

"ATTACHMENT A"

KSBIT	Workers' Compensation	Liability and Property	Total
Deficit 6/30/2009	(4,480,728)	(933,066)	(5,413,794)
KLC Surplus Notes	5,500,000 *	2,500,000 *	8,000,000
Fiscal Year 2010 Loss	(2,514,226)	(1,701,232)	(4,215,458)
Deficit 6/30/2010	(1,494,954)	(134,298)	(1,629,252)
Fiscal Year 2011 Loss	(2,424,536)	(603,562)	(3,028,098)
Deficit 6/30/2011	(3,919,490)	(737,860)	(4,657,350)
<u>Fiscal Year 2012:</u>			
Restatements of prior year actuarial claim reserves	(4,785,069)	191,947	(4,593,122)
Record reserves at actuary's mid-point, rather than low end of range	(3,592,579)	(2,258,956)	(5,851,535)
Discount on loss reserves disallowed due to decreasing cash balances	(5,585,742)	-	(5,585,742)
Unallocated Loss Adjustment Expenses for future claims handling	(749,973)	(666,428)	(1,416,401)
Current Year 2012 Loss	(3,965,634)	(1,900,882)	(5,866,516)
	(18,678,997)	(4,634,319)	(23,313,316)
Deficit 6/30/2012 per Audited Financial Statements	(22,598,487)	(5,372,179)	(27,970,666)
Repayment of Surplus Notes	(5,500,000) *	(2,500,000) *	(8,000,000)
Deficit 6/30/12 Including Future Repayment of Surplus Notes *	(28,098,487)	(7,872,179)	(35,970,666)

* - Required Future Repayment of Surplus Notes will Increase Deficits to \$28,098,487 and \$7,872,179 for Workers Comp and Liability Respectively