



CPAs & BUSINESS ADVISORS

Judy Schurke, Director  
The Washington Department of Labor and Industries  
7273 Linderson Way SW  
Tumwater, WA 98501

### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

We have performed the procedures enumerated below, which were agreed to by the Management of Washington Department of Labor and Industries (L&I), Industrial Insurance Fund, solely to assist you in connection with conducting a review and issuing a report on whether L&I's management discussion and analysis (MD&A) financial information, notes, and any other required supplementary information for the Industrial Insurance Fund are presented in substantial compliance with Statutory Accounting Principles (SAP) requirements as promulgated by the National Association of Insurance Commissioners (NAIC). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures are as follows.

The SAP financial information is prepared by adjusting the generally accepted accounting principles (GAAP) financial statements. The adjustments are based on Statements of Statutory Accounting Principles (SSAP).

1. Review all adjustments to determine compliance with SSAP requirements.
2. Recommend additional adjustments, if any, that should be considered and/or recorded.
3. Determine if the presentation of the MD&A, combining financial statements, notes to financial information and supplemental schedules are in compliance with SAP reporting requirements as promulgated by the National Association of Insurance Commissioners (NAIC), and recommend changes to be made.
4. Express limited assurance in a report, including all recommendations referenced in the two previous bullets, that the SAP financial information requires no material modification to be in compliance with the SAP.

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The associated findings are as follows:

1. L&I provided GAAP trial balances, adjustments from GAAP to SAP and adjusted SAP trial balances. Assurances were obtained by Eide that there were no material adjustments to the GAAP financial statements that had not already been made. Eide compared the adjustments to standards outlined in SSAP by obtaining specific detailed information from L&I, selecting samples of the detail and testing the accuracy of the SAP adjustment calculated for the sample items. Results of actuarial analyses from the independent actuaries were obtained by Eide from L&I, reviewed and compared to the assets and liabilities in the financial statements. Eide reviewed disclosures in the financial statements and compared them to SSAP guidelines and the financial information provided. Based on the procedures performed, we found no exceptions as a result of the procedures.
2. Eide does not recommend any additional adjustments or disclosures as a result of the procedures performed.
3. Eide reviewed the appropriate SSAP documentation and guidelines and did not note any material deviation therefrom in the MD&A, the combining financial statements or the notes to financial information. Therefore, we recommend no changes as a result of the reviews.
4. As a result of the procedures performed as defined by management, Eide did not note any additional required material modifications to the combining financial statements, disclosures to the notes to financial information or MD&A to be in compliance with SAP.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the materiality of the presentation of the financial statements and related disclosures on the basis of Statutory Accounting Principles. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We also were not engaged to perform a review or compilation as defined by the AICPA standards and therefore do not present the financial s as either reviewed or compiled.

This report is intended solely for the information and use of the Director and Management of Washington Department of Labor and Industries, Industrial Insurance Fund, and is not intended to be and should not be used by anyone other than these specified parties.



Eide Bailly LLP  
Fargo, North Dakota  
December 13, 2007