



presents

Sales and Use Tax Reserve Strategies

Setting Reserves Under Heightened Government and Audit Scrutiny

A Live 110-Minute Audio Conference with Interactive Q&A

Today's panel features:

William D. Ault, Director, Multi-State Tax Group, **Deloitte & Touche**, Stamford, Conn.

Steve Oldroyd, Tax Senior Director – Sales & Use Tax, Property Tax, **BDO Seidman**, San Jose, Calif.

Myron Vansickel, National Director of SALT, **Jefferson Wells**, Washington, D.C.

Wednesday, September 2, 2009

The conference begins at:

1 pm Eastern

12 pm Central

11 am Mountain

10 am Pacific

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Sales Tax Reserving Teleconference

Sept. 2, 2009

Basic Provisions Of FAS 5

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Basic Provisions Of FAS 5

Liability vs. contingency

Probable

Estimable

Ranges

Disclosures of possible liabilities

Liability Vs. Contingency

- FAS 5 contingencies

- Contingency: An existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss that will ultimately be resolved when one or more future events occur or fail to occur
- Known obligations are “liabilities” – not contingencies. In general, transaction taxes tend to be liabilities rather than contingencies

Liability Vs. Contingency (Cont.)

- There are certain situations in which transaction taxes represent contingencies under FAS 5. These situations can include:
 - Uncertainty about whether certain transactions are subject to the tax (e.g., questions of classification or of nexus)
 - Uncertainty about whether the law will change, either by legislation or by court interpretation
 - Uncertainty about the cost to resolve the uncertainty
 - Negotiated settlements
 - Litigated amounts

Liability Vs. Contingency (Cont.)

- A liability for transaction taxes is not a contingency if the laws of the taxing jurisdictions clearly apply to the transaction
- If the transaction is a known liability, the provisions of FAS 5 do not apply

Liability Vs. Contingency (Cont.)

- Often, one reserve analysis is prepared that contains both liability and contingency items
 - However, accruals or reserve amounts for general or unspecified business risks are not permitted

FAS 5 Accruals

- An estimated loss from a transaction tax liability shall be accrued by a charge to income (accrued liability), if both of the following conditions are met:
 - It is **PROBABLE** that the liability has been incurred at the date of the financial statements, **AND**
 - The amount of the liability is reasonably **ESTIMABLE**
- Probable – likely to occur
- Higher level of likelihood than more likely than not

FAS 5 Accruals (Cont.)

- When a loss contingency, such as the incurrence of a transaction tax liability, exists, the likelihood that the future event or events will confirm the incurrence of the liability can range from probable to remote
 - Probable: The future event or events are likely to occur. Accounting firms differ on percentage, but it is generally greater than 65% to 75% (higher level of likelihood than more likely than not contained in FIN 48)
 - Reasonably possible: The chance of the future event or events occurring is more than remote, but less than likely
 - Remote: The chance of the future event or events occurring is slight
- A contingency is accrued only if it is probable that a liability has been incurred, and the amount is reasonably estimable
 - In some situations, the probability threshold may not be met
 - In some situations, the amount may not be estimable

FAS 5 Accruals (Cont.)

- Timing of events is also a consideration. Accrual is not appropriate until an event or condition occurs
- Accruals for contingencies are specific
 - General reserves or “cushions” are not permitted
 - Specific reserves are required for overall sales and use tax issues (e.g., California sales and use tax issue)
- As it relates to determining whether to apply FAS 5 to a matter concerning tax, the decision to accrue or not accrue should not be affected by the risk of audit detection
- Settlement percentage expectation is an acceptable criterion. However, the methodology used in calculating the anticipated percentage settlement must be documented and reasonable. This may be more relevant in certain industries and with certain types of transactions

FASB Exposure Draft – Disclosure Of Certain Loss Contingencies - An Amendment To SFAS No. 5 And 141(R)

- Proposed changes to certain disclosure requirements:
 - Disclosure of all loss contingencies within scope of this Statement, unless (paragraph 5)
 - Remote (5a)
 - Unasserted claim/no manifestation of awareness of claim, unless (5b)
 - Probable (5b1)
 - Likelihood of loss more than remote (5b2)
 - Disclosure, regardless of the likelihood of loss, if both: (6)
 - Resolution expected in near term (6a)
 - Severe impact on entity possible (6b)

FASB Exposure Draft – Certain Disclosures Under FAS 5

- Disclosure of specific quantitative and qualitative information and relevant insurance or indemnification agreements (7a, 7b, 7c)
- Tabular reconciliation of recognized loss contingencies on interim and annual reporting basis (8)
- Continues to state that certain information must be disclosed on an aggregate basis such that prejudicial information is not provided. However, this type of scenario is rare (11)
 - E.g., pending or threatened litigation (11)
- Update on delay of effective date and FASB comments

Key Terms Of IAS 37

- Provision: A liability of uncertain timing or amount
- Liability:
 - Present obligation as a result of past events
 - Settlement is expected to result in an outflow of resources (payment)
- Contingent liability:
 - A possible obligation depending on whether some uncertain future event occurs, or
 - A present obligation but payment is not probable or the amount cannot be measured reliably
- Contingent asset:
 - A possible asset that arises from past events, and
 - Whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise

IAS 37 Recognition Provisions

An enterprise must recognize a provision if, and only if: [IAS 37.14]

- A present obligation (legal or constructive) has arisen as a result of a past event (the obligating event),
- Payment is probable (“more likely than not”), and
- The amount can be estimated reliably
- An obligating event is an event that creates a legal or constructive obligation and, therefore, results in an enterprise having no realistic alternative but to settle the obligation. [IAS 37.10] A constructive obligation arises if past practice creates a valid expectation on the part of a third party; for example, a retail store that has a long-standing policy of allowing customers to return merchandise within, say, a 30-day period [IAS 37.10]
- A possible obligation (a contingent liability) is disclosed but not accrued. However, disclosure is not required if payment is remote [IAS 37.86]

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Sales and Use Tax Reserve Strategies Teleconference

Sept. 2, 2009

Numerically Evaluating Reserve Levels

**Steve Oldroyd, BDO Seidman LLP
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I. Background

- A. Sales tax is generally one of the largest sources of revenue for a state
- B. Approximately 35% of all state revenues are derived from the collection of sales and use tax
- C. FIN 48, FAS109, Sarbanes-Oxley and the ever increasing pressure from state and local governments' sales and use tax have gained the attention of management

II. Getting Started In Setting Or Adjusting Your Reserves

- A. Review current reserve calculation
 - 1) Sales and use tax areas identified in prior reserve as underreported
- B. Review prior sales and use tax audits
 - 1) Auditor tax audit work papers
- D. Review company's nexus
 - 1) Self-audit of accounting controls and systems
 - a) Sales tax underreporting Issues
 - b) Use tax underreporting issues

III. Nexus

- A. People
- B. Property
- C. Agents

IV. Performing Self-Audit Of Sales Or Use Tax Area Of Concern

- A. Controls
- B. Transaction sampling

V. Controls

- A. Sarbanes-Oxley
- B. Company established procedures
 - 1) Sales tax
 - 2) Use tax

VI. Transaction Sampling

- A. Block sample
 - 1) Selecting a period of time or
 - 2) Grouping
 - 3) Most recent transactions
- B. Statistical random sample
 - 1) Advantages
 - a) Basic premise that every item in the population has an equal chance of being selected
 - b) The sample result is objective and defensible
 - c) Results can be evaluated and supported mathematically
 - d) Standard deviations and confidence levels of the results can be computed

- e) Multiple samples or strata can be made and evaluated separately, or combined and evaluated together

VII. Self-Audit Of Sales Tax Underreporting Issues

- A. State laws differ from state to state
- B. Taxability of products or services
- C. Destination-based tax
- D. State and local tax rates (2.9% - 10%)
- E. Statutory exemptions
- F. Exemption certificates
- G. Exempt Organizations

VIII. Self-Audit Of Use Tax Underreporting Issues

- A. Asset purchases
- B. Accounts payable
- C. Inventory withdrawals

IX. Intercompany Transactions

- A. Accounts receivable
- B. Accounts payable

X. Mergers And Acquisitions

- A. Merger
- B. Stock purchase
- C. Asset purchase
- D. Successor liability

XI. Reserve Calculation

Self Audit:

Company				Year		
<u>State</u>	<u>Sales Tax</u>	<u>Use Tax</u>	<u>Inter-Company</u>	<u>Mergers</u>	<u>Interest Penalty</u>	<u>Total Exposure</u>

Current Tax Audits:

Company			Year
<u>State</u>	<u>Current Tax Audit</u>	<u>Interest Penalty</u>	<u>Total Exposure</u>

1. Statutes of Limitations
2. Penalty and Interest
3. Frequency of reserves to be adjusted

XII. Mitigating Exposure

- A. Amnesty programs
- B. Voluntary disclosure programs
- C. Process improvements



Sales Tax Reserving Teleconference

Sept. 2, 2009

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Today's Program

- Lessons from the example of, and decisions by, a hypothetical corporate taxpayer:
Myron Vansickel, slides 2 through 32



Case Study: Application Of FAS 5

Sales and use tax reserves have come under more scrutiny as a result of the enactment of the Sarbanes-Oxley Act and pressure on state and local jurisdictions to raise revenue. Senior management has become aware of internal controls to understand what is in each reserve, and sales/use taxes have greater visibility before the C-suite now

Case Study: Application Of FAS 5 (Cont.)

Case Study

Corporation V

Corporation V is a publicly traded media and printing company with \$2 billion of annual revenue. In 1999, it was composed of 35 U.S. companies with three major business lines. The consolidated financial statements showed a \$7 million FAS 5 sales/use tax contingency. Of that figure, \$6.7 million was related to sales tax. Annual additions to the reserve were close to \$1 million

Case Study: Application Of FAS 5 (Cont.)

Where do you start the analysis to determine whether this reserve is adequate for potential exposure?
What caused this reserve to grow?
Should this be greater or less?



Case Study: Application Of FAS 5 (Cont.)

Information-gathering is the first step. After reviewing prior sales/use tax audits, it was determined that the majority of assessments were for sales tax on products; then came use tax on purchases of supplies and fixed assets



Case Study: Application Of FAS 5 (Cont.)

The first areas to review were the order entry, sales tax rates, sales tax determination, and computation module and billing system

The process was to determine how product codes were set up to be taxable or non-taxable



Case Study: Application Of FAS 5 (Cont.)

It was discovered that the taxpayer had three different ERP systems, which had varying degrees of sophistication regarding their abilities to tax the companies' products correctly

Case Study: Application Of FAS 5 (Cont.)

The largest ERP system was reviewed to determine the level of compliance. It was determined that there were several disconnects within the system, and the tax and IT staffs would have to identify issues and resolve them together. This was an older version of tax software in which coding changes needed to be implemented to make tax corrections



Case Study: Application Of FAS 5 (Cont.)

The other two ERP systems had similar and dissimilar issues related to taxing products

Issues were identified, and then plans were implemented to resolve these issues



Case Study: Application Of FAS 5 (Cont.)

New versions of sales tax software now allow the tax department to make the tax determinations directly, due to the data basis nature. This eliminates IT maintenance time and allows for timely changes within the system

Case Study: Application Of FAS 5 (Cont.)

Corrective action plan:

Re-compute the reserve requirements on what was learned and use this as the benchmark to measure improvement

A product code matrix was developed that included all other separately stated invoice items, i.e. shipping costs



Case Study: Application Of FAS 5 (Cont.)

Review the matrix and add a taxable or non-taxable column

Reference appropriate tax research to support the tax determination

Review this matrix with what was currently in the system and prepare a corrective action plan



Case Study: Application Of FAS 5 (Cont.)

The tax department continued to investigate whether the companies were filing in all jurisdictions where they had created nexus for sales tax purposes

This required reviewing the business operations, including the sales force, to determine what activities were occurring that might create nexus for collection responsibilities



Case Study: Application Of FAS 5 (Cont.)

After coming up with a revised list of taxing jurisdictions, tax met with the legal department to determine where the companies should be registered to “do business” and register for sales tax collection



Case Study: Application Of FAS 5 (Cont.)

Subsequently, with the legal department's and CFO's support, the tax department became the clearinghouse for determining where the companies needed to qualify to do business and register for sales/use taxes

Case Study: Application Of FAS 5 (Cont.)

This meant that every time there was a new home office or new state to be established for payroll purposes, the tax department was notified and investigated if nexus was created. Tax initiated all registrations for taxes, whether payroll or sales/use, through the legal department. This kept the tax department immediately in the know about any business change that would affect sales/use tax collection



Case Study: Application Of FAS 5 (Cont.)

The next phase was to implement the necessary changes for sales tax that were arose from errors identified in sales tax audits. This was done via a product code matrix/tax determination process

Case Study: Application Of FAS 5 (Cont.)

Fixed asset purchase procedures were reviewed, and use tax accrual procedures were developed and implemented. Printers are similar to manufacturers, so in several states, the purchase of their equipment was exempt. However, some states lacked an exemption, so use tax needed to be paid



Case Study: Application Of FAS 5 (Cont.)

Tax audits were reviewed for the types of expense purchases that were subject to use tax. A taxability matrix was developed, similar to the product code/tax determination matrix. This was implemented through the purchasing chain to provide for appropriate accrual of use taxes



Case Study: Application Of FAS 5 (Cont.)

The tax department developed use tax accrual worksheets that included the appropriate use tax rates, to facilitate the accrual process. Although manual, they did provide a mechanism to facilitate compliance



Case Study: Application Of FAS 5 (Cont.)

The tax department did develop a Web site, on which it provided tax education for its customers and its internal staff as a reference. This was to intended to educate clients on what they needed to do to obtain tax exemptions or which products were taxable, on a state-by-state basis. The result was a reduction in invoice short-pays for sales tax



Case Study: Application Of FAS 5 (Cont.)

The tax department implemented policies and procedures regarding company purchases, in order to take advantage of resale and manufacturing exemptions where applicable



Case Study: Application Of FAS 5 (Cont.)

The tax department, along with the sales force, reviewed customer files to validate whether the customer should complete a resale certificate or an exemption certificate



Case Study: Application Of FAS 5 (Cont.)

Policies and procedures were then implemented in the sales-ordering process, in order to obtain appropriate documentation from each new customer. Annual reviews of customer files were performed to make sure valid resale or exemption documentation was maintained

Case Study: Application Of FAS 5 (Cont.)

The reserve went down to less than \$500,000 within five years, based on the implementation and review of controls. Annually, steps taken reduced the cost of audits by about \$900,000. That is a dollar-for-dollar pick-up to the bottom line

Case Study: Application Of FAS 5 (Cont.)

The Big Four audit firm was glad to see that controls were in place and that processes were being reviewed monthly to ensure that the sales/use tax uncertainties were minimal and exposure was reasonably accrued for, with support

Case Study: Application Of FAS 5 (Cont.)

Information is needed to calculate the FAS 5 sales/use tax reserve

Remember that you may have nexus issues, and that the statute of limitations do not run in a taxing jurisdiction until you have filed returns

- Listing of all taxing jurisdictions where the entities have sales/use tax nexus
- Date the business began in these taxing jurisdictions

Case Study: Application Of FAS 5 (Cont.)

- Listing of the statute of limitations for each taxing jurisdiction
- Date of registration in each jurisdiction
- Starting date for when returns were first filed in each jurisdiction
- Copies of all sales/use tax audits settlements for the past five years and any current issues from ongoing audits
- Develop a spreadsheet to incorporate all this information

Case Study: Application Of FAS 5 (Cont.)

Review the audit settlements and determine if corrective action was taken, and the time period when any action was taken

Calculate whether there was a unresolved time period for which an error was noted in an audit

Case Study: Application Of FAS 5 (Cont.)

Calculate the potential tax for each tax uncertainty for a time period which is still open under the statute of limitation

Accrue the tax calculated in the reserve



Case Study: Application Of FAS 5 (Cont.)

Update your reserve monthly, as new uncertainties are uncovered and a month of the statute of limitations rolls off

This will be the basis of your reserve analysis

Sales Tax Accrual Analysis - A/C 000-000-0000

6/30/2009

	<u>Audit Period</u>	<u>Tax Amount Paid</u>	<u>Date Paid</u>	<u>Estimated Unpaid Amount</u>	<u>Total Audit Liability</u>	<u>Status</u>	<u>No. Of Audits</u>	<u>Average Audit Liability</u>	<u>Projected Next Assessment</u>	<u>Audit Period</u>	<u>Open Periods</u>	<u>Monthly Assessment</u>	<u>Reserve Accrual</u>	<u>Start Date</u>
California	Jan-84 - Mar-87	352,653		0	352,653	Final	1			36				
	Jul-87 - Dec-90	450,000		0	450,000	Final	2			36				
	Jan-91 - Dec-94	1,152,455		0	1,152,455	Final	3	651,703		36				
	Jan-95 - Dec-97	80,000				Final	4	508,777		36				
	Jan-98 - May-98					Lapsed				5				
	Apr-98 - Dec-00	333,833	10/01/02			Final	5	473,788		33				
	Jan-01	97,692	Self audit							36				
		93,511	Sep-04	01/01/06		Final	6	426,691		9				
	Oct-04	126,600	Dec-07	05/01/09		Final	7			36				
	Jan-08		Jun-09			Accrual			100,000	36	18	2,778	50,000	
CA - WC	Jul-98		Dec-00		0	Final	1							
	Jan-01		Sep-04		0	Final	2							
	Oct-04		Jun-09			Accrual							0	
Colorado	Jan-85 - Dec-88	26,000		0	26,000	Final	1	26,000		36				
	Jan-94 - Dec-96					Lapsed				36				
	Jan-97 - Jun-06					Lapsed				114				
	Jul-06		Jun-09			Accrual			0	36	36	0	0	
Thornton, CO	Apr-03	6,522	Mar-06			Final	1			36				
Boulder, CO	Apr-03	108,900	Jun-06	01/01/07		Final	1			36				
	Jul-06	52,169	May-07			Open Period Paid								
	Jun-07		Jun-09			No accrual bc Sabrix allows the collection of Boulder tax on NI								
Connecticut	Nov-88 - Oct-91	36,916	12/20/91	0	36,916	Final	1			36				
	Jul-94 - Jun-97	154,456			154,456	Final	2			36				
	Jul-97 - Sep-00	32,925	04/01/02		32,925	Final	3	74,766		36				
	Oct-00		Jul-01			Lapsed				10				
	Aug-01 - Nov-04	150,235	11/15/06			Final	4	93,633		39				
	Dec-04	5,495	Jun-08	07/28/08		Final	5	76,005		42				
	Jul-08		Jun-09			Accrual			10,000	36	12	278	3,333	
Connecticut - WC	Dec-04		Nov-07		0	Audit	1		0	36				
Connecticut - E	Dec-04		Nov-07		0	Audit	1		0	36				
Connecticut - USAD	May-06		Feb-08		0	Audit	1		0	10				
CT-Gamma One	Nov-97		Oct-00		64,344	Final	1	64,344						
Florida	Jul-85 - Nov-89	56,455	10/06/92	0	56,455	Final	1			60				
	Dec-89 - Mar-94	101,851	07/26/96	0	101,851	Final	2	79,153		60				
	Apr-94		Sep-00			Lapsed				78				
	Oct-00	220,000	Sep-03	08/01/04		Final	3			36				
	Oct-03	(57,150)	Sep-05	03/06/06	Self Audit	Final	4	80,289		36				
	May-04	Cancelled	Apr-07			Cancelled				36				
	Oct-05	18,641	Dec-07			Final	5	84,949		36				
	Jan-08		Jun-09			Accrual			25,000	36	18	694	12,500	
Florida-WC	Jan-01	10,100	Dec-03			Final	1			36				
Georgia	Jan-89 - May-91	211,755	12/16/92	0	211,755	Final	1			36				
	Sep-93 - Aug-96	43,705	03/05/98	0	43,705	Final	2	127,730		36				
	Sep-96		Jun-06			Lapsed				118				
	Jul-06		Jun-09			Accrual			0	36	36	0	0	
Atlanta, GA	Jan-02	3,580	Dec-04	01/01/07		Final	1							

Illinois	Jan-85 - Mar-88	2,417	04/03/89	0	2,417	Final	1	2,417	42				
	Jul-93 - Dec-96					Lapsed			42				
	Jan-97 - Dec-99	280,795	03/22/01		280,795	Final	2	141,606	36				
	Jan-00 - Jun-02	59,000	08/01/04			Final	3		30				
	Jul-02 - Dec-04	175,990				Final	4		36				
	Jan-05 - Dec-06	25,604				Final	5	108,761	24				
Jan-07 - Jun-09					Accrual			30,000	24	30	1,250	30,000	
Illinois-WC	Jan-01 - Jun-03	5,151			0	Final	1	5,151	30				
Illinois-E	Jul-02 - Dec-04	116,665	01/01/06		0	Final	1		30				
	Jan-04 - Dec-06	10,658	02/01/07			Final	2	63,662	24				
	Jan-07 - Jun-09					Accrual			15,000	24	30	625	15,000
Illinois - WCC	Jan-02 - Nov-04	5,151			0	Final	1		36				
	Dec-04 - Dec-06	1,739	01/01/07			Final	2	3,445	24			0	
Indiana - LTC	Jan-99 - Dec-00					Lapsed							
Indiana - V	Jan-01 - Dec-02	0			0	Final	1	0	48				
	Jan-03 - Jun-09					Accrual			48	48	0	0	
Kansas	Feb-88 - Jan-91	33,288	10/04/94		0	33,288	Final	1		36			
	Jul-92 - Apr-95	158,983			0	158,983	Final	2		36			
	May-95 - Apr-98	69,253	10/01/00			69,253	Final	3	87,175	36			
	May-98 - Jun-06						Lapsed			12			
	Jul-06 - Jun-09						Accrual		0	36	36	0	0
Maryland	Oct-90 - Mar-94	99,117	12/14/94		0	99,117	Final	1		48			
	Apr-94 - Jul-95						Lapsed			16			
	Aug-95 - Apr-00	180,470	03/22/01			180,470	Final	2	139,794	56			
	May-00 - Jun-05						Lapsed			62			
	Jul-05 - Jun-09						Accrual		50,000	48	48	1,042	50,000
Massachusetts	Jul-86 - Sep-89	9,890	09/28/90		0	9,890	Final	1		36			
	Oct-89 - Jun-93	76,971	06/05/95		0	76,971	Final	2		36			
	Jul-93 - Jun-96	47,083				47,083	Final	3	44,648	36			
	Jul-96 - Dec-96						Lapsed			6			
	Jan-97 - Dec-99	71,223	10/01/02			71,223	Final	4	51,292	36			
	Apr-97 - Dec-00						Lapsed			45			
	Jan-01 - Dec-03	21,114	06/01/05				Final	5	45,256	36			
	Jan-04 - Dec-04						Lapsed			12			
	Jan-05 - Aug-07	18,245	03/01/08				Final	6	40,754	32			
Sep-07 - Jun-09						Accrual		20,000	36	22	556	12,222	
Michigan	Jan-90 - Sep-93	12,889	12/93		0	12,889	Final	1	12,889	48			
	Oct-93 - Dec-00						Lapsed			87			
	Jan-00 - Dec-03	1,203	03/05/05			1,203	Final	2	7,046	48			
	Jan-04 - Dec-07						Audit	3	25,000	48	48	521	250,000
	Jan-08 - Jun-09						Accrual	4	25,000	48	18	521	9,375
Minnesota-V	Jul-05 - Dec-08	4,704	06/09/09				Final	1		36		0	
Minnesota-W	Jul-05 - Dec-08	3,800	06/01/90				Final	1		36		0	
Minnesota-E	Jul-05 - Dec-08	271	06/09/09				Final	1		36		0	
Minnesota-WCC	Jul-05 - Dec-08	613	06/09/09				Final	1		36		0	
Minnesota-USAD	Aug-06 - Dec-08	987	06/09/09				Final	1		36		0	
Missouri	Jan-90 - Dec-93	118,786			0	118,786	Final	1	118,786	36			
	Jan-94 - Jun-06						Lapsed			150			
	Jul-06 - Jun-09						Accrual		0	36	36	0	0

New Jersey WC	Feb-02 - Jun-06						Lapsed			53			
	Jul-06 - Jun-09						Accrual	50,000	48	48	0	50,000	
New Jersey WCC	Oct-01	Sep-05		05/24/02			Final		1			48	
New York	Mar-91 - Feb-94		0	06/06/94	0	0	Final		1	0		36	
	Mar-94 - Mar-99						Lapsed					61	
	Mar-99	Dec-00	56,314	04/01/02		56,314	Final		2	28,157		22	
	Jan-01	Dec-03	25,906	07/06/06			Final		3	27,407		36	
	Jan-04 - Jun-09						Accrual	50,000	36	36	1,389	50,000	
New York-WC	Jan-01	Dec-03	5,000	07/06/06			Final		1	5,000			
New York-E	Jan-01	Dec-03	5,000	07/06/06			Final		1	5,000			
N. Carolina	Sep-90 - Feb-91		0	6/1/94	0	0	Final		1			36	
	Apr-94 - Mar-97		2,000		0	2,000	Final		2	1,000		36	
	Apr-97 - Jun-06						Lapsed					111	
	Jul-06 - Jun-09		0		0	0	Accrual	0	0	36	36	0	0
Pennsylvania	Jan-88 - Sep-91		0	10/31/91	0	0	Final		1	0		36	
	Oct-92 - Dec-04						Lapsed					147	
	Jan-05	Dec-07	9,188	05/01/09			Final		2			36	
	Jan-08 - Jun-09						Accrual	10,000	36	18	278	5,000	
PA -WC	Jan-01	Dec-04	(124,971)	03/06/06			Final		1	(124,971)		36	0
	Jan-05 - Jun-09						Accrual	50,000	36	36	1,389	50,000	
PA-USAD	Jan-07	Apr-08	9,632	09/08/08			Self Audit					16	0
Tennessee	Dec-98	Dec-00	63,145	10/01/02			Final		1	63,145			
	Jan-01	Jun-06					Lapsed					66	
	Jul-06	Jun-09					Accrual	30,000	36	36	833	30,000	
Texas	Jan-87 - Dec-89		22,443	08/22/90	0	22,443	Final		1			48	
	Jan-90 - Oct-93		215,793		0	215,793	Final		2			48	
	Nov-93 - Aug-94						Lapsed					10	
	Sep-94 - Nov-98		5,466	09/19/00		5,466	Final		3	81,234		48	
	Dec-98 - Dec-01						Lapsed					37	
	Jan-02 - Dec-04		499,455	02/01/07			Final		4	185,789		48	
	Jan-04	May-05											
	Jun-05	Aug-08					Audit		5	200,000		39	200,000
Sep-08	Jun-09					Accrual	150,000	48	10	3,125	31,250		
Texas-W	Apr-97	Dec-00	111,792			92,950	Final		1	111,792		0	
Utah	Jan-86 - Dec-88		72,509	06/12/89	0	72,509	Final		1			36	
	Jan-89 - Dec-91		152,512	10/14/92	0	152,512	Final		2			36	
	Jan-92 - Dec-94		109,818	04/20/95	0	109,818	Final		3			36	
	Jan-95 - Dec-97		215,787			215,787	Final		4	137,657		36	
	Jan-98 - Dec-00						Lapsed					36	
	Jan-01	Oct-03	218,500	03/05/05			Audit		5	153,825		36	
	Nov-03	Jun-06					Lapsed					32	
	Jul-06	Jun-09					Accrual	20,000	36	36	556	20,000	
Virginia	Jan-89 - Oct-91		6,000	12/30/91	0	6,000	Final		1			36	
	Nov-91 - Dec-91		4,300	12/30/93	0	4,300	Final		2	5,150		36	
	Oct-92 - Dec-02						Lapsed					123	
	Jan-03 - Feb-06		0				Audit		3	3,433		36	
	Jan-06	Jun-09					Accrual	0	36	42	0	0	
Virginia-W	Jan-03	Jun-09	0				Final		1			36	
Washington	Jan-95 - Mar-99		95,928	11/01/00		95,928	Final		1	95,928		51	

