                            |
| Contributions subsequent to the measurement date                                                     | 35                             | -                             | 35                             | -                             |
| <b>Total</b>                                                                                         | <b>\$ 651</b>                  | <b>\$ 214</b>                 | <b>\$ 491</b>                  | <b>\$ 371</b>                 |

Deferred outflows of resources related to pensions resulting from Enduris' contributions after the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending August 31, 2024. These and other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| <b>Deferred Outflows and Deferred Inflows</b>   |                        |                        |               |                        |                        |               |
|-------------------------------------------------|------------------------|------------------------|---------------|------------------------|------------------------|---------------|
| <b>Pension (Income) Expense Recognition</b>     |                        |                        |               |                        |                        |               |
| <b>As of August 31st - Dollars in Thousands</b> |                        |                        |               |                        |                        |               |
| <b>Year</b>                                     | <b>2024</b>            |                        |               | <b>2023</b>            |                        |               |
|                                                 | <b>PERS<br/>Plan 1</b> | <b>PERS<br/>Plan 2</b> | <b>Total</b>  | <b>PERS<br/>Plan 1</b> | <b>PERS<br/>Plan 2</b> | <b>Total</b>  |
| 2024                                            |                        |                        |               | (10)                   | (85)                   | (95)          |
| 2025                                            | (28)                   | (99)                   | (127)         | (27)                   | (128)                  | (155)         |
| 2026                                            | 14                     | 233                    | 247           | 17                     | 208                    | 225           |
| 2027                                            | (2)                    | 96                     | 94            | -                      | 70                     | 70            |
| 2028                                            | (2)                    | 98                     | 96            | -                      | 75                     | 75            |
| 2029                                            | -                      | 49                     | 49            |                        |                        |               |
| Thereafter                                      | -                      | 41                     | 41            |                        |                        |               |
| <b>Totals</b>                                   | <b>\$ (18)</b>         | <b>\$ 418</b>          | <b>\$ 400</b> | <b>\$ (20)</b>         | <b>\$ 140</b>          | <b>\$ 120</b> |

**I. Required Supplementary Information for Pensions**

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

## Note 11 – Unpaid Claims Liabilities

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, 2024 and 2023:

| <b>Claim Reserves</b>                                                                        |                   |                   |
|----------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>As of August 31st - Dollars in Thousands</b>                                              |                   |                   |
|                                                                                              | <b>2024</b>       | <b>2023</b>       |
| <b>Unpaid claim and claim adjustment expenses at beginning of the fiscal year</b>            | <b>\$ 18,166</b>  | <b>\$ 16,945</b>  |
| <b>Incurred claim and claim adjustment expenses:</b>                                         |                   |                   |
| Provision for insured events of the current fiscal year                                      | 8,715             | 8,465             |
| Changes in provision for insured events in prior fiscal years                                | (4,748)           | (2)               |
| Changes in ULAE                                                                              | 151               | (50)              |
| <b>Total incurred claim and claim adjustment expenses</b>                                    | <b>\$ 4,118</b>   | <b>\$ 8,413</b>   |
| <b>Payments:</b>                                                                             |                   |                   |
| Claim and claim adjustment expense attributable to insured events in the current fiscal year | (2,235)           | (2,053)           |
| Claim and claim adjustment expense attributable to insured events in prior fiscal years      | (3,249)           | (5,139)           |
| <b>Total Payments</b>                                                                        | <b>\$ (5,484)</b> | <b>\$ (7,192)</b> |
| <b>Total unpaid claim and claim adjustment expenses at the end of the fiscal year</b>        | <b>\$ 16,800</b>  | <b>\$ 18,166</b>  |
| Components of Claim Reserve:                                                                 |                   |                   |
| Claim Reserves                                                                               | \$ 6,735          | \$ 7,296          |
| Claim IBNR                                                                                   | 8,865             | 9,820             |
| ULAE - Administrative Run Off                                                                | 1,200             | 1,050             |
| <b>Unpaid claim and claim adjustment expense</b>                                             | <b>\$ 16,800</b>  | <b>\$ 18,166</b>  |

## Note 12 – Benefit Allowance

Regular employees of Enduris receive a monthly taxable medical benefit allowance. The monthly allowance was \$2,000 for the fiscal years 2024 and 2023. The allowance may be used to purchase various health insurance coverage and 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 State of Washington Department of Retirement Systems administers the 457(b) deferred compensation plan. Mission Square Retirement administers the 401(a) defined contribution plan.

## Note 13 – 401(a) Retirement Plan

Enduris does not participate in social security; therefore, the Board of Directors established a defined contribution, 401(a) Money Purchase Plan (the Plan), to benefit Enduris employees. The Plan is open to all Pool employees and is administered by Mission Square Retirement. The Enduris' Board of Directors established the contribution rates and terms of the plan; however, the Executive Director may modify the plan. Contributions equal to 6.2% of an employee's gross wages are made each pay period in place of a contribution to social security. Employees must make a matching contribution of 6.2% and can contribute more than 6.2% after tax. 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 to the Plan in the amounts of \$145 thousand for fiscal 2024 and \$132 thousand for fiscal 2023.



## Note 14 – Compensated Absences

Compensated absences consist of leave for which employees have earned and are expected to be paid, either through paid time off or cash payment upon termination of employment. Vacation leave and sick leave attributable to services already rendered accumulate to specific maximums and may be used or otherwise paid out as outlined below:

**Vacation Leave:** Enduris employees accrue vacation leave at a variable rate based on years of service. Accrued vacation can be at most 240 hours. The expense and accrued liability are recognized when the vacation is earned. Accumulated unused vacation leave is payable in cash upon resignation or the employee's death. The unused balance at retirement is paid in cash through an employee contribution to their Health Reimbursement Arrangement/Voluntary Employees' Beneficiary Association Plan (HRA-VEBA Plan).

**Sick Leave:** Employees accrue sick leave at eight hours per month. For employees hired after September 1, 2018, sick leave may accumulate to a maximum of 750 hours. The maximum sick leave accumulation for employees hired before that date is 1,500 hours. Accrued sick leave can be used for time off. Fifty percent of any accrued balance is paid out in cash in the event of the employee's death. At retirement, fifty percent of the employee's unused sick leave is paid in cash through an employee contribution to their HRA-VEBA.

Enduris adopted GASB Statement No.101, *Compensated Absences*, for the fiscal reporting period that ended August 31, 2023.

Enduris recognizes a liability for compensated absences if it is more likely than not to be used by the employee or settled as a cash payment in future reporting periods. More likely or not is defined as a likelihood greater than 50 percent. The liability is measured as the unused leave expected to be used or settled times the employee's pay rate as of the date of the financial statements, plus any salary-related payments directly or incrementally associated with the salary, such as the employer share of payroll taxes (Medicare, etc.) and any retirement benefits (pension, 401a, etc.) in effect at the time that will accrue with the payment.

The implementation date was September 1, 2021, the first day of fiscal 2022. The restatement's impact for the fiscal year ending August 31, 2022, was to increase the Pool's compensated absences liability by \$208.5 thousand, with a corresponding decrease in net position.

The liability for compensated absences totaled \$478.5 thousand and \$407.6 thousand on August 31, 2024, and 2023, respectively. The estimated compensated balance payable within one year was \$148.0 thousand for fiscal 2024 and \$139.8 thousand for fiscal 2023.

| <b>Compensated Balances</b> |                 |                 |
|-----------------------------|-----------------|-----------------|
| <b>Dollars in Thousands</b> |                 |                 |
|                             | <b>2024</b>     | <b>2023</b>     |
| Current                     | \$ 148.0        | \$ 139.8        |
| Non-current                 | 330.4           | 267.8           |
| <b>Total</b>                | <b>\$ 478.4</b> | <b>\$ 407.6</b> |

The following table provides a breakdown of the balance and the change in compensated absences for the fiscal years 2024 and 2023:

| <b>Changes in Compensated Absences</b>                       |                 |                 |
|--------------------------------------------------------------|-----------------|-----------------|
| <b>Fiscal Years Ended August 31st - Dollars in Thousands</b> |                 |                 |
|                                                              | <b>2024</b>     | <b>2023</b>     |
| Vacation Leave                                               | \$ 157.5        | \$ 132.2        |
| Sick Leave                                                   | 320.9           | 275.4           |
| <b>Total</b>                                                 | <b>\$ 478.4</b> | <b>\$ 407.6</b> |
| <b>Change</b>                                                | <b>\$ 70.8</b>  | <b>\$ 59.8</b>  |

## **Note 15 – Regulatory Solvency**

The 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. Total primary and secondary assets must equal or exceed 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 primary and secondary asset test results as of August 31, 2024, and 2023.

| <b>Primary and Secondary Asset Test</b>        |             |             |  |
|------------------------------------------------|-------------|-------------|--|
| <b>As of August 31st - Dollars in Millions</b> |             |             |  |
|                                                | <b>2024</b> | <b>2023</b> |  |
| <b>Primary Asset Test (Test 1):</b>            |             |             |  |
| Primary Assets                                 | \$ 40.0     | \$ 29.2     |  |
| Unpaid Claims - Expected Level                 | 16.8        | 18.2        |  |
| Margin                                         | \$ 23.2     | \$ 11.0     |  |
| <b>Test 1 Result</b>                           | <b>PASS</b> | <b>PASS</b> |  |
| <b>Primary and Secondary Test (Test 2):</b>    |             |             |  |
| Primary Assets                                 | \$ 40.0     | \$ 29.2     |  |
| Secondary Assets                               | 20.0        | 21.5        |  |
| Primary and Secondary Assets                   | \$ 60.0     | \$ 50.7     |  |
| Unpaid Claims - 80% Confidence Level           | 20.1        | 21.9        |  |
| Margin                                         | \$ 39.9     | \$ 28.8     |  |
| <b>Test 2 Result</b>                           | <b>PASS</b> | <b>PASS</b> |  |

## **Note 16 – Contingencies and Litigations**

Enduris has recorded in its financial statements all material liabilities, including an estimate for situations that are not yet resolved but where, based on available information, management believes it is probable that the Pool will have to make payment. In the opinion of management, the Pool's reserves are adequate to pay all known or pending claims.

Under the Pool's Lease Agreement with Spokane Regional Clean Air Agency (SRCAA), in 2031, Enduris is obligated to provide an allowance of \$133,000 for new carpet and paint.

**Enduris Washington**  
**Required Supplementary information**  
**Schedule 1**

**Ten-Year Claim Development Information**  
**For the Fiscal Years Ended August 31, 2024 and 2023**

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 expenses 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 initially 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 at 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 at 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, and emergence of new previously unknown claims.
7. This line compares the latest re-estimated net incurred claims amount to the amount initially established (Section 3, net incurred) and shows whether this latest estimate of net claims cost is greater or less than initially 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, 2024**  
**For the Years Ended August 31, 2015 through August 31, 2024**

| <b>Fiscal and Policy Year Ended August 31st</b>                                                      | <b>2024</b>      | <b>2023</b>       | <b>2022</b>      | <b>2021</b>       | <b>2020</b>       | <b>2019</b>      | <b>2018</b>       | <b>2017</b>       | <b>2016</b>     | <b>2015</b>     |
|------------------------------------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|-----------------|-----------------|
| <b>Dollars in Thousands</b>                                                                          |                  |                   |                  |                   |                   |                  |                   |                   |                 |                 |
| 1) Gross Earned Member Contributions & Investment Revenue Ceded                                      | \$ 30,092        | \$ 26,701         | \$ 22,432        | \$ 19,818         | \$ 17,892         | \$ 15,609        | \$ 13,392         | \$ 12,194         | \$ 10,764       | \$ 9,852        |
|                                                                                                      | 12,075           | 9,215             | 7,531            | 5,703             | 4,685             | 3,981            | 3,422             | 3,411             | 3,025           | 2,573           |
| <b>Net Earned</b>                                                                                    | <b>\$ 18,017</b> | <b>\$ 17,486</b>  | <b>\$ 14,901</b> | <b>\$ 14,115</b>  | <b>\$ 13,207</b>  | <b>\$ 11,628</b> | <b>\$ 9,970</b>   | <b>\$ 8,783</b>   | <b>\$ 7,739</b> | <b>\$ 7,279</b> |
| 2) <b>Unallocated Operating Expenses</b>                                                             | <b>\$ 4,130</b>  | <b>\$ 3,666</b>   | <b>\$ 4,174</b>  | <b>\$ 2,837</b>   | <b>\$ 3,319</b>   | <b>\$ 3,172</b>  | <b>\$ 3,597</b>   | <b>\$ 3,069</b>   | <b>\$ 3,018</b> | <b>\$ 2,834</b> |
| 3) <b>Estimated Losses and Expenses at end of accident year:</b>                                     |                  |                   |                  |                   |                   |                  |                   |                   |                 |                 |
| Incurred                                                                                             | 10,700           | 10,075            | 11,900           | 16,747            | 7,296             | 6,985            | 8,859             | 8,263             | 4,764           | 5,579           |
| Ceded                                                                                                | 1,985            | 1,350             | 2,750            | 6,884             | 847               | 1,188            | 1,605             | 1,201             | 526             | 1,288           |
| <b>Net Incurred</b>                                                                                  | <b>\$ 8,715</b>  | <b>\$ 8,725</b>   | <b>\$ 9,150</b>  | <b>\$ 9,863</b>   | <b>\$ 6,449</b>   | <b>\$ 5,797</b>  | <b>\$ 7,254</b>   | <b>\$ 7,062</b>   | <b>\$ 4,238</b> | <b>\$ 4,291</b> |
| 4) <b>Cumulative paid as of:</b>                                                                     |                  |                   |                  |                   |                   |                  |                   |                   |                 |                 |
| End of policy year                                                                                   | 2,234            | 2,312             | 3,085            | 1,886             | 1,548             | 1,017            | 2,268             | 1,300             | 1,475           | 795             |
| One year later                                                                                       |                  | 3,793             | 4,173            | 3,457             | 2,744             | 1,827            | 2,936             | 2,341             | 3,234           | 1,475           |
| Two years later                                                                                      |                  |                   | 5,312            | 4,441             | 4,032             | 2,579            | 3,403             | 3,138             | 4,199           | 1,848           |
| Three years later                                                                                    |                  |                   |                  | 4,511             | 4,897             | 3,089            | 3,175             | 3,585             | 3,711           | 1,963           |
| Four years later                                                                                     |                  |                   |                  |                   | 4,874             | 4,937            | 4,556             | 3,354             | 3,924           | 3,892           |
| Five years later                                                                                     |                  |                   |                  |                   |                   | 5,265            | 4,830             | 4,858             | 3,578           | 3,901           |
| Six years later                                                                                      |                  |                   |                  |                   |                   |                  | 4,831             | 4,909             | 5,061           | 3,208           |
| Seven years later                                                                                    |                  |                   |                  |                   |                   |                  |                   | 4,909             | 5,027           | 6,576           |
| Eight years later                                                                                    |                  |                   |                  |                   |                   |                  |                   |                   | 5,026           | 6,623           |
| Nine years later                                                                                     |                  |                   |                  |                   |                   |                  |                   |                   |                 | 6,621           |
| 5) <b>Re-estimated Ceded Losses and Expenses:</b>                                                    | <b>\$ 1,985</b>  | <b>\$ 1,175</b>   | <b>\$ 4,008</b>  | <b>\$ 12,025</b>  | <b>\$ 185</b>     | <b>\$ 443</b>    | <b>\$ 1,052</b>   | <b>\$ 763</b>     | <b>\$ 3,472</b> | <b>\$ 1,966</b> |
| 6) <b>Re-estimated Incurred Claims:</b>                                                              |                  |                   |                  |                   |                   |                  |                   |                   |                 |                 |
| End of policy year                                                                                   | 8,715            | 8,725             | 8,750            | 9,278             | 6,449             | 5,797            | 7,062             | 4,238             | 4,291           | 2,704           |
| One year later                                                                                       |                  | 7,045             | 8,242            | 7,506             | 7,635             | 6,455            | 6,672             | 5,165             | 5,149           | 2,585           |
| Two years later                                                                                      |                  |                   | 8,622            | 7,595             | 6,587             | 5,544            | 5,897             | 5,742             | 5,488           | 2,578           |
| Three years later                                                                                    |                  |                   |                  | 6,002             | 6,586             | 6,202            | 5,111             | 5,470             | 5,633           | 2,633           |
| Four years later                                                                                     |                  |                   |                  |                   | 5,333             | 6,204            | 5,032             | 4,564             | 5,554           | 7,024           |
| Five years later                                                                                     |                  |                   |                  |                   |                   | 5,587            | 4,953             | 4,921             | 4,413           | 6,575           |
| Six years later                                                                                      |                  |                   |                  |                   |                   |                  | 4,907             | 4,999             | 5,143           | 5,879           |
| Seven years later                                                                                    |                  |                   |                  |                   |                   |                  |                   | 4,969             | 5,141           | 6,679           |
| Eight years later                                                                                    |                  |                   |                  |                   |                   |                  |                   |                   | 5,102           | 6,658           |
| Nine years later                                                                                     |                  |                   |                  |                   |                   |                  |                   |                   |                 | 6,658           |
| 7) <b>Increase (decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:</b> | <b>\$ -</b>      | <b>\$ (1,680)</b> | <b>\$ (528)</b>  | <b>\$ (3,861)</b> | <b>\$ (1,116)</b> | <b>\$ (210)</b>  | <b>\$ (2,347)</b> | <b>\$ (2,093)</b> | <b>\$ 864</b>   | <b>\$ 2,367</b> |

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, 2023

For the Years Ended August 31, 2014 through August 31, 2023

| Fiscal and Policy Year Ended August 31st                                                             | 2023             | 2022             | 2021              | 2020             | 2019             | 2018              | 2017              | 2016            | 2015            | 2014            |
|------------------------------------------------------------------------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|-----------------|-----------------|-----------------|
| Dollars in Thousands                                                                                 |                  |                  |                   |                  |                  |                   |                   |                 |                 |                 |
| 1) Gross Earned Member Contributions & Investment Revenue Ceded                                      | \$ 26,701        | \$ 22,432        | \$ 19,818         | \$ 17,892        | \$ 15,609        | \$ 13,392         | \$ 12,194         | \$ 10,764       | \$ 9,852        | \$ 9,141        |
|                                                                                                      | 9,215            | 7,531            | 5,703             | 4,685            | 3,981            | 3,422             | 3,411             | 3,025           | 2,573           | 2,379           |
| <b>Net Earned</b>                                                                                    | <b>\$ 17,486</b> | <b>\$ 14,901</b> | <b>\$ 14,115</b>  | <b>\$ 13,207</b> | <b>\$ 11,628</b> | <b>\$ 9,970</b>   | <b>\$ 8,783</b>   | <b>\$ 7,739</b> | <b>\$ 7,279</b> | <b>\$ 6,762</b> |
| 2) <b>Unallocated Operating Expenses</b>                                                             | <b>\$ 3,666</b>  | <b>\$ 4,174</b>  | <b>\$ 2,837</b>   | <b>\$ 3,319</b>  | <b>\$ 3,172</b>  | <b>\$ 3,597</b>   | <b>\$ 3,069</b>   | <b>\$ 3,018</b> | <b>\$ 2,834</b> | <b>\$ 2,742</b> |
| 3) <b>Estimated Losses and Expenses at end of accident year:</b>                                     |                  |                  |                   |                  |                  |                   |                   |                 |                 |                 |
| Incurred                                                                                             | 10,075           | 11,900           | 16,747            | 7,296            | 6,985            | 8,859             | 8,263             | 4,764           | 5,579           | 3,299           |
| Ceded                                                                                                | 1,350            | 2,750            | 6,884             | 847              | 1,188            | 1,605             | 1,201             | 526             | 1,288           | 595             |
| <b>Net Incurred</b>                                                                                  | <b>\$ 8,725</b>  | <b>\$ 9,150</b>  | <b>\$ 9,863</b>   | <b>\$ 6,449</b>  | <b>\$ 5,797</b>  | <b>\$ 7,254</b>   | <b>\$ 7,062</b>   | <b>\$ 4,238</b> | <b>\$ 4,291</b> | <b>\$ 2,704</b> |
| 4) <b>Cumulative paid as of:</b>                                                                     |                  |                  |                   |                  |                  |                   |                   |                 |                 |                 |
| End of policy year                                                                                   | 2,312            | 3,085            | 1,886             | 1,548            | 1,017            | 1,723             | 2,268             | 1,300           | 1,475           | 795             |
| One year later                                                                                       |                  | 4,173            | 3,457             | 2,744            | 1,827            | 2,936             | 2,999             | 2,341           | 3,234           | 1,475           |
| Two years later                                                                                      |                  |                  | 4,441             | 4,032            | 2,579            | 3,403             | 3,371             | 3,138           | 4,199           | 1,848           |
| Three years later                                                                                    |                  |                  |                   | 4,897            | 3,089            | 3,732             | 3,585             | 3,456           | 3,711           | 1,963           |
| Four years later                                                                                     |                  |                  |                   |                  | 4,937            | 4,556             | 3,820             | 3,924           | 3,892           | 1,866           |
| Five years later                                                                                     |                  |                  |                   |                  |                  | 4,830             | 4,858             | 4,227           | 3,901           | 1,955           |
| Six years later                                                                                      |                  |                  |                   |                  |                  |                   | 4,909             | 5,061           | 3,901           | 1,952           |
| Seven years later                                                                                    |                  |                  |                   |                  |                  |                   |                   | 5,027           | 6,576           | 1,989           |
| Eight years later                                                                                    |                  |                  |                   |                  |                  |                   |                   |                 | 6,623           | 2,146           |
| Nine years later                                                                                     |                  |                  |                   |                  |                  |                   |                   |                 |                 | 2,146           |
| 5) <b>Re-estimated Ceded Losses and Expenses:</b>                                                    | <b>\$ 1,350</b>  | <b>\$ 4,671</b>  | <b>\$ 12,001</b>  | <b>\$ 430</b>    | <b>\$ 435</b>    | <b>\$ 1,052</b>   | <b>\$ 763</b>     | <b>\$ 3,505</b> | <b>\$ 1,966</b> | <b>\$ 78</b>    |
| 6) <b>Re-estimated Incurred Claims:</b>                                                              |                  |                  |                   |                  |                  |                   |                   |                 |                 |                 |
| End of policy year                                                                                   | 8,725            | 8,750            | 9,863             | 6,449            | 5,797            | 7,254             | 7,062             | 4,238           | 4,291           | 2,704           |
| One year later                                                                                       |                  | 8,242            | 7,506             | 8,142            | 6,455            | 6,672             | 6,185             | 5,165           | 5,149           | 2,585           |
| Two years later                                                                                      |                  |                  | 7,595             | 6,587            | 6,106            | 5,897             | 5,742             | 5,332           | 5,488           | 2,578           |
| Three years later                                                                                    |                  |                  |                   | 6,586            | 6,202            | 5,668             | 5,470             | 5,633           | 6,977           | 2,633           |
| Four years later                                                                                     |                  |                  |                   |                  | 6,204            | 5,032             | 5,035             | 5,554           | 7,024           | 2,330           |
| Five years later                                                                                     |                  |                  |                   |                  |                  | 4,953             | 4,921             | 5,062           | 6,575           | 2,283           |
| Six years later                                                                                      |                  |                  |                   |                  |                  |                   | 4,999             | 5,143           | 6,576           | 2,273           |
| Seven years later                                                                                    |                  |                  |                   |                  |                  |                   |                   | 5,141           | 6,679           | 2,161           |
| Eight years later                                                                                    |                  |                  |                   |                  |                  |                   |                   |                 | 6,679           | 2,162           |
| Nine years later                                                                                     |                  |                  |                   |                  |                  |                   |                   |                 |                 | 2,162           |
| 7) <b>Increase (decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year:</b> | <b>\$ -</b>      | <b>\$ (908)</b>  | <b>\$ (2,268)</b> | <b>\$ 137</b>    | <b>\$ 407</b>    | <b>\$ (2,301)</b> | <b>\$ (2,063)</b> | <b>\$ 903</b>   | <b>\$ 2,388</b> | <b>\$ (542)</b> |

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, 2024, and 2023**

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

| <b>Claim Reserves</b>                                                                        |                          |                   |                         |                   |
|----------------------------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|-------------------|
| <b>As of August 31st - Dollars in Thousands</b>                                              |                          |                   |                         |                   |
|                                                                                              | <b>Liability Program</b> |                   | <b>Property Program</b> |                   |
|                                                                                              | <b>2024</b>              | <b>2023</b>       | <b>2024</b>             | <b>2023</b>       |
| <b>Unpaid claim and claim adjustment expenses at beginning of the fiscal year</b>            | \$ 16,222                | \$ 15,580         | \$ 1,944                | \$ 1,365          |
| <b>Incurred claim and claim adjustment expenses:</b>                                         |                          |                   |                         |                   |
| Provision for insured events of the current fiscal year                                      | 5,500                    | 5,500             | 3,215                   | 2,965             |
| Changes in provision for insured events in prior fiscal years                                | (4,404)                  | 424               | (344)                   | (426)             |
| Changes in ULAE                                                                              | 131                      | (57)              | 20                      | 7                 |
| <b>Total incurred claim and claim adjustment expenses</b>                                    | <b>\$ 1,227</b>          | <b>\$ 5,867</b>   | <b>\$ 2,891</b>         | <b>\$ 2,546</b>   |
| <b>Payments:</b>                                                                             |                          |                   |                         |                   |
| Claim and claim adjustment expense attributable to insured events in the current fiscal year | \$ (293)                 | \$ (406)          | \$ (1,942)              | \$ (1,647)        |
| Claim and claim adjustment expense attributable to insured events in prior fiscal years      | (2,133)                  | (4,819)           | (1,116)                 | (320)             |
| <b>Total Payments</b>                                                                        | <b>\$ (2,426)</b>        | <b>\$ (5,225)</b> | <b>\$ (3,058)</b>       | <b>\$ (1,967)</b> |
| <b>Total unpaid claim and claim adjustment expenses at the end of the fiscal year</b>        | <b>\$ 15,023</b>         | <b>\$ 16,222</b>  | <b>\$ 1,777</b>         | <b>\$ 1,944</b>   |
| <b>Components of Claim Reserve:</b>                                                          |                          |                   |                         |                   |
| Claim Reserves                                                                               | \$ 5,283                 | \$ 5,808          | \$ 1,452                | \$ 1,488          |
| Claim IBNR                                                                                   | 8,654                    | 9,459             | 211                     | 361               |
| ULAE - Administrative Run Off                                                                | 1,086                    | 955               | 114                     | 95                |
| <b>Unpaid claim and claim adjustment expense</b>                                             | <b>\$ 15,023</b>         | <b>\$ 16,222</b>  | <b>\$ 1,777</b>         | <b>\$ 1,944</b>   |

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

**Enduris Washington**  
**Required Supplementary Information**  
**Schedule 3**

**Schedule of Proportionate Share of the Net Pension Liability (Asset) - last ten fiscal years**  
**As of the PERS Fiscal Year Ending June 30, 2024**

| <b>PERS Plan 1<br/>As of June 30</b>                                                                    | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>    | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Employer's proportion of the net pension liability (asset)                                              | 0.011891%    | 0.012229%    | 0.012167%    | 0.012210%      | 0.013111%    | 0.011490%    | 0.010038%    | 0.011284%    | 0.010931%    | 0.011230%    |
| Employer's proportionate share of the net pension liability                                             | \$ 211,284   | \$ 279,155   | \$ 338,774   | \$ 149,113     | \$ 462,889   | \$ 441,830   | \$ 448,300   | \$ 535,435   | \$ 587,046   | \$ 581,836   |
| Employer's covered payroll                                                                              | \$ 2,411,424 | \$ 2,175,271 | \$ 2,009,873 | \$ 1,872,877   | \$ 1,996,171 | \$ 1,612,479 | \$ 1,339,990 | \$ 1,277,215 | \$ 1,317,479 | \$ 1,275,150 |
| Employer's proportionate share of the net pension liability as a percentage of covered employee payroll | 8.76%        | 12.83%       | 16.86%       | 7.96%          | 23.19%       | 27.40%       | 33.46%       | 41.92%       | 44.56%       | 45.63%       |
| Plan fiduciary net position as a percentage of the total pension liability                              | 84.05%       | 80.16%       | 76.56%       | 88.74%         | 68.64%       | 67.12%       | 63.22%       | 61.24%       | 57.03%       | 59.10%       |
| <b>PERS Plan 2/3<br/>As of June 30</b>                                                                  | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  | <b>2021</b>    | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  |
| Employer's proportion of the net pension liability (asset)                                              | 0.015582%    | 0.015727%    | 0.015912%    | 0.015659%      | 0.017160%    | 0.014829%    | 0.012818%    | 0.014514%    | 0.013987%    | 0.014373%    |
| Employer's proportionate share of the net pension liability (asset)                                     | \$ (513,672) | \$ (644,600) | \$ (590,141) | \$ (1,559,888) | \$ 219,467   | \$ 144,039   | \$ 218,856   | \$ 504,292   | \$ 704,234   | \$ 513,555   |
| Employer's covered payroll                                                                              | \$ 2,411,424 | \$ 2,175,271 | \$ 2,009,873 | \$ 1,872,877   | \$ 1,996,171 | \$ 1,612,479 | \$ 1,339,990 | \$ 1,277,215 | \$ 1,317,479 | \$ 1,275,150 |
| Employer's proportionate share of the net pension liability as a percentage of covered employee payroll | -21.30%      | -29.63%      | -29.36%      | -83.29%        | 10.99%       | 8.93%        | 16.33%       | 39.48%       | 53.45%       | 40.27%       |
| Plan fiduciary net position as a percentage of the total pension liability                              | 105.17%      | 107.02%      | 106.73%      | 120.29%        | 97.22%       | 97.77%       | 95.77%       | 90.97%       | 85.82%       | 89.20%       |

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 ten fiscal years**  
**As of the Enduris Fiscal Year Ending August 31, 2024**

| <b>PERS Plan 1 *</b><br><b>As of August 31</b>                                       | <b>2024</b>  | <b>2023</b> | <b>2022</b> | <b>2021</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--------------------------------------------------------------------------------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Statutorily or contractually required contributions (for UAAL portion only)          | \$ 70,338    | \$ 81,490   | \$ 75,885   | \$ 91,173    | \$ 92,001   | \$ 83,764   | \$ 68,111   | \$ 71,941   | \$ 65,476   | \$ 52,490   |
| Contributions in relation to the statutorily or contractually required contributions | (70,338)     | (81,490)    | (75,885)    | (91,173)     | (92,001)    | (83,764)    | (68,111)    | (71,941)    | (65,476)    | (52,490)    |
| Contribution deficiency (excess)                                                     | \$ -         | \$ -        | \$ -        | \$ -         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Covered employer payroll (for UAAL only)                                             | \$ 2,437,302 | \$2,216,254 | \$2,043,534 | \$ 1,946,222 | \$1,938,210 | \$1,650,511 | \$1,357,671 | \$1,272,609 | \$1,385,369 | \$1,280,988 |
| Contributions as a percentage of covered employee payroll                            | 2.9%         | 3.7%        | 3.7%        | 4.7%         | 4.7%        | 5.1%        | 5.0%        | 5.7%        | 4.7%        | 4.1%        |
| <b>PERS Plan 2/3</b><br><b>As of August 31</b>                                       | <b>2024</b>  | <b>2023</b> | <b>2022</b> | <b>2021</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
| Statutorily or contractually required contributions (for UAAL portion only)          | \$ 155,014   | \$ 140,954  | \$ 129,894  | \$ 149,290   | \$ 153,766  | \$ 124,961  | \$ 100,822  | \$ 67,874   | \$ 85,364   | \$ 66,176   |
| Contributions in relation to the statutorily or contractually required contributions | (155,014)    | (140,954)   | (129,894)   | (149,290)    | (153,766)   | (124,961)   | (100,822)   | (67,874)    | (85,364)    | (66,176)    |
| Contribution deficiency (excess)                                                     | \$ -         | \$ -        | \$ -        | \$ -         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Covered employer payroll (for UAAL only)                                             | \$ 2,437,302 | \$2,216,254 | \$2,043,534 | \$ 1,946,222 | \$1,938,210 | \$1,650,511 | \$1,357,671 | \$1,272,609 | \$1,385,369 | \$1,280,988 |
| Contributions as a percentage of covered employee payroll                            | 6.4%         | 6.4%        | 6.4%        | 7.7%         | 7.9%        | 7.6%        | 7.4%        | 5.3%        | 6.2%        | 5.2%        |

\* 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, 2023 valuation date, plus any supplemental contribution rates from the preceding legislative session(s), determines the ADC for the period beginning July 1, 2024, and ending June 30, 2024.

**Additional Considerations on ADC for All Plans:**

OSA calculates the ADC using the methods described above. However, depending on the actions of the governing bodies, adopted contribution rates could be different.

**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 reflects the adopted contribution rates for the period shown, which might differ from the contribution rates produced for the ADC.

Additional plan-specific actuarial methods and assumption information are in Note 10 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, 2024 and 2023**

|                                                              | <b>2024</b>          | <b>2023</b>          |
|--------------------------------------------------------------|----------------------|----------------------|
| <b>Claims Expense:</b>                                       |                      |                      |
| <b>Incurred Loss and Allocated Loss Adjustment Expenses:</b> |                      |                      |
| Claims Paid, net of recoveries                               | \$ 5,483,683         | \$ 7,191,831         |
| Change in Claim Reserves                                     | (1,365,801)          | 1,220,513            |
| <b>Claims Expense, net</b>                                   | <b>\$ 4,117,882</b>  | <b>\$ 8,412,344</b>  |
| <b>Excess/Reinsurance Costs:</b>                             |                      |                      |
| Liability                                                    | \$ 1,622,601         | \$ 1,344,962         |
| Property                                                     | 10,318,900           | 7,739,992            |
| Brokerage Fees                                               | 133,900              | 130,000              |
| <b>Excess/Reinsurance Costs</b>                              | <b>\$ 12,075,401</b> | <b>\$ 9,214,954</b>  |
| <b>Contracted Services:</b>                                  |                      |                      |
| Legal Services                                               | \$ 24,086            | \$ 11,932            |
| Pre-Defense Review                                           | 138,244              | 57,730               |
| Municipal Research and Services                              | 89,800               | 85,744               |
| Actuarial Services                                           | 25,000               | 29,000               |
| Claims Audit                                                 | 8,652                | 9,957                |
| Financial/Accountability Audit                               | 25,038               | 19,671               |
| State Risk Manager                                           | 11,720               | 3,418                |
| Technology Services                                          | 4,032                | 5,853                |
| Other Consultants                                            | 1                    | 58,529               |
| <b>Contracted Services</b>                                   | <b>\$ 326,573</b>    | <b>\$ 281,834</b>    |
| <b>General and Administrative Expenses:</b>                  |                      |                      |
| Staff Wages, Benefits and Taxes                              | \$ 2,957,997         | \$ 2,695,304         |
| GASB 68 Pension Adjustment                                   | (254,248)            | (291,330)            |
| Technology and Claims System                                 | 160,923              | 125,496              |
| Member Services and Training                                 | 137,584              | 142,994              |
| Building and Occupancy                                       | 166,132              | 194,568              |
| Dues, Conferences and Training                               | 83,584               | 82,176               |
| Communications                                               | 31,733               | 39,142               |
| Office Supplies and Expenses                                 | 14,590               | 12,936               |
| Board Expenses                                               | 22,094               | 15,509               |
| Miscellaneous                                                | 17,341               | 16,690               |
| <b>General and Administrative Expense</b>                    | <b>\$ 3,337,730</b>  | <b>\$ 3,033,485</b>  |
| <b>Depreciation</b>                                          | <b>\$ 465,933</b>    | <b>\$ 350,234</b>    |
| <b>Total Operating Expenses</b>                              | <b>\$ 20,323,519</b> | <b>\$ 21,292,851</b> |

**List of Participating Members  
For the Fiscal Year ended August 31, 2024**

|                                                    |                                                               |                                                |
|----------------------------------------------------|---------------------------------------------------------------|------------------------------------------------|
| 4 Culture                                          | Benton Irrigation District                                    | Clark County Cemetery District #5              |
| Adams Conservation District                        | Bertrand Watershed Improvement District                       | Clark County Cemetery District #6              |
| Adams County FPD #1                                | Black Diamond Water District                                  | Clark County Diking District #14               |
| Adams County FPD #6                                | Blaine-Birch Bay Park & Recreation District #2                | Clark County FPD #3                            |
| Adams County Mosquito Control District             | Blalock Orchards Water District #12                           | Clark County FPD #13                           |
| Adams County Noxious Weed Board                    | Brewster Flat Irrigation District                             | Clark County Mosquito Control District         |
| Adams County Park & Recreation Board #2            | Bridgeport Irrigation District #1                             | Clark County Public Facilities District        |
| Adams County Parks & Recreation District #3        | Burbank Irrigation District #4                                | Clear Lake Water District                      |
| Adams County Park & Recreation District #4         | Camano Island Mosquito Control District #1                    | Cline Irrigation District                      |
| Adams County Weed District #1                      | Capital Area Regional Public Facilities District              | Colfax Cemetery District #6                    |
| Admiral's Cove Water District                      | Carnhope Irrigation District #7                               | Columbia Basin Conservation District           |
| Aging & Adult Care of Central Washington           | Cascade Valley Water District                                 | Columbia Conservation District                 |
| Aging & Long-Term Care of Eastern Washington       | Cascadia Conservation District                                | Columbia County Rural Library District         |
| Agnew Irrigation District                          | Central Kitsap Fire and Rescue                                | Columbia Irrigation District                   |
| Ahtanum Irrigation District                        | Central Klickitat Conservation District                       | Columbia Mosquito Control District             |
| Alta Vista Irrigation District                     | Central Klickitat County Park & Recreation District           | Community Connectivity Consortium              |
| Anderson Island Fire & Rescue                      | Central Mason Fire & EMS                                      | Coulee Area Park & Recreation District         |
| Anderson Island Park & Recreation District         | Central Skagit Rural Library District                         | Cowlitz Conservation District                  |
| Ashford Water District                             | Chelan County Cemetery District #1                            | Cowlitz County Cemetery District #2            |
| Asotin County Conservation District                | Chelan County Cemetery District #4                            | Cowlitz County Mosquito Control District       |
| Asotin County FPD #1                               | Chelan County FPD #6                                          | Cowlitz County Public Facilities District      |
| Asotin County Health District                      | Chelan County FPD #8                                          | Cowlitz Skamania County FPD #7                 |
| Asotin County Library                              | Chelan County FPD #10                                         | Crystal Mountain Sewer District                |
| Badger Mountain Irrigation District                | Chelan Douglas Health District                                | Darrington Fire District #24                   |
| Bainbridge Island Fire Department                  | Chelan Douglas Regional Port Authority POCC, PODC and PMA     | Diamond Lake Water & Sewer District            |
| Bainbridge Island Metro Park & Recreation District | Chelan Douglas Transportation Council                         | Douglas County Cemetery District #2            |
| Bayview Beach Water District                       | Chelan Falls Irrigation District                              | Douglas County FPD #3                          |
| Benton Clean Air Agency                            | Chelan Falls Water District                                   | Douglas County FPD #4                          |
| Benton Conservation District                       | Chelan River Irrigation District                              | Douglas Okanogan County FPD #15                |
| Benton County FPD #1                               | Chinook Water District                                        | Drayton Watershed Improvement District         |
| Benton County FPD #2                               | City of Kent Special Events Center Public Facilities District | Dungeness Irrigation District                  |
| Benton County FPD #4                               | Clallam Conservation District                                 | East County Park & Recreation District         |
| Benton County FPD #5                               | Clallam County FPD #1                                         | East Lewis County Public Development Authority |
| Benton County FPD #6                               | Clallam County FPD #3                                         | East Wenatchee Water District                  |
| Benton County Mosquito Control District #1         | Clallam County FPD #4                                         | Eastern Klickitat Conservation District        |
| Benton County Noxious Weed Control Board           | Clallam County FPD #5                                         |                                                |
| Benton County Weed District #1                     | Clallam County FPD #6                                         | Eastmont Metropolitan Park District            |
| Benton-Franklin Council of Governments             | Clallam County Park & Recreation District #1                  | Eastside/Westside Irrigation District          |
| Benton Franklin Health District                    | Clark Conservation District                                   | Eastsound Sewer & Water District               |
|                                                    | Clark County Cemetery District #4                             | Edmonds Public Facilities District             |

**Enduris Washington**  
**Supplementary and Other Information-Schedule 6**  
**List of Participating Members**

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|                                                |                                                        |                                              |
|------------------------------------------------|--------------------------------------------------------|----------------------------------------------|
| Entiat Irrigation District                     | Island County Diking District #1                       | Lewis County Public Facilities District      |
| Everett Public Facilities District             | Island County Diking District #2                       | Lewis County Water Sewer District #6         |
| Fall City Metropolitan Park District           | Island County Emergency Services Communications Center | Lewis-Mason-Thurston Area Agency on Aging    |
| Ferry Conservation District                    | Jefferson County Conservation District                 | Liberty Lake Sewer and Water District        |
| Ferry County #3/Stevens County #8 Joint FPD    | Key Peninsula Metropolitan Park District               | Lincoln-Adams County FPD #3                  |
| Ferry County EMS District #1                   | King Conservation District                             | Lincoln County Conservation District         |
| Fidalgo Pool & Fitness Center                  | King County Cemetery District #1                       | Lincoln County FPD #6                        |
| Fort Worden Public Development Authority       | King County Drainage District #1                       | Lincoln County FPD #9                        |
| Foster Creek Conservation District             | King County Drainage District #7                       | Lincoln County Noxious Weed Control Board    |
| Four Lakes Water District                      | King County Flood Control District                     | Lincoln County Park & Recreation District #2 |
| Franklin Conservation District                 | King County FPD #45                                    | Lincoln County Park & Recreation District #3 |
| Franklin County Emergency Management           | King County Public Hospital District #5                | Loon Lake Sewer District #4                  |
| Franklin County Irrigation District #1         | King County Water District #20                         | Lopez Island Library District                |
| Franklin County Mosquito Control               | King County Water District #119                        | Lopez Solid Waste Disposal District          |
| Freeland Water District                        | Kiona Irrigation District                              | Lower Columbia Fish Recovery Board           |
| Graham Fire & Rescue                           | Kitsap Conservation District                           | Lower Squilchuck Irrigation District         |
| Grant County FPD #3                            | Kitsap Public Facilities District                      | Lynnwood Public Facilities District          |
| Grant County FPD #7                            | Kitsap Public Health District                          | Main Street Sewer District                   |
| Grant County FPD #8                            | Kitsap Readiness Center Joint Management Group         | Manchester Water District                    |
| Grant County FPD #12                           | Kittcom                                                | Manson Park & Recreation District            |
| Grant County Health District                   | Kittitas County Conservation District                  | Marshland Flood Control District             |
| Grant County Hospital District #7              | Kittitas County FPD #7                                 | Mason Conservation District                  |
| Grant County Mosquito Control District #1      | Kittitas County Water District #4                      | Mason County FPD #6                          |
| Grant County Mosquito Control District #2      | Kittitas County Water District #6                      | Mason County FPD #17                         |
| Grant County Port District #4                  | Kittitas County Weed District #5                       | McKenna Water District                       |
| Grant County Port District #5                  | Kittitas Park & Rec District #1                        | Methow-Okanogan Reclamation District         |
| Grant County Port District #6                  | Klickitat County EMS District #1                       | Midway Sewer District                        |
| Grant County Port District #7                  | Klickitat County FPD #1                                | Model Irrigation District #18                |
| Grays Harbor Conservation District             | Klickitat County FPD #3                                | North Beach Water District                   |
| Grays Harbor County FPD #1                     | Klickitat County FPD #13                               | Naches Park & Recreation District            |
| Grays Harbor County FPD #2                     | Klickitat County Port District                         | North City Water District                    |
| Grays Harbor County FPD #10                    | La Conner Regional Library                             | North Country Emergency Medical Service      |
| Grays Harbor County FPD #12                    | Lagoon Point Water District                            | North Kitsap Fire & Rescue                   |
| Grays Harbor County Public Facilities District | Lake Chelan Reclamation District                       | North Lynden Watershed Improvement District  |
| Grays Harbor Historical Seaport Authority      | Lake Chelan Sewer District                             | North Olympic Library System                 |
| Grays Harbor/Pacific County FPD #15            | Lake Forest Park Water District                        | North Sound Behavioral Health Organization   |
| Greater Columbia Behavioral Health             | Lake Wenatchee Fire & Rescue                           | North Yakima Conservation District           |
| Greater Wenatchee Regional Events Center PFD   | Laurel Watershed Improvement District                  | Northeast Tri County Health District         |
| Hangman Hills Water District #15               | Leavenworth Mosquito Control District                  | Northeast Public Development Authority       |
| Helensdale Irrigation District                 | Ledgewood Beach Water District                         | Northwest Clean Air Agency                   |
| Highland Irrigation District                   | Lewis County Cemetery District #1                      | Oakesdale Park & Recreation District #4      |
| Highline Water District                        | Lewis County Cemetery District #2                      |                                              |
| Hutchinson Irrigation District #16             | Lewis County Conservation District                     |                                              |
| Hydro Irrigation District #9                   | Lewis County Flood District #1                         |                                              |
| Isenhart Irrigation District                   | Lewis County FPD #2                                    |                                              |
|                                                | Lewis County FPD #8                                    |                                              |
|                                                | Lewis County FPD #13                                   |                                              |

**Enduris Washington**  
**Supplementary and Other Information-Schedule 6**  
**List of Participating Members**

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|                                         |                                                      |                                                                |
|-----------------------------------------|------------------------------------------------------|----------------------------------------------------------------|
| Odessa Public Development Authority     | Port of Dewatto                                      | San Juan County Cemetery District #1                           |
| Okanogan Conservation District          | Port of Edmonds                                      | San Juan County Cemetery District #3                           |
| Okanogan County FPD #2                  | Port of Eglon                                        | San Juan County FPD #4                                         |
| Okanogan County FPD #7                  | Port of Friday Harbor                                | San Juan Island Library District                               |
| Okanogan County FPD #8                  | Port of Garfield                                     | San Juan Island Park & Recreation District                     |
| Okanogan County FPD #10                 | Port of Grandview                                    | San Juan Islands Conservation District                         |
| Okanogan County FPD #11                 | Port of Grapeview                                    | Scatchet Head Water District                                   |
| Okanogan County FPD #12                 | Port of Grays Harbor                                 | Seaview Sewer District                                         |
| Okanogan County Public Health           | Port of Hoodspoint                                   | Selah and Moxee Irrigation District                            |
| Okanogan County Rural FPD #6            | Port of Illahee                                      | Silver Lake Flood Control District                             |
| Okanogan Irrigation District            | Port of Ilwaco                                       | Silverdale Water District #16                                  |
| Olympic Region Clean Air Agency         | Port of Indianola                                    | Skagit Conservation District                                   |
| Orcas Island Health Care District       | Port of Kahlots                                      | Skagit County Cemetery District #1                             |
| Orcas Island Library District           | Port of Keyport                                      | Skagit County Consolidated Diking District #22                 |
| Orcas Island Park & Recreation District | Port of Kingston                                     | Skagit County Dike & Drainage District #5                      |
| Oroville Tonasket Irrigation District   | Port of Lopez                                        | Skagit County Dike District #17                                |
| Pacific Conservation District           | Port of Manchester                                   | Skagit County Drainage & Irrigation District #17               |
| Pacific County Drainage District #1     | Port of Olympia                                      | Skagit County Drainage & Irrigation District #15               |
| Pacific County FPD #1                   | Port of Orcas                                        | Skagit County Drainage District #19                            |
| Pacific County FPD #2                   | Port of Pasco                                        | Skagit County Drainage and Irrigation District Consortium, LLC |
| Pacific County FPD #4                   | Port of Pend Oreille                                 | Skagit County FPD #4                                           |
| Pacific County FPD #6                   | Port of Peninsula                                    | Skagit County FPD #5                                           |
| Palouse Conservation District           | Port of Port Townsend                                | Skagit County FPD #9                                           |
| Palouse-Rock Lake Conservation District | Port of Poulsbo                                      | Skagit County FPD #12                                          |
| Pend Oreille Cemetery District #1       | Port of Ridgefield                                   | Skagit County FPD #15                                          |
| Pend Oreille Conservation District      | Port of Royal Slope                                  | Skagit County FPD #16                                          |
| Pend Oreille County FPD #4              | Port of Shelton                                      | Skagit County FPD #17                                          |
| Pend Oreille County FPD #5              | Port of Silverdale                                   | Skagit County Regional Public Facilities District              |
| Pend Oreille County Library District    | Port of Skagit                                       | SkagitNet, LLC                                                 |
| Peninsula Metropolitan Park District    | Port of Skamania County                              | Skamania County Cemetery District #1                           |
| Penn Cove Water & Sewer District        | Port of Tracyton                                     | Skamania County FPD #5                                         |
| Petrichor Broadband, LLC                | Port of Walla Walla                                  | Skamania County FPD #6                                         |
| Pierce Conservation District            | Port of Waterman                                     | Skamania County Mosquito Control District                      |
| Pierce County Drainage District #10     | Port of Whitman County                               | Snohomish Conservation District                                |
| Pierce County FPD #18                   | Port of Willapa Harbor                               | Snohomish County Diking District #1                            |
| Pierce County FPD #23                   | Port of Woodland                                     | Snohomish County Drainage & Improvement District #13           |
| Pine Creek Conservation District        | Poulsbo Fire Department                              | Snohomish County FPD #25                                       |
| Pomeroy Conservation District           | Public Hospital District #2                          | Snohomish County Public Facilities District                    |
| Port District of South Whidbey Island   | Snohomish County                                     | Snohomish Health District                                      |
| Port Ludlow Drainage District           | Public Law Library of King County                    |                                                                |
| Port of Allyn                           | Public Utility District #1 of Skagit County          |                                                                |
| Port of Benton                          | Puget Sound Clean Air Agency                         |                                                                |
| Port of Brownsville                     | Puget Sound Emergency Radio Network (PSERN) Operator |                                                                |
| Port of Camas-Washougal                 | Quillayute Valley Park & Recreation District         |                                                                |
| Port of Centralia                       | Renton Regional Fire Authority                       |                                                                |
| Port of Chehalis                        | Rosalie Park & Recreation District #5                |                                                                |
| Port of Chinook                         | Sacheen Lake Sewer & Water District                  |                                                                |
| Port of Clarkston                       | Salish Behavioral Health Organization                |                                                                |
| Port of Columbia                        | Samish Water District                                |                                                                |
| Port of Coupeville                      |                                                      |                                                                |

**Enduris Washington**  
**Supplementary and Other Information-Schedule 6**  
**List of Participating Members**

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

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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