



**INTERSTATE PEST CONTROL COMPACT INSURANCE
FUND**

FINANCIAL REPORT

For the 6 Month Period Ended December 31, 2010

**Interstate Pest Control Compact
Discussion Points for Treasurer's Report**

Highlights from Interim Financial Reports - Fiscal Year 2010-2011:

- ▶ Total Assets at December 31, 2010 were \$1,191,735.02. This represents an increase of \$15,065.22 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 December 31, 2010:

| | |
|------------------------------------|------------|
| Money Market Fund | 11% |
| Preferred Stocks | 1% |
| Corporate Bonds | 45% |
| Mutual Funds | 26% |
| Exchange Traded & Closed End Funds | 6% |
| Certificates of Deposit | 11% |
| | <hr/> 100% |

- ▶ Contracts Payable reported as \$22,000 represent the contractual balance due to the State of Colorado for its approved eradication program.
- ▶ Total Revenues amounted to \$25,183.14 of which Income on investments totaled \$18,824.14. The State of Wisconsin paid the second installment on their state assessment. No donations were received.
- ▶ Investment income covered all of the administrative and operating costs (\$11,816.44) for the period. There were no fees or expenses associated with the investments.

INTERSTATE PEST CONTROL COMPACT
Statement of Assets, Liabilities, and Net Assets
December 31, 2010

| | <u>12/31/10</u> | <u>06/30/10</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Money Fund | - | 128,673.04 |
| Money Fund - Operating | 122,886.67 | - |
| Money Fund - Claims | 869.67 | - |
| Accrued Interest | 9,611.61 | 10,269.91 |
| Preferred Stocks | 11,126.50 | 11,071.25 |
| Corporate Bonds | 533,919.00 | 531,740.00 |
| Mutual Funds | 304,759.02 | 165,058.54 |
| Exchange Traded & Closed End Funds | 73,480.00 | - |
| Certificates of Deposit | 135,082.55 | 329,857.06 |
| TOTAL ASSETS | <u><u>1,191,735.02</u></u> | <u><u>1,176,669.80</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | - | 774.10 |
| Contracts Payable | 22,000.00 | 22,000.00 |
| Total Liabilities | <u>22,000.00</u> | <u>22,774.10</u> |
| NET ASSETS | | |
| Net Assets - Unrestricted | <u>1,169,735.02</u> | <u>1,153,895.70</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>1,191,735.02</u></u> | <u><u>1,176,669.80</u></u> |

**INTERSTATE PEST CONTROL COMPACT
STATEMENT OF REVENUES, EXPENSES, & CHANGES IN
NET ASSETS**

For the 6 Month Period Ended December 31, 2010

Revenues

| | | |
|--|-----------|------------------|
| Interest Earned - Money Funds | 186.55 | |
| Dividends and Interest- Stocks & Bonds | 18,637.59 | |
| Membership Fees | 6,359.00 | |
| Donations | 0.00 | |
| Total Revenues | | <u>25,183.14</u> |

Expenses

| | | |
|-----------------------------|----------|------------------|
| Executive Director Services | 8,432.50 | |
| Travel and Registration | 1,742.30 | |
| Overhead | 1,074.64 | |
| Insurance | 535.00 | |
| All Other Expense | 32.00 | |
| Operating Expenses | | 11,816.44 |
| Contracts Expense (claims) | | 0.00 |
| Total Expenses | | <u>11,816.44</u> |

| | | |
|--------------------------------------|------------------|----------------------------|
| Excess Revenues over Expenses | 13,366.70 | |
| Unrealized Gains/ (Losses) | 2,472.62 | |
| <i>NET ASSETS BEGINNING</i> | | <u>1,153,895.70</u> |
| <i>NET ASSETS ENDING</i> | | <u><u>1,169,735.02</u></u> |

**INTERSTATE PEST CONTROL COMPACT
STATEMENT OF CASH FLOWS
For the 6 Month Period Ended December 31, 2010**

| | | |
|--|-----------|-----------------------------------|
| <i>Balance on July 1, 2010</i> | | <u>\$ 1,153,895.70</u> |
| <u>Add - Inflows</u> | | |
| Dividends and Interest Received | | 18,824.14 |
| Interest Earned - Money Fund | 186.55 | |
| Dividends and Interest - Other Investments | 18,637.59 | |
| Membership Fees: | | 6,359.00 |
| Donations: | | 0.00 |
| Unrealized Gains/Losses | | 2,472.62 |
| TOTAL INFLOWS | | <u>27,655.76</u> |
| <u>Deduct-Outflows</u> | | |
| Operating Expenses: | | 11,816.44 |
| Executive Director Services | 8,432.50 | |
| Travel and Registration | 1,742.30 | |
| Overhead | 1,074.64 | |
| Insurance | 535.00 | |
| All Other Expense | 32.00 | |
| Insurance Claims | | 0.00 |
| TOTAL OUTFLOWS | | <u>11,816.44</u> |
| <i>Balance on December 31, 2010</i> | | <u><u>\$ 1,169,735.02</u></u> |

**Interstate Pest Control Compact and Pest Control Insurance Fund
Budget VS Actual Report
6 Month Actual Compared to Total Year Budget**

| <u>Description</u> | <u>FY2010-2011</u> | | <u>Over-Under Budget</u> |
|--|--------------------|------------------|------------------------------|
| | <u>Budget</u> | <u>Actual</u> | |
| Management Services | | | |
| Executive Director Services | 19,000.00 | 8,432.50 | (10,567.50) |
| Travel and Registration | 3,800.00 | 1,742.30 | (2,057.70) |
| Bond | 100.00 | - | (100.00) |
| Facilities and Administrative Costs | | | |
| Overhead | 3,300.00 | 1,074.64 | (2,225.36) |
| IPCC Website ** | 200.00 | - | (200.00) |
| Supplies | 200.00 | - | (200.00) |
| Postage | 200.00 | - | (200.00) |
| Printing | 400.00 | - | (400.00) |
| Insurance | 535.00 | 535.00 | - |
| All Other Expense | - | 32.00 | 32.00 |
| Charitable Solicitation Registration | 1,000.00 | - | (1,000.00) |
| Special Purpose | | | |
| Technical Advisory Committee | 500.00 | - | (500.00) |
| Insurance Claims | | | |
| Colorado (3 of 3) | 22,000.00 | - | (22,000.00) |
| TOTAL | 51,235.00 | 11,816.44 | (39,418.56) |

**includes website hosting and domain name registration.

**Interstate Pest Control Compact Investments
As of December 31, 2010**

| Investment | Amount | Date Acquired | Maturity Date | Duration (Years) | Yield | Current Value |
|--|-------------------|------------------|------------------|---------------------|-------|---------------------|
| Money Fund - Western Asset Money Market | 122,886.67 | | | | 0.06% | 122,886.67 |
| Money Fund - Western Asset Money Market | 869.67 | | | | 0.06% | 869.67 |
| Accrued Interest on Bonds/CDs | 9,611.61 | | | | | 9,611.61 |
| Preferred Stocks | | | | | | |
| General Electric Cap Corp | 10,359.38 | 6/1/2009 | 8/15/2013 | 6.26 | 6.26% | 11,126.50 |
| Corporate Bonds | | | | | | |
| Citi Group Inc | 99,915.00 | 8/19/2008 | 8/27/2012 | 4.02 | 5.36% | 104,935.00 |
| Bank of America Corp Sub Notes | 100,185.00 | 11/26/2007 | 8/15/2013 | 5.72 | 4.57% | 103,958.00 |
| Wachovia Corp Sub Notes | 99,428.00 | 2/22/2008 | 2/15/2014 | 5.98 | 4.63% | 105,308.00 |
| Berkshire Hathaway Fin Corp | 99,277.00 | 5/9/2007 | 1/15/2015 | 7.68 | 4.43% | 109,360.00 |
| Virginia Elec & Pwr | 101,511.00 | 2/19/2008 | 12/15/2015 | 7.82 | 4.76% | 110,358.00 |
| subtotal | 500,316.00 | | | | | 533,919.00 |
| Mutual Funds | | | | | | |
| Allianz Pimco Corporate Bond FD | 100,000.00 | 6/2/2009 | | | 4.78% | 101,463.30 |
| Lord Abbett Floating Rate FD | 100,000.00 | 12/30/2010 | | | 4.40% | 100,000.00 |
| Prudential Short Term Corporate Bond FD | 100,000.00 | 6/2/2009 | | | 3.45% | 103,295.72 |
| subtotal | 300,000.00 | | | | | 304,759.02 |
| Exchange Traded & Closed End Funds | | | | | | |
| NUVEEN Build America Bond FD | 74,207.62 | 12/30/2010 | | | 7.64% | 73,480.00 |
| Certificates of Deposit | | | | | | |
| AMEX Centurion Bank | 65,000.00 | 1/5/2009 | 1/14/2011 | 2.03 | 2.35% | 65,037.05 |
| Goldman Sachs Bank | 70,000.00 | 1/5/2009 | 1/14/2011 | 2.03 | 2.60% | 70,045.50 |
| subtotal | 135,000.00 | | | | | 135,082.55 |
| Total | | | | | | 1,191,735.02 |