

***OREGON SCHOOL BOARDS ASSOCIATION  
PROPERTY AND CASUALTY COVERAGE  
FOR EDUCATION  
FINANCIAL STATEMENTS  
Years Ended June 30, 2009 and 2008***

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**  
**BOARD OF TRUSTEES**

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***TRUSTEES***

Tim Belanger  
Oregon Trail Business & Support Svc Dir

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Clackamas CC VP College Services

John Rexford  
Bend-LaPine Assistant Supt.

Craig Roessler  
Silver Falls Supt.

Gary Richter  
North Clackamas Risk Manager

Phil Wentz  
Tigard-Tualatin Facilities Manager

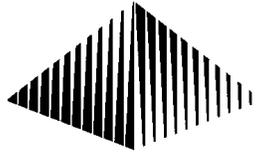
David Horner  
McMinnville Dir. of Facilities & Operations

Allen Bunch  
Chemeketa CC Risk Manager

Randy Tweten  
La Grande School District

***PROGRAM ADMINISTRATOR***

Kevin McCann  
Oregon School Boards Association  
Salem, Oregon



**GROVE, MUELLER & SWANK, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
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***INDEPENDENT AUDITOR'S REPORT***

Board of Trustees  
Oregon School Boards Association  
Property and Casualty Coverage for Education  
Salem, Oregon

We have audited the accompanying statements of financial position of Oregon School Boards Association Property and Casualty Coverage for Education (a component unit of Oregon School Boards Association), as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oregon School Boards Association Property and Casualty Coverage for Education as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*CERTIFIED PUBLIC ACCOUNTANTS*

October 20, 2009

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,331,234	\$ 12,913,292
Accounts receivable	1,421,012	2,946,782
Interest receivable	123,541	-
Investments	10,736,721	-
	<u>10,736,721</u>	<u>-</u>
<i>Total Assets</i>	<u>\$ 19,612,508</u>	<u>\$ 15,860,074</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 495,102	\$ 42,825
Deferred revenue	561,513	636,241
Claims payable	9,632,355	8,254,744
	<u>9,632,355</u>	<u>8,254,744</u>
<i>Total Liabilities</i>	10,688,970	8,933,810
 <b>Net Assets</b>		
Unrestricted	8,923,538	6,926,264
	<u>8,923,538</u>	<u>6,926,264</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 19,612,508</u>	<u>\$ 15,860,074</u>

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

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Premiums	\$ 19,267,098	\$ 19,600,200
Miscellaneous/Other income	4,810	5,416
	<hr/>	<hr/>
Total Revenues	19,271,908	19,605,616
<b>Expenses</b>		
Underwriting Expenses:		
Loss and loss adjustment expense	6,461,282	8,521,191
Insurance premiums	7,357,443	7,719,386
Local agent commissions	1,841,077	1,888,766
Broker fees	125,000	110,000
Operating Expenses:		
Contract fees - SDAO	1,225,000	1,165,000
Contract fees - OSBA	304,400	307,000
Administrative expenses	543,752	398,098
	<hr/>	<hr/>
Total Expenses	17,857,954	20,109,441
	<hr/>	<hr/>
<i>Operating Income (Loss)</i>	1,413,954	(503,825)
<b>Non-Operating Revenues</b>		
Interest income	484,794	728,568
Investment income	98,526	-
	<hr/>	<hr/>
<i>Total Non-Operating Revenues</i>	583,320	728,568
	<hr/>	<hr/>
<b>Change in Net Assets</b>	1,997,274	224,743
	<hr/>	<hr/>
<b>Net Assets, Beginning of year</b>	6,926,264	6,701,521
	<hr/>	<hr/>
<b>Net Assets, End of year</b>	<u>\$ 8,923,538</u>	<u>\$ 6,926,264</u>

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

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><i>Cash Flows From Operating Activities</i></b>		
Cash received from premiums	\$ 19,029,358	\$ 19,856,741
Cash received from miscellaneous sources	4,810	5,416
Cash paid for claims	(2,971,539)	(6,153,769)
Cash paid for insurance premiums	(7,326,775)	(7,695,354)
Cash paid for other underwriting expenses	(1,965,438)	(1,898,477)
Cash paid for operating expenses	(2,075,532)	(1,893,479)
	<hr/>	<hr/>
<i>Net Cash Flows Provided by Operating Activities</i>	4,694,885	2,221,078
<b><i>Cash Flows (Used by) Provided by Investing Activities</i></b>		
Investment income received	459,779	728,568
Purchase of investments	(16,736,721)	-
Sale of investments	6,000,000	-
	<hr/>	<hr/>
<i>Net Cash Flow (Used by) Provided by Investing Activities</i>	(10,276,942)	728,568
<b><i>Net Change in Cash and Cash Equivalents</i></b>	<hr/>	<hr/>
	(5,582,058)	2,949,646
<b><i>Beginning Cash and Equivalents</i></b>	<hr/>	<hr/>
	12,913,292	9,963,646
<b><i>Ending Cash and Cash Equivalents</i></b>	<hr/>	<hr/>
	\$ 7,331,234	\$ 12,913,292
	<hr/> <hr/>	<hr/> <hr/>
<b><i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i></b>		
<b><i>Cash Flows from Operating Activities</i></b>		
Operating income (loss)	\$ 1,413,954	\$ (503,825)
<b><i>Adjustments to Reconcile Operating Net Income to Cash Provided by Operating Activities</i></b>		
Decrease (increase) in:		
Accounts receivable	1,525,770	(2,756,237)
Increase (decrease) in:		
Accounts payable	452,278	(18)
Deferred revenue	(74,728)	288,432
Claims liabilities	1,377,611	5,192,726
	<hr/>	<hr/>
<i>Net Cash Provided by Operating Activities</i>	\$ 4,694,885	\$ 2,221,078
	<hr/> <hr/>	<hr/> <hr/>

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

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2009 AND 2008**

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Oregon School Boards Association Property and Casualty Coverage for Education Trust (“Trust”) is a component unit of Oregon School Boards Association (OSBA). The Trust was formed effective July 1, 2006 and offers property and casualty coverage to school districts. The Trustees of OSBA Property and Casualty Coverage for Education Trust are appointed by the Board of Directors of Oregon School Boards Association. The accompanying financial statements include all financial activities of the Trust. The Trust purchases various services from OSBA and pays a fee for administration. In addition, the Trust contracts with Special Districts Association of Oregon (SDAO) to provide claims processing, accounting, underwriting and loss control services for the Trust.

*Basis of Accounting*

Financial transactions are recorded on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Trust has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

*Cash and Cash Equivalents*

For purposes of the statements of financial position and cash flows, the Trust considers all demand deposits and their investment in the State of Oregon Local Government Investment Pool as cash equivalents.

*Investments*

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment that is used as the fair value. Accordingly, unrealized gains or losses are recorded for the increase or decrease in the fair value of assets from the beginning of the year to the end of the year.

Oregon statutes authorize the Trust to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, certain commercial paper, and the Oregon State Treasurer's Local Government Investment Pool, among others.

*Accounts Receivable*

Accounts receivable represent amounts of reinsurance due on claims, contributions due and amounts due on services provided. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible accounts has been made.

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2009 AND 2008*

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Premiums*

Premiums are taken into income as earned over the term of related insurance policies. Policies are generally written for the annual period from July 1 through June 30. As of June 30, 2009 and 2008, the Trust held unearned premiums in the amount of \$561,513 and \$636,241 respectively.

*Claims and Claims Adjustment Expenses*

Unpaid losses and loss adjustments expenses at June 30, 2009 have been estimated based upon an actuarial study of the program prepared by the Trust's consulting actuary. The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims 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 salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on several complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of techniques to produce current estimates that reflect recent settlements, claims 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 on both the actual historical data that reflect past inflation and other 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.

*Income Taxes*

The Trust is tax exempt under Internal Revenue Code Section 115.

***SELF-INSURANCE LIMITS***

The Trust has established a \$500,000 general liability and a \$250,000 property self-insurance limit. The self-insurance pool provides for the first \$500,000 of each general liability claim and the first \$250,000 of property, automobile, errors and omissions, and other miscellaneous coverages.

***CASH AND CASH EQUIVALENTS***

The Trust has the following cash and cash equivalents:

	<u>2009</u>	<u>2008</u>
Demand deposits with financial institutions	\$ 1,589,063	\$ 482,378
Local Government Investment Pool	<u>5,742,171</u>	<u>12,430,913</u>
<i>Total Cash and Cash Equivalents</i>	<u>\$ 7,331,234</u>	<u>\$ 12,913,291</u>

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
NOTES TO FINANCIAL STATEMENTS (Continued)  
YEARS ENDED JUNE 30, 2009 AND 2008

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**CASH AND CASH EQUIVALENTS (Continued)**

Demand deposits with financial institutions consist of a checking account. The total bank balance as shown on the bank's records at June 30, 2009 and 2008, were \$1,592,469 and \$531,506 respectively.

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. At June 30, 2009, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the pool shares.

*Custodial Risk*

This is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. For deposits in excess of federal depository insurance, Oregon Revised Statute require those deposits be held in financial institutions approved by the State Treasurer of the State of Oregon.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-loan diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

*Credit Risk*

The Trust maintains its cash balances in financial institutions. These funds were covered by federal depository insurance of \$100,000. There were times during the year when bank balances exceeded the FDIC insurance limit. The Trust has not experienced any losses from these accounts and does not believe they are exposed to significant credit risk. The LGIP is not rated as to credit quality.

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 YEARS ENDED JUNE 30, 2009 AND 2008

**INVESTMENTS**

At June 30, 2009, the Trust's investment balances were as follows:

<i>Description</i>	<i>Face Amount</i>	<i>Fair Value</i>	<i>Investment Maturities</i>	
			<i>Less than 18 months</i>	<i>18-60 months</i>
Federal Government Obligations	\$ 584,408	\$ 584,408	\$ 584,408	\$ -
MBNA - 4.63%, due 8/3/10	1,000,000	1,001,897	1,001,897	-
Bank of NY - 7.3%, due 12/1/09	511,648	512,045	512,045	-
Firststar Bank NA - 7.125%	511,511	511,221	511,221	-
World Svgs Bk FSB - 4.125%, due 12/1/09	974,818	1,009,203	1,009,203	-
Natl City Bk Cleveland - 4.5%, due 3/15/10	602,537	608,788	608,788	-
Bank One Corp - 7.875%, due 8/1/10	522,285	524,229	524,229	-
Credit Suisse 1st Boston - 4.875%, due 8/15/10	505,419	515,602	515,602	-
GE Cap Corp - 1.307%, due 8/15/11	442,241	473,452	-	473,452
FHLMC - 2.625%, due 3/19/12	1,008,676	1,007,436	-	1,007,436
FFCB - 2.020%, due 5/14/12	500,006	500,156	-	500,156
FNMA - 2.00%, due 12/3/12	1,000,006	994,063	-	994,063
FFCB - 3.10%, due 1/30/14	1,000,006	998,750	-	998,750
FFCB - 3.0%, due 5/28/14	495,750	497,188	-	497,188
FHLMC - 3.5%, due 6/24/14	998,750	998,285	-	998,285
<i>Totals</i>		\$ 10,736,721	\$ 5,267,392	\$ 5,469,329

*Investment Objectives*

- To assure the safety of principal.
- To retain liquidity to meet projected or unexpected cash needs.
- To attain the best possible total return (yield and market appreciation) while retaining liquidity and minimizing risk.
- To comply with the provisions of Chapter 294 of Oregon Revised Statutes.

*Investment Securities and Diversification*

*Acceptable Investments:*

- General obligations of the United States issued as U.S. Treasury Bills, Notes and Bonds and Federal Agency securities.
- Obligations of Oregon and its respective political subdivisions having a long-term rating of A or an equivalent rating or better, or are rated in the highest category for short-term municipal debt by a

nationally recognized statistical rating organization.

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2009 AND 2008*

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**INVESTMENTS (Continued)**

*Investment Securities and Diversification (Continued)*

*Acceptable Investments (Continued):*

3. Lawfully issued debt of Washington, Idaho and California and their respective political subdivisions having a long-term rating of AA or an equivalent rating or better, or are rated in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.
4. Negotiable Certificates of Deposit of banks, mutual savings banks and savings and loan associations which maintain a head office or branch in the state of Oregon.
5. Fixed or Variable Life Insurance or Annuity Contracts and Guaranteed Investment Contracts issued by life insurance companies authorized to do business in Oregon.
6. Deferred Compensation Funds used by other public employers if the Trust is a public instrumentality of such public employers and is described as set forth in ORS 294.035(7).
7. Banker's Acceptance of qualified financial institutions pursuant to Oregon law. Guaranteed by and carried on the books of a qualified financial institution defined as financial institution located and licensed to do business in the state of Oregon or a financial institution licensed and qualified to do business in the states of California, Idaho and Washington that is wholly-owned by a bank-holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon and the obligation is eligible for discount by the Federal Reserve System and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organization.
8. Corporate Indebtedness: Commercial Paper, Bonds and MTNS.
9. Securities of any open- and/or closed-end management investment company or investment trust subject to the limitations set forth in ORS 294.035(10).
10. Repurchase Agreements: Only securities described in paragraph 1 above shall be used in conjunction with repurchase agreements and such securities shall have a maturity of not longer than three years. The price paid for such securities may not exceed amounts or percentages prescribed by Oregon statute.

*Portfolio Diversification:*

To support the stated investment objectives, the Association's funds will be diversified to sufficiently minimize risk as well as to assure adequate liquidity and marketability of the invested funds. Additionally, ORS 294.035 sets forth diversification limitations. These limitations are applied on a fund-by-fund basis.

Corporate Indebtedness of "Oregon Issuer" (ORS 294.035(9)9C0):

No more than 35% of any association's fund

No more than 5% with any one single corporate entity

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2009 AND 2008*

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**INVESTMENTS (Continued)**

*Portfolio Diversification (Continued):*

Corporate Indebtedness of "Outside Oregon Issuer" (ORS 294.035(9)(a)(b):

No more than 35% of any association's fund

No more than 5% with any one single corporate entity

Banker's Acceptances:

No more than 25% of any association's fund may be invested in banker's acceptances of any qualified financial institution

**CLAIMS AND CLAIMS ADJUSTMENT EXPENSES PAYABLE**

The Trust has established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The liability is based on an actuarial study of the program prepared by the Trust's consulting actuary. Administration fees for unresolved claims was estimated at \$650,000 and included in claims payable.

The liability for unpaid claims and claims adjustment expenses has not been discounted and does not reflect a reduction for future interest income which will be available to meet the Trust's claims payment obligations. The following represents changes in those aggregate liabilities for the Trust during the past year:

	<u>2009</u>	<u>2008</u>
Claims and claims adjustment expense payable at beginning of year	\$ 8,254,744	\$ 3,062,018
Incurred claims and claims adjustment expense:		
Provisions for insured events of the current year	7,473,196	7,447,531
Changes in provision for insured events of prior fiscal years	(1,086,914)	671,546
Changes in provision for ULAE	<u>75,000</u>	<u>402,114</u>
<i>Total Incurred Claims and Claims Adjustment Expenses</i>	6,461,282	11,583,209
Payments:		
Claims and claims adjustment expenses attributable to insured events of current year	2,400,468	2,392,299
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,683,203</u>	<u>936,166</u>
<i>Total Payments</i>	<u>5,083,671</u>	<u>3,328,465</u>
<i>Claims and Claims Adjustment Expense Payable</i>	<u>\$ 9,632,355</u>	<u>\$ 8,254,744</u>

**OREGON SCHOOL BOARDS ASSOCIATION  
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2009 AND 2008*

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***CLAIMS AND ADMINISTRATIVE SERVICE AGREEMENTS***

The Trust receives professional insurance management and support services from Special Districts Association of Oregon. The expense for services provided under contract during the years ended June 30, 2009 and 2008 were \$1,225,000 and \$1,165,000 respectively.

The Trust also receives administration and support services from Oregon School Boards Association. The expense for these services provided under contract during the years ended June 30, 2009 and 2008 were \$304,400 and \$307,000 respectively.

***ACCOUNTS RECEIVABLE***

Accounts Receivable as of June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Contributions receivable	\$ 16,497	\$ 17,269
Reinsurance receivable	1,207,064	2,895,203
Miscellaneous receivable	197,451	34,310
	<u>                    </u>	<u>                    </u>
<i>Total Accounts Receivable</i>	<u>\$ 1,421,012</u>	<u>\$ 2,946,782</u>

**OREGON SCHOOL BOARDS ASSOCIATION**  
**PROPERTY AND CASUALTY COVERAGE FOR EDUCATION TRUST**  
**THREE YEAR CLAIMS DEVELOPMENT INFORMATION**

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The table below illustrates how the Trust's earned revenues compared to related costs of loss and other expenses assumed by the Trust as of the end of each of the last two years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues. (2) This line shows each fiscal year's other operating costs of the Trust including overhead and claims expense not allocable to individual claims. (3) This line shows the Trust's incurred claims and allocated claims adjustment expense (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) This section of two rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of two rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. 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. 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. The columns of the table show data for successive policy years.

	<b>June 30, 2009</b>	<b>June 30, 2008</b>	<b>June 30, 2007</b>
(1) Net earned required contribution	\$ 11,914,465	\$ 11,886,231	\$ 11,518,658
(2) Unallocated expenses	4,036,229	3,868,864	3,657,068
(3) Estimated incurred claims and claims expense, end of policy year	7,473,196	7,447,531	5,315,085
(4) Paid (cumulative as of:			
End of policy period	2,400,468	2,392,299	2,425,953
One year later	-	-	3,362,061
(5) Re-estimated incurred claims and claims expense			
End of policy period	7,473,196	7,447,531	5,315,085
One year later	-	6,701,154	5,986,631
Two years later	-	-	5,606,575
(6) Increase (decrease) in estimated incurred claims and claims expenses from end of policy year	-	(746,377)	291,490