



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Educational Service District No. 112

For the period September 1, 2022 through August 31, 2023

Published April 8, 2024

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

April 8, 2024

Board of Directors
Educational Service District No. 112
Vancouver, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Educational Service District No. 112's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Educational Service District No. 112 September 1, 2022 through August 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Educational Service District No. 112 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
84.010	Title I Grants to Local Educational Agencies
84.425	COVID-19 – Education Stabilization Fund
93.575	CCDF Cluster – Child Care and Development Block Grant
93.575	CCDF Cluster – COVID-19 – Child Care and Development Block Grant

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The District qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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*

Educational Service District No. 112 September 1, 2022 through August 31, 2023

Board of Directors
Educational Service District No. 112
Vancouver, 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 each major fund of Educational Service District No. 112, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 2, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 District'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 District'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 District'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 2, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Educational Service District No. 112 September 1, 2022 through August 31, 2023

Board of Directors
Educational Service District No. 112
Vancouver, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Educational Service District No. 112, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 2, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Educational Service District No. 112 September 1, 2022 through August 31, 2023

Board of Directors
Educational Service District No. 112
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of each major fund of Educational Service District No. 112, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District'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 respective financial position of each major fund of Educational Service District No. 112, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 District'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 District'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 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.

Management has omitted the management's discussion and analysis information that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

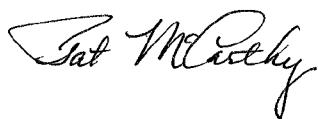
Other Information

The other information comprises risk pools information 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 2, 2024 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

April 2, 2024

FINANCIAL SECTION

Educational Service District No. 112 September 1, 2022 through August 31, 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023
Statement of Revenues, Expenses and Changes in Net Position – 2023
Statement of Cash Flows – 2023
Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios – PEBB – 2023
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Notes – PERS 1, SERS 2/3, TRS 1, TRS 2/3 – 2023
Schedule of Employer Contributions, Pension Plans – PERS 1, SERS 2/3, TERS 1, TERS 2/3 – 2023
SW WA Workers' Compensation Risk Fund – Claims Development Information – 2023
Notes to SW WA Workers' Compensation Cooperative – Claims Development Information – 2023
SW WA Property and Casualty Risk Fund (Risk Management) – Claims Development Information – 2023
Notes to the SW WA Risk Management Insurance Cooperative – Claims Development Information – 2023
Reconciliation of Claims Liabilities – SW WA Worker's Compensation Cooperative, SW WA Risk Management Insurance Cooperative – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023
SW WA Worker's Compensation Cooperative – Public Entity Risk Pool List of Participating Members – 2023
SW WA Workers' Compensation Risk Fund – DES Schedule of Operating Expenses – 2023
SW WA Risk Management Insurance Cooperative – Public Entity Risk Pool List of Participating Members – 2023

SW Property and Casualty Risk Fund (Risk Management) – DES Schedule of Operating Expenses – 2023

SW WA Unemployment Compensation Cooperative – Public Entity Risk Pool List of Participating Members – 2023

SW WA Unemployment Compensation Risk Fund – DES Schedule of Operating Expenses – 2023

Educational Service District No. 112							
STATEMENT OF NET POSITION - ALL FUNDS							
AUGUST 31, 2023							
	NOTE REF	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	Notes 1,2	\$ 10,495	\$ 628	\$ 312	\$ 67	\$ 894	\$ 12,397
Investments	Notes 1,2	\$ 21,389,891	\$ 19,625,786	\$ 12,475,234	\$ 7,771,848	\$ 621,786	\$ 61,884,544
Accounts Receivable (net of uncollectible allowance)	Note 1	\$ 12,051,683	\$ 486,382	\$ 103,256		\$ 248,064	\$ 12,889,385
Leases Receivable	Note 1	\$ 210,664					\$ 210,664
Interfund Receivable	Note 12	\$ 249,811					\$ 249,811
Inventory	Note 1	\$ 81,304					\$ 81,304
Prepays	Note 1	\$ 68,192					\$ 68,192
TOTAL CURRENT ASSETS		\$ 34,062,039	\$ 20,112,796	\$ 12,578,802	\$ 7,771,915	\$ 870,744	\$ 75,396,296
NONCURRENT ASSETS							
Capital Assets							
Land		\$ 4,916,711					\$ 4,916,711
Construction in Progress		\$ 131,306					\$ 131,306
Land Improvements		\$ 144,105					\$ 144,105
Building		\$ 23,282,186					\$ 23,282,186
Equipment		\$ 4,814,711					\$ 4,814,711
Leased Assets and Leasehold Improvements	Note 5	\$ 2,476,691					\$ 2,476,691
Less: Accumulated Depreciation		\$ (11,988,443)					\$ (11,988,443)
Net Capital Assets	Note 3	\$ 23,777,268	\$ -	\$ -	\$ -	\$ -	\$ 23,777,268
Investment in Joint Venture	Note 11	\$ 390,893					\$ 390,893
Net Pension Asset	Note 6	\$ 1,509,997	\$ 14,323	\$ 4,562	\$ 11,338	\$ 6,812	\$ 1,547,033
Leases Receivable	Note 1	\$ 768,847					\$ 768,847
TOTAL NONCURRENT ASSETS		\$ 26,447,005	\$ 14,323	\$ 4,562	\$ 11,338	\$ 6,812	\$ 26,484,040
TOTAL ASSETS		\$ 60,509,044	\$ 20,127,119	\$ 12,583,365	\$ 7,783,253	\$ 877,556	\$ 101,880,337

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

Educational Service District No. 112									
STATEMENT OF NET POSITION - ALL FUNDS									
AUGUST 31, 2023									
	NOTE REF	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS		
DEFERRED OUTFLOWS OF RESOURCES									
Deferred OutFlows Related to Pensions	Notes 1,6	\$ 9,208,379	\$ 66,052	\$ 21,041	\$ 52,286	\$ 31,416	\$ 9,379,173		
Deferred OutFlows Related to OPEB	Notes 1,7	\$ 3,497,242	\$ 14,538	\$ 5,531	\$ 16,012	\$ 11,517	\$ 3,544,840		
TOTAL DEFERRED OUTFLOWS OF RESOURCES		\$ 12,705,621	\$ 80,589	\$ 26,571	\$ 68,298	\$ 42,933	\$ 12,924,013		
LIABILITIES									
CURRENT LIABILITIES									
Accounts Payable		\$ 3,455,759	\$ 423,376	\$ 164,810	\$ 24,700	\$ 108,580	\$ 4,177,226		
Notes Payable	Note 4	\$ 39,867					\$ 39,867		
Accrued Interest Payable		\$ 18,614					\$ 18,614		
Accrued Salaries		\$ 150,149					\$ 150,149		
Payroll Deductions & Taxes Payable		\$ 199,537					\$ 199,537		
Compensated Absences	Notes 1,4	\$ 325,000					\$ 325,000		
Interfund Payable	Notes 12		\$ 52,097	\$ 25,307	\$ 40,575	\$ 131,833	\$ 249,811		
Total OPEB Liability	Notes 4,7	\$ 252,319	\$ 1,049	\$ 399	\$ 1,155	\$ 831	\$ 255,753		
Bonds Payable	Note 4	\$ 1,174,228					\$ 1,174,228		
Leases Payable	Notes 4,5	\$ 212,942					\$ 212,942		
Claim Reserves									
IBNR	Notes 4,9		\$ 911,182		\$ 292,862		\$ 1,204,044		
Open Claims	Notes 4,9	\$ 14,970	\$ 1,442,340	\$ 319,845	\$ 804,357		\$ 2,581,512		
Unearned Revenue	Note 1	\$ 182,305				\$ 3,979	\$ 186,284		
TOTAL CURRENT LIABILITIES		\$ 6,025,690	\$ 2,830,044	\$ 510,361	\$ 1,163,649	\$ 245,223	\$ 10,774,967		

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

Educational Service District No. 112							
STATEMENT OF NET POSITION - ALL FUNDS							
AUGUST 31, 2023							
	NOTE REF	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS
NONCURRENT LIABILITIES							
Compensated Absences	Notes 1,4	\$ 1,787,282					\$ 1,787,282
Notes Payable	Note 4	\$ 357,665					\$ 357,665
Claim Reserves							
IBNR	Notes 4,9		\$ 1,164,964		\$ 521,760		\$ 1,686,724
Open Claims	Notes 4,9		\$ 2,190,865	\$ 8,901	\$ 311,880		\$ 2,511,646
Unallocated Loss Adjustment Expenses	Notes 4,9		\$ 462,000	\$ 45,000	\$ 155,000		\$ 662,000
Future L&I Assessments	Notes 4,9		\$ 987,147				\$ 987,147
Net Pension Liability	Notes 4,6	\$ 5,457,379	\$ 40,468	\$ 12,891	\$ 32,034	\$ 19,248	\$ 5,562,019
OPEB Liability	Notes 4,6	\$ 10,876,535	\$ 45,212	\$ 17,200	\$ 49,799	\$ 35,819	\$ 11,024,566
Bonds Payable	Note 4	\$ 3,596,330					\$ 3,596,330
Leases Payable	Notes 4,5	\$ 647,021					\$ 647,021
TOTAL NONCURRENT LIABILITIES		\$ 22,722,212	\$ 4,890,656	\$ 83,992	\$ 1,070,473	\$ 55,067	\$ 28,822,401
TOTAL LIABILITIES							
		\$ 28,747,903	\$ 7,720,700	\$ 594,353	\$ 2,234,122	\$ 300,290	\$ 39,597,368
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Related to Leases	Notes 1,5	\$ 940,618					\$ 940,618
Deferred Inflows Related to Pensions	Notes 1,6	\$ 4,014,526	\$ 29,408	\$ 9,368	\$ 23,279	\$ 13,987	\$ 4,090,568
Deferred Inflows Related to OPEB	Notes 1,7	\$ 10,467,470	\$ 43,512	\$ 16,553	\$ 47,926	\$ 34,472	\$ 10,609,933
TOTAL DEFERRED INFLOWS OF RESOURCES		\$ 15,422,613	\$ 72,920	\$ 25,921	\$ 71,205	\$ 48,459	\$ 15,641,118
NET POSITION							
Net Investment in Capital Assets	Note 1	\$ 17,749,214	\$ -	\$ -	\$ -	\$ -	\$ 17,749,214
Restricted	Notes 1,10	\$ 10,409,847	\$ 53,710	\$ 17,109	\$ 42,516	\$ 25,546	\$ 10,548,728
Unrestricted	Notes 1,10	\$ 885,088	\$ 12,360,379	\$ 11,972,552	\$ 5,503,708	\$ 546,195	\$ 31,267,922
TOTAL NET POSITION		\$ 29,044,149	\$ 12,414,089	\$ 11,989,661	\$ 5,546,224	\$ 571,740	\$ 59,565,864

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

Educational Service District No. 112							
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION							
FOR THE YEAR ENDED AUGUST 31, 2023							
	NOTE REF	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS
OPERATING REVENUES							
Local Sources		\$ 2,170,415				\$ 1,899,880	\$ 4,070,295
State Sources		\$ 52,541,831				\$ 913,794	\$ 53,455,625
Allotment		\$ 1,008,845					\$ 1,008,845
Federal Sources		\$ 14,070,079				\$ 54,698	\$ 14,124,777
Cooperative Programs		\$ 9,436,839					\$ 9,436,839
Other Programs		\$ 15,665,013					\$ 15,665,013
Member Assessments/Contributions		\$ -	\$ 9,721,077	\$ 1,307,425	\$ 4,482,677		\$ 15,511,179
Other Operating Revenue		\$ -	\$ 1,385		\$ 2,665		\$ 4,050
TOTAL OPERATING REVENUE	Note 1	\$ 94,893,021	\$ 9,722,462	\$ 1,307,425	\$ 4,485,342	\$ 2,868,373	\$ 113,276,622
OPERATING EXPENSES							
General Operations and Administration		\$ 1,756,020	\$ 683,960	\$ 238,137	\$ 583,757		\$ 3,261,874
Instructional Support Programs		\$ 65,269,256				\$ 2,730,285	\$ 67,999,540
Non Instructional Support Programs		\$ 22,670,238					\$ 22,670,238
Incurred Loss/Loss Adjustment Expenses -							
Paid on Current Losses	Note 9	\$ -	\$ 3,108,417	\$ 567,356	\$ 1,352,315		\$ 5,028,089
Change in Loss Reserves	Note 9	\$ -	\$ 451,343	\$ 241,276	\$ 586,162		\$ 1,278,781
Excess/Reinsurance Premiums	Note 9	\$ -	\$ 165,832		\$ 2,563,836		\$ 2,729,668
Labor & Industries Assessments	Note 9	\$ -	\$ 3,161,796				\$ 3,161,796
Depreciation/Depletion	Notes 1,3	\$ 1,501,110					\$ 1,501,110
Other Operating Expenses		\$ 248,628	\$ 98,515	\$ 294	\$ 25,203	\$ 16,082	\$ 388,722
TOTAL OPERATING EXPENSES	Note 1	\$ 91,445,251	\$ 7,669,864	\$ 1,047,063	\$ 5,111,273	\$ 2,746,366	\$ 108,019,817
OPERATING INCOME (LOSS)							
		\$ 3,447,770	\$ 2,052,598	\$ 260,362	\$ (625,931)	\$ 122,006	\$ 5,256,804

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

Educational Service District No. 112							
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION							
FOR THE YEAR ENDED AUGUST 31, 2023							
	NOTE REF	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS
NONOPERATING REVENUES (EXPENSES)							
Interest and Investment Income	Note 2	\$ 410,946	\$ 392,674	\$ 251,436	\$ 174,915	\$ 18,773	\$ 1,248,745
Interest Expense and Related Charges		(210,556)					(210,556)
Lease Income	Note 5	\$ 237,240					\$ 237,240
Change in Joint Venture	Note 11	\$ 120,660					\$ 120,660
Other Nonoperating Revenues	Note 5	\$ 76,490					\$ 76,490
TOTAL NONOPERATING REVENUES (EXPENSES)	Note 1	\$ 634,780	\$ 392,674	\$ 251,436	\$ 174,915	\$ 18,773	\$ 1,472,578
INCREASE (DECREASE) IN NET POSITION							
		\$ 4,082,550	\$ 2,445,272	\$ 511,798	\$ (451,017)	\$ 140,780	\$ 6,729,383
NET POSITION - BEGINNING BALANCE							
		\$ 24,961,600	\$ 9,968,817	\$ 11,477,863	\$ 5,997,240	\$ 430,960	\$ 52,836,481
NET POSITION - ENDING BALANCE		\$ 29,044,149	\$ 12,414,089	\$ 11,989,661	\$ 5,546,224	\$ 571,740	\$ 59,565,864

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

Educational Service District No. 112						
STATEMENT OF CASH FLOWS						
FOR THE YEAR ENDED AUGUST 31, 2023						
	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS
CASH FLOW FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 21,534,570	\$ 8,950,144	\$ 1,285,997	\$ 4,260,538	\$ 3,018,767	\$ 39,050,016
Cash Received from State and Federal Sources	\$ 69,112,237				\$ 902,078	\$ 70,014,315
Payments to Suppliers for Goods and Services	\$ (29,111,187)	\$ (118,206)	\$ (38,025)	\$ (178,777)	\$ (1,808,907)	\$ (31,255,102)
Payments to Employees for Services	\$ (62,069,938)					\$ (62,069,938)
Cash Paid for Benefits/Claims	\$ (4,531)	\$ (3,075,908)	\$ (476,497)	\$ (1,330,548)		\$ (4,887,484)
Internal Activity - Reimbursements from Other Funds	\$ 1,701,362	\$ (85,674)	\$ (31,185)	\$ 46,119	\$ (1,630,620)	\$ -
Internal Activity - Payments made to Other Funds	\$ 954,412	\$ 11,952	\$ (115,344)	\$ (254,266)	\$ (596,753)	\$ -
Cash Paid for Reinsurance		\$ (165,832)		\$ (2,563,836)		\$ (2,729,668)
Cash Received for Labor and Industries Assessments		\$ (3,161,796)				\$ (3,161,796)
Cash Paid for Other Operating Expense	\$ (907,768)	\$ (98,515)	\$ (294)	\$ (25,203)	\$ (16,082)	\$ (1,047,862)
Other Receipts (Payments)		\$ 1,385	\$ -	\$ 2,665		\$ 4,050
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,209,157	\$ 2,257,549	\$ 624,651	\$ (43,309)	\$ (131,517)	\$ 3,916,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Other Noncapital Activities	\$ 19,025					\$ 19,025
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	\$ 19,025	\$ -	\$ -	\$ -	\$ -	\$ 19,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	\$ (2,391,725)					\$ (2,391,725)
Proceeds from Capital Debt	\$ 460,609					\$ 460,609
Principal and Interest Paid on Capital Debt	\$ (1,371,159)					\$ (1,371,159)
Principal and Interest Paid on Lease Financing	\$ (731,196)					\$ (731,196)
Lease Income	\$ 314,816					\$ 314,816
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (3,718,654)	\$ -	\$ -	\$ -	\$ -	\$ (3,718,654)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends Received	\$ 410,946	\$ 392,674	\$ 251,436	\$ 174,915	\$ 18,773	\$ 1,248,745
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 410,946	\$ 392,674	\$ 251,436	\$ 174,915	\$ 18,773	\$ 1,248,745
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,079,527)	\$ 2,650,224	\$ 876,087	\$ 131,606	\$ (112,743)	\$ 1,465,646

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

Educational Service District No. 112							
STATEMENT OF CASH FLOWS							
FOR THE YEAR ENDED AUGUST 31, 2023							
	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	PROPERTY CASUALTY INSURANCE FUND	CHILDCARE FUND	TOTAL ALL FUNDS	
CASH AND CASH EQUIVALENTS - BEGINNING	\$ 23,479,912	\$ 16,976,191	\$ 11,599,459	\$ 7,640,309	\$ 735,423	\$ 60,431,295	
PRIOR PERIOD ADJUSTMENT						\$ -	
CASH AND CASH EQUIVALENTS - ENDING	\$ 21,400,386	\$ 19,626,414	\$ 12,475,546	\$ 7,771,915	\$ 622,680	\$ 61,896,941	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
OPERATING NET INCOME	\$ 3,447,770	\$ 2,052,598	\$ 260,362	\$ (625,931)	\$ 122,006	\$ 5,256,804	
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities							
Depreciation Expense	\$ 1,501,110					\$ 1,501,110	
Change in Assets and Liabilities						\$ -	
Receivables, Net	\$ (445,894)	\$ (152,462)	\$ 61,197	\$ -	\$ (66,650)	\$ (603,809)	
Prepays	\$ (28,585)					\$ (28,585)	
Inventories	\$ 8,977					\$ 8,977	
Accounts and Other Payables	\$ 751,883	\$ (20,372)	\$ 75,026	\$ 6,451	\$ (54,405)	\$ 758,582	
Accrued Expenses						\$ -	
Unearned Revenue	\$ (739,104)				\$ (23,392)	\$ (762,495)	
Pension Expense (Income) from change in Net Pension Liability (Asset)-							
Change in Deferred Outflows	\$ (1,314,690)	\$ 2,150	\$ (3,873)	\$ (13,358)	\$ 3,670	\$ (1,326,101)	
Change in Deferred Inflows	\$ (2,562,708)	\$ (32,171)	\$ (6,132)	\$ (11,869)	\$ (17,692)	\$ (2,630,573)	
Change in Net Pension Liability (Asset)	\$ (324,894)	\$ (2,491)	\$ 1,120	\$ 4,351	\$ (2,296)	\$ (324,210)	
OPEB Expense from change in Total OPEB Liability-							
Change in Deferred Outflows	\$ 551,621	\$ 12,868	\$ 2,234	\$ 953	\$ 24,392	\$ 592,068	
Change in Deferred Inflows	\$ 2,071,172	\$ (13,320)	\$ 451	\$ 12,744	\$ (39,995)	\$ 2,031,053	
Change in Total OPEB Liability	\$ (1,702,970)	\$ (40,593)	\$ (7,009)	\$ (2,813)	\$ (77,156)	\$ (1,830,541)	
Other Changes for Insurance Funds-							
Claims Reserve-Current	\$ (4,531)	\$ (1,559)	\$ 208,321	\$ 533,988		\$ 736,219	
Claims Reserve-Prior Year		\$ 137,748	\$ 3,955	\$ (226,498)		\$ (84,795)	
IBNR-Current		\$ (7,696)		\$ 10,100		\$ 2,404	
IBNR-Prior Year		\$ 404,570		\$ 228,572		\$ 633,142	
Future L&I Assessments		\$ (124,720)				\$ (124,720)	
Provision for Unallocated Loss Adjustment		\$ 43,000	\$ 29,000	\$ 40,000		\$ 112,000	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,209,157	\$ 2,257,549	\$ 624,651	\$ (43,309)	\$ (131,517)	\$ 3,916,531	

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

EDUCATIONAL SERVICE DISTRICT NO. 112
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 1, 2022 THROUGH AUGUST 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Educational Service District No. 112 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounting practices of the District are implemented under the oversight authority of the Washington Office of Superintendent of Public Instruction (OSPI), as published annually in the *Accounting Manual for Educational Service Districts*. The following summary of the more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

Reporting Entity

The District is one of nine educational service districts organized as political subdivisions of the state of Washington pursuant to Title 28A Revised Code of Washington (RCW) for the purpose of (1) providing cooperative and informational services to local school districts; (2) assisting OSPI and the Washington State Board of Education in the performance of their respective statutory or constitutional duties; and (3) providing services to school districts to assure equal educational opportunities.

The District serves thirty school districts in Clark, Cowlitz, Klickitat, Pacific, Skamania and Wahkiakum counties. Oversight responsibility for the District's operations is vested with a seven-member volunteer Board of Directors, elected by the school directors of member districts from throughout the six-county region. Management of the District is appointed by, and accountable to, the Board of Directors. Fiscal responsibility, including budget authority, the power to operate cooperatives, set fees for services, and issue debt consistent with the provisions of state statutes, rests with the Board. For financial reporting purposes, the District's financial statements include all fund entities that are controlled by the District's Board of Directors and managed by the administrative staff, unless noted hereafter.

The District is a separate legal entity and is fiscally independent from all other units of government. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. Management has reviewed operations, and based on the standards set by Governmental Accounting Standards Board (GASB), there were no component units of the District.

Basis of Accounting and Reporting

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The activities of the District rely significantly on fees and charges for support and are reported as enterprise funds. The District reports the following major enterprise funds:

The *Operating Fund* is the District's primary fund. It accounts for all financial resources of the District that are not reported in the following funds.

The *Workers' Compensation Risk Fund* accounts for workers' compensation payroll taxes collected from members, and the payment of associated claims, assessments, and expenses. The Fund, Southwest Washington Workers' Compensation Cooperative, is an enterprise fund established in 1983 for the purpose of providing group insurance and claims control for workers' compensation to member school districts and educational service districts. Refer to Note 9 for further disclosures.

The *Unemployment Risk Fund* accounts for the collection of premiums from members of the fund and the related payment of associated claims and expenses. The Fund, Southwest Washington Unemployment Compensation Cooperative, is an enterprise fund established in 1978 for the purpose of providing group insurance and claims control for unemployment compensation to the member districts and such other agencies as the members of the Cooperative shall deem appropriate. Refer to Note 9 for further disclosures.

The *Property and Casualty Risk Fund* accounts for premiums collected from members and set aside for the payment of deductibles on member property and casualty insurance claims. The Fund, Southwest Washington Risk Management Insurance Cooperative, is an enterprise fund established in 1985 for the purpose of providing group self-funding, claims control, and risk management for property / casualty liabilities to member school districts and educational service districts. Refer to Note 9 for further disclosures.

The *Childcare Fund*, doing business as the Southwest Washington Childcare Consortium, is an enterprise fund established in 1991 for the purpose of providing childcare services to local school districts through the collection of parent fees. The District provides administrative support to the Consortium; the Consortium contracts with a non-profit agency for its employees.

Budget

Educational service districts in the state of Washington are required to adopt a budget for their Operating Fund, using the same basis of accounting as for financial statement presentation. An appropriation is an authorization for the District to incur expenses in the amounts specified in the District's budget for the fiscal year. An annual appropriated budget is adopted for the Operating Fund on the accrual basis of accounting as set forth in RCW 28A.310.330 and WAC 392-125-030, with approval by OSPI.

The approved budget constitutes the legal authority for expenses. Management is authorized to transfer budgeted amounts between departments, within fund object classes and/or within activity codes; expenses may not exceed the total approved expense budget without adopting a revised budget and gaining formal approval from OSPI.

Expense budgets for other enterprise funds are adopted at the fund level and not subject to formal approval processes.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Cash and Cash Equivalents, Deposits, and Investments – Refer to Note 2.

For the purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) to be cash and cash equivalents. Investments held by the Clark County Treasurer are considered highly liquid as they are accessible on a daily basis, equivalent to a cash account.

Accounts Receivable

Accounts and contracts receivable represent the value of goods and services provided and invoiced to clients as of fiscal year-end. The amounts represent balances due from clients, generally within thirty days of invoice dates.

All receivables are shown net of an allowance for uncollectible balances. Uncollectible accounts are evaluated for write-off on an annual basis.

Leases Receivable

The District is a lessor for noncancelable leases and follows generally accepted accounting principles in its treatment of assets leased to other entities. The District recognizes a lease receivable and a deferred inflow of resources in the operating fund.

Lease agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. Leasing arrangements that are considered short term under generally accepted accounting principles are treated as operating income in the current year. Refer to Note 5 for further information on leased assets owned by the District.

Interfund Receivable

Outstanding balances between funds are reported as Interfund Receivable/Payable.

Inventory

Inventory balances consist of expendable supplies held for consumption by operating activities in future fiscal periods. The cost is recorded as an expense at the time inventory items are consumed. The District does not maintain material amounts of inventory. Inventories are valued by the FIFO method (which approximates the market value).

Prepays

Deposits paid for right-to-use facility leases and certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaids.

Capital Assets and Depreciation

Capital assets, which include property, facilities, and equipment, are reported in the Operating Fund and capitalized at total acquisition cost, provided such cost exceeds \$30,000 and the asset has an expected useful life of more than four (4) years. Property, facilities, and equipment that are purchased using Federal money are subject to records maintenance if the acquisition cost is over \$5,000. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives, based on the month placed in service:

Asset	Years
Vehicles	4–10
Equipment	5–20
Buildings and structures	10–40
Land improvements	5–40

Major expenses for capital assets, including capital leases and major repairs that increase the effectiveness or efficiency of the asset are capitalized. Assets under the capitalization threshold, maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Refer to Note 3 for further information on capital assets and depreciation.

Intangible Right-to-Use Leased Assets

The District follows generally accepted accounting principles in its treatment of leased assets. Leasing agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of intangible right-to-use leased assets is \$50,000. Leasing arrangements that are considered short term under generally accepted accounting principles or do not meet capitalization thresholds are treated as operating expenses in the current year. Refer to Note 5 for further information on intangible right-to-use leased assets.

Compensated Absences

Employees earn vacation leave at varying rates in accordance with District policy. Accrued but unused vacation leave is payable upon termination or death, limited to 240 hours.

Employees earn sick leave at a rate of up to 12 days per year and may accumulate an unlimited sick leave balance. Under the provisions of RCW 28A.400.210, sick leave accumulated by District employees is reimbursed at death or retirement at the rate of 1 day for each 4 days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy-back of an amount up to the maximum annual accumulation of 12 days. For buy-back purposes, employees may accumulate such leave to a maximum of 192 days, including annual accumulation, as of December 31 of each year.

The balance reported in the Statement of Net Position as of August 31, 2023, represents the aggregate amount of vacation and sick leave payable for all eligible employees of the District.

Unearned Revenue

Unearned revenue consists of balances acquired by the District from grant awards in advance of meeting eligibility requirements. Revenue is reported as earned upon meeting eligibility requirements. Balances reported as unearned revenue are expected to satisfy eligibility requirements within 12–18 months.

Deferred Outflows and Deferred Inflows

Generally accepted accounting principles for pensions (refer to Note 6) require the District to recognize deferred inflows and outflows on the Statement of Net Position related to the District's proportionate share of the Washington State Department of Retirement System's deferred income or expense items, to be recognized over a number of years, for changes in experience, assumptions, proportion, contributions, and investment earnings. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Generally accepted accounting principles for other post-retirement employee benefits (OPEB) (refer to Note 7) require the District to recognize deferred inflows and outflows on the Statement of Net Position related to the single-employer plan administered by the Washington State Health Care Authority, to be recognized over a number of years, for changes in experience, assumptions, and timing of contributions.

Generally accepted accounting principles for leases require the District to recognize deferred inflows on the Statement of Net Position related to the lease receivable at inception of the lease or implementation of GASB 87. Refer to Note 5 for further disclosures related to leases.

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Consistent with generally accepted accounting principles, net position is displayed in the following three categories which focus on the accessibility of the underlying assets: (1) Net Investment in Capital Assets, (2) Restricted Net Position, and (3) Unrestricted Net Position.

Net Investment in Capital Assets

Consists of capital assets, including restricted capital assets, if any, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Position

Funds subject to externally imposed restrictions which may not be removed without the consent of those imposing the restrictions. Major categories of restricted net position are listed in Note 10.

Unrestricted Net Position

Funds that do not meet the definition of either of the first components above. The District's management or Board of the District may designate resources for specific purposes, however, this represents an internal commitment that may be changed or removed and is therefore not considered a restriction under generally accepted accounting principles.

Net Position Classification

It is the District's general practice to first apply restricted resources when an expense is incurred for purposes for which both are available.

Operating and Nonoperating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principle ongoing operations, including:

- Revenue from those who purchase, use, or directly benefit from the goods or services of the program;
- Revenue from other governments, entities, and individuals, if such revenue is restricted to a specific program or programs;
- Interest earnings on restricted program funds if required by funding agreement;
- Current year pension expense (refer to Note 6); and
- Current year OPEB expense (refer to Note 7).

Under these guidelines, program-specific operating grants and contributions are presented as operating revenue.

Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues and expenses include interest earnings on investments not restricted to program benefit, interest expense on debt, other asset and financing activities including grants used to finance operations and expenses not related to the provision of District services, gain or loss on the sale of assets, and changes from investments in joint ventures.

Pensions

For purposes of measuring the net pension assets, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Accounting and Reporting Changes

Effective for the fiscal year ending August 31, 2023, the District adopted the following new standard issued by the Governmental Accounting Standards Board (GASB):

The District implemented Statement No. 96 SBITA for the fiscal year ended August 31, 2023, with no significant impact on financial position or reporting.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

All the District's bank balances are insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the PDPC to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

The office of the Clark County Treasurer is the ex-officio treasurer for the District. The District is a participant in the Clark County Treasurer's Investment Pool (CCTIP), an external investment pool managed and operated by the Office of the Clark County Treasurer under authority of RCW 36.29, which authorizes county treasurers to invest funds of participants. In this capacity, the Clark County Treasurer receives daily deposits and transacts investments on behalf of the District and invests all temporary cash surpluses. Interest on these investments is prorated to various funds by the Clark County Treasurer based on segregated balance records.

The CCTIP investment policy is established in accordance with RCW 36.48.070. The CCTIP investment policy and annual report are available at <https://clark.wa.gov/treasurer>.

The CCTIP is an unrated external investment pool. Investments in the CCTIP, are reported at amortized cost, which approximates fair value. The CCTIP is invested in manner that meets the maturity, quality, diversification and liquidity requirements set forth by generally accepted accounting principles for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The CCTIP does not have any legally binding guarantees of share values.

The CCTIP does not impose liquidity fees or redemption gates on participant withdrawals. It is the policy of the CCTIP to permit participants to withdraw their investments on a daily basis; therefore, the District's investment balance in the CCTIP is equal to fair value. Fair value is measured using quoted prices in active markets for identical assets that the CCTIP can access at the measurement date (Level 1 Inputs). Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

As of August 31, 2023, the District had cash balances and short-term residual investments of surplus cash as follows:

	Fair Value
Cash on Hand, Bank Deposits	\$ 12,397
Clark County Treasurer's Investment Pool (CCTIP)	\$ 61,884,544
Total Cash, Cash Equivalents & Short-Term Investments	\$ 61,896,941

The District reports its investment in the CCTIP at the fair value amount, which is the same as the value of the CCTIP per share.

The Clark County Treasurer bears the risk of maturity in the CCTIP.

Credit Risk

The CCTIP is considered extremely low risk. The CCTIP portfolio is made up of high quality, highly liquid securities, and its relatively short average maturity reduces the CCTIP's price sensitivity to market interest rate fluctuations.

The CCTIP is not insured or guaranteed by any government; therefore, maintenance of principal is not fully insured. The CCTIP does not have a credit rating. As of August 31, 2023, NAV per share was \$0.976879.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, the District would not be able to recover the value of the investment or collateral securities. Of the District's total cash and investment position of \$61,896,941, no balances invested with the CCTIP are exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Concentration of Credit Risk

Credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The District does not have a formal policy for concentration of credit risk. The District does not have investments in any one issuer that represents five percent or more of total investments.

Interest Rate Risk

Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District does not have a formal policy that addresses interest rate risk.

As of August 31, 2023, the CCTIP average maturity was 1.20 years. As a means of limiting its exposure to rising interest rates, securities purchased in the CCTIP must have a final maturity, or weighted average life, no longer than five years. While the CCTIP's market value is calculated monthly, unrealized gains and losses are not distributed to participants. The CCTIP distributes earnings monthly using an amortized cost methodology.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the fiscal year ended August 31, 2023, was as follows:

	Beginning Balance 9/1/22	Additions	Retirements	Ending Balance 8/31/23
Capital assets not depreciated:				
Land	\$ 4,916,711	\$ -	\$ -	\$ 4,916,711
Construction in Progress	2,907,346	1,874,269	(4,650,309)	131,306
Total capital assets not depreciated	7,824,057	1,874,269	(4,650,309)	5,048,017
Depreciable capital assets:				
Buildings & Improvements	20,293,734	4,650,309		24,944,043
Improvements other than Buildings	144,105			144,105
Equipment	3,919,614	517,456		4,437,070

	Beginning Balance 9/1/22	Additions	Retirements	Ending Balance 8/31/23
Lease Assets	649,003	769,178	(225,705)	1,192,476
Total depreciable capital assets	25,006,456	5,936,943	(225,705)	30,717,694
Less accumulated depreciation for:				
Buildings & Improvements	(7,811,635)	(912,713)		(8,724,348)
Improvements other than Buildings	(29,839)	(9,498)		(39,337)
Equipment	(2,524,538)	(367,040)		(2,891,578)
Lease Assets	(244,029)	(211,860)	122,708	(333,181)
Total accumulated depreciation	(10,610,042)	(1,501,110)	122,708	(11,988,444)
Total depreciable assets, net	14,396,414	4,435,833	(102,997)	18,729,250
Total assets, net	\$ 22,220,471	\$ 6,310,102	\$ (4,753,306)	\$ 23,777,267

Refer to Note 5 for further disclosures on leases of assets owned by the District, as well as intangible right to use assets by the District and associated accumulated depreciation.

Construction Commitments

The District has active construction projects and commitments as of August 31, 2023. At fiscal year-end, the District's projects and contractual commitments were as follows:

Project	Spent to Date as of August 31, 2023	Outstanding Commitment
2400 Behavioral Program Remodel	\$ 128,188	\$ 219,617

NOTE 4: LONG-TERM LIABILITIES

The District issues limited obligation bonds through direct borrowings and placements to finance the purchase of real property and construction of capital facilities and leasehold improvements. Long-term debt from limited obligation bonds and notes from direct borrowings and placements as of August 31, 2023, are comprised of the following individual issues:

Bond Purpose	Amount Authorized	Annual Installments	Maturity Range	Interest Rate	Amount Outstanding, August 31, 2023
Business Park Bond 2022 Refinance - 2500 NE 65 th Avenue, Vancouver WA	\$ 6,404,058	\$982,829- \$1,133,671	8/1/22- 8/1/27	3.50%	\$ 4,287,558
Land/Building purchase for Cowlitz County Therapeutic Program-1946 8 th Avenue, Longview WA	\$ 1,485,000	\$133,000- \$165,000	12/1/16- 6/1/26	2.50%	\$ 483,000
Total					\$ 4,770,558

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For limited obligation bond issuances, the District irrevocably pledges the full faith, credit and resources of the District for the prompt payment of bond obligations. The District has further provided a deed of trust for the acquired properties as collateral to the lender for limited obligation bond issuances as listed in the table above.

Debt service requirements to maturity for privately placed limited obligation bonds, as of August 31, 2023, are as follows:

Years Ending August 31,	Principal	Interest
2024, Current Portion	1,174,228	161,165
2025	1,213,831	121,612
2026	1,254,680	80,712
2027	1,127,819	39,473
Total	\$ 4,770,558	\$ 402,962

The District issues notes obligations through direct borrowings and placements to finance the purchase of transportation vehicles and a portable building. Debt from note obligations from direct borrowings and placements as of August 31, 2023, are comprised of the following individual issues:

Note Purpose	Amount Authorized	Annual Installments	Maturity Range	Interest Rate	Amount Outstanding, August 31, 2023
Captain Strong Portable	\$ 280,600	\$7,015	12/31/20-12/31/39	0.00%	\$ 259,555
Financed Bus Purchase	\$ 135,821	\$18,956	12/15/20-12/15/27	3.28%	\$ 70,282
Financed Bus Purchase	\$ 130,820	\$18,258	12/15/20-12/15/27	3.28%	\$ 67,696
Total					\$ 397,533

The annual debt service requirements to maturity for note payables, as of August 31, 2023 are as follows:

Fiscal Years Ending August 31,	Principal	Interest
2024, Current Portion	39,867	4,362
2025	40,940	3,289
2026	42,048	2,181
2027	43,182	1,047
2028	7,015	-
2029-2033	35,075	-
2034-2038	35,075	-
2039-2040	154,330	-
Total	\$ 397,533	\$ 10,879

Changes in Long-Term Liabilities

During the fiscal year ending August 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 9/1/2022	Additions	Reductions	Ending Balance 8/31/2023	Due Within One Year
Direct Placement Bonds	\$ 5,906,387		\$(1,135,829)	\$ 4,770,558	\$ 1,174,228
Notes Payable	436,361		(38,828)	397,533	39,867
Compensated Absences (Note 1)	1,908,245	204,037		2,112,282	325,000
Claims Reserves (Note 9)	4,441,734	651,424		5,093,158	2,581,512
IBNR (Note 9)	2,255,222	635,546		2,890,768	1,204,044
Unallocated Loss Adjustment Expenses (Note 9)	550,000	112,000		662,000	
Future L&I Assessments (Note 9)	1,111,867		(124,720)	987,147	
Leases (Note 5)	399,354	776,797	(316,188)	859,963	212,942
Net Pension Liability (NPL) (Note 6)	7,080,640		(1,518,621)	5,562,019	
Total OPEB Liability (Note 7)	13,110,860		(1,830,541)	11,280,319	255,753
Total Long-Term Liabilities	\$37,200,670	\$2,379,804	\$(4,964,727)	\$34,615,747	\$5,793,346

NOTE 5: LEASES

Lease of Capital Assets (intangible right to use assets by the District)

The District leases facilities, office equipment and other assets under a variety of long-term, non-cancelable lease agreements. In accordance with GASB Statement No. 87, Leases, the District records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the rates state in the contracts or comparative borrowings. The District provides no residual value guarantees for the buildings or equipment.

The underlying leased assets as of August 31, 2023, are as follows:

	Beginning Balance 9/1/2022	Additions	Deductions	Ending Balance 8/31/2023
Leased Buildings	\$ 423,298	\$ 358,879	\$ -	\$ 782,177
Leased Equipment	225,705	410,299	(225,705)	410,299
Total Leased Assets	649,003	769,178	(225,705)	1,192,476
Accum. Amort. Leased Bldgs.	(144,384)	(157,511)	-	(301,895)
Accum. Amort. Leased Equip.	(99,644)	(54,349)	122,708	(31,285)
Total Accum. Amortization	(244,028)	(211,860)	122,708	(333,180)
Total Leased Assets, net	\$ 404,975	\$ 557,318	\$ (102,997)	\$ 859,296

The following schedule presents future annual lease payments as of August 31, 2023:

Year ended August 31	Principal	Interest	Total
2024	\$ 212,942	\$ 18,245	\$ 231,187
2025	90,863	23,906	114,769
2026	99,323	20,445	119,768
2027	112,910	16,719	129,629
2028	75,648	12,733	88,381
2029-2033	176,633	41,171	217,804
2034-2038	91,644	5,459	97,103
Total	\$ 859,963	\$ 138,678	\$ 998,641

Changes in lease liabilities are presented in Note 4.

Lease of Capital Assets (owned by the District)

The District leases space to tenants in buildings not currently needed by the District (excess capacity) and also to a communication tower to generate revenue for public service. As of August 31, 2023, the District recognizes \$940,618 regarding inflows recognized in the reporting period not previously included in lease calculations and/or other inflows. Lease income and additional income for the fiscal year ended August 31, 2023 is \$221,495 and \$51,664, respectively. Lease income is classified as nonoperating revenue.

In accordance with GASB Statement No. 87, Leases, the District records applicable lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate. A brief description of leasing arrangements is as follows:

Business Park

The District owns buildings in the Ogden Business Park totaling 113,601 square feet. The District currently occupies 82% of the building square footage; the remainder is under lease occupancy agreements that were transferred from the seller of the buildings in 2015. The existing lease has a termination date of December 31, 2024, excluding unexecuted options to renew. The District's lease to a communication tower has a termination date of November 30, 2038, excluding unexecuted options to renew.

Lease income for fiscal year ended August 31, 2023 is detailed below:

	Lease Income	Additional Income
Ogden Business Park Tenant	\$ 158,314	\$ 50,195
Ogden Business Park Cell Tower	63,181	1,469
Total Lease Income	\$ 221,495	\$ 51,644

As of August 31, 2023, the principal and interest requirements to maturity are as follows:

Year ended August 31	Principal	Interest	Total
2024	\$ 210,664	\$ 20,308	\$ 230,972
2025	93,777	16,203	109,980
2026	34,324	15,145	49,469
2027	36,622	14,332	50,954
2028	39,018	13,465	52,483
2029-2033	234,733	52,261	286,994
2034-2038	311,636	21,068	332,704
2039-2043	17,694	68	17,762
Total	\$ 978,468	\$ 152,850	\$ 1,131,318

NOTE 6: PENSION PLANS

State Sponsored Pension Plans

General Information

The District is required to provide retirement benefits for substantially all qualifying employees through the Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington. Generally accepted accounting principles require, among other provisions, that the District recognize its proportionate share of the DRS plans' funded status. The District has no independent ability to fund or satisfy pension liabilities outside of Washington State's legislatively adopted contribution rates. Assessments now and in the future are made based on the legislatively-mandated rates and are paid by the District on salaries and wages, as earned, in future years.

The following table represents the aggregate pension amounts for all plans of the District for fiscal year 2023:

Aggregate Pension Amounts—All Plans	
Pension Liabilities	\$ 5,562,019
Pension Assets	1,547,033
Deferred outflows of resources	9,379,173
Deferred inflows of resources	4,090,568
Pension expense	1,274,393

DRS, a department within the primary government of the state of Washington, issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for each plan. The DRS annual comprehensive financial report may be obtained by writing to: Washington State Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or online at <https://www.drs.wa.gov/news/>.

Membership Participation

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by

DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS).

Membership & Plan Benefits

Certificated employees are members of TRS. Classified employees are members of PERS (if Plan 1) or SERS. Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. TRS 1 and PERS 1 are closed to new entrants.

TRS Plan Information

TRS was established in 1938, and its retirement provisions are contained in RCW 41.34 and 41.32. TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated, public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of 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 members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability, and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service – up to a maximum of 60%. AFC is the average of the member's two consecutive highest-paid fiscal years.

Members are eligible for retirement at any age after 30 years of service, at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, and an optional cost-of-living adjustment (COLA).

TRS Plan 2/3 provides retirement, disability, and death benefits. TRS Plan 2 members are vested after completing five years of eligible service. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service are earned after age 44. Retirement benefits for Plan 2 are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. TRS Plan 2/3 has no cap on years of service credit.

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. TRS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year

before age 65. TRS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other TRS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

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

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contribution upon separation. Members have multiple withdrawal options, including purchase of an annuity.

PERS Plan Information

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. PERS Plan 1 provides retirement, disability, and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as 2% times the member's Average Final Compensation (AFC) times the member's years of services. AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status before age 65 may also receive actuarially reduced benefits. Other benefits include an optional Cost-of-Living Adjustment (COLA).

SERS Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in Chapters 41.34 and 41.35 RCW. SERS members include classified employees of school districts and educational service districts. SERS is a cost-sharing, multiemployer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is a single plan for accounting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

SERS provides retirement, disability, and death benefits. SERS Plan 2 members are vested after completing five years of eligible service. SERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service was earned after age 44. 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 consecutive highest-paid service credit 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. SERS members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65.

SERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other SERS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

SERS 3 defined contributions benefits are totally dependent on employee contributions and the investment earnings on those contributions. Annuities purchased with plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a 3% annually.

Plan Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW for PERS, Chapters 41.35 and 41.45 RCW for SERS, and Chapters 41.32 and 41.45 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2022. PERS contribution rates changed on July 1, 2023. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 are listed below:

	From this date	Through this date	Member rate	Employer rate	
PERS 1	9/1/2022	6/30/2023	6.00%	10.39%	
PERS 1	7/1/2023	8/31/2023	6.00%	9.39%	
SERS 2	9/1/2022	8/31/2023	7.76%	11.79%	
SERS 3	9/1/2022	8/31/2023	*	11.79%	**
TRS 1	9/1/2022	8/31/2023	6.00%	14.69%	
TRS 2	9/1/2022	8/31/2023	8.05%	14.69%	
TRS 3	9/1/2022	8/31/2023	*	14.69%	**
<i>Note: The Employer rates include .0018 DRS administrative expense.</i>					
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.					

** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.

The District's actual contributions to the plans for the year ended August 31, 2023 were as follows:

August 31, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$ 1,194,077	\$ 2,400,223	\$ 716,456	\$ 894,065

District's Proportionate Share of the Net Pension Liability (NPL) and Net Pension Asset (NPA)

As of June 30, 2023, the District reported \$(1,547,033) for its proportionate shares of the individual plans' collective net pension assets and \$5,562,019 for its proportionate shares of the individual plans' collective net pension liability. The employer's proportionate share of these collective net pension amounts is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2023, the District's proportionate share of each plan's net pension (asset) liability is reported below:

June 30, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Proportionate Share of NPL (NPA)	\$ 3,920,479	\$ (1,387,577)	\$ 1,641,540	\$ (159,456)

Changes to the District's proportionate shares of the collective net pension liability are displayed in the Schedule of Changes in Long Term Liabilities, Note 4.

As of June 30, 2023, the District's proportionate share of the collective net pension (asset) liability and the change in the allocation percentage from the prior year is reported below:

Change in Proportionate Shares Allocation Percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of (NPA)/NPL	0.171745%	0.969358%	0.129611%	0.129834%
Prior year proportionate share of (NPA)/NPL	0.168048%	0.927271%	0.126277%	0.127205%
Net difference percentage	0.003697%	0.042087%	0.003333%	0.002629%

Actuarial Assumptions

The total pension (assets) liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2022, with the results rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.25% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2022, 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 2022 actuarial valuation report.

Long-term Expected Rate of Return

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided. The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

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

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The expected future rates of return are developed by the WSIB for each major asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

The inflation component used to create the above table was 2.20% and represents WSIB's long-term estimate of broad economic inflation consistent with their 2021 CMAs.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the 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 the DRS Certification Letter, 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, a 7.00% on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the district's proportionate share of the net pension (asset) or liability calculated using the discount rate of 7.00%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate. Amounts are calculated using the district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

Sensitivity of NPL (NPA) to Changes in the Discount Rate			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1 NPL (NPA)	\$3,189,149,000	\$2,282,732,000	\$1,491,643,000
Allocation Percentage	0.171745%	0.171745%	0.171745%
Proportionate Share of Collective NPL (NPA)	\$5,477,206	\$3,920,479	\$2,561,823
SERS 2/3 NPL (NPA)	\$1,168,408,000	(\$143,144,000)	(\$1,224,160,000)
Allocation Percentage	0.969358%	0.969358%	0.969358%
Proportionate Share of Collective NPL (NPA)	\$11,326,052	\$(1,387,577)	\$(11,866,489)
TRS 1 NPL (NPA)	\$1,927,853,000	\$1,266,517,000	\$688,424,000
Allocation Percentage	0.129611%	0.129611%	0.129611%
Proportionate Share of Collective NPL (NPA)	\$2,498,701	\$1,641,540	\$892,270
TRS 2/3 NPL (NPA)	\$3,965,509,000	\$(122,815,000)	\$(3,446,561,000)
Allocation Percentage	0.129834%	0.129834%	0.129834%
Proportionate Share of Collective NPL (NPA)	\$5,148,576	\$(159,456)	\$(4,474,806)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The pension plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. As of August 31, 2023, the District 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 Related to Pensions		
PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences		

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		
Net difference between projected and actual earnings on pension plan investments		\$(442,247)
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	\$176,540	
TOTAL	\$176,540	\$(442,247)
SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$3,462,542	
Net difference between projected and actual earnings on pension plan investments		\$(2,166,871)
Changes in assumptions or other inputs	\$2,359,774	\$(81,051)
Changes in proportionate shares	\$45,413	\$(158,818)
Contributions subsequent to the measurement date	\$354,749	
TOTAL	\$6,222,477	\$(2,406,740)
TRS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences		
Net difference between projected and actual earnings on pension plan investments		\$(237,639)
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	\$119,385	
TOTAL	\$119,385	\$(237,639)
TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$1,388,554	\$(22,466)
Net difference between projected and actual earnings on pension plan investments		\$(764,808)
Changes in assumptions or other inputs	\$1,266,717	\$(125,540)
Changes in proportionate shares	\$56,723	\$(91,128)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		
Contributions subsequent to the measurement date	\$148,776	
TOTAL	\$2,860,771	\$(1,003,942)

COMBINED TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$4,851,095	\$(22,466)
Net difference between projected and actual earnings on pension plan investments	-	\$(3,611,565)
Changes in assumptions or other inputs	\$3,626,492	\$(206,590)
Changes in proportionate shares	\$102,135	\$(249,947)
Contributions subsequent to the measurement date	\$799,451	
TOTAL	\$9,379,173	\$(4,090,568)

The \$799,451 reported as Deferred Outflows of Resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) or liability for the year ending August 31, 2024.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year ending August 31,	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2024	\$(300,886)	\$18,926	\$(166,066)	\$(188,412)
2025	(378,400)	(444,078)	(209,942)	(307,979)
2026	233,316	2,429,897	134,173	772,063
2027	3,724	988,683	4,197	337,845
2028	-	430,639	-	334,614
Thereafter	-	36,921	-	759,922

Pension Expense

For the year ended August 31, 2023, the District recognized a total pension expense as follows:

Pension Expense	
PERS 1	\$78,446
SERS 2/3	1,049,926
TRS 1	(253,370)
TRS 2/3	399,391
Total Pension Expense	\$1,274,393

Schedules of Required Supplementary Information

Required supplementary information is presented in the required supplementary schedules for each plan the District participates in.

NOTE 7: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

Access to Other Post Employment Medical Benefits through the Washington State Health Care Authority (HCA)

Washington State, through the HCA, administers a defined benefit other post-employment (OPEB) plan. The Public Employees' Benefits Board (PEBB) created under the HCA is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Eligible retirees and spouses are entitled to subsidies associated with post-employment medical benefits provided through PEBB.

The relationship between the PEBB OPEB plan and its employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to sharing of benefit costs.

Participation in the plan is administered by HCA as a single-employer defined benefit OPEB plan. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Aggregate Summary of OPEB Amounts	
OPEB liabilities	\$11,280,319
Deferred outflows of resources	3,544,840
Deferred inflows of resources	10,609,933
OPEB expense	1,043,901

Valuation Date, Measurement Date and Reporting Date

The "valuation date" is July 1, 2022. This is the date as of which the census data is gathered and the actuarial valuation is performed. The "measurement date" is August 31, 2023. This is the date as of which the Total OPEB Liability is determined. Generally accepted accounting principles for OPEB allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required

between the measurement date and the reporting date. The “reporting date” is the District’s fiscal year end of August 31, 2023.

General Description

Employers participating in the PEBB OPEB plan include Washington State general government agencies, higher education institutions, K-12 school and educational service districts and political subdivisions. Additionally, PEBB’s OPEB plan is available to retirees of K-12 school districts and educational service districts who do not participate in PEBB for insurance for their active employees. RCW 41.05.085 provides that contribution requirements of participating employers and of plan members are established by, and may be amended by, the HCA Board of Directors. Participating employers and active plan members are required to contribute the established benefit rates. All K-12 school districts and educational service districts contribute the same rate, which is set annually, as an amount per pro-rated full-time equivalent (FTE) under RCW 28A.400.410. Employers do not have the ability to contribute additionally to funding against future liabilities or impact funding progress on the actuarially determined liability of the HCA’s PEBB OPEB plan.

The PEBB OPEB plan provides healthcare insurance benefits (medical and dental) for retirees and their dependents. Retired members may only elect dental coverage if they have elected medical coverage. The PEBB OPEB plan offers eighteen (18) medical plans and three (3) dental plans. All current and future retirees who elect medical and dental coverage are assumed to elect carriers based on the weighted average of selection of carriers by current PEBB retirees. When a retiree or covered dependent becomes eligible for Medicare, the retiree or covered dependent must enroll in Medicare Parts A and B in order to maintain eligibility for retiree coverage.

Employees Covered by Benefit Terms

District employees are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 or 3 of TRS or SERS (refer to Note 6):

- Age 65 with 5 years of service for Plan 2
- Age 55 with 20 years of service for Plan 2
- Age 55 with 10 years of service for Plan 3

Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical and life insurance benefits after pension benefit commencement. Survivors of covered members who die are eligible for medical benefits. As of July 1, 2022, the following employees were covered by benefit terms:

Retirees and dependents currently receiving benefit payments	94
Active employees who may qualify for benefits upon retirement	598

It is not possible to determine the number of inactive employees entitled to, but not yet receiving benefit payments. Retiring employees apply for benefits at their discretion, may be otherwise working and not eligible for benefits or be deceased. This data is not monitored by the District, HCA or the state of Washington.

Election Assumptions

65% of employees are assumed to elect medical and dental benefits upon retirement. 45% of employees are assumed to enroll eligible dependents as of the retirement date. 100% of employees are assumed to enroll in Medicare, once eligible, after initial participation.

Total OPEB Liability

The District's Total OPEB Liability of \$11,280,319 was measured for the year ending August 31, 2023, and was determined by an actuarial valuation as of the valuation date of July 1, 2022, calculated based on the discount rates discussed below, projected to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. If there were significant changes, an additional analysis or valuation might be required.

Changes in Actuarial Methods and Assumptions

The actuarial methods and assumptions used in the valuation as of July 1, 2022 are the same as those used in the prior valuation except as follows:

- The GASB 75 discount rate was changed from 3.59% for the August 31, 2022 measurement date to 3.81% for the August 31, 2023 measurement date. This is the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years. GASB 75 requires that the discount rate be based on a 20-year high quality (AA/Aa or higher) municipal bond rate.
- Effective with the August 31, 2023 measurement date, the election assumption for members was updated to match the assumption used by the Office of the State Actuary in the 2023 Demographic Experience Study.
- Effective with the August 31, 2023 measurement date, the spouse age assumption for female members was updated to match the assumption used by the Office of the State Actuary in the 2023 Demographic Experience Study.
- Effective with the August 31, 2023 measurement date, the expected trends were updated to better reflect expectations of future trends experience.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement dates, unless otherwise specified.

Inflation

The inflation rate of 2.35% was developed by the Office of the State Actuary for PEBB and was applied to the measurement date ending August 31, 2023.

Salary Increases

Salary assumptions are necessary for the actuarial cost method of OPEB. Salary assumptions reflect the assumptions used in the actuarial valuations for Washington State School Employees' Retirement System (SERS) and Teacher Retirement System (TRS). Projected payroll increases have been assumed to be 3.25% which equals 0.40% for the regional price inflation differential component and 0.50% real wage growth above inflation. Projected annual merit and longevity increases for SERS range from 8.00% for 0 years of service to 0.10% for 20 years of service. Projected annual merit and longevity increases for TRS range from 5.50% for 0 years of service to 0.10% for 25 years of service.

Discount Rate

The discount rate used to measure the Total OPEB Liability, as required by generally accepted accounting principles for the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method, was based on the yield or index rate for 20-year Tax-Exempt General Obligation Municipal bonds with an average rating of AA/Aa or higher (*Bond Buyer General Obligation* 20-bond municipal index for bonds that mature in 20 years). Discount rate assumptions were 3.81% for the measurement date of August 31, 2023.

Demographic Assumptions

Demographic assumptions regarding retirement, mortality, turnover, and marriage are based on assumptions used in the Office of the State Actuary's actuarial valuation for Washington State SERS and TRS, modified for the District.

- Service retirement assumptions for plans 2 and 3 were used, which vary based on hire date and years of service.
- The assumed rates of disability under SERS and TRS plans 2 and 3 are less than 0.2% for ages 49 and below and continue to be low after that; demographic assumptions assume a 0% disability rate for all ages.
- Mortality assumptions for SERS were used (Scale MP-2017 Long-Term Rates) on a generational basis, with gender-distinct employee rates before commencement and retiree and contingent survivor rates (as appropriate) after benefit commencement. For SERS, generational tables were used; for TRS, teachers' tables were used.

Healthcare Cost Trends

Healthcare cost trends used in the actuarial valuation were developed for use in the June 30, 2022 OPEB valuation for the PEBB program, performed by the Office of the State Actuary. These assumptions are summarized below and refer to the amount by which medical costs are anticipated to exceed costs for the years ending June 30:

Year Ending June 30,	Pre-65 Retiree Premiums & Claims	Post-65 Retiree Claims	Post-65 Retiree Premiums
2023	5.4%	7.7%	11.4%
2024-2097+	5.7% to 3.8%	6.8% to 3.8%	9.4% to 3.8%

Dental costs trends are assumed to increase 1.1% to 4.0% for the year 2023-2027 and beyond.

Premium Levels

Assumed annual medical retiree contributions as of July 1, 2022 used in the actuarial valuation are displayed below. These represent a weighted average of July 1, 2022 to June 30, 2023 PEBB retiree contributions by medical plan, based on overall PEBB current retiree medical plan election as of the July 1, 2022 valuation date. Contribution assumptions exclude fees charged as a direct pass-through to participating retirees.

	Employee or Spouse	
	Non-Medicare	Medicare
Weighted average based on current PEBB retirees	\$ 9,037.50	\$ 3,800.69

The July 1, 2022 assumed annual dental retiree contribution for employee or spouse is \$578.19, representing a weighted average of July 1, 2022 to June 30, 2023 PEBB retiree contributions by dental plan, based on overall PEBB current retiree dental plan elections.

Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method whereby the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age).

¹ The actuarial valuation for the Washington State OPEB plan offered through PEBB under administration of the Washington HCA can be found at <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

² The actuarial valuation for the Washington State School Employees' Retirement System (SERS) and Teacher Retirement System (TRS) can be found in the Department of Retirement Systems' Annual Comprehensive Financial Report at [Publications - Department of Retirement Systems \(wa.gov\)](http://publications.wa.gov/Department-of-Retirement-Systems)

Claims Cost Assumptions

Subsidies provided by PEBB and valued in the actuarial valuation include the following:

- Explicit medical subsidy for post-65 retirees and spouses
- Implicit medical and dental subsidy

The explicit subsidies are monthly amounts paid per post-65 retirees and spouses. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lesser of \$183 or 50% of the monthly premiums. The rate remains at \$183 through 2023. The rate was last increased in 2020. Retirees and spouses currently pay the premium minus \$183 when the premium is over \$366 per month and pay half the premium when the premium is lower than \$366.

The implicit medical subsidy is the difference between the total cost of medical benefits and premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the explicit subsidy discussed above. Under generally accepted accounting principles, the total cost of benefit payments is to be based on claims costs or age-adjusted premiums approximating claims costs. The projection of retiree premiums is based on current amounts for the retirees' share of the premium, projected with the medical trend assumption, varied by age and sex. Implicit subsidies for dental coverage is also reflected in the actuarial valuation.

Changes in the Total OPEB Liability

The increase (decrease) in the Total OPEB Liability is detailed in the table below:

For the year ended	August 31, 2023
Total OPEB Liability, beginning balance	\$ 13,110,860
Changes for the year:	
Service cost	1,165,846
Interest on Total OPEB Liability	508,063
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(3,253,129)
Expected benefit payments	(251,321)
Total OPEB Liability, ending balance	\$ 11,280,319

Service cost represents the portion of the actuarial present value of expected benefit payments that is attributed to the valuation year.

Changes in assumptions or inputs represents the change in the portion of changes in the Total OPEB Liability that is not immediately recognized in OPEB expense and includes differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.

Expected benefit payments represent all benefits estimated to be payable through the PEBB OPEB plan to current active and inactive employees as a result of their past service and expected future service. This is the difference between the total cost of benefits and the portion of the benefits paid by the retirees. Per employee health costs vary depending on age, number of dependents and expected morbidity.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's Total OPEB Liability, calculated using the discount rate of 3.81%, as well as what the District's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.81%) or one percentage point higher (4.81%) than the current rate:

As of August 31, 2023	1% Decrease 2.81%	Discount Rate 3.81%	1% Increase 4.81%
Total OPEB Liability	\$ 13,393,949	\$ 11,280,319	\$ 9,597,131

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the District, calculated using the current healthcare cost trend rates as well as what the District's Total OPEB Liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

As of August 31, 2023	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 9,216,825	\$ 11,280,319	\$ 14,020,478

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

The District recognized OPEB expense as follows:

For the year ended	August 31, 2023
Service cost	\$ 1,165,846
Interest on Total OPEB Liability	508,063
Effect of plan changes	-
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains/losses	(284,760)
Recognition of assumption changes or inputs	(345,248)
OPEB Expense	\$ 1,043,901

The District's deferred outflows and inflows of resources related to OPEB as of the August 31, 2023 Measurement Date is as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (3,219,961)	\$ 484,931
Changes of assumptions or inputs	(7,389,972)	3,059,909
Contributions made subsequent to the Measurement Date	N/A	-
Total	\$ (10,609,933)	\$ 3,544,840

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in OPEB expense are detailed in the table below. Additional future deferred outflows and inflows of resources may impact these numbers.

Measurement Period Ending August 31,	
2024	\$(630,008)
2025	(630,008)
2026	(630,008)
2027	(630,008)
2028	(574,868)
Thereafter	(3,970,193)

NOTE 8: RISK MANAGEMENT

Property and Casualty

The District is a member of the Southwest Washington Risk Management Insurance Cooperative (the Pool), as authorized by RCW 48.62. The District joined the Pool effective September 1, 1985. Information regarding the operation of the Pool is found in Note 9.

The Pool purchases excess insurance coverage and provides related services, such as administration, risk management, and claims administration. All coverage is on an occurrence basis, except for Sexual Abuse/Misconduct, which is a claims made basis. The Pool provides the following forms of group

purchased insurance coverage for its members: Property, including owned buildings, automobiles and equipment, Equipment Breakdown, Commercial Crime, General Liability, Errors and Omissions Liability, Sexual Abuse/Misconduct, Cyber, Communicable Disease and Employment Practices Liability.

Members make an annual contribution to fund the Pool. Members are responsible for the first \$1,000 of all property claims and the Pool is responsible for the next \$500,000,000. There is no member deductible for liability claims. Excess insurance covers insured losses over \$250,000 up to the limits of each policy. The Pool is a member of Washington Schools Risk Management Pool (WSRMP) to obtain this excess insurance. The Pool purchases additional excess crime coverage as well as required Public Official Bonds. The Commercial Crime coverage is subject to a per-occurrence deductible of \$5,000; members are responsible for \$1,000 of that deductible amount for each claim. Cyber claims are subject to per occurrence deductible of \$100,000 to \$500,000. The Pool is fully funded by its member participants. No claims have exceeded insurance coverage in the past three years.

Pool members contract to automatically renew from year to year unless the member gives written notice of its election to terminate its participation in the agreement at least 180 days prior to August 31 of any year. Termination occurs on August 31. After termination, a member remains responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. A five-member executive committee is responsible for conducting the business affairs of the Pool. Financial statements and disclosures for the Pool may be obtained from the following address: 2500 NE 65th Avenue, Vancouver WA 98661.

Worker's Compensation

The District is a member of the Southwest Washington Workers' Compensation Cooperative (the Pool), dba Southwest Washington Workers' Compensation Trust, as authorized by RCW 51.14. The District joined the Pool effective January 1, 1983. Information regarding the operation of the Pool is found in Note 9.

The Pool provides industrial injury accident insurance coverage for its membership, including excess insurance coverage and provides related services such as administrative services, safety programs and claims administration. All coverage is on an occurrence basis. The Pool is fully funded by its member participants.

Members make an annual contribution to fund the Pool. Member contributions are calculated based on the members' hours worked. The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts. The Pool per-occurrence retention limit is \$450,000 and the annual aggregate retention is \$7,499,454. There is a joint liability among participating members.

Pool members contract to automatically renew from year to year unless the member gives written notice of its election to terminate its participation in the agreement at least 30 days prior to midnight December 31st of any year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. A five-member executive committee is responsible for conducting the business affairs of the Pool. Financial statements and disclosures for the Pool can be obtained from the following address: 2500 NE 65th Avenue, Vancouver, WA 98661.

Unemployment

The District is a member of the Southwest Washington Unemployment Compensation Cooperative (the Pool) as authorized by RCW 50.44. The District joined the Pool effective January 1, 1978. Information regarding the operation of the Pool is found in Note 9.

The Pool provides unemployment compensation coverage for Pool members arising from previous employees, employer representation (as needed) and claims administration services.

Members make an annual contribution to fund the Pool, which is fully funded by its member participants. Member districts pay a contribution calculated as a percentage of their employee's wages. These contributions plus investment earnings pay for unemployment claims and for the administration of the Pool. There is provision that members can be additionally assessed if the Pool needs additional funding.

Claimants submit claims to the State of Washington Employment Security Department who determines eligibility. The Pool reimburses the Department for the unemployment claims paid against the member's account. Since the Pool is a cooperative program, there is a joint liability among participating members.

Pool members contract to automatically renew from year to year unless the member gives written notice of its election to terminate its participation in the agreement at least 30 days prior to midnight December 31st. Termination occurs on December 31st of any fiscal year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Pool is governed by a board of directors [or trustees], which is comprised of one designated representative from each participating member. A five-member executive committee is responsible for conducting the business affairs of the Pool. Financial statements and disclosures for the Pool can be obtained from the following address: 2500 NE 65th Avenue, Vancouver WA, 98661.

NOTE 9: RISK POOL DISCLOSURES

Property & Liability Insurance Risk Pool

The District operates a self-funding, claims control, and risk management fund for property and casualty liabilities to member school districts and educational service districts. The Pool provides property and casualty insurance coverage for its membership as authorized by RCW 48.62. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW 39.34, the Interlocal Cooperation Act. The Pool was formed on September 1, 1985, to pool their self-insured losses and jointly purchase insurance and administrative services. Thirty-three (33) members have joined the Pool. The District is a member of the Pool (see Note 8).

Member Assessments, Unearned Member Assessments and Credits

Member assessments are collected in advance and recognized as revenue in the period for which insurance protection is provided. The assessment is calculated based on exposure data (student FTE, vehicle count, property value).

The interlocal governmental agreement provides for supplemental assessments to members based on actual claim experience. During fiscal years 2022 and 2023, the Pool did not make a supplemental assessment.

The interlocal governmental agreement provides that surplus members' fund balance be used to credit future annual assessments. For the year ended 2023, member assessments are presented net of such credits. The board of directors of the Pool has designated \$0 of member's net position for this purpose for the fiscal year ended 2024.

Unpaid Claims

Claim reserves represent the accumulation of estimates for reported, unpaid claims, and a provision for claims incurred, but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

Reserve for Unallocated Loss Adjustment Expenses

The reserve for unallocated loss adjustment expenses represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon cost estimates provided by an actuarial firm. The change in the liability each year is reflected in current earnings.

Unpaid Claims Liabilities

The Pool establishes claims liabilities based on actuarially derived estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated.

The following represents changes in contract liabilities for the Pool during the past two years:

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Unpaid claims and claim adjustment expenses, beginning of year	\$1,499,697	\$1,319,186
Incurring claims and claim adjustment expenses:		
Provision for insured events of current year	\$1,730,050	\$ 972,468
Increases in provision for insured events of prior years	168,414	237,287
Changes in provision for ULAE	40,000	18,000
Total incurred claims and claim adjustment expenses	1,938,464	1,227,755
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	(632,831)	(419,337)
Claims and claim adjustment expenses attributable to insured events of prior years	(719,471)	(627,907)
Total Payments	(1,352,302)	(1,047,244)
Total unpaid claims and claim adjustment expenses, end of year	\$2,085,859	\$1,499,697

As of August 31, 2023, \$2,085,859 of unpaid claims and claim adjustment expenses are presented at their net present value of \$2,085,859. These claims are not discounted. Unpaid claims expenses of \$0 are not reported in the 2023 fiscal year-end balances because the Pool has not purchased annuities in claimants' names to settle those claims.

Risk Financing Limits

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance contracts. For the fiscal year ended August 31, 2023, the Pool per occurrence self-insured retention limit is \$250,000 for liability claims and \$250,000 for property claims.

Per occurrence coverage limits provided by the Pool as of August 31, 2023, including excess insurance limits combined with the Pool's self-insured retention are as follows:

Type of Coverage	Member Deductibles	Self-Insured Retention	Excess Limits
Property	\$1,000	\$250,000	\$500,000,000
Equipment Breakdown	1,000	250,000+25,000	500,000,000
Liability		250,000	30,000,000
Commercial Crime	1,000	5,000	1,000,000
Crime	1,000	250,000	50,000/1,000,000

Type of Coverage	Member Deductibles	Self-Insured Retention	Excess Limits
Public Officials Bonds			5,000/50,000
Cyber	100,000 to 500,000		500,000/5,000,000
Communicable Disease Defense Only			100,000
Errors & Omissions Sexual Abuse/Misconduct		250,000	20,000,000

Reinsurance

The Pool uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Pool as direct insurer of the risks reinsured. The Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. The Pool maintains excess insurance contracts with several insurance carriers, which provide various limits of coverage over the Pool's self-insured retention limits. The per occurrence coverage limits provided by these excess insurance contracts are as follows for the fiscal year ended August 31, 2023:

Lines of Coverage	Company	Per-Occurrence Limits
Property	WSRMP	\$500,000,000
Equipment Breakdown	WSRMP	500,000,000
Liability	WSRMP	30,000,000
Commercial Crime	National Union	1,000,000
Crime	WSRMP	50,000/1,000,000
Public Officials Bonds	Travelers	5,000/50,000
Cyber	Crum & Forster	500,000/5,000,000
Communicable Disease Defense	WSRMP	100,000
Errors & Omissions/Sexual Abuse/Misconduct	WSRMP	20,000,000

The coverage limits provided by the Pool, including the excess insurance limits combined with the Pool's self-insured retention limits, are as follows for the fiscal year ended August 31, 2023:

Lines of Coverage	Company	Per-Occurrence Limits
Property	WSRMP	\$500,250,000
Liability	WSRMP	30,250,000

The amount deducted from claims liabilities as of August 31, 2023, for reinsurance was \$0. Premiums ceded to reinsurers during 2023 were \$2,563,836.

Solvency

Washington Administrative Code (WAC) 200-100 requires pools to maintain certain levels of primary and secondary assets to meet solvency standards. As defined in WAC 200-100-03001 total primary assets, cash and cash equivalents less non-claim liabilities, must be at least equal to the unpaid claims estimate at the expected level as determined by the actuary. Additionally, total primary and secondary assets must be at least equal to the unpaid claims estimate at the 80 percent confidence level as determined

by the actuary. Secondary assets are defined as insurance receivables, real estate or other assets (less any non-claim liabilities) the value of which can be independently verified by the state risk manager.

Solvency Tests for Risk Management	Primary Asset Test	Secondary Asset Test
Cash & cash equivalents	\$67	\$67
Investments	7,771,848	7,771,848
Net Pension		11,338
Total	7,771,915	7,783,253
Less: Non-claims liabilities	(148,263)	(148,263)
Less: Unearned member contributions		n/a
Total primary assets	\$7,623,652	
Total secondary assets		\$ 7,634,989
Compared to:		
Claim liabilities at expected level per actuary (sum of all claims liabilities)	\$ 2,085,859	
Claim liabilities at 80% confidence level per actuary		\$ 2,674,859
Solvency test results	MET	MET

Exemption from Federal and State Taxes

Pursuant to revenue ruling number 90-74, income of municipal risk pools is excluded from gross income under IRC Section 115(1). RCW 48.62 exempts the Pool from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

Workers' Compensation Insurance Pool

The District operates a self-funding, claims control and risk management fund for worker's compensation liabilities of member school districts and educational service districts. The Workers' Compensation Pool, registered in Washington and doing business as the Southwest Washington Workers' Compensation Insurance Trust is organized pursuant to RCW 51.14 for the purpose of managing workers' compensation payroll taxes, employee claims, and safety programs. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW 39.34, the Interlocal Cooperation Act. The Pool was formed on January 1, 1983, to pool self-insured losses and jointly purchase insurance and administrative services. Thirty (30) members have joined the Pool. The District is also a member of the Pool (see Note 8).

Member Assessments, Unearned Member Assessments and Credits

Member assessments are collected in advance and recognized as revenue in the period for which insurance protection is provided. The assessment is calculated based on reported member hours worked.

Workers' Compensation self-insurers in Washington are charged quarterly by L&I based on the amount of self-insured loss payments made during the quarter. The Pool's estimated outstanding self-insurer assessments as of August 31, 2023 are approximately \$987,147. This represents future administrative, and second injury assessments related to the Pool's August 31, 2023 unpaid claim estimate. The estimate made in the prior actuarial study was \$1,111,867. The estimated Pool's future second injury fund assessment rate is based on a three-year average of the prior rates charged by L&I.

The interlocal governmental agreement provides for assessments to members. The agreement further provides that assessments are made in the aggregate and may be held to credit against future assessments, rather than refunded on an actual claims experience basis for a fiscal year. During fiscal year 2023, the Pool did not make a supplemental assessment for claims experience. The Pool has not issued a supplemental assessment in any year of its operation.

Unpaid Claims

Claim reserves represent the accumulation of estimates for reported, unpaid claims, and a provision for claims incurred, but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

Reserve for Unallocated Loss Adjustment Expenses

The reserve for unallocated loss adjustment expenses represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon cost estimates provided by an actuarial firm. The change in the liability each year is reflected in current earnings.

Unpaid Claim Liabilities

The Pool establishes claims liabilities based on actuarially derived estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. At August 31, 2023, the amount of liabilities totaled \$7,158,498. This liability is the District's best estimate based on available information.

The following represents changes in those liabilities for the Pool during the past two years:

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Unpaid claims and claim adjustment expenses at beginning of year	\$6,707,155	\$6,238,321
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	\$3,600,000	\$3,400,000

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Provision for insured events of current year – L & I Assessments	3,037,076	3,043,299
Increases (decreases) in provision for insured events of prior years	41,000	151,500
Changes in Provision for ULAE	43,000	38,000
Total incurred claims and claim adjustment expenses	6,721,076	6,632,799
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	1,246,478	1,037,223
Claims and claim adjustment expenses attributable to insured events of prior years	1,861,459	2,159,623
Washington State L & I Assessment Payments	3,161,796	2,967,119
Total Payments	6,269,733	6,163,965
Total unpaid claims and claim adjustment expenses at end of year	\$7,158,498	\$6,707,155

Risk Financing Limits

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance contracts. For the fiscal year ended August 31, 2023, the Pool's per occurrence self-insured retention limit is \$450,000. There is a \$0 member deductible.

Reinsurance

The Pool maintains an excess insurance contract with an insurance carrier to provide coverage over the Pool's self-insured retention limits. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Pool as direct insurer of the risks reinsured. The Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

For the fiscal year ended August 31, 2023, Arch Insurance Group Inc. provided an excess insurance policy with a self-insured retention of \$450,000 and an aggregated stop loss of \$7,499,454.

The District records liabilities net of reinsurance premiums based on operating practice. The District's reinsurance premiums paid during the year were \$165,832. Reinsurance paid \$ 0 in claims during the year.

Exemption from Federal and State Taxes

Pursuant to revenue ruling number 90-74, income of municipal risk pools is excluded from gross income under IRC Section 115(1). RCW 51.14 exempts the Pool from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

Unemployment Compensation Risk Pool

The District operates a self-funding, claims control and risk management fund for unemployment claim liabilities of member school districts and educational service districts. The Unemployment Compensation Pool is organized pursuant to RCW 50.44 for the purpose of managing unemployment compensation payroll taxes and employee claims and providing employer representation, as needed. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW 39.34, the Interlocal Cooperation Act. The Pool was formed on January 1, 1978 to pool self-insured losses and jointly purchase administrative services. Twenty-nine (29) members have joined the Pool. The District is also a member of the Pool (see Note 8).

Member Assessments, Unearned Member Assessments and Credits

Member assessments are collected in advance and recognized as revenue in the period for which pooled risk protection is provided. The assessment is calculated based on a member's reported taxable salary.

The interlocal governmental agreement provides for assessments to members. The agreement further provides that assessments are made in the aggregate and may be held to credit against future assessments in circumstances of a surplus fund balance. During fiscal year 2023, the Pool did not make a supplemental assessment for claims experience. The Pool has not issued a supplemental assessment in any year of its operation.

Unpaid Claims

Claim reserves represent the accumulation of estimates for reported, unpaid claims, and a provision for claims incurred, but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

Reserve for Unallocated Loss Adjustment Expenses

The reserve for unallocated loss adjustment expenses represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon claims reports received from the Washington State Employment Security Department. The change in the liability each year is reflected in current earnings.

Unpaid Claim Liabilities

The Pool establishes claims liabilities based on actuarially derived estimates of the ultimate cost of claims, including future claim adjustment expenses, that have been reported but not settled, and claims that have been incurred but not reported. The process used in computing claims liabilities does not necessarily result in an exact amount as it is based on assumption factors. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. As of August 31, 2023, the amount of liabilities totaled \$373,746. This liability is the District's best estimate based on available information.

The following represents changes in those liabilities for the Pool during the past two years:

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Unpaid claims and claim adjustment expenses at beginning of year	\$132,469	\$173,684
Incurring claims and claim adjustment expenses:		
Provision for insured events of current year	\$703,649	\$278,560
Provision for insured events of Prior year	104,526	7,629
Changes in provision for ULAE	29,000	-6,000
Total incurred claims and claim adjustment expenses	837,176	280,189
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	(378,646)	(166,152)
Claims and claim adjustment expenses attributable to insured events of prior years	(217,254)	(155,252)
Total Payments	(595,900)	(321,404)
Total unpaid claims and claim adjustment expenses at end of year	\$373,745	\$132,469

Risk Financing Limits

The Pool is self-insured for all claims and does not purchase excess insurance. Through a combination of net position designated as of August 31, 2022 and member contributions earned as of August 31, 2023, the board of directors of the Pool committed net assets of \$373,745 specifically for the purpose of funding future claim costs.

Exemption from Federal and State Taxes

Pursuant to revenue ruling number 90-74, income of municipal risk pools is excluded from gross income under IRC Section 115(1). RCW 50.44 exempts the Pool from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

NOTE 10: NET POSITION

Restricted Net Position

The District's Statement of Net Position reports \$10,548,728 of restricted net position as of August 31, 2023:

Program Description	Restricted By	Amount
Support Programs-		
Restricted for Transportation Equipment	Enabling legislation	\$ 884,345
Restricted for Instructional and Non-Instructional Programs	By contractual agreements and/or funder directive	2,053,891
Subtotal, Restricted for Support Programs		2,938,236
Joint Venture	By contractual agreement	390,893
Restricted for Washington State Pension, related to net pension assets (see Note 6)	Enabling legislation; assets in trust	7,219,599
Total Restricted Net Position		\$ 10,548,728

Joint Venture

The District is a member of a joint venture for provision of information processing services. The District's interest in the joint venture of \$390,893 is reported as a restricted position on the Statement of Net Position. Refer to Note 11 for further disclosure regarding the joint venture.

Unrestricted Net Position

The District's Statement of Net Position reports \$31,267,922 of unrestricted net position as of August 31, 2023:

Unrestricted Net Position	Amount
Unrestricted for net position related to pensions	\$ (5,945,980)
Unrestricted for net position related to OPEB	(18,345,412)
General unrestricted, for support programs	25,444,769
General unrestricted, insurance risk pools	30,114,545
Total Unrestricted Net Position	\$ 31,267,922

NOTE 11: INVESTMENT IN JOINT VENTURE

Washington School Information Processing Cooperative (WSIPC)

The District is a member of WSIPC. The WSIPC Board of Directors consists of a member of each of the nine educational service districts (ESDs) in the state, sharing equally in the joint venture. Educational Service District No. 123 is the fiscal agent of the joint venture and answers directly to the WSIPC Board of Directors in financial matters.

The District's share of the total investment in the joint venture is \$390,893 and is reported on the Statement of Net Position as a noncurrent asset. Under the terms of the "*Amended and Restated Interlocal Cooperative Agreement for the Washington School Information Processing Cooperative*", dated January 18, 2012, contributions made by any of the participating ESDs to WSIPC remain in WSIPC,

should an ESD terminate its membership. Terminating members remain fully liable for all obligations incurred, known and unknown, as of the effective date of termination, in the event WSIPC is not able to fully pay or satisfy the obligation. In the event the joint venture is dissolved, all assets shall be liquidated to pay any remaining liabilities. In the event assets or funds remain after payment of all liabilities and current expenses, remaining assets or funds shall be proportionately divided between currently participating ESDs at the time of the dissolution, based upon the percentage of total local user and related fees generated by each during the one-year period prior to the dissolution. In the event assets or funds are not sufficient to pay all liabilities and current expenses, the remaining liabilities shall be divided equally between currently participating ESDs at the time of the dissolution.

There were no contributions to, or distributions from, the joint venture in fiscal year 2023. During the fiscal year ending August 31, 2023, the District paid \$1,550,397 to WSIPC in fees for cooperative services rendered.

The total investment in the joint venture, includes WSIPC's share of the net pension asset for participation in Washington's Department of Retirement System pension plans. The District's share of net investment in the joint venture is impacted by the net of the components of the pension asset by \$222,685. WSIPC employees participate in the Washington State retirement system; WSIPC is required to recognize their proportionate share of the individual plans' net pension asset and related component measures under generally accepted accounting principles. WSIPC's financial statements include the proportionate share of the net pension asset associated with Public Employees' Retirement System (PERS) plans. General disclosures regarding the Washington State retirement system and pension accounting may be found in the DRS annual comprehensive financial report (obtained at: Washington State Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or online at <https://www.drs.wa.gov>). Specific disclosures for the PERS plan may be found in the notes to WSIPC's financial statements.

The total investment in the joint venture, includes WSIPC's share of the Total OPEB (other post-employment benefits) liability for post-retirement benefits provided through the Washington State Health Care Authority. The District's share of net investment in the joint venture is impacted by the components of Total OPEB liabilities by \$(556,534). WSIPC has implemented generally accepted accounting principles for OPEB. WSIPC's Total OPEB Liability and the related component measures were determined through an actuarial valuation consistent with the actuarial valuation method used by the nine, member ESDs. General disclosures regarding the OPEB plan administered by the Washington State Health Care Authority for employer participants may be found at <http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>. Specific disclosures for WSIPC's plan participation may be found in the notes to WSIPC's financial statements.

The change in net position for the District's share in the joint venture from fiscal year 2022 to 2023 is \$120,660 and has been reported on the Statement of Revenues, Expenses and Changes in Fund Net Position as nonoperating revenue. The Net Investment in Joint Venture balance in the Statement of Net Position is a restricted net position (refer to Note 10). Upon dissolution of the joint venture, the nine, member educational service districts shall share equally in assets and liabilities of the venture.

Financial statements for the joint venture may be obtained by contacting WSIPC at 2121 West Casino Road, Everett WA 98204-1472.

NOTE 12: INTERFUND BALANCES AND TRANSFERS

The Operating Fund of the District is the primary fund for processing certain financial transactions and providing management services to other funds of the District. Balances paid for by the Operating Fund as a practical matter for managing daily financial transactions on behalf of other funds, or incurred by the Operating Fund for management services, are reimbursed through due to/due from entries each month.

Interfund balances are generally settled within thirty days; outstanding balances as of August 31, 2023 are expected to be settled within thirty days, and not more than one year from the date of the financial statements.

Interfund balances due from other funds to the Operating Fund as of August 31, 2023 are as follows:

		Due From					
		Operating Fund	Workers Comp. Risk Fund	Unemployment Risk Fund	Property Casualty Risk Fund	Childcare Fund	Total
Due To	Operating Fund		\$ 52,097	\$ 25,307	\$ 40,575	\$ 131,833	\$ 249,811
	Workers Compensation Risk Fund	-		-	-	-	-
	Unemployment Risk Fund	--			-	-	-
	Property Casualty Risk Fund	-	-	-		-	-
	Childcare Fund	-	-	-	-		-
	Total	\$ -	\$ 52,097	\$ 25,307	\$ 40,575	\$ 131,833	\$ 249,811

NOTE 13: CONTINGENCIES AND LITIGATIONS

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

The District participates in many federal- and state-assisted programs. These grants are subject to audit by the grantors or their delegated representatives. Such audits could result in reimbursement to grantor agencies for expenses disallowed under the terms of the grants. Management believes that such disallowances, if any, would be immaterial.

Educational Service District No. 112
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Washington State Health Care Authority OPEB Plan under PEBB
FOR THE YEARS ENDED AUGUST 31, *
Last 10 Fiscal Years **

TOTAL OPEB LIABILITY	2018	2019	2020	2021	2022	2023
Service cost	\$ 923,519	\$ 843,752	\$ 1,241,597	\$ 1,890,103	\$ 1,989,474	\$ 1,165,846
Interest on total OPEB liability	339,947	391,909	429,162	417,777	458,302	508,063
Changes in benefit terms	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	942,411	(438,856)	-	-	-
Effect of assumption changes or inputs	(811,286)	2,155,918	2,857,148	236,725	(8,647,466)	(3,253,129)
Expected benefit payments	(154,710)	(167,206)	(189,805)	(205,099)	(230,726)	(251,321)
Net change in total OPEB liability	297,470	4,166,784	3,899,246	2,339,506	(6,430,416)	(1,830,541)
Total OPEB liability, beginning balance	8,838,270	9,135,740	13,302,524	17,201,770	19,541,276	13,110,860
Total OPEB liability, ending balance	\$ 9,135,740	\$ 13,302,524	\$ 17,201,770	\$ 19,541,276	\$ 13,110,860	\$ 11,280,319
Covered employee payroll	\$ 29,066,710	\$ 32,851,623	\$ 35,338,025	\$ 33,459,906	\$ 36,029,759	\$ 40,968,908
Total OPEB liability as a % of covered employee payroll	31.43%	40.49%	48.68%	58.40%	36.39%	27.53%

Notes to Schedules:

* Schedules are based on the District's financial reporting date, fiscal year ending August 31, in each period reported.

** Schedules will be built prospectively until 10 years of data has been compiled

Note 8 to the financial statements includes information regarding factors that may affect trends in the amounts reported in these schedules.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Educational Service District No. 112
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF JUNE 30, *
Last 10 Fiscal Years **

PERS 1		2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (percentage)		0.137831%	0.143675%	0.149520%	0.158295%	0.165156%	0.168259%	0.159047%	0.168048%	0.177455%
District's proportionate share of the net pension liability (asset)		\$ 7,209,842	\$ 7,716,035	\$ 7,094,839	\$ 7,069,486	\$ 6,350,834	\$ 5,940,469	\$ 1,942,334	\$ 4,679,064	\$ 3,920,479
District's covered-employee payroll ***		\$ 15,794,344	\$ 17,469,821	\$ 18,855,854	\$ 21,206,993	\$ 23,150,819	\$ 25,322,681	\$ 24,413,379	\$ 26,500,937	\$ 30,498,571
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		45.65%	44.17%	37.63%	33.34%	27.43%	23.46%	7.96%	17.66%	12.85%
Plan fiduciary net position as a percentage of the total pension liability		59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%
SERS 2/3		2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (percentage)		0.914099%	0.947901%	0.922953%	0.872677%	0.956461%	0.966442%	0.956588%	0.927271%	0.963358%
District's proportionate share of the net pension liability (asset)		\$ 3,712,623	\$ 6,225,500	\$ 4,554,543	\$ 2,908,908	\$ 2,242,882	\$ 5,141,124	\$ (10,270,859)	\$ (2,491,113)	\$ (1,387,577)
District's covered-employee payroll		\$ 15,735,528	\$ 17,466,143	\$ 18,855,854	\$ 21,206,993	\$ 23,150,819	\$ 25,322,681	\$ 24,413,379	\$ 26,491,687	\$ 30,464,960
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		23.59%	35.64%	24.15%	13.72%	9.69%	20.30%	-42.07%	-9.40%	-4.55%
Plan fiduciary net position as a percentage of the total pension liability		90.92%	86.52%	90.79%	94.77%	96.31%	92.45%	114.15%	103.17%	101.54%
TRS 1		2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (percentage)		0.138752%	0.130032%	0.127971%	0.115316%	0.121908%	0.125051%	0.128977%	0.126277%	0.128611%
District's proportionate share of the net pension liability (asset)		\$ 4,395,869	\$ 4,439,600	\$ 3,868,896	\$ 3,367,899	\$ 3,018,197	\$ 3,012,206	\$ 868,400	\$ 2,401,576	\$ 1,641,540
District's covered-employee payroll ****		\$ 6,853,854	\$ 6,670,513	\$ 7,188,525	\$ 6,838,973	\$ 8,223,915	\$ 9,092,378	\$ 9,621,938	\$ 10,082,843	\$ 10,913,589
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		64.14%	66.56%	53.82%	49.25%	36.70%	33.13%	9.03%	23.82%	15.04%
Plan fiduciary net position as a percentage of the total pension liability		65.70%	62.07%	65.58%	66.52%	70.37%	70.55%	91.42%	78.24%	85.09%
TRS 2/3		2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (percentage)		0.146486%	0.133857%	0.131104%	0.117193%	0.123195%	0.126391%	0.129583%	0.127205%	0.129834%
District's proportionate share of the net pension liability (asset)		\$ 1,236,052	\$ 1,838,252	\$ 1,210,014	\$ 527,502	\$ 742,294	\$ 1,941,335	\$ (3,561,974)	\$ (250,322)	\$ (159,456)
District's covered-employee payroll		\$ 6,853,854	\$ 6,670,513	\$ 7,188,525	\$ 6,838,973	\$ 8,223,915	\$ 9,092,378	\$ 9,621,938	\$ 10,082,843	\$ 10,913,589
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		18.03%	27.56%	16.83%	7.72%	9.03%	21.35%	-37.02%	-2.48%	-1.46%
Plan fiduciary net position as a percentage of the total pension liability		92.48%	88.72%	93.14%	96.88%	96.36%	91.72%	113.72%	100.86%	100.49%

Notes to Schedules:

* Schedules are based on the Department of Retirement Systems plans' measurement date of June 30 in each year reported

** Schedules will be built prospectively until 10 years of data has been compiled

*** Covered employee payroll for PERS1 includes SERS 2/3 payroll.

**** Covered employee payroll for TRS1 includes SERS 2/3 payroll.

Note 7 to the financial statements includes information regarding factors that may affect trends in the amounts reported in these schedules.

Educational Service District No. 112
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS, PENSION PLANS
AS OF AUGUST 31, *
Last 10 Fiscal Years **

PERS 1										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 640,661	\$ 846,405	\$ 917,475	\$ 1,077,878	\$ 1,203,668	\$ 1,212,773	\$ 1,193,140	\$ 997,507	\$ 1,194,162	
Contributions in relation to the contractually required contributions	\$ 640,661	\$ 846,405	\$ 917,475	\$ 1,077,878	\$ 1,203,668	\$ 1,212,773	\$ 1,193,140	\$ 997,507	\$ 1,194,162	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll ***	\$ 15,969,479	\$ 17,756,527	\$ 19,234,654	\$ 21,444,499	\$ 23,466,030	\$ 25,460,115	\$ 24,502,516	\$ 24,775,551	\$ 30,965,493	
Contribution as a percentage of covered-employee payroll	4.01%	4.77%	4.77%	5.03%	5.13%	4.76%	4.87%	4.03%	3.86%	
SERS 2/3										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 898,415	\$ 1,176,549	\$ 1,275,234	\$ 1,770,782	\$ 1,940,597	\$ 2,100,495	\$ 2,021,458	\$ 2,080,256	\$ 2,400,401	
Contributions in relation to the contractually required contributions	\$ 898,415	\$ 1,176,549	\$ 1,275,234	\$ 1,770,782	\$ 1,940,597	\$ 2,100,495	\$ 2,021,458	\$ 2,080,256	\$ 2,400,401	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 15,914,253	\$ 17,756,527	\$ 19,234,654	\$ 21,444,499	\$ 23,466,030	\$ 25,460,115	\$ 24,502,516	\$ 24,763,988	\$ 30,930,710	
Contribution as a percentage of covered-employee payroll	5.65%	6.63%	6.63%	8.26%	8.27%	8.25%	8.25%	8.40%	7.76%	
TERS 1										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 311,276	\$ 415,493	\$ 450,372	\$ 489,400	\$ 629,422	\$ 658,494	\$ 719,488	\$ 631,289	\$ 716,632	
Contributions in relation to the contractually required contributions	\$ 311,276	\$ 415,493	\$ 450,372	\$ 489,400	\$ 629,422	\$ 658,494	\$ 719,488	\$ 631,289	\$ 716,632	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll ****	\$ 6,895,412	\$ 6,683,711	\$ 7,229,225	\$ 6,819,506	\$ 8,515,510	\$ 9,161,385	\$ 9,718,226	\$ 9,305,474	\$ 11,106,398	
Contribution as a percentage of covered-employee payroll	4.51%	6.22%	6.23%	7.18%	7.39%	7.19%	7.40%	6.78%	6.45%	
TERS 2/3										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 392,745	\$ 448,822	\$ 485,799	\$ 532,454	\$ 666,764	\$ 745,625	\$ 792,036	\$ 815,778	\$ 894,293	
Contributions in relation to the contractually required contributions	\$ 392,745	\$ 448,822	\$ 485,799	\$ 532,454	\$ 666,764	\$ 745,625	\$ 792,036	\$ 815,778	\$ 894,293	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered-employee payroll	\$ 6,895,412	\$ 6,683,711	\$ 7,229,225	\$ 6,816,162	\$ 8,515,510	\$ 9,161,385	\$ 9,718,226	\$ 9,305,474	\$ 11,106,398	
Contribution as a percentage of covered-employee payroll	5.70%	6.72%	6.72%	7.81%	7.83%	8.14%	8.15%	8.77%	8.05%	

Notes to Schedules:

* Schedules are based on the District's financial reporting date, fiscal year ending August 31 in each period reported.

** Schedules will be built prospectively until 10 years of data has been compiled

*** Covered employee payroll for PERS1 includes SERS 2/3 payroll.

**** Covered employee payroll for TERS1 includes TERS 2/3 payroll.

Note 7 to the financial statements includes information regarding factors that may affect trends in the amounts reported in these schedules.

Educational Service District No. 112
REQUIRED SUPPLEMENTAL INFORMATION
SW WA WORKERS' COMPENSATION RISK FUND
CLAIMS DEVELOPMENT INFORMATION
AS OF THE YEAR ENDING AUGUST 31,*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Required contribution & investment revenue:										
Earned	5,381,049	5,783,666	6,255,224	6,745,291	7,323,711	8,107,233	8,462,552	7,723,405	9,184,537	10,113,751
Ceded	130,143	144,738	147,245	159,256	161,327	169,465	164,006	170,840	163,407	176,882
Net Earned	5,250,906	5,638,928	6,107,979	6,586,035	7,162,384	7,937,768	8,298,546	7,552,565	9,021,130	9,936,869
2. Unallocated expenses (ESD Admin)	829,238	816,878	878,925	930,245	890,274	761,688	837,908	829,013	745,562	758,130
3. Estimated claims & expenses end of policy Year:										
Incurred	2,944,880	2,468,081	3,357,773	3,331,013	3,198,144	3,849,747	3,514,576	2,402,990	3,452,942	3,698,010
Ceded	44,880	43,081	107,773	131,013	98,144	49,747	114,576	52,990	52,942	98,010
Net incurred	2,900,000	2,425,000	3,250,000	3,200,000	3,100,000	3,800,000	3,400,000	2,350,000	3,400,000	3,600,000
4. Net paid (cumulative) as of:										
End of policy year	936,029	757,591	1,325,098	1,069,691	1,093,426	1,310,111	907,120	639,239	1,037,223	1,246,478
One year later	1,842,625	1,630,224	2,316,612	2,040,860	1,739,934	2,082,296	1,579,724	1,265,395	1,918,039	
Two years later	2,416,492	1,966,418	2,905,912	2,529,033	2,161,230	2,475,973	2,501,597	1,499,445		
Three years later	2,667,044	2,157,889	3,213,868	2,901,382	2,241,901	2,675,290	2,744,010			
Four years later	2,830,159	2,319,533	3,379,924	3,067,963	2,441,736	2,860,055				
Five years later	2,918,255	2,334,392	3,400,095	3,113,717	2,527,948					
Six years later	2,940,233	2,334,392	3,479,849	3,300,506						
Seven years later	2,956,414	2,337,838	3,483,389							
Eight years later	3,007,727	2,339,693								
Nine years later	3,007,727									
5. Reestimated net ceded claims and expenses *	19,640	18,150	19,461	21,445	173,292	28,783	454,000	37,386	57,898	98,010
6. Reestimated net incurred claims & expenses:										
End of policy year	2,900,000	2,425,000	3,250,000	3,200,000	3,100,000	3,800,000	3,400,000	2,350,000	3,400,000	3,600,000
One year later	2,950,000	2,375,000	3,500,000	3,450,000	2,700,000	3,150,000	3,100,000	2,000,000	3,200,000	
Two years later	2,950,000	2,600,000	3,800,000	3,250,000	2,875,000	3,075,000	3,200,000	2,025,000		
Three years later	2,975,000	2,510,000	3,715,000	3,315,000	2,650,000	3,250,000	3,300,000			
Four years later	3,100,000	2,480,000	3,640,000	3,250,000	2,760,000	3,350,000				
Five years later	3,015,000	2,400,000	3,605,000	3,350,000	2,730,000					
Six years later	2,995,000	2,375,000	3,550,000	3,350,000						
Seven years later	2,980,000	2,360,000	3,540,000							
Eight years later	3,045,000	2,360,000								
Nine years later	3,040,000									
7. Increase (decrease) in estimated net incurred claims & expenses from end of policy year	140,000	(65,000)	290,000	150,000	(370,000)	(450,000)	(100,000)	(325,000)	(200,000)	-
8. Increase (decrease) in estimated net incurred claims & expenses from end of policy year as a percentage of Net Incurred	4.8%	-2.7%	8.9%	4.7%	-11.9%	-11.8%	-2.9%	-13.8%	-5.9%	0.0%

* Schedules are based on the District's financial reporting date, fiscal year ending August 31 in each period reported.

Educational Service District No. 112
REQUIRED SUPPLEMENTARY INFORMATION

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
SW WA WORKERS' COMPENSATION COOPERATIVE (THE COOPERATIVE)
SEPTEMBER 1, 2022 THROUGH AUGUST 31, 2023

This required supplementary information is an integral part of the accompanying financial statements. The accompanying table of claims development illustrates how the Cooperative's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Cooperative as of the end of each of the last ten years. The row sections of the accompanying table are defined as follows:

- 1) Reports the total of each fiscal year's earned contribution revenues and investment revenues, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
- 2) Reports each fiscal year's operating costs of the Cooperative including overhead and claims expenses not allocable to individual claims.
- 3) Reports the Cooperative's incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) Reports the cumulative net amounts paid as of the end of successive years for each policy year over a ten-year development period.
- 5) Reports the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
- 6) Reports how each policy year's incurred claims increased or decreased as of the end of successive years over a ten-year development period. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- 7) Compares the latest re-estimated incurred claims amount to the amount originally established (Section 3 of the schedule) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.
- 8) Reports the increase or decrease in estimated net incurred claims (Section 7 of the schedule) as a percentage of the net incurred (Section 3 of the schedule).

Educational Service District No. 112
REQUIRED SUPPLEMENTAL INFORMATION
SW WA PROPERTY & CASUALTY RISK FUND (RISK MANAGEMENT)
CLAIMS DEVELOPMENT INFORMATION
AS OF THE YEAR ENDING AUGUST 31, *

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Required contribution & investment revenue:										
Earned	2,949,353	2,845,370	2,813,543	2,804,478	2,891,057	3,159,612	3,302,117	3,827,061	4,237,920	4,657,592
Ceded	1,378,879	1,011,515	1,074,516	1,004,318	1,413,199	1,420,996	1,443,468	1,844,289	2,425,960	2,563,836
Net Earned	1,570,474	1,833,855	1,739,027	1,800,160	1,477,858	1,738,616	1,858,649	1,982,772	1,811,960	2,093,756
2. Unallocated expenses	464,949	445,016	588,343	560,382	551,627	555,063	568,437	575,415	469,338	550,688
3. Estimated claims & expenses end of policy Year:										
Incurred	1,049,257	861,535	679,850	976,873	604,138	704,680	1,856,256	1,025,763	1,235,109	2,157,707
Ceded	283,604	182,393	181,563	165,980	123,633	181,827	489,978	223,100	262,641	427,657
Net incurred	765,653	679,142	498,287	810,893	480,505	522,853	1,366,278	802,663	972,468	1,730,050
4. Net paid (cumulative) as of:										
End of policy year	290,204	381,620	230,280	426,057	309,350	236,122	373,146	289,222	419,337	632,831
One year later	539,519	466,872	382,203	847,463	454,686	449,954	644,078	609,704	684,619	
Two years later	604,991	593,521	379,963	890,623	564,352	910,340	968,028	699,466		
Three years later	675,566	619,616	379,003	1,082,888	700,188	895,721	1,331,348			
Four years later	783,516	649,092	377,513	1,410,451	700,188	896,828				
Five years later	846,957	649,092	382,458	1,410,451	700,188					
Six years later	846,957	671,700	380,553	1,410,451						
Seven years later	846,957	671,700	380,553							
Eight years later	846,957									
Nine years later	846,957									
5. Reestimated net ceded claims and expense	39,152	15,047	13,928	38,726	32,804	76,039	157,274	86,598	163,798	427,657
6. Reestimated net incurred claims & expenses:										
End of policy year	765,653	679,142	498,287	810,893	480,505	522,853	1,366,278	802,663	972,468	1,730,050
One year later	647,336	729,833	483,301	944,298	608,235	1,086,392	1,110,785	821,762	1,121,611	
Two years later	894,072	682,490	436,295	960,152	770,144	1,069,392	1,489,646	815,740		
Three years later	874,072	680,490	392,295	1,337,292	717,594	915,004	1,474,546			
Four years later	858,930	656,834	388,373	1,422,855	713,114	965,341				
Five years later	853,930	681,834	392,743	1,421,855	713,114					
Six years later	854,930	678,834	391,482	1,421,855						
Seven years later	852,930	678,834	386,738							
Eight years later	852,930	675,834								
Nine years later	849,930									
7. Increase (decrease) in estimated net incurred claims & expenses from end of policy year	84,277	(3,308)	(111,549)	610,962	232,609	442,488	108,268	13,077	149,143	-
8. Increase (decrease) in estimated net incurred claims & expenses from end of policy year as a percentage of Net Incurred	11.0%	-0.5%	-22.4%	75.3%	48.4%	84.6%	7.9%	1.6%	15.3%	0.0%

* Schedules are based on the District's financial reporting date, fiscal year ending August 31 in each period reported.

Educational Service District No. 112
REQUIRED SUPPLEMENTARY INFORMATION

TEN YEAR CLAIMS DEVELOPMENT INFORMATION
SW WA RISK MANAGEMENT INSURANCE COOPERATIVE (THE COOPERATIVE)
SEPTEMBER 1, 2022 THROUGH AUGUST 31, 2023

This required supplementary information is an integral part of the accompanying financial statements. The accompanying table of claims development illustrates how the Cooperative's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Cooperative as of the end of each of the last ten years. The row sections of the accompanying table are defined as follows:

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- 3) Reports the Cooperative's incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
- 4) Reports the cumulative net amounts paid as of the end of successive years for each policy year over a ten-year development period.
- 5) Reports the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
- 6) Reports how each policy year's incurred claims increased or decreased as of the end of successive years over a ten-year development period. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
- 7) Compares the latest re-estimated incurred claims amount to the amount originally established (Section 3 of the schedule) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.
- 8) Reports the increase or decrease in estimated net incurred claims (Section 7 of the schedule) as a percentage of the net incurred (Section 3 of the schedule).

Educational Service District No. 112
REQUIRED SUPPLEMENTARY INFORMATION

RECONCILIATION OF CLAIMS LIABILITIES
SW WA WORKERS' COMPENSATION COOPERATIVE (THE COOPERATIVE)
SEPTEMBER 1, 2022 THROUGH AUGUST 31, 2023

The schedule of Claims Liabilities presented in Note 9 to the financial statements, for the Cooperative, disclosed the required information for the single contract type.

RECONCILIATION OF CLAIMS LIABILITIES
SW WA RISK MANAGEMENT INSURANCE COOPERATIVE (THE COOPERATIVE)
SEPTEMBER 1, 2022 THROUGH AUGUST 31, 2023

The schedule of Claims Liabilities presented in Note 9 to the financial statements, for the Cooperative, disclosed the required information for the single contract type.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Child and Adult Care Food Program	10.558	159256	299,734	-	299,734	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	0260126, GT- 0145, 0222716	941,161	-	941,161	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	GT-0145	77,860	-	77,860	-	
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	0320344, 0320354, 0307867, GT- 00730	3,411,145	-	3,411,145	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	0389004, 0367253	189,638	-	189,638	-	
Total Special Education Cluster (IDEA):				3,600,783	-	3,600,783	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA Department of Children, Youth & Families)	Special Education- Grants for Infants and Families	84.181	21-1152-08, 21- 1152-09	320,561	-	320,561	4,009	4

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA Department of Children, Youth & Families)	COVID 19 - Special Education-Grants for Infants and Families	84.181	COVID19 84.181X 21- 1152-08	108,192	-	108,192	-	
			Total ALN 84.181:	428,753	-	428,753	4,009	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	School Safety National Activities	84.184	-	-	52,012	52,012	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Twenty-First Century Community Learning Centers	84.287	0991805	382,542	-	382,542	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education - State Personnel Development	84.323	0341011, 0341006	180,790	-	180,790	-	
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID19 84.425U 0141900, COVID19 84.425U 0135524, COVID19 84.425U 0140643, COVID19 84.425U 014511	1,626,352	-	1,626,352	-	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID19	171,310	-	171,310	-	
			84.425D					
			0142204,					
			COVID19					
			84.425D					
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	0144134					
			COVID19	61,417	-	61,417	-	
			84.425U JUV					
			ARP ESSER					
			Total ALN 84.425:	1,859,079	-	1,859,079	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	29,426	29,426	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3916-07,	195,442	-	195,442	-	
			K3916-07,					
			K6941-02,					
			0590002					
			Total ALN 93.243:	195,442	29,426	224,868	-	
CDC NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Drug-Free Communities Support Program Grants	93.276		-	129,603	129,603	-	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Department of Health)	National and State Tobacco Control Program	93.387	GVL27356-00, GVL27356-01	31,313	-	31,313	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Department of Children, Youth & Families)	Every Student Succeeds Act/Preschool Development Grants	93.434	23-1110	106,688	-	106,688	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Early Learning, Childcare Aware of Washington)	Every Student Succeeds Act/Preschool Development Grants	93.434	0-110-201123- 6100	64,104	-	64,104	-	
CCDF Cluster				170,792	-	170,792	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Early Learning, Childcare Aware of Washington)	COVID 19 - Child Care and Development Block Grant	93.575	COVID19 93.575X CC STABILIZATIO N	780,840	-	780,840	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA Department of Children, Youth & Families)	COVID 19 - Child Care and Development Block Grant	93.575	COVID19 93.575X CC STABILIZATIO N	50,771	-	50,771	-	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Early Learning, Childcare Aware of Washington)	Child Care and Development Block Grant	93.575	0-110-201123- 6100	244,276	-	244,276	-	5
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Early Learning, Childcare Aware of Washington)	Child Care and Development Block Grant	93.575	22-1135-02, 24- 1042	201,097	-	201,097	-	
Total CCDF Cluster:				1,276,984	-	1,276,984	-	
Head Start Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	2,299,521	2,299,521	56,740	4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	25,772	25,772	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	COVID 19 - Head Start	93.600		-	39,713	39,713	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	COVID 19 - Head Start	93.600		-	71,811	71,811	-	
Total Head Start Cluster:				-	2,436,817	2,436,817	56,740	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Opioid STR	93.788	K5538, K3916- 07, K3916-08, K5473, K6941- 02, K4792	347,001	-	347,001	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Beacon Health Options)	Block Grants for Community Mental Health Services	93.958	BEACON2223 8	72,365	-	72,365	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Carelon Behavioral Health)	Block Grants for Community Mental Health Services	93.958	CARELON2223 11	1,102	-	1,102	-	
Total ALN 93.958:				73,467	-	73,467	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	COVID 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID19 93.959X K5473 2	175,277	-	175,277	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	COVID 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID19 93.959X K5538	91,549	-	91,549	-	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	COVID 19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID19 93.959X K6941- 01, COVID19 93.959X K6941- 02	106,483	-	106,483	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA State Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K6941 2, K6941 2, K3916-08, K6941-01	1,074,193	-	1,074,193	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Beacon Health Options)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	BEACON2223 8	52,802	-	52,802	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Carelon Behavioral Health)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	CARELON2223 11	562	-	562	-	
Total ALN 93.959:				1,500,866	-	1,500,866	-	
Total Federal Awards Expended:				11,366,567	2,647,858	14,014,425	60,749	

The accompanying notes are an integral part of this schedule.

Educational Service District No. 112
Notes to the Statement of Expenditures of Federal Awards
For the Year Ended August 31, 2023

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Educational Service District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 - FEDERAL INDIRECT COST RATE

The District did not qualify to elect use of the de minimis rate of 10%. The District generally used the Federal restricted rate approved by its cognizant agency of 6.75% for grants awarded July 1, 2021, 7.15% for grants awarded July 1, 2022, and 7.16% for grants awarded July 1, 2023. Total indirect costs: \$ 915,861

NOTE 3 - PROGRAM COSTS / MATCHING CONTRIBUTIONS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the District's local matching share, may be more than shown. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program are awards that were passed through to a subrecipient that administered its own project.

NOTE 5 - FIXED AWARD CONTRACTS

Revenues received based on fixed award issued under CFR 200.332. Excess of fixed contract received over expenditures may be retained.

Educational Service District No. 112
OTHER INFORMATION

SW WA WORKERS' COMPENSATION COOPERATIVE
PUBLIC ENTITY RISK POOL
LIST OF PARTICIPATING MEMBERS

AS OF AUGUST 31, 2023

Battle Ground School District #119
Camas School District # 117
Castle Rock School District #401
Centerville School District #215
Educational Service District 112
Evergreen School District #114
Glenwood School District #401
Green Mountain School District #103
Hockinson School District #98
Kalama School District #402
Kelso School District #458
Klickitat School District #402
LaCenter School District #101
Longview School District #122
Lyle School District #406
Mill A School District #31
Mount Pleasant School District #029-93
Naselle-Grays River School District #155
Ocean Beach School District #101
Ridgefield School District #122
Roosevelt School District #403
Skamania School District #2
Stevenson-Carson School District #303
Toutle Lake School District #130
Trout Lake School District #R-400
Wahkiakum School District #200
Washougal School District #112-6
White Salmon Valley School District #405-17
Wishram School District #94
Woodland School District #

Educational Service District No. 112
OTHER INFORMATION

SW WA WORKERS' COMPENSATION RISK FUND
DES SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

Excess Insurance	\$ 165,832
Contracted Services:	
Third Party Administrator Fees	
Actuarial	58,206
Audit Expenses	
Brokerage Fees	11,050
Legal Fees	1,619
Other Consultant Fees	53,632
General Administrative Expenses:	
Personnel Services	548,534
Communication & Network	49,170
Supplies and Materials	8,186
Dues and Conferences	2,316
Retreat/Board Meetings	151
Training	1,663
Travel	3,247
Occupancy	27,516
Printing/Copier	3,278
Miscellaneous	
Other:	
Claims Paid	3,108,417
Change in Claim Reserves	451,343
Labor & Industry Assessment	3,161,796
Right to Know	18,790
Safe Schools Online Training	35,072
Return to Work-District Reimbursement	16,836
Pension/OPEB Expense from Changes in Net Pension and Total OPEB Liability	(73,557)
Miscellaneous	16,767
Total Operating Expenses	<u>\$ 7,669,864</u>

Educational Service District No. 112
OTHER INFORMATION

SW WA RISK MANAGEMENT INSURANCE COOPERATIVE
PUBLIC ENTITY RISK POOL
LIST OF PARTICIPATING MEMBERS

AS OF AUGUST 31, 2023

Bickleton School District #203
Camas School District #117
Castle Rock School District #401
Centerville School District #215
East Valley (Yakima) School District #90
Educational Service District 105
Educational Service District 112
Glenwood School District #401
Green Mountain School District #103
Kalama School District #402
Kelso School District #458
Klickitat School District #402
KWRL Transportation
La Center School District #101
Lyle School District #406
Mabton School District #120
Mill A School District #31
Mount Pleasant School District #029-93
Naselle-Grays River School District #155
Ocean Beach School District #101
Roosevelt School District #403
Skamania School District #2
Stevenson-Carson School District #303
Toutle Lake School District #130
Trout Lake School District #R-400
Wahkiakum School District #200
Washougal School District #112-6
White Salmon Valley School District #405-17
Wishram School District #94
Woodland School District #404
(WSIPC) Washington School Information Processing Cooperative
Southwest Washington Unemployment Compensation Pool
Southwest Washington Workers' Compensation Trust

Educational Service District No. 112
OTHER INFORMATION

SW PROPERTY & CASUALTY RISK FUND (RISK MANAGEMENT)
DES SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

Excess Insurance	\$ 2,563,836
Contracted Services:	
Third Party Administrator Fees	
Actuarial	53,165
Audit Expenses	
Brokerage Fees	
Legal Fees	109
Other Consultant Fees	12,361
General Administrative Expenses:	
Personnel Services	424,866
Communication & Network	21,076
Supplies and Materials	1,309
Dues and Conferences	2,221
Retreat/Board Meetings	
Training	3,001
Travel	10,930
Occupancy	19,826
Printing/Copier	1,824
Miscellaneous	
Other:	
Claims Paid	1,352,306
Change in Claim Reserves	586,162
State Risk Manager Fee	2,930
Refund to Member Districts	
Experienced Administrator Consultation	43,069
Pre-Loss Attorney Consultation	22,273
Pension/OPEB Expense from Changes in Net Pension and Total OPEB Liability	(9,991)
Miscellaneous	
Total Operating Expenses	<u>\$ 5,111,273</u>

Educational Service District No. 112
OTHER INFORMATION

SW WA UNEMPLOYMENT COMPENSATION COOPERATIVE
PUBLIC ENTITY RISK POOL
LIST OF PARTICIPATING MEMBERS

AS OF AUGUST 31, 2023

Camas School District # 117
Castle Rock School District #401
Centerville School District #215
Educational Service District 112
Evergreen School District #114
Glenwood School District #401
Green Mountain School District #103
Hockinson School District #98
Kalama School District #402
Kelso School District #458
Klickitat School District #402
LaCenter School District #101
Longview School District #122
Lyle School District #406
Mill A School District #31
Mount Pleasant School District #029-93
Naselle-Grays River School District #155
Ocean Beach School District #101
Ridgefield School District #122
Roosevelt School District #403
Skamania School District #2
Stevenson-Carson School District #303
Toutle Lake School District #130
Trout Lake School District #R-400
Wahkiakum School District #200
Washougal School District #112-6
White Salmon Valley School District #405-17
Wishram School District #94
Woodland School District #404

Educational Service District No. 112
OTHER INFORMATION

SW WA UNEMPLOYMENT COMPENSATION RISK FUND
DES SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

Excess Insurance	\$ -
Contracted Services:	
Third Party Administrator Fees	-
Actuarial	38,150
Audit Expenses	
Brokerage Fees	
Legal Fees	
Other Consultant Fees	5,477
General Administrative Expenses:	
Personnel Services	168,410
Communication & Network	21,343
Supplies and Materials	3,047
Dues and Conferences	224
Retreat/Board Meetings	
Training	761
Travel	622
Occupancy	12,761
Printing/Copier	560
Miscellaneous	
Other:	
Claims Paid	567,347
Change in Claim Reserves	241,276
State Risk Manager Fee	
Pension/OPEB Expense from Changes in Net Pension and Total OPEB Liability	(13,209)
Miscellaneous	294
Total Operating Expenses	<u>\$ 1,047,063</u>

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. 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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- Main telephone:
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- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov