

**Workers' Compensation Self-Insured Group
 Instructions To Annual and Quarterly Statements**

Balance Sheet

Line No.	Description	Instructions	Statutory Limitations
Assets			
1	Cash and cash equivalents	Include: cash on hand; cash on deposit in U.S. banks or other financial institutions guaranteed by the FDIC or other Guarantor. Savings accounts, certificate of deposit or other such financial instruments. Cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments owned by the Fund with original maturities of three (3) months or less qualify. Exclude: cash and cash equivalents with any restrictions or not under the control of the Fund. Do not include amounts in accounts of third party administrators or other management service organizations. Do not include mutual funds as these investments should be reported on Line 4. <i>The amount should agree with the Statement of Cash Flow (Page 3, Line 28).</i>	None.
2	Bonds	Include: U.S. government, U.S. Treasury Notes, Treasury Bills, or other direct obligations guaranteed by the full faith and credit of the U.S. Government and its agencies; tax exempt obligations issued by the Commonwealth of Kentucky; obligations issued by a county, district, municipality or other legal authority within Kentucky. Corporate bonds issued, assumed, or guaranteed by a solvent institution created or existing under the laws of the U.S., or a state, province, district, or territory. Exclude: bonds not under the exclusive control of the Fund.	Credit quality limits.
3	Stocks	Include: equity securities actively traded on the New York or NASDAQ stock exchanges.	Limits on individual issuer, aggregate holdings and % of portfolio.
4	Mutual funds	Include: mutual funds that are registered investment advisors licensed by the SEC and Commonwealth of Kentucky.	Limits on % of portfolio.
5	Receivable for securities	Include: Amounts that are due from brokers when a security has been sold but the proceeds have not yet been received.	
6	Other invested assets	Include: Any other class of investments not included under another classification. List separately each category of invested asset in the Detail of Other Invested Assets.	

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Line No.	Description	Instructions	Statutory Limitations
7	Subtotals, cash and invested assets	Sum of lines 1 through 6. <i>The amount in the Current Year column should agree with the Summary Investment Schedule (Page 5, Line 7).</i>	
8	Premiums receivable	Include: premiums billed, due and uncollected less allowance for doubtful accounts.	None.
9	Amounts recoverable from excess insurer	Include: amounts recoverable on paid losses and loss adjustment expenses.	None.
10	Accrued investment income	Include: interest and dividends earned on investments but not yet received.	None.
11	Prepaid expenses	Include: rent, insurance, utilities, legal fees, etc. Exclude: capital expenditures subject to depreciation or amortization.	None.
12	Net deferred tax asset	Include: net deferred tax assets and deferred tax liabilities. Exclude: Federal income taxes recoverable.	None.
13	Federal income tax recoverable	Include: current amounts recoverable and prior years' amounts not yet received. Exclude: deferred federal income taxes.	None.
14	Other assets	Include: capital expenditures, net of depreciation or amortization) not included above, any other amounts with a useful life greater than one year. Exclude: any item with restrictions, questionable ownership or impaired value. List separately each category of other assets in the Detail of Other Assets.	None
15	Total assets	Sum of lines 7 through 14.	

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Line No.	Description	Instructions	Statutory Limitations
Liabilities and Fund Balance			
16.1	Reported claims	Include: expected payments for losses/claims and losses/claim adjustment expenses relating to insured events that have occurred and have been reported to, but not paid by the Fund as of the statement date.	None.
16.2	Incurred but not reported claims	Include: expected payments for losses/claims and losses/claim adjustment expenses relating to insured events that have occurred and have not been reported to the Fund as of the statement date.	None.
17	Unearned premiums	Include: that portion of the premium received in advance of insurance coverage not yet provided.	None.
18	Advance premium or member deposits	Include: premium or member deposits received before the due date.	None.
19	Excess insurance premiums payable or accrued	Include: ceded premiums due, deductibles and coinsurance or other amount withheld and due excess insurance carrier. Exclude: amounts recoverable from excess insurance carrier.	None.
20	Special fund assessment payable	Include: amounts due the Kentucky Workers' Compensation Funding Commission.	None.
21	Net deferred tax liability	Include: net deferred tax assets and deferred tax liabilities. Exclude: Federal income taxes recoverable.	None.
22	Federal income taxes payable	Include: current and prior years' federal income taxes due. Exclude: deferred federal tax liability.	None.
23	Taxes, licenses and fees	Include: incurred but unpaid investment and underwriting taxes, licenses and fees. Exclude: federal income taxes payable and the special fund assessment payable.	None.
24	Accounts payable (excluding taxes, licenses and fees)	Include: all accrued Other Operating Expenses unpaid at the statement date. Exclude: all accounts specifically provided for elsewhere.	None.
25	Dividends declared and unpaid to policyholders	Include: authorized distributions from surplus to Fund members. Exclude: proposed distributions from surplus to Fund members in accordance with a plan approved by the Trustees and filed with the Department of Insurance but not yet approved by the Commissioner.	None.

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Balance Sheet

Line No.	Description	Instructions	Statutory Limitations
26	Other liabilities	Include: accrued items not specifically provided for elsewhere. List separately each category of other liabilities in the Detail of Other Liabilities.	None.
27	Total liabilities	Sum of lines 16 through 26.	
28	Fund balance (deficiency)	Total assets less total liabilities	
29	Total liabilities and fund balance.	Sum of line 27 + line 28.	

Amounts reported on the annual statement should agree with the CPA Independent Audit Report, including reconciliation of differences.

Workers' Compensation Self-Insured Group Instructions To Annual and Quarterly Statements		
Statement of Income & Statement of Changes in Fund Balance		
Line No.	Description	Instructions
Revenues		
1	Premiums earned	Direct premiums written adjusted for the change in net unearned premiums.
2	Investment income	Include: Investment income from all forms of investments such as interest and dividends earned during the year, net of investment expenses. Exclude: Capital gains and losses on investments.
3	Investment gains (losses) realized, net	Include: Gains and losses from the sale or maturity of invested assets. Exclude: Unrealized capital gains (losses).
4	Other income	Include: Any miscellaneous income.
5	Total revenues	Sum of lines 1 through 4.
Expenses		
6	Claims and claims adjustment expenses incurred, net of excess.	Include: Estimate of of ultimate losses for the current loss year plus any adjustments deemed necessary to prior years' loss estimates, net of excess insurance recoveries. Also, include costs incurred in the investigation, settlement and recording of claims - adjusting fees, claim legal services, expert testimony, court costs, claim personnel salaries, internal adjusters, internal claim legal costs, related employee benefits and internal operating expenses associated with the claim function such as office rent, utilities, and data processing.
7	Excess insurance premiums	Include: Premiums incurred for excess insurance coverage.
8	Commissions	Include: All payments and reimbursements to agents and brokers.
9	Premium audits	Include: Fees and expenses for auditing payrolls and other premium bases of policyholders.
10	Loss control	Include: Loss control and loss prevention expenses.
11.01	Salaries and benefits	Include: All salaries, overtime and bonus compensation for all company employees, and the cost of temporary help services utilized.
11.02	Rent and rent items	Include: Office rental, utilities in leased premises, amortization of leasehold improvements and office maintenance expenses for leased premises.
11.03	Legal, audit and other professional fees	Include: Legal retainers and fees to outside law firms (except in connection with losses), auditing and tax fees of independent CPA's, fees to investment counselors, management consulting fees, actuarial fees and state examiner fees.
11.04	Travel and travel items	Include: Transportation, meals, lodging and other costs of employees while traveling and operating expenses of company automobiles.
11.05	Postage and telephone	Include: All postage and telephone expenses.
11.06	Printing and stationery	Include: Cost of letterhead, envelopes, policy forms and other office supplies.
11.07	Advertising	Include: All expenditures associated with print and media advertising. Also, include promotional items and public relations expenditures.
11.08	Surveys and underwriting reports	Include: Survey, credit, medical, motor vehicle, appraisal and hazardous reports obtained for risk evaluation purposes.

Workers' Compensation Self-Insured Group Instructions To Annual and Quarterly Statements		
Statement of Income & Statement of Changes in Fund Balance		
Line No.	Description	Instructions
11.09	Boards, bureaus and associations.	Include: Dues and assessments for underwriting organizations, rating bureaus, statistical organizations and claim organizations.
11.10	Trustee fees	Include: All fees and other compensation associated with meetings of Board of Trustees.
11.11	Fidelity and E&O insurance	Include: Company insurance expense for fidelity bonds on each trustee, each fund administrator and the administrator's employees.
11.12	Furniture and equipment	Include: Depreciation of office furniture and fixtures. Also include rental and repair expenses for all other equipment used by the company.
11.13	Cost or depreciation of EDP equipment and software.	Include: Depreciation and amortization expense for electronic data processing equipment, operating and application systems software.
11.14	Taxes, licenses and fees	Include: State income and insurance premium taxes, licensing and excise taxes.
11.15	Bad debt expense	Include: Accounts receivable written off as uncollectible.
11.16	TPA fees	Include: All fees incurred under a Third Party Administrator agreement.
11.17	Investment fees	Include: Investment fees incurred.
11.18	Other expenses	Include: All other expenses not specifically provided for elsewhere. List separately each category of other expenses in the Detail of Other Expense line.
11.19	Total other operating expenses	Sum of lines 11.01 through 11.18.
12	Total expenses	Sum of lines 6 through 11.18.
13	Income before dividends and federal income taxes	Line 5 less line 12.
14	Dividends declared to policyholders	Include: Dividends declared by the Board of Trustees during the year.
15	Income (loss) before federal income taxes	Line 13 less line 14.
16	Federal income tax expense (benefit)	Include: Federal income taxes incurred.
17	Net income (loss)	Line 15 less line 16.
Changes in Fund Balance		
18	Fund balance, as of prior year-end	Enter the ending fund balance from the prior year.
19	Net income (loss)	From line 17.
20.1	Change in net unrealized gain (loss) on securities, net of tax	Unrealized gains or losses are primarily differences between the book value/adjusted carrying value of invested assets (e.g., cost vs. market value for common stocks). The current year change in these differences is reflected here.
20.2	Other comprehensive income	Enter comprehensive income not included in line 20.1. List separately each category of other comprehensive income in the Detail of Other Comprehensive Income line.
20.3	Total other comprehensive income	Sum of lines 20.1 and 20.2.
21	Total comprehensive income	Sum of line 19 + line 20.3.

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Instructions To Annual and Quarterly Statements

Statement of Income & Statement of Changes in Fund Balance

Line No.	Description	Instructions
22	Other fund balance adjustments	Include: All other fund balance adjustments not included in line 21. List separately each category of other fund balance adjustments in the Detail of Other Fund Balance Adjustments line.
23	Fund balance, as of current statement date	Sum of lines 18 + line 21 + line 22. <i>Should agree to Statement of Assets, Liabilities and Fund Balance (Page 1, Line 26).</i>

Workers' Compensation Self-Insured Group Instructions To Annual and Quarterly Statements		
Statement of Cash Flow		
Line No.	Description	Instructions
Cash Flow From Operating Activities		
1	Net Income (loss)	Report the amount from line 19 of income statement.
2	Investment (gains) losses realized, net	Include: Net cash investment receipts such as interest and dividends for the current year net of investment expenses paid.
3	Deferred taxes	Report change in deferred federal income taxes.
4	Amortization of investment premiums and discounts	Report net amortization of investment discounts or premiums.
5	Premium receivables	Report change in premium receivables.
6	Amounts recoverable from excess insurer	Report change in recoverable from excess insurer/change in reinsurance recoverable.
7	Accrued investment income	Report change in accrued investment income.
8	Prepaid expenses	Report change in prepaid expenses.
9	Federal income taxes recoverable/payable	Report change in federal income taxes recoverable/payable.
10	Estimated liability for claims	Report change in total claims and claims adjustment expenses
11	Unearned premiums	Report change in unearned premiums.
12	Member deposits or advance premiums	Report change in member deposits or advance premiums.
13	Excess insurance payable	Report change in excess insurance payable or accrued.
14	Special fund assessments payable	Report change in special fund assessments payable.
15	Accounts payable and accrued expenses	Report change in accounts payable and accrued expenses.
16	Dividends payable to policyholders	Report change in dividends declared and unpaid to policyholders.
17	Other	Report any miscellaneous cash from operating activities.
18	Net cash from operating activities	Sum of lines 1 through 17.
Cash Flow From Investing Activities		
19	Purchase of investments	Include consideration paid for bonds, stocks, mutual funds, short-term investments and any other invested assets acquired.
20	Proceeds from sales and maturities of investments	Include consideration received for bonds, stocks, mutual funds, short-term investments and any other invested assets disposed of.
21	Other	Report any other cash flow from investing activities.
22	Net cash from investing activities	Sum of lines 19 through 21.
Cash Flow From Financing Activities		
23	Dividends paid to members	Report the amount of dividends actually paid during the year.
24	Other cash provided (applied)	Report any other cash flow from financing activities.
25	Net cash provided by financing activities	Sum of lines 23 and 24.
Reconciliation of Cash and Cash Equivalents		
26	Net increase (decrease) in cash and cash equivalents	Sum of lines 18, 22 and 25.
27	Cash and cash equivalents, prior year-end	Report cash and cash equivalents from prior year-end.
28	Cash and cash equivalents, end of period	Sum of lines 26 and 27. <i>Should agree to Statement of Assets, Liabilities and Fund Balance (Page 1, Line 1).</i>

Workers' Compensation Self-Insured Fund
 Instructions To Annual and Quarterly Statements

Summary Investment Schedule

The schedule categorizes invested assets by investment type and provides the percentage of each investment category to total invested assets.

Enter summarized amounts in the appropriate columns by the specified major classifications. Each category should agree to the specified invested asset line on the Statement of Assets, Liabilities and Fund Balance.

Bonds, sum of lines 1.1 through 1.5	Should Agree to Line 2 on the Statement of Assets, Liabilities and Fund Balance
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Equity Securities, sum of lines 2.1 and 2.2	Should Agree to Line 3 on the Statement of Assets, Liabilities and Fund Balance
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Mutual Funds, Line 3	Should Agree to Line 4 on the Statement of Assets, Liabilities and Fund Balance
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Cash and Cash Equivalents, Line 4	Should Agree to Line 4 on the Statement of Assets, Liabilities and Fund Balance
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Receivable for Securities, Line 5	Should Agree to Line 5 on the Statement of Assets, Liabilities and Fund Balance
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Other Invested Assets, Line 6	Should Agree to Line 6 on the Statement of Assets, Liabilities and Fund Balance
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Total Invested Assets, Line 7	Should Agree to Line 7 on the Statement of Assets, Liabilities and Fund Balance
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Bonds by Maturity Distribution

The schedule summarizes the statement value of all bond holdings by maturity and major bond categories.

The total of amounts reported on Line 6 should agree to Line 2 on the Statement of Assets, Liabilities and Fund Balance.

Amounts and Percentages Held in Equity Securities

The schedule summarizes asset concentration in equity securities.

All groups must answer Question 1. Additional information is required in Question 2 only if aggregate holdings in equity securities equals or exceeds 2.5% of the group's total assets. Determine the ten largest exposures by aggregating investments using the first six digits of the CUSIP number.

Workers' Compensation Self-Insured Fund Instructions To Annual and Quarterly Statements		
Exhibit 1 - Bonds, Stocks and Mutual Funds Owned at Current Year-End		
Line No.	Description	Instructions
1	Cusip Identification	CUSIP identification numbers for all publicly purchased issued securities are available from the broker's confirmation or the certificate. The CUSIP number should be comprised of 9 digits. Enter N/A if not applicable.
2	Description	Provide a complete and accurate description of the investment.
3	Investment Type	Use the following codes: 1 = Bond; 2 = Stock; 3 = Mutual Fund.
4a	Rate of Interest	Report the stated or coupon rate of interest for each bond. Enter N/A if not applicable.
4b	How Paid	Insert initial letters of months in which interest is payable. For example, if interest is paid in February and August, then enter FA. If interest is paid quarterly (for example, January, April, July and October), then enter JAJQ. If interest is paid monthly, enter MTLY. Enter N/A if not applicable.
5	Year Acquired	Indicate the year in which the investment was acquired.
6	Maturity Date	Show the maturity date of each bond. It reflects the month and year in which the bond is scheduled to be paid in full. Use MM/YY as the format.
7	S&P Rating	Report the Standard & Poor's rating for all bonds. Enter N/A if not applicable.
8	Par Value	Enter the principal balance of the bond to be received at maturity. Enter N/A if not applicable.
9	Actual Cost	Enter the original cost of acquiring the investment. The cost should include any brokerage commissions and other fees incurred in the acquisition, and should exclude amounts paid for interest accrued on bonds through the dates of purchase.
10	Amortized Cost	Adjust actual cost of bonds for amortization of premium or discount if applicable. Enter N/A if not applicable.
11	Market Value	Enter the fair value obtained from a registered US Exchange as of the statement date.