

**MONTEREY BAY AREA SELF INSURANCE AUTHORITY**  
**COMBINING STATEMENTS OF NET ASSETS**  
**JUNE 30, 2008 AND 2007**

	2008				2007			
	Workers' Compensation	Liability	Non-Major Funds	Total	Workers' Compensation	Liability	Non-Major Funds	Total
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash	\$ 4,601,496	\$ 2,774,839	\$ -	\$ 7,376,335	\$ 60,362	\$ 3,994,178	\$ -	\$ 4,054,540
Investments	4,075,745	2,696,790	-	6,772,535	1,063,092	531,277	-	1,594,369
Accounts receivable	-	20,295	-	20,295	-	16,313	-	16,313
Interest receivable	29,230	20,681	-	49,911	9,775	6,919	-	16,694
Prepaid expenses	-	-	60,927	60,927	-	-	66,356	66,356
Due from/to other funds	-	69,500	(69,500)	-	-	71,077	(71,077)	-
Total current assets	8,706,471	5,582,105	(8,573)	14,280,003	1,133,229	4,619,764	(4,721)	5,748,272
<b>NONCURRENT ASSETS:</b>								
Investments	-	-	-	-	7,330,055	598,925	-	7,928,980
Note issuance costs-net	93,263	-	-	93,263	99,002	-	-	99,002
Total noncurrent assets	93,263	-	-	93,263	7,429,057	598,925	-	8,027,982
Total assets	8,799,734	5,582,105	(8,573)	14,373,266	8,562,286	5,218,689	(4,721)	13,776,254
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts payable	242,654	12,339	-	254,993	205,958	3,017	-	208,975
Deferred revenue	638,783	151,328	-	790,111	629,263	126,691	4,253	760,207
Claims and claim adjustment expense reserves	2,965,776	857,685	-	3,823,461	3,622,296	831,954	-	4,454,250
Current portion of long-term debt	170,000	-	-	170,000	165,000	-	-	165,000
Total current liabilities	4,017,213	1,021,352	-	5,038,565	4,622,517	961,662	4,253	5,588,432
<b>LONG-TERM CLAIM AND CLAIM ADJUSTMENT RESERVES</b>	10,769,962	895,106	-	11,665,068	7,761,741	1,059,650	-	8,821,391
<b>LONG-TERM DEBT</b>	4,500,000	-	-	4,500,000	4,670,000	-	-	4,670,000
<b>NET ASSETS (DEFICIT) - Unrestricted</b>	\$ (10,487,441)	\$ 3,665,647	\$ (8,573)	\$ (6,830,367)	\$ (8,491,972)	\$ 3,197,377	\$ (8,974)	\$ (5,303,569)

See Notes to Financial Statements.



**MONTREY BAY AREA SELF INSURANCE AUTHORITY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008				2007			
	Workers' Compensation	Liability	Non-Major Funds	Total	Workers' Compensation	Liability	Non-Major Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Contributions received from members	\$ 2,842,032	\$ 829,180	\$ 93,179	\$ 3,764,391	\$ 3,085,316	\$ 938,431	\$ 101,551	\$ 4,125,298
Reimbursements received from recoveries	121,456	80,801	-	202,257	94,146	185,352	-	279,498
Cash paid for claims and other services	(2,681,369)	(872,766)	(93,179)	(3,647,314)	(2,395,212)	(799,395)	(101,551)	(3,296,158)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>282,119</b>	<b>37,215</b>	<b>-</b>	<b>319,334</b>	<b>784,250</b>	<b>324,388</b>	<b>-</b>	<b>1,108,638</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Interest paid on debt	(265,924)	-	-	(265,924)	(272,644)	-	-	(272,644)
Principal payments on long-term debt	(165,000)	-	-	(165,000)	(155,000)	-	-	(155,000)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(430,924)</b>	<b>-</b>	<b>-</b>	<b>(430,924)</b>	<b>(427,644)</b>	<b>-</b>	<b>-</b>	<b>(427,644)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Investment income received	372,537	454,508	-	827,045	371,023	240,536	-	611,559
Net (purchase) withdrawal from investments	4,317,402	(1,711,062)	-	2,606,340	(673,359)	1,621,350	-	947,991
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>4,689,939</b>	<b>(1,256,554)</b>	<b>-</b>	<b>3,433,385</b>	<b>(302,336)</b>	<b>1,861,886</b>	<b>-</b>	<b>1,559,550</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,541,134</b>	<b>(1,219,339)</b>	<b>-</b>	<b>3,321,795</b>	<b>54,270</b>	<b>2,186,274</b>	<b>-</b>	<b>2,240,544</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>60,362</b>	<b>3,994,178</b>	<b>-</b>	<b>4,054,540</b>	<b>6,092</b>	<b>1,807,904</b>	<b>-</b>	<b>1,813,996</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>4,601,496</b>	<b>2,774,839</b>	<b>-</b>	<b>7,376,335</b>	<b>60,362</b>	<b>3,994,178</b>	<b>-</b>	<b>4,054,540</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>								
Operating income (loss)	(2,121,538)	144,474	401	(1,976,663)	(45,063)	317,819	(6,708)	266,048
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Amortization expense	5,740	-	-	5,740	5,740	-	-	5,740
(Increase) decrease in:								
Accounts receivable	-	(3,982)	-	(3,982)	-	5,513	-	5,513
Prepaid expenses	-	-	5,429	5,429	-	-	(66,356)	(66,356)
Due from/to other funds	-	1,577	(1,577)	-	-	(68,811)	68,811	-
Increase (decrease) in:								
Accounts payable	36,696	9,322	-	46,018	47,858	(13,836)	-	34,022
Deferred revenue	9,520	24,637	(4,253)	29,904	553,713	69,042	4,253	627,008
Reserves for claims and allocated claims adjustment expenses	2,351,701	(138,813)	-	2,212,888	222,002	14,661	-	236,663
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>282,119</b>	<b>37,215</b>	<b>-</b>	<b>319,334</b>	<b>784,250</b>	<b>324,388</b>	<b>-</b>	<b>1,108,638</b>
<b>SUPPLEMENTAL INFORMATION - NONCASH INVESTING ACTIVITIES - Unrealized (gain) on investments</b>	<b>\$ (83,972)</b>	<b>\$ (60,170)</b>	<b>\$ -</b>	<b>\$ (144,142)</b>	<b>\$ (74,316)</b>	<b>\$ (40,824)</b>	<b>\$ -</b>	<b>\$ (115,140)</b>

See Notes to Financial Statements.

**MONTREY BAY AREA SELF INSURANCE AUTHORITY**  
**TEN-YEAR CLAIMS DEVELOPMENT INFORMATION**  
**WORKERS' COMPENSATION**  
**JUNE 30, 2008**  
(Continued)

	FOR THE YEARS ENDED JUNE 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(1) Premiums and Investment Income	N/A	N/A	1,917,685	2,129,475	2,890,042	3,196,556	2,670,356	2,989,236	3,073,170	3,345,961
(2) Unallocated Expenses	N/A	N/A	238,836	272,527	387,216	276,675	579,100	538,020	628,870	641,843
(3) Estimated Claims and Expenses	722,286	1,198,610	849,090	936,992	1,745,294	3,533,352	5,257,674	3,286,833	4,486,641	3,400,000
(4) Paid, Cumulative as of:										
End of policy year	190,399	405,869	308,367	437,455	843,311	467,013	659,475	425,153	864,346	434,224
One year later	468,076	763,299	880,486	1,052,763	1,250,278	863,861	1,237,583	852,367	1,708,701	
Two years later	1,160,193	1,088,918	2,200,827	1,352,163	1,742,590	1,207,910	1,420,240	1,065,792		
Three years later	1,522,026	1,227,486	1,787,663	1,744,918	2,008,899	1,296,330	1,495,340			
Four years later	1,767,337	804,925	2,183,656	1,966,932	2,184,698	1,723,566				
Five years later	1,178,684	869,000	2,434,758	2,116,874	2,275,884					
Six years later	1,203,896	976,943	2,566,262	2,144,547						
Seven years later	1,290,531	1,102,787								
Eight years later	1,349,035	1,171,386								
Nine years later	1,371,446									
(5) Re-estimated, Incurred Claims and Expenses:										
End of policy year	722,286	1,198,610	849,090	936,992	1,745,294	3,533,352	5,257,674	3,286,833	4,486,641	3,400,000
One year later	1,291,858	1,552,756	1,687,835	1,813,024	2,408,139	4,883,715	4,290,642	3,985,890	7,461,081	
Two years later	1,757,601	1,696,811	3,000,939	1,965,802	4,621,000	3,216,789	3,358,806	4,474,971		
Three years later	1,884,859	1,625,149	2,412,153	3,618,736	3,969,661	2,833,552	3,729,099			
Four years later	2,012,085	1,261,455	2,954,991	3,221,898	3,412,770	3,018,979				
Five years later	1,251,593	1,598,756	3,123,346	2,919,897	3,116,729					
Six years later	1,440,546	1,520,921	3,157,444	2,883,004						
Seven years later	1,419,239	1,527,613								
Eight years later	1,444,193	1,605,874								
Nine years later	1,622,011									
(6) Increase (decrease) in Estimated Incurred Claims and Expenses	899,725	407,264	2,362,451	1,946,012	1,371,435	(514,373)	(1,528,575)	1,188,138	2,974,440	-

N/A = not available

**MONTREY BAY AREA SELF INSURANCE AUTHORITY**  
**TEN-YEAR CLAIMS DEVELOPMENT INFORMATION**  
**LIABILITY**  
**JUNE 30, 2008**  
(Continued)

	FOR THE YEARS ENDED JUNE 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(1) Premiums and Investment Income	N/A	N/A	N/A	N/A	1,183,895	1,114,863	1,204,596	1,404,160	1,331,436	1,213,122
(2) Unallocated Expenses	N/A	N/A	N/A	N/A	681,621	312,192	444,255	377,006	417,914	459,686
(3) Estimated Claims and Expenses	N/A	N/A	N/A	N/A	532,739	508,490	868,733	925,446	840,642	873,013
(4) Paid, Cumulative as of:										
End of policy year	N/A	N/A	N/A	N/A	4,259	17,060	18,774	9,800	8,689	15,328
One year later	N/A	N/A	N/A	N/A	N/A	158,570	214,295	150,741	90,271	
Two years later	N/A	N/A	N/A	N/A	731,520	291,222	346,950	378,738		
Three years later	N/A	N/A	N/A	675,315	1,213,186	964,238	421,737			
Four years later	N/A	N/A	366,113	762,346	1,029,513	965,392				
Five years later	N/A	350,050	343,396	769,594	1,029,513					
Six years later	890,680	556,635	343,396	785,964						
Seven years later	891,194	556,635								
Eight years later	891,512									
Nine years later	891,512	556,635								
(5) Re-estimated, Incurred Claims and Expenses:										
End of policy year	N/A	N/A	N/A	N/A	532,739	508,490	868,733	925,446	840,642	873,013
One year later	N/A	N/A	N/A	N/A	N/A	835,291	774,170	910,000	552,712	
Two years later	N/A	N/A	N/A	N/A	1,503,829	657,232	520,000	1,053,781		
Three years later	N/A	N/A	N/A	846,663	1,458,355	640,000	545,081			
Four years later	N/A	N/A	429,238	762,346	1,330,000	585,221				
Five years later	N/A	406,325	343,396	762,346	1,299,553					
Six years later	934,753	556,635	343,396	762,346						
Seven years later	514	556,635	343,396							
Eight years later	514									
Nine years later	514	556,635								
(6) Increase (decrease) in Estimated Incurred Claims and Expenses	N/A	N/A	N/A	N/A	766,814	76,731	(323,652)	(128,335)	(287,930)	-

N/A = not available