



**Local Government Self-Insurance Program
Examination Report**

for

Washington Governmental Entity Pool

November 19, 2007

Independent Examiner's Report

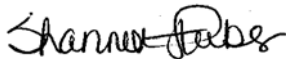
Mark Kammers, Executive Director
Washington Governmental Entity Pool
5709 W. Sunset Highway
P.O. Box 19330
Spokane WA 99219-9330

Dear Mr. Kammers:

We have examined the Pool's compliance with RCW 48.62, WAC 82.60 and current guidelines established by the State Risk Manager for the years ended August 31, 2003, 2004, 2005, 2006, and 2007. The accuracy of information provided by Washington Governmental Entity Pool (WGEP) is the responsibility of the Pool's management. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to examinations contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we examine, on a test basis, evidence supporting compliance and that we perform such other procedures as we consider necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Washington Governmental Entity Pool has complied, in all material respects, with laws, regulations and guidelines established by the State Risk Manager as set forth above.



Shannon Stuber
Program Administrator
Local Government Self Insurance Program
Office of Financial Management

Examination Summary

**Washington Governmental Entity Pool
Spokane, Washington
November 19, 2007**

Our Examination

This report contains the results of our independent compliance examination of Washington Governmental Entity Pool (WGEP).

We performed procedures to determine whether the Pool complied with state laws and regulations, in addition to guidelines adopted by the State Risk Manager. The areas examined were selected based on an analysis of financial trends and transactions from the period September 1, 2002 through August 31, 2007.

Examination Results

The Pool complied with state laws and regulations and guidelines adopted by the State Risk Manager. Our report contains no findings or other communications to the management or Board of WGEP.

Examiner's Remarks

We appreciate the cooperation and assistance of the staff and management of WGEP during our examination.

Areas Examined

Washington Governmental Entity Pool Spokane, Washington November 19, 2007

We examined the Pool's compliance with state laws and regulations, in addition to guidelines adopted by the State Risk Manager in the following areas:

- Claims Audits
- Actuarial Study
- Member Assessments
- Insurance Coverage
- Unreserved Equity
- Member Agreements & Bylaws
- Elections and Governance
- Communication with Members
- Membership Criteria & Programs
- Contracts & Competitive Process
- Compliance with Financial Guidelines
- Evaluation of Financial Trends
- Reporting of Liabilities
- Submission of Timely Quarterly and Annual Reports

We examined, on a test basis, evidence of compliance with requirements set forth above, and we performed such other procedures as we considered necessary under the circumstances. Our examination does not provide a legal determination on the Pool's compliance with specified requirements.

About the Local Government Self-Insurance Program

The Local Government Self Insurance Program provides initial approval and continuing oversight of joint property and liability self-insurance pools established by local governments per Chapter 48.62 RCW. The State Risk Manager, with assistance from the Property and Liability Advisory Board, adopts guidelines and establishes examination fees and annual assessments to cover administrative costs. Board members are appointed by the governor. The Property and Liability Advisory Board meets quarterly.

A team of field examiners conducts regularly scheduled examinations to determine whether self-insurance programs comply with state laws and regulations. In addition, adherence to guidelines designed to foster financially sound management practices is also evaluated. Finally, examiners also communicate with local government owner/members to ensure they are informed about the program's financial condition and participate in decisions which affect insurance services provided by their programs. Costs of these examinations are based on the actual time and expense required for program review as provided in RCW 48.62.161.

About Washington Governmental Entity Pool

Washington Governmental Entity Pool (WGEP) was established in 1987 to provide property and liability insurance and risk management services to its members, which consist of local government entities in Washington. WGEP is governed by a Board of Directors comprised of six representatives elected from member entities. Daily operations are currently managed by an Executive Director and ten employees on an approximately \$6 million operating budget. The pool holds an annual membership meeting which is attended by the majority of the approximately 420 members. During the examination period, the pool experienced growth of over 100 members, which are primarily special districts. These members include libraries, ports, health districts, fire, air pollution, conservation, weed, park, water, irrigation and other types of special service districts.