



**INTERSTATE PEST CONTROL COMPACT INSURANCE
FUND**

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Governing Board
Interstate Pest Control Compact Insurance Fund
Saint Albans, West Virginia

We have compiled the accompanying statements of assets, liabilities, and net assets of Interstate Pest Control Compact Insurance Fund (an unincorporated nonprofit association) as of June 30, 2011, and the related statements of revenues, expenses, and change in net assets and cash flows for the year then ended, and the accompanying supplementary information, which are presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements or supplementary schedules.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Silva Gurtner & Abney, LLC

August 23, 2011

4330 Dumaine Street
New Orleans, LA 70119
(504) 833-2436 (O) • (504) 484-0807 (F)

200-B Greenleaves Blvd.
Mandeville, LA 70448
(985) 626-8299 (O) • (985) 626-9767 (F)

900 Village Lane
P.O. Box 50, Pass Christian, MS 39571
(985) 626-8299 (O) • (985) 626-9767 (F)

Limited Liability Company
www.silva-cpa.com

**INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
DISCUSSION POINTS FOR TREASURER'S REPORT
JUNE 30, 2011**

Highlights from Year End Financial Reports – Fiscal Year 2011

Total Assets at June 30, 2011 were \$1,186,376. This represents an increase of \$9,706 from June 30, 2010. Funds are invested in a Morgan Stanley, Smith Barney Portfolio earning varying rates of yield.

Investment Risk: The IPCC Portfolio follows the conservative investment strategy approved by the IPCC Governing Board on September 18, 2010. Investments were diversified in the following way as of June 30, 2011:

Money Market Fund	9%
Accrued Interest	1%
Exchange traded and closed end funds	10%
Preferred Stocks	1%
Corporate Bonds	45%
Mutual Funds	<u>34%</u>
	100%

Contracts Payable reported as \$52,000 represented the contractual balance due to the State of Minnesota for its approved eradication program.

Total Revenues amounted to \$49,631, of which income on investments totaled \$41,234. The State of Wisconsin paid the second installment on their state assessment and Louisiana made their third installment payment. No donations were received.

Investment income covered all of the administrative and operating costs of \$26,430 for the fiscal period. There were no fees or expenses associated with the investments.

INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
JUNE 30, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Money fund	\$ 104,055	\$ 128,673
Accrued Interest	8,043	10,270
Exchange traded and closed end funds	118,688	-
Preferred stocks	11,509	11,071
Corporate bonds	538,167	531,740
Mutual funds	405,914	165,059
Certificates of deposit	-	329,857
	<hr/>	<hr/>
Total assets	<u>\$ 1,186,376</u>	<u>\$ 1,176,670</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 576	\$ 774
Contracts payable	52,000	22,000
	<hr/>	<hr/>
Total liabilities	<u>52,576</u>	<u>22,774</u>
Net assets		
Unrestricted	<u>1,133,800</u>	<u>1,153,896</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,186,376</u>	<u>\$ 1,176,670</u>

See accompanying independent accountants' report.

INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

Revenues		
Interest earned - money market fund	\$ 219	
Dividends and interest - stocks and bonds	41,015	
Membership fees	8,397	
Donations	-	
Total revenues		<u>49,631</u>
Expenses		
Executive director services	19,440	
Travel and registration	2,787	
Overhead	3,429	
Website expense	207	
Supplies	-	
Insurance	535	
Miscellaneous expenses	32	
Operating expenses		<u>26,430</u>
Contracts expenses (claims)		<u>52,000</u>
Total expenses		<u>78,430</u>
Excess revenues over expenses		(28,799)
Unrealized gains (losses)		8,703
Net assets - beginning		<u>1,153,896</u>
Net assets - ending		<u>\$ 1,133,800</u>

See accompanying independent accountants' report.

INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2011

Balance on July 1, 2010		\$	<u>1,153,896</u>
Add - Inflows			
Dividends and interest received	41,234		
Interest earned - money market fund	219		
Dividends and interest - other investments	41,015		
Membership fees	8,397		
Donations	-		
Unrealized gains (losses)	8,703		
Total inflows			<u>58,334</u>
Deduct - Outflows			
Operating expenses	26,430		
Executive director services	19,440		
Travel and registration	2,787		
Overhead	3,429		
Website expense	207		
Supplies	-		
Insurance	535		
Miscellaneous expenses	32		
Insurance claims	52,000		
Total outflows			<u>78,430</u>
Balance on June 30, 2011		\$	<u><u>1,133,800</u></u>

See accompanying independent accountants' report.

SUPPLEMENTARY INFORMATION

**INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
BUDGET VS ACTUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

	FY 2010 - 2011		
	Budget	Actual	Over (Under) Budget
Management services			
Executive director services	\$ 19,000	\$ 19,440	\$ 440
Travel and registration	3,800	2,787	(1,013)
Bond	100	-	(100)
Facilities and administrative costs			
Overhead	3,300	3,429	129
IPCC website **	200	207	7
Supplies	200	-	(200)
Postage	200	-	(200)
Printing	400	-	(400)
Insurance	535	535	-
Equipment	-	-	-
Miscellaneous expenses	-	32	32
Charitable solicitation registration	1,000	-	(1,000)
Contractual services			
Audit	-	-	-
Special purpose			
Technical advisory committee	500	-	(500)
Insurance claims			
Colorado (3 of 3)	22,000	-	(22,000)
Minnesota (1 of 1)	52,000	52,000	-
	<u>\$ 103,235</u>	<u>\$ 78,430</u>	<u>\$ (24,805)</u>

**includes website hosting and domain name registration

See accompanying independent accountants' report.

INTERSTATE PEST CONTROL COMPACT INSURANCE FUND
INVESTMENTS
AS OF JUNE 30, 2011

Investment	Amount	Date Acquired	Maturity Date	Duration (Years)	Interest	Current Value
Cash balance	\$ -					\$ -
Money market fund						
Morgan stanley AA money trust	104,055				0.010%	104,055
Accrued interest on bonds/ cds	8,043				0.000%	8,043
Exchange traded and closed end funds						
Nuveen build america bond fund	74,208	12/31/2010			7.393%	75,960
Municipal bond portfolio	43,112	6/23/2011			7.393%	42,728
Subtotal	<u>117,320</u>					<u>118,688</u>
Preferred stocks						
General electric cap corp	10,359	6/1/2009	8/15/2013	4.21	6.000%	11,509
Corporate bonds						
Citi group inc	98,915	8/19/2008	8/27/2012	4.02	5.625%	104,469
Bank of america corp sub notes	100,185	11/26/2007	8/15/2013	5.72	4.750%	104,833
Wachovia corp sub notes	99,428	2/22/2008	2/15/2014	5.99	4.875%	106,376
Berkshire hathaway fin corp	99,277	5/9/2007	1/15/2015	7.69	4.850%	110,403
Virginia electric and power	101,511	2/19/2008	12/15/2015	7.82	5.250%	112,086
Subtotal	<u>499,316</u>					<u>538,167</u>
Mutual funds						
Pimco investment grade corp bond fund	100,000	6/2/2009			3.990%	103,109
Lord abbett floating rate	100,000	12/30/2010			4.210%	99,679
Prudential short term corp bond fd	100,000	6/2/2009			3.269%	103,476
Sentinel short maturity government fund	50,000	6/23/2011			1.978%	49,838
Sentinel government securities fund	50,000	6/23/2011			2.535%	49,812
Subtotal	<u>400,000</u>					<u>405,914</u>
Total						<u>\$ 1,186,376</u>

See accompanying independent accountants' report.