Financial Statements
June 30, 2016 and 2015

ASB Workers' Compensation Fund

Independent Auditor's Report

The Board of Trustees
ASB Workers' Compensation Fund
Pierre, South Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of ASB Workers' Compensation Fund, which comprise the statements of net position as of June 30, 2016 and 2015 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but nor for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASB Workers' Compensation Fund as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Schedule of Claims Development Information on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the Schedule of Claims Development Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that U.S. generally accepted accounting principles requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting to place the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Eide Bailly LLP

Fargo, North Dakota
February 1, 2017

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	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	$ 2,300,477	$ 374,885
Receivables		
Member contributions	79,747	72,396
Current portion of annuities receivable	10,924	10,924
Accrued interest from South Dakota School District Benefit Fund	58,104	45,107
Reinsurance recoverable on paid losses	132,987	181,465
Advance to South Dakota School District Benefit Fund	600,000	600,000
Accounts receivable	11,194	-
Certificates of deposit	852,679	640,790
Total current assets	4,046,112	1,925,567
Noncurrent Assets		
Advance to South Dakota School District Benefit Fund, less current position	7,200,000	7,800,000
Due from South Dakota School District Benefit Fund	797,373	797,372
Annuities receivable, less current position	53,434	64,358
Certificates of deposit	2,108,945	2,859,525
Investments in debt securities	412,968	671,432
Total noncurrent assets	10,572,720	12,192,687
Total assets	$ 14,618,832	$ 14,118,254

	2016	2015
Liabilities and Net Position		
Current Liabilities		
Current portion of estimated liability for reported and unreported claims and claims adjustment expenses	$ 973,937	$ 821,328
Current portion of dividends payable	-	500,000
Advance member contributions	460,188	450,442
Member contributions refundable	191,682	201,785
Total current liabilities	1,625,807	1,973,555
Long-term Liabilities		
Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses, less current portion	1,582,587	1,668,676
Total liabilities	3,208,394	3,642,231
Net Position		
Unrestricted	11,410,438	10,476,023
Total liabilities and net position	$ 14,618,832	$ 14,118,254

	2016	2015
Operating Revenues		
Member contributions earned	$ 2,417,475	$ 2,281,216
Less: Reinsurance premiums	(116,916)	(113,207)
Net operating revenues	2,300,559	2,168,009
Operating expenses		
Claims and claim adjustment expenses incurred	1,288,525	1,197,454
Underwriting gain	1,012,034	970,555
General and administrative expenses		
Administrative and service fees	242,986	234,220
Other	43,225	45,593
Total general and administrative expenses	286,211	279,813
Operating Income	725,823	690,742
Nonoperating revenues		
Net investment income	208,592	117,393
Change in net position	934,415	808,135
Net Position		
Beginning of year	10,476,023	9,667,888
End of year	$ 11,410,438	$ 10,476,023

	2016	2015
Operating Activities		
Contributions received	$ 2,398,573	$ 2,278,402
Reinsurance premiums paid	(116,916)	(113,207)
Underwriting and expenses of operations paid	(275,287)	(268,890)
Claims and claims adjustment expenses paid	(1,173,527)	(1,779,115)
Dividends to members	(500,000)	(537,719)
Net Cash from (used for) Operating Activities	332,843	(420,529)
Investing Activities		
Certificates of deposit		
Purchases	(100,000)	(500,890)
Maturities and redemptions	639,000	1,162,000
Bonds		
Maturities and redemptions	250,000	-
Investment income received, net of investment expenses	203,749	129,272
Net Cash from Investing activities	992,749	790,382
Financing Activities		
Net receipts (disbursements) on South Dakota School District Benefit Fund Advance	600,000	(6,450,000)
Net Cash from (used for) Financing Activities	600,000	(6,450,000)
Net Change in Cash and Cash Equivalents	1,925,592	(6,080,147)
Cash and Cash Equivalents at Beginning of Year	374,885	6,455,032
Cash and Cash Equivalents at End of Year	$ 2,300,477	$ 374,885
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 725,823	$ 690,742
(Increase) decrease in assets:		
Member contributions receivable	(7,351)	9,635
Annuities receivable	10,924	10,923
Reinsurance recoverable on paid losses	48,478	(132,075)
Accounts receivable	(11,194)	1,393
Increase (decrease) in liabilities:		
Estimated liability for reported and unreported claims and claims adjustment expenses	66,520	(449,587)
Advance member contributions	9,746	(119,666)
Member contributions refundable	(10,103)	105,825
Dividends payable	(500,000)	(537,719)
Net cash from (used for) operating activities	$ 332,843	$ (420,529)
Supplemental Disclosures of Cash Flow Information		
Financing activities		
Net decrease in the fair value of investments	$ (260,254)	$ (26,302)

Note 1 - Nature of Business and Significant Accounting Policies

Reporting Entity

ASB Workers' Compensation Fund (Fund) is one of three sub-funds of the Associated School Boards Protective Trust (Trust). The Trust is a separate legal entity pursuant to South Dakota Codified Law formed under the joint powers provision as provided for in the law. The Trust is governed by a Joint Powers Agreement and Bylaws (Bylaws). Each member also annually signs a Participation Agreement, which also binds the member to adhere to the Trust's Bylaws. The Fund was formed in 1989 to provide workers' compensation coverage for member organizations belonging to the Associated School Boards of South Dakota (ASBSD). To be eligible for membership, an applicant must be a public agency and be a member of ASBSD. There were 82 members of the Fund as of June 30, 2016 and 2015, which are primarily school districts in the state of South Dakota. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The three sub-funds are supervised by a seven member Associated School Boards Protective Trust Board of Trustees (Board of Trustees).

The Fund operates as a single proprietary fund, more specifically as an enterprise fund. The Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Fund's ongoing operations. Nonoperating revenues and expenses result primarily from investment activities.

The Fund is exposed to various risks of loss related to torts, errors and omissions. The Fund has commercial insurance to mitigate its risks.

The Fund's contract with its members provides for assessment provisions from the members. Members agree to continue membership in the Fund for one year and may withdraw from the Fund for any year thereafter upon giving written notice to the Fund in accordance with applicable agreements. A member is liable for additional assessments as determined by the Board of Trustees. Any member whose membership has been terminated by the Fund will only retain an interest in any accrued or current excess contributions as determined by the Board of Trustees.

In the event of the termination or dissolution of the Fund, all assets in excess of liabilities, including a sufficient reserve for unreported liabilities shall be returned to the then active members on a pro-rata basis as determined by the Board of Trustees and at such point in time that the Board of Trustees is assured all liabilities have been satisfied.

Basis of Presentation

The financial statements have been prepared using the economic resource management focus and the accrual basis of accounting. The Fund adopted for all periods presented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term related to the determination of estimated fair values of investments, the estimated liability for reported and unreported claims and claims adjustment expenses and amounts recoverable from reinsurers under excess of loss coverages.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Fund includes as cash equivalents all highly liquid investments with an original maturity of three months or less at the date of acquisition and which are not subject to withdrawal restrictions or penalties.

Receivables

Receivables are recorded based on amounts due from members and other third party payers, and amounts estimated to be received or recovered from reinsurers and other third party payers. The fund evaluates the collectability of such receivables monthly based on the reinsurers, members and other third party payers' financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Annuities receivable are stated at amortized cost, adjusted for unearned discounts. Unearned discounts are amortized by the interest method over the remaining contractual term of the related annuity, and reported as an adjustment to interest income.

Reinsurance

In the normal course of business, the Fund seeks to reduce the loss that may arise from events that cause unfavorable underwriting results, by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers.

Amounts recoverable from reinsurers under excess of loss of aggregate coverages are estimated in a manner consistent with the development of the estimated liability for reported and unreported claims and claims adjustment expenses.

Amounts recoverable from reinsurers that relate to paid claims and claim adjustment expenses are classified as assets, net of an allowance for any estimated uncollectible amounts, and as a reduction to claims expenses incurred. Estimated amounts recoverable from reinsurers that related to unpaid claims and claims adjustment expenses are recorded as a reduction of insurance liabilities and claims expenses incurred. Reinsurance premiums paid and reinsurance recoveries on claims are netted against related earned member contributions and claims and claims adjustment expenses incurred, respectively.

Investments

The Fund reports investments (other than certificates of deposit) at fair value in the statement of net position with changes in the fair value of investments reported as investment income. Certificates of deposit are stated at cost.

Dividend and interest income are recognized when earned.

The calculation of realized gains and losses is independent of the calculation of the net increase (decrease) in the fair value of investments. Realized gains and losses on investments that had been held for more than one year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

All investments with an original maturity of one year or less are recorded as current assets.

Income Taxes

The Fund's income is excludable from income tax under section 115 of the Internal Revenue Code. A private letter ruling on the Fund's exempt status has not been requested.

Member Contributions

Members are billed annually in advance for a deposit contribution. After the end of the policy year, members are billed or (refunded) any additional (excess) contributions as a result of payroll audits. Income from such contributions is recorded as earned during the coverage period. Contributions received in advance for coverage in the following policy year are recorded as advance member contributions. Revenue is reduced by reinsurance premiums ceded to reinsurance companies. The Fund anticipates investment income in determining if a premium deficiency exits.

Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses

The coverage offered by the Fund is on an occurrence basis which provides for payment of claims that occur during the period of coverage regardless of when the claim is reported. The estimated liability for reported and unreported claims and claims adjustment expenses is based upon data developed by the Fund's administrator. Industry experience and statistics were used to develop the estimated liability. The claims history of the Fund was also considered. The liability includes estimates of the costs to settle individual claims which have been reported, plus a provision for claims and costs incurred but not yet reported. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Claims are reduced for subrogation when payment is received, as subrogation amounts are immaterial.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the financial statements. The Fund has no deferred inflows or outflows of resources.

Any surplus monies for a fiscal year in excess of the amount necessary to fulfill all obligations of the Fund for that year may be refunded to the members at the discretion of the Board of Trustees. No dividends were declared by the Board of Trustees during the fiscal years ended June 30, 2016 and 2015. Discretionary dividends are reported as an expense of the Fund in the year declared.

Subsequent Events

The Fund has evaluated subsequent events through February 1, 2017, the date on which the financial statements were available to be issued.

Note 2 - Deposits and Investments

Authorized Investments

The Fund's investment policy and South Dakota Codified Law 4-5-6 authorize investments only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are insecurities described in (a) above and repurchase agreements described in (b) above. In addition, the Fund's investment policy allows for investments in certificates of deposit of banks which are insured by the FDIC or any similar organization.

Custodial Credit Risk

The Fund's deposits are comprised of deposit, money market funds, savings accounts and demand accounts, which have bank balances totaling $5,344,107 and $3,923,179 as of June 30, 2016 and 2015, respectively. Custodial credit risk on deposits is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2016 and 2015, deposits of $1,774,426 and $0, respectively, were exposed to custodial credit risk, as they were uninsured, and the collateral was held by the pledging bank not in the Fund's name. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (i.e. broker-dealer) to a transaction, the Fund will not be able to recover the value of its investments that are in the possession of another party. As of June 30, 2016 and 2015, investments of $412,968 and $671,432 were exposed to custodial credit risk as they were uninsured and not registered in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Maturities of most fixed income securities are limited to 10 years as a means to managing exposure to fair value losses arising from increasing interest rates.

As of June 30, 2016, the Fund had the following fixed income securities and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value/ Carrying Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. treasury issues	$ 412,968	$ -	$ -	$ 412,968	$ -
Certificates of deposit	2,961,624	852,679	2,108,945	-	-
	$ 3,374,592	$ 852,679	$ 2,108,945	$ 412,968	$ -

As of June 30, 2015, the Fund had the following fixed income securities and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value/ Carrying Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. treasury issues	$ 671,432	$ 264,932	$ -	$ 406,500	$ -
Certificates of deposit	3,500,315	640,790	2,859,525	-	-
	$ 4,171,747	$ 905,722	$ 2,859,525	$ 406,500	$ -

The net decrease in the fair value of investments during the years ended June 30, 2016 and 2015 was $10,254 and $26,301, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year. Gross realized investment losses were $10,254 and $2,779 for the years ended June 30, 2016 and 2015, respectively.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust's investment policy does not address credit ratings.

Concentration of Credit Risk

The Trust's investment policy also provides that no single security shall comprise more than 5% of the total investment portfolio with the exception of obligations of the U.S. government and its fully-guaranteed agencies. The investment policy also provides for the following allowable asset ranges by asset class:

	Minimum	Maximum
Cash equivalents	2%	20%
Certificates of deposit	0%	90%
U.S. government securities	25%	90%
Agency securities	0%	25%

Note 3 - Service Agreements

The Fund has an agreement with Claims Associates, Inc. (CAI) to provide workers' compensation claims administrative services for claims incurred. The agreement provides that CAI be paid the cost of all expenses related to the employment of those individuals hired by CAI whose full-time services are devoted to meeting the obligations of CAI under the agreement (Selected Employees), plus an annual administrative fee of $25,000. In addition, the agreement provides that the Fund compensate CAI for overhead costs such as equipment, office supplies and telephone expenses and includes a $2,500 reporting and filing fee per year. The term of the agreement is for the three years expiring on June 30, 2017. Total fees under this agreement for the fiscal years ended June 30, 2016 and 2015 were $310,042 and $312,559, respectively, and are included in claims and claims adjustment expenses incurred in the statements of revenues, expenses and changes in net position.

The Fund maintains agency accounts with BankWest. Fees incurred to BankWest during the fiscal years ended June 30, 2016 and 2015 were $10,299 and $12,080, respectively, and are netted against investment income in the statements of revenues, expenses and changes in net position.

Note 4 - Reinsurance

The Fund utilizes reinsurance agreements to limit maximum loss and minimize exposures on larger risks. During each of the fiscal years ended June 30, 2016 and 2015, the reinsurance agreement provided that individual claims in excess of $600,000 to a reinsurer limit of $1,000,000 were indemnified.

The Fund would be liable for any obligations that the reinsurance companies are unable to meet under the reinsurance agreements. Reinsurance of $999,317 and $1,071,269 was deducted from the estimated liability for reported and unreported claims and claim adjustment expenses as of June 30, 2016 and 2015, respectively. During the fiscal years ended June 30, 2016 and 2015, claims expense was net of $132,987 and $181,373, respectively, of recoveries from reinsurance companies under contract.

Note 5 - Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses

The Fund establishes liabilities for both reported and unreported covered events, which includes estimates of both future payments of claims and related claims adjustment expenses. The following is a summary of the changes in those aggregate liabilities for the fiscal years ended June 30, 2016 and 2015.

	2016	2015
Reported and unreported claims and claims adjustment expense liabilities at beginning of year	$ 2,490,004	$ 2,939,591
Incurred claims and claims adjustment expenses		
Provision for insured events of the current year	1,276,000	1,243,000
Provision for insured events of prior years	12,525	(45,546)
Total incurred claims and claims adjustment expenses	1,288,525	1,197,454
Payments		
Claims and claims adjustment expenses attributable to insured events of the current year	426,336	394,733
Claims and claims adjustment expenses attributable to insured events of prior years	747,191	1,384,382
Total payments	1,173,527	1,779,115
Less reinsurance recoverable at beginning of year	(181,465)	(49,391)
Plus reinsurance recoverable at end of year	132,987	181,465
Reported and unreported claims and claims adjustment expense liabilities at end of year	$ 2,556,524	$ 2,490,004

The 2016 increase and 2015 decrease in prior year provisions of incurred claims and claims adjustment expenses resulted from negative/positive loss development experience as more information became known and payments made.

Note 6 - Related Party Transactions

ASBSD is a private nonprofit membership corporation comprised of local school districts organized for the purpose of reducing the burdens of government and promoting the exchange and dissemination of information and ideas designed for the efficient administration and conduct of public school affairs, for the purpose of research, for the improvement of school administration and for the purpose of promoting the general welfare of public school systems in the state of South Dakota. ASBSD is the sponsoring organization of the Fund.

Administration Agreement

The Trust oversees three sub-funds known as the ASB Workers' Compensation Fund, ASB Property and Liability Fund, and South Dakota School District Benefit Fund (Benefit Fund). The Trust has an agreement with ASBSD in which ASBSD provides to the Trust, administrative oversight in the implementation and management of the Trust's activities including performing investment, promotion and accounting services for the Fund, among other activities. Under the agreement, ASBSD receives and administrative fee of ten percent of the contributions earned, including agent fees, by ASBSD from member school districts on behalf of the Fund. Amounts incurred by the Fund under the agreement during the fiscal years ended June 30, 2016 and 2015, were $242,974 and $234,220, respectively. The agreement was renewed effective July 1, 2015 and shall remain in force for a period of two years. At the end of the two year period, the agreement will automatically renew for periods of one year unless either party to the agreement gives the other party written notice of intent to not renew the agreement.

Dividend

Dividends payable are recorded when declared by the Board of Trustees. In April 2012, the Board of Trustees of the Fund provided that the Fund distribute a $2,000,000 dividend to its members. Those members who maintain workers' compensation coverage and do not participate in the Benefit Fund will be paid the dividend over a four year period beginning in fiscal year 2013. The remaining dividend payable balances as of June 30, 2016 and 2015 were $0 and $500,000, respectively.

On April 22, 2014, the dividend was amended for Common Members (members of both workers' compensation and Benefit Fund), that the dividend will be paid directly from the Fund to the Common Members with half of such amounts to be paid in fiscal year 2014 and the remainder paid equally in fiscal years 2015 and 2016. In connection with this amendment, $797,373 and $797,372 was due from the Benefit Fund as of June 30, 2016 and 2015, respectively, as the dividend will no longer be used by the Benefit Fund as a reduction of its contributions from Common Members and therefore, the money previously paid to the Benefit Fund is due back to the Workers' Compensation Fund. There is not a repayment schedule approved for the amount related to this dividend receivable from the Benefit Fund as of June 30, 2016 and 2015.

Advances

The Bylaws provide that the separate identity and liability of all three sub-funds will be maintained at all times, and under no circumstances are the Board of Trustees authorized to commingle those separate sub-funds. To insure liquidity of each sub-fund, the Bylaws provide that the Board of Trustees may borrow or loan necessary funds from any source willing to lend, including sub-funds, upon such terms as the Board of Trustees may determine, as set forth in written notes, and the Chair and Secretary/Treasurer of the Board of Trustees are authorized to execute such notes, including lines of credit, on behalf of the Trust.

During the years ended June 30, 2016 and 2015, the Fund provided advances to the Benefit Fund of $8,285,000 and $7,550,000, respectively. The advances are subject to an oral agreement whereby interest is earned at a rate of 1.63% for July 1, 2014 through June 30, 2016 and monthly principal payments of $50,000, plus interest, will be made until at which time the advance is repaid. The advance was made to help the Benefit Fund pay operating costs. As of June 30, 2016 and 2015, respectively, $7,800,000 and $8,400,000 of the advance remains outstanding.

As of June 30, 2016 and 2015, respectively, $150,000 and $69,681 was recorded as interest income related to the advances and dividend receivable.

Due to the previous philosophy of the Benefit Fund to determine its contribution funding amounts due from members on a cash basis, the Benefit Fund has incurred recurring losses from operations, and as of June 30, 2016 and 2015, the Benefit Fund's liabilities exceeded its assets by $12,113,126 and $13,576,263, respectively.

No valuation allowance has been recorded relating to the amounts receivable from the Benefit Fund totaling $8,597,373 and $9,197,372 as of June 30, 2016 and 2015 or historical amounts, as management of the Fund and the Board of Trustees have determined that the amounts are fully collectible due to the following:

a) Through its agreements with members, the Benefit Fund has the ability to increase member contributions and is working with an actuary in the determination of member contribution funding levels.

b) Through its agreements with members, the Benefit Fund has the ability to assess its members. Effective for its fiscal year ending June 30, 2016, it also has the ability to assess member school districts a termination assessment to cover their allocated portion of the Benefit Fund's deficit at the date of the school district's termination of participation in the Benefit Fund.

c) In the event a member school district does not have the ability to pay assessments, management believes that South Dakota statutes would require that a member school district or in certain instances, the county in which the school district is located, levy additional taxes to provide for the payment of assessments to the Benefit Fund.

The Benefit Fund intends to make assessments to members upon their termination from the Benefit Fund and has the intent to make other assessments, if necessary. Management of the fund believes it is unlikely that the amounts due from the Benefit Fund would not be collected. However, collection of the balance due from the Benefit fund is not certain.

Note 7 - Contingencies

The Fund is a party to various legal actions and is subject to various claims arising in the ordinary course of business. Management believes that the disposition of these matters will not have a material adverse effect on the Fund's financial position or results of operations.

Required Supplementary Information
June 30, 2016 and 2015

ASB Workers' Compensation Fund

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net earned member contributions and investment income:										
Earned	*	$ 3,379,584	$ 2,927,775	$ 3,009,388	$ 2,021,809	$ 2,297,761	$ 2,303,254	$ 2,376,135	$ 2,398,609	$ 2,626,067
Ceded	*	(98,500)	(104,020)	(118,212)	(89,947)	(97,177)	(108,802)	(110,774)	(113,207)	(116,916)
Net earned	*	3,281,084	2,823,755	2,891,176	1,931,862	2,200,584	2,194,452	2,265,361	2,285,402	2,509,151
Unallocated Expenses	*	596,591	475,631	362,177	304,210	2,304,624	313,109	335,667	279,813	286,211
Estimated claims and expenses, end of policy year:										
Incurred	*	3,672,026	3,153,597	3,436,171	2,384,077	2,051,332	1,827,207	1,783,391	1,424,373	1,408,987
Ceded	*	-	109,359	41,573	79,094	151,723	64,271	49,391	181,373	132,987
Net incurred	*	3,672,026	3,044,238	3,394,598	2,304,983	1,899,609	1,762,936	1,734,000	1,243,000	1,276,000
Net paid (cumulative) as of:										
End of policy year	*	892,851	811,378	769,517	707,037	703,565	717,651	559,203	394,733	426,336
One year later	1,296,724	1,345,203	1,119,054	1,244,095	825,144	1,030,276	788,577	1,297,391	727,795	
Two years later	1,470,507	1,603,635	1,238,107	1,397,644	878,293	834,409	898,847	1,389,964		
Three years later	1,587,260	1,839,755	1,271,422	1,451,718	875,863	839,645	927,239			
Four years later	1,617,607	1,968,616	1,285,329	1,476,709	876,011	840,607				
Five years later	1,615,916	2,033,702	1,288,895	1,474,380	876,682					
Six years later	1,616,319	2,245,621	1,292,937	1,474,581						
Seven years later	1,623,862	2,256,160	1,293,720							
Eight years later	1,615,439	2,256,160								
Nine years later	1,615,439									
Reestimated ceded claims and expenses	*	27,500	-	-	-	-	-	-	-	-
Reestimated net incurred claims and expenses:										
End of policy year	*	3,672,026	3,044,238	3,394,598	2,304,983	1,899,609	1,762,936	1,734,000	1,243,000	1,276,000
One year later	2,569,999	2,541,000	1,890,748	2,215,999	1,361,707	1,455,559	1,277,000	1,770,000	1,027,000	
Two years later	2,116,000	2,382,999	1,610,999	1,909,000	1,022,798	1,019,000	1,129,000	1,699,000		
Three years later	1,892,999	2,358,000	1,389,000	1,735,147	875,863	925,000	990,000			
Four years later	1,767,000	2,254,001	1,369,000	1,554,000	901,000	891,000				
Five years later	1,730,000	2,291,001	1,398,000	1,505,000	876,682					
Six years later	1,684,000	2,354,000	1,380,000	1,474,581						
Seven years later	1,629,000	2,256,160	1,323,000							
Eight years later	1,615,439	2,256,160								
Nine years later	1,615,439									
Decrease in estimated net incurred claims and expenses from end of policy year.	*	(1,415,866)	(1,721,238)	(1,920,017)	(1,428,301)	(1,008,609)	(772,936)	(35,000)	(216,000)	-

* Financial information is not available for the respective period