



James Marta & Company
Certified Public Accountants

Accounting Auditing Tax and Consulting

May 7, 2010

Shannon Stuber, Program Administrator
Local Government Self-Insurance Program
Office of Financial Management
PO Box 41027
Olympia, WA 98504-1027

Dear Ms. Stuber,

Please find our report on our review of the recovery plan of Cities Insurance Association of Washington.

If you need anything else please contact me.

Sincerely,

James P. Marta CPA, ARM
Principal
James Marta & Company
Certified Public Accountants



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RE: CIAW Deficit Recovery Plan Review

We have performed the procedures enumerated below, which were agreed to by the Washington State Office of Financial Management to assist in evaluating certain conditions with the Cities Insurance Association of Washington. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Washington State Office of Financial Management. 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.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. 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.

This report is intended solely for the information and use of the Washington State Office of Financial Management and is not intended to be and should not be used by anyone other than these specified parties.

BACKGROUND

We prepared a report dated January 15, 2010, we projected that the Cities Insurance Association of Washington (CIAW) had a deficit as of August 31, 2008 and August 31, 2009. CIAW submitted a recovery plan in a letter to you and your department dated February 25, 2010. You asked us to evaluate this plan in accordance to the following criteria.

1. The plan provides for sufficient liquidity to fund claims as they become due
2. The plan will fund the deficit and provide a contingency margin sufficient for safety and security as provided for under the statutes of the State of Washington.
3. The assumptions under the plan appear reasonable and achievable.

PROCEDURES

1. Reviewed the recovery plan submitted by the Cities Insurance Association of Washington
2. Reviewed the plan assumptions
3. Consideration of funding requirements set forth by the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC)
4. Conclude whether the plan meets the criteria as described in the background 1-3 above.
5. Other: provided observations and recommendations regarding special issues noted.

SUMMARY OF THE PLAN

Cities Insurance Association of Washington adopted the following resolution 09-10-03 approving assessments to fund prior deficits and provide a contingency margin as required by the State of Washington.

Plan Submitted:

WHEREAS, the Cities Insurance Association of Washington (CIAW) was created in 1988 because cities, towns and other local governments in the state of Washington were experiencing a trend of vastly increased insurance premiums for the renewal of identical insurance policies, fewer insurance carriers were willing to provide cities, towns and local governments with insurance coverage, and some cities, towns and local governments were unable to obtain desired insurance coverage; and

WHEREAS, RCW 48.62.031 allows jointly purchasing of insurance or reinsurance; and

WHEREAS, cities, special districts, and towns of the state of Washington joined together with other cities, special districts, and towns for the purpose of pooling self-insured losses for property and liability claims arising from negligent or other tortuous conduct, or errors or omissions, of their officials, employees and volunteers; and

WHEREAS, the board has always acted in a fiscally conservative and prudent manner without collecting excessive funds to languish in the program's reserve account, thus leaving tax revenues in the hands of local governments to pay for local government services; and

WHEREAS, RCW 48.62.141 requires every joint self-insurance program covering property and liability risks to provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities; and

WHEREAS, members have signed an interlocal agreement that under section 3.11 allows the CIAW to reassess their regular members; and

WHEREAS, based upon historical spending patterns, the CIAW from its inception (without exception) has been able to pay all claims promptly when due and owing and is confident that the cash flow can meet current needs for paying claims and operation expenses; and

WHEREAS, the program under funded the estimated claims in policy years beginning in 2002/2003; and

WHEREAS, the board has hired an actuary to determine the funding necessary to pay for claims liability and has funded it to that level; and

WHEREAS, the CIAW for the current year of 2009/2010 has overfunded its current stop loss; and

WHEREAS, the additional funding to be collected during the next five (5) years will ensure compliance with the requirement to fund to the 70% confidence level as determined by our actuary as well as cover any contingency; and

WHEREAS, additionally the CIAW will notify the state of any significant changes in operation; and

WHEREAS, the state of Washington, per the newly adopted rules, has ordered the CIAW to submit a plan addressing this issue;

NOW THEREFORE, be it resolved by the Board of Directors of the Cities Insurance Association of Washington as follows:

- 1) The Board approves assessments in the estimated amount of \$ 986,214 to cover actual or projected shortfalls during the policy years from 2002/03 to 2006/07;*
- 2) These assessments will confirm that the CIAW is operating in a safe and sound financial condition;*
- 3) These estimated assessments will apply to all regular members that participated in the CIAW self-insured retention (SIR) during those five policy years;*
- 4) The Board will review the surcharges annually and may amend or modify them by resolution;*
- 5) The Board directs it's third-party administrator to allocate and collect these surcharges as outlined in this resolution;*
- 6) See attached Exhibit A for Plan details.*

EXHIBIT A

CIAW FUNDING PLAN:

- 1) To be invoiced beginning in August of 2010, the CIAW will collect an additional \$ 197,242.80 over its current year's anticipated expenses and claims funding requirements. This additional funding will continue for five (5) years until fully collected.*
- 2) To collect additional funding, we will use a combination of members' rates, reviewing excess insurance coverage and limits offered, negotiating the third-party administrator's fees, and providing services in a more cost-effective manner.*
- 3) Our progress towards our funding goals will be reviewed annually during the budget process and any adjustments necessary will be added or subtracted from the years remaining in the five (5) years of the plan, including federal tax liabilities, if any are determined, upon approval of the office of Financial Management (OFM).*
- 4) The State Risk Manager will be updated each year on the progress of this plan, including the amount invoiced, through the annual report.*
- 5) Since this is a dynamic process with factors such as actuary projections, actual claims paid, excess insurance costs and operational cost adjustments each member will be notified prior to invoicing of how much their invoice is of the total premium.*

REVIEW OF PLAN AND ASSUMPTIONS:

Subsequent to our original review of the CIAW, the following significant events have occurred that has effected the carrying value of the claim liabilities.

1. CIAW engaged Fallquist Actuaries Incorporated to reevaluate claim liabilities. The original report was dated November 4, 2009 and was reviewed in conjunction with our January 15, 2010 report. The revised report is dated February 26, 2010. The principle change is this new report includes property and APD lines and contains revised aggregate stop-loss limits. The revised aggregate stop loss limits provide for coverage above \$12 million dollars in aggregate claims for the total of the 2004-2009 policy years for the retained layer claims (\$100,000 for liability, \$10,000 for property and APD per occurrence) The revised figures are in agreement with this updated actuary and its assumptions.
2. CIAW has provided separately an aggregate stop loss reinsurance agreement with Munich Reinsurance America, Inc. This agreement was dated March 3, 2010 and was latter revised May 5th 2010. The principle change with this agreement and the insurance binder provided for prior review is:
 - a. This \$12M aggregate stop-loss coverage was extended to include property and APD.
 - b. The premium was increased from \$50,000 to \$175,000.
3. See Exhibit I, this exhibit is modified from our report dated January 15th 2010 which showed the projected financial position based on our findings at that date. Subsequently, we have shown the financial statements as reflected by CIAW and have discussed the principle changes. The projected financial statements provided reflect an unrestricted net deficit of \$1,779,224. Item 1 of the plan provides for board assessment of \$986,214. The 2009-10 budget provided for a \$475,000 surplus. However, the addition of the aggregate policy for \$175,000 as compared to the originally budgeted and paid amount of \$50,000 would reduce that amount to \$350,000. Factoring in the 2009-10 policy year funding, a net asset balance with the recognition of the full assessment would be \$100,918.

Unrestricted net deficit	(\$1,512,182)
Less portion of risk margin booked in submitted f/s	485,588
Less provision for tax interest and penalty	(208,702)
Board assessment	986,214
Funded surplus 2009-10 budget	475,000
Additional premium for Aggregate policy 2004-09	(125,000)
Provision for Unallocated Loss Adjustment Liab (1)	(155,278)
Net asset balance with implemented plan	<u>\$ (54,360)</u>

(1) the Washington Office of Risk Management has requested Unallocated Loss Adjustment Liability be considered for purposes of evaluating the meeting of the primary and secondary asset tests and evaluating the overall safety of the program funding. For this purpose a provision of 5% factored times the outstanding balance of \$3,105,550; \$155,278 was included.

Note: Claims recorded in 8/31/09 financial statements were \$3,105,550, actuary estimated at expected level \$2,619,962; difference is \$485,588 the amount recorded above expected level, this amount should be recorded as a component of net assets.

Review of Budget for Claims 2009-10

\$	235,000	Provision for claims
	3,717,959	Provision for claims
	<u>(1,017,959)</u>	claims adjustment fees
	<u>(2,460,000)</u>	Actuary estimate 2/26/10 study
\$	<u>475,000</u>	contingency margin budgeted

Evaluation of the Plan

Evaluation of the plan has been made first by referring to the Revised Code of Washington applicable as follows:

RCW 48.62.091

Program approval or disapproval — Procedures — Annual report.

(1) Within one hundred twenty days of receipt of a plan of management and operation, the state risk manager shall either approve or disapprove the formation of the self-insurance program after reviewing the plan to determine whether the proposed program complies with this chapter and all rules adopted in accordance with this chapter.

(2) If the state risk manager denies a request for approval, the state risk manager shall specify in detail the reasons for denial and the manner in which the program fails to meet the requirements of this chapter or any rules adopted in accordance with this chapter.

(3) Whenever the state risk manager determines that a joint self-insurance program covering property or liability risks or an individual or joint self-insured health and welfare benefits program is in violation of this chapter or is operating in an unsafe financial condition, the state risk manager may issue and serve upon the program an order to cease and desist from the violation or practice.

(a) The state risk manager shall deliver the order to the appropriate entity or entities directly or mail it to the appropriate entity or entities by registered mail with return receipt requested.

(b) If the program violates the order or has not taken steps to comply with the order after the expiration of twenty days after the cease and desist order has been received by the program, the program is deemed to be operating in violation of this chapter, and the state risk manager shall notify the state auditor and the attorney general of the violation.

(c) After hearing or with the consent of a program governed by this chapter and in addition to or in lieu of a continuation of the cease and desist order, the risk manager may levy a fine upon the program in an amount not less than three hundred dollars and not more than ten thousand dollars. The order levying such fine shall specify the period within which the fine shall be fully paid. The period within which such fines shall be paid shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the risk manager shall request the attorney general to bring a civil action on the risk manager's behalf to collect the fine. The risk manager shall pay any fine so collected to the state treasurer for the account of the general fund.

(4) Each self-insurance program approved by the state risk manager shall annually file a report with the state risk manager and state auditor providing:

- (a) Details of any changes in the articles of incorporation, bylaws, or interlocal agreement;
- (b) Copies of all the insurance coverage documents;
- (c) A description of the program structure, including participants' retention, program retention, and excess insurance limits and attachment point;
- (d) An actuarial analysis, if required;
- (e) A list of contractors and service providers;
- (f) The financial and loss experience of the program; and
- (g) Such other information as required by rule of the state risk manager.

(5) No self-insurance program requiring the state risk manager's approval may engage in an act or practice that in any respect significantly differs from the management and operation plan that formed the basis for the state risk manager's approval of the program unless the program first notifies the state risk manager in writing and obtains the state risk manager's approval. The state risk manager shall approve or disapprove the proposed change within sixty days of receipt of the notice. If the state risk manager denies a requested change, the risk manager shall specify in detail the reasons for denial and the manner in which

the program would fail to meet the requirements of this chapter or any rules adopted in accordance with this chapter.

RCW 48.62.141
Insufficient assets — Program requirement.

Every joint self-insurance program covering liability or property risks, excluding multistate programs governed by RCW [48.62.081](#), shall provide for the contingent liability of participants in the program if assets of the program are insufficient to cover the program's liabilities.

And secondly to the Washington Administrative Code:

WAC 82-60-03001
Standards for solvency — Actuarially determined liabilities, program funding and liquidity requirements.

(1) All joint self-insurance programs shall obtain an annual actuarial review as of fiscal year end which provides estimates of the unpaid claims measured at the expected and the seventy percent confidence level.

(2) The governing body of the joint self-insurance program shall establish and maintain primary assets in an amount at least equal to the unpaid claims estimate at the expected level as determined by the program's actuary as of fiscal year end. All joint self-insurance programs that do not meet the requirement to maintain sufficient primary assets shall notify the state risk manager in writing of the condition. The state risk manager shall take corrective action, which may include the service of a cease and desist order upon the program, to require that the program increase primary assets in an amount equal to the unpaid claims estimate at the expected level as determined by the program's actuary as of fiscal year end.

(3) The governing body of the joint self-insurance program shall establish and maintain total primary and secondary assets in an amount equal to or greater than the unpaid claim estimate at the seventy percent confidence level as determined by the program's actuary as of fiscal year end. All joint self-insurance programs that do not meet the reserve requirements to maintain sufficient primary and secondary assets shall notify the state risk manager in writing of the condition. The state risk manager shall require that the program submit a written corrective action plan to the state risk manager within sixty days of notification. Such plan shall include a proposal for improving the financial condition of the self-insurance program and a time frame for completion. The state risk manager shall approve or deny the proposed plan in writing within thirty days of receipt of the final plan submission. Failure by the joint self-insurance program to respond or submit a plan to improve the financial condition of the program shall cause the state risk manager to take corrective action, which may include the service of a cease and desist order upon the program.

(4) The state risk manager shall evaluate the operational safety and soundness of the program by monitoring changes in liquidity, claims reserves and liabilities, member equity, self-insured retention, and other financial trends over time. Programs experiencing adverse trends may cause the state risk manager to increase frequency of on-site program review and monitoring, including increased communication with the governing body and requirements for corrective plans.

(5) When the state risk manager determines it necessary to analyze the program's soundness and financial safety, the state risk manager may obtain an independent actuarial evaluation to determine the adequacy of reserves. Costs of these services shall be the responsibility of the joint self-insurance program.

WAC 82-60-020 Definitions. (1) "Actuary" means any person who is a fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

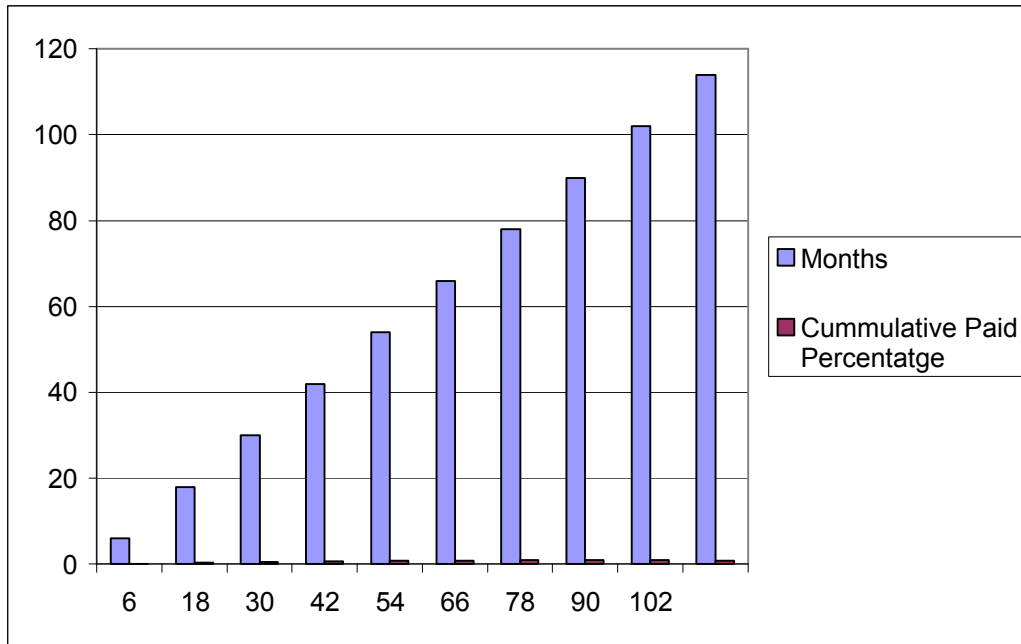
(20) "Primary assets" means cash and investments (less any nonclaims liabilities).

(23) "Secondary assets" means insurance receivables, real estate or other assets (less any nonclaims liabilities) the value of which can be independently verified by the state risk manager.

Conclusions:

1. Upon review of the actuarially projected paid loss development, and consideration of the program assets and claim liabilities, the plan appears to provide for sufficient liquidity to fund the claims as they come based on the August 31, 2009 actuary projections.

The table below shows the projected pay-out pattern for claims. As it is basically linear, there doesn't appear to be a cash-flow concern for claims.



Source: Actuary paid development table ratio to ultimate; Exhibit 1-5

Months Cummulative Paid Percentatge

6	0.0790
18	0.3500
30	0.4970
42	0.6510
54	0.7700
66	0.8480
78	0.8780
90	0.8760
102	0.8900
114	0.8240

2. The plan provides for funding of the deficit with a margin above the expected claim liabilities with net deficit of (\$54,360) through August 31, 2010 and net assets of \$420,640 by August 31, 2011. Under *WAC 82-60-03001, Standards for solvency — Actuarially determined liabilities, program funding and liquidity requirements.*

(1) All joint self-insurance programs shall obtain an annual actuarial review as of fiscal year end which provides estimates of the unpaid claims measured at the expected and the seventy percent confidence level.

(2) The governing body of the joint self-insurance program shall establish and maintain primary assets in an amount at least equal to the unpaid claims estimate at the expected level as determined by the program's actuary as of fiscal year end."

The actuary in his review of estimated losses as of August 31, 2009 Exhibit 1-7 has provided for expected losses and a valuation of losses at the 70% confidence level at the gross layer (including excess and stop-loss coverage). The gross layer 70% confidence level losses are \$10,290,500 and the expected level are \$9,878,553; yielding a 70% confidence level differential of \$411,947. This is a very conservative figure to arrive at the 70% confidence level since (1). it is factoring on total gross claims and (2). CIAW has secured and recorded claim liabilities for the 2004-2009 policy years at the maximum covered aggregate stop loss level, In addition, for the 2009-10 policy year, the budget provides for full funding of the claim liabilities up to the aggregate stop loss coverage. CIAW has policies that cap its claim exposure so once this level is funded the net layer 70% confidence level is met with the full funding up to the aggregate stop loss layer.

Since the projected funding under the plan will yield a net asset balance of \$420,640 by August 31, 2011, (*see the projected balance in the following table*), and this balance is above the \$411,947 gross layer 70% confidence level, the plan provides for a contingency margin sufficient for safety and security as provided under the statutes.

CIAW Plan Review

May 7, 2010

Page 13 of 16

Projected Statements of Net Assets
 Cities Insurance Association of Washington

August 31,

	2009	2010	2011	2012	2013	2014
Assets						
Cash and Equivalents	\$ 1,272,531	\$ 1,861,072	\$ 2,533,315	\$ 3,205,557	\$ 3,877,800	\$ 4,550,043
Accounts Receivable	843,435	843,435	843,435	843,435	843,435	843,435
Assessment Receivable		788,971	591,728	394,486	197,243	-
Equipment / Records	267,042	267,042	267,042	267,042	267,042	267,042
Total Assets	\$ 2,383,008	\$ 3,760,520	\$ 4,235,520	\$ 4,710,520	\$ 5,185,520	\$ 5,660,520
Liabilities						
Deferred Revenue	\$ 789,640	\$ 789,640	\$ 789,640	\$ 789,640	\$ 789,640	\$ 789,640
Contingent tax liability	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Unallocated loss adjustment liability		\$ 155,278	\$ 155,278	\$ 155,278	\$ 155,278	\$ 155,278
Unpaid Claims Liability	3,105,550	2,619,962	2,619,962	2,619,962	2,619,962	2,619,962
Total Liabilities	3,895,190	3,814,880	3,814,880	3,814,880	3,814,880	3,814,880
Net Assets	(1,512,182)	(54,360)	420,640	895,640	1,370,640	1,845,640
Total Net Assets and Liabilities	\$ 2,383,008	\$ 3,760,520	\$ 4,235,520	\$ 4,710,520	\$ 5,185,520	\$ 5,660,520
WAC 82-60-03001 requirements						
Primary Assets	\$ 482,891.00	\$ 666,154.00	\$ 1,338,397.00	\$ 2,010,639.00	\$ 2,682,882.00	\$ 3,355,125.00
Secondary Assets	\$ 2,383,008	\$ 3,760,520	\$ 4,235,520	\$ 4,710,520	\$ 5,185,520	\$ 5,660,520
Excess/(deficient) primary assets	\$ (2,622,659)	\$ (1,953,808)	\$ (1,281,565)	\$ (609,323)	\$ 62,920	\$ 735,163
Excess/(deficient) secondary assets	\$ (1,512,182)	\$ (54,360)	\$ 420,640	\$ 895,640	\$ 1,370,640	\$ 1,845,640
Primary asset test	not met	not met	not met	not met	met	met
Secondary asset test	not met	met	met	met	met	met

Assumptions:

This projection is only to evaluate the funding provided to meet the WAC 82-60 requirements

Cash and equivalents increases due to collection of the assessment and the future funding plan surplus

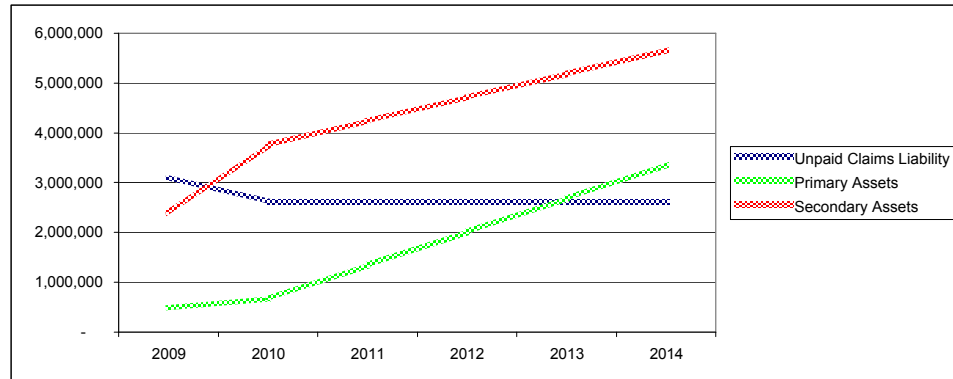
Assessment receivable is collected over a five year period

Changes in accounts receivable, equipment, deferred revenue and claims held constant; assume actuary funding sufficiency

Future funding plan provides for an addition of \$475,000 to equity each policy year based on board plan, in addition to the assessment

A provision for Unallocated Loss Adjustment Expense has been added based on a request from the Washington Office of Financial Management for purposes of evaluating safety and security of the program.

Graph of unpaid liabilities as compared to the primary and secondary assets



The above graph demonstrates that the primary and secondary asset tests are met by August 31, 2013.

3. Given reliance on the current claim reserves and actuary estimates and understanding that there is inherent variability in any claims estimate, the assumptions under the plan appear reasonable and achievable.

Other:

1. Board approved funding plan

Based on discussions with CIAW's administrator, we have included in the projections the annual funding of a \$475,000 additional surplus contributions. This is generally described under item 2 of Exhibit A to the plan to collect additional funding. We recommend that this amount or, relative amount to the membership, be included in the plan to make clear the commitment that the administrator indicated was intended. This could be accomplished through a revision or addendum to the plan submitted.

2. Actuary reported favorable development

The February 26, 2010 actuary report describes that expected net loss and ALAE reserves have decreased by \$835,000. It is reported that this decrease is a result of favorable development. Upon further review, (data analysis provided by CIAW), we noted that the incurred claims were reduced by \$822,994.22; a substantial reduction in the incurred claims for the 2004-2009 policy years. The principle reasoning for the decrease was due to improper case file management, with case files left open with excess reserves.

We recommend that the claims auditor Gary Jennings, of Strategic Claims Direction LLC, review this development and the underlying reasoning. Mr. Jennings recently completed a claims audit in December 2009 and should be able to readily ascertain the reasonableness of these subsequent reductions in incurred claims.

The effect of this subsequent reported reduction has not been factored into the CIAW plan review.

3. Aggregate coverage agreement

Upon review of the aggregate excess policy, we noted that the term of this policy was from September 1, 2009 to September 1, 2010. The policy provided, at the expiration of this policy the Reinsurer '*shall be discharged and released of all liability for any aggregate ultimate net loss not actually paid by CIAW during the term of the agreement.*' The effect of this clause was; if claims begin to develop and are not paid during the period ended September 1, 2010, then the reinsurer would not be obligated to pay. We reviewed this policy with the insurance broker and the CIAW administrator and recommended it be revised to provide for aggregate coverage as intended. On April 12, 2010, the CIAW Administrator provided revised language to correct this clause. The carrier dated the revised agreement March 1st, 2010. We advised CIAW management to revise and clarify this dating as the March 1st, 2010 corrected language agreement was dated before the original March 3, 2010

agreement. If later disputed the later March 3, 2010 agreement might be considered the agreed language; this was not the intent. CIAW, manually changed the date to May 5th, 2010.

The language in this policy, as originally provided to us, was at the extreme disadvantage to CIAW and could have resulted in a failure for the pool to be properly covered. While this was discovered during this review process by our team, we recommend that CIAW develop a process where separate coverage counsel review these policies to properly protect CIAW's interests and ensure the coverage bound is as intended and effective in terms and provisions. In addition, such policies should be brought to the board for review, discussion and approval to include them in this critical oversight process.

4. Contingency margin

The measurement of net assets as a contingency margin for safety and security is described under the statues as a minimum level for the pool to achieve. Consideration of the amount ultimately to retain should contemplate additional factors:

- a. Exposure characteristics of the members
- b. Potential changes in the risk financing of the program
- c. Changes in program design
- d. Variation in membership
- e. Variability of other program costs.

We recommend that CIAW contemplate an exposure measure to bench mark security at a minimum of five times the pool self-insured retention or \$100,000 X 5 = \$500,000. In addition, other revenue, claims and equity benchmarks could be developed and adopted to better establish funding and funded security for your pool.



James P. Marta CPA, ARM
Principal
James Marta & Company
Certified Public Accountants

Exhibit I Analysis of changes to CIAW financial statements based on January 15, 2010 report and CIAW submitted plan

Cities Insurance Association of Washington
 Financial Statements
 08/31/09

	<u>08/31/09</u>	<u>Recommended Adjustments</u>	<u>08/31/09 as adjusted</u>	<u>Plan Financial Submitted 08/31/09</u>	Difference
Assets:					
Current Assets:					
Cash and equivalents	\$ 1,272,530	\$ -	\$ 1,272,530	1272531	\$ 1
Investments	-	-	-		
Receivables	4,163,348	(3,176,000)	987,348	843435	\$ (143,913)
Less: Allowance for doubtful accounts		(195,900)	(195,900)		\$ 195,900
Prepaid expenses	-	-	-		
Total Current Assets	<u>5,435,878</u>	<u>(3,371,900)</u>	<u>2,063,978</u>	<u>2,115,966</u>	\$ 51,988 (1)
Noncurrent Assets:					
Equipment Purchased (Net)	217,042	-	217,042	217,042	-
Records Purchased (Net)	50,000	-	50,000	50,000	-
Total Noncurrent Assets	<u>267,042</u>	<u>-</u>	<u>267,042</u>	<u>267,042</u>	-
Total Assets	<u>\$ 5,702,920</u>	<u>\$ (3,371,900)</u>	<u>\$ 2,331,020</u>	<u>\$ 2,383,008</u>	\$ 51,988
Liabilities					
Current Liabilities					
Accounts payable	\$ -	\$ -	\$ -		
Deferred revenue	789,640	-	789,640	789,640	-
Unpaid Claims Liability	4,589,998	-	4,589,998	3,105,550	(1,484,448) (2)
Total Current Liabilities	<u>5,379,638</u>	<u>-</u>	<u>5,379,638</u>	<u>3,895,190</u>	(1,484,448)
Total Liabilities	5,379,638	-	5,379,638	3,895,190	(1,484,448)
Net Assets					
Invested in capital assets net of related debt	267,042	-	267,042	267,042	-
Unrestricted	56,240	-	(3,315,660)	(1,779,224)	1,536,436
Total Net Assets	<u>323,282</u>	<u>-</u>	<u>(3,048,618)</u>	<u>(1,512,182)</u>	1,536,436
Total Net Assets and Liabilities	<u>\$ 5,702,920</u>	<u>\$ -</u>	<u>\$ 2,331,020</u>	<u>\$ 2,383,008</u>	\$ 51,988

(1) difference is a/r for cost sharing for law enforcement and driver simulator.

(2) New actuary study New stop loss coverage.