

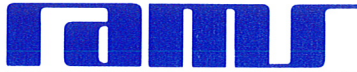
**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70
ZONE W-1**

REPORT ON AUDIT

JUNE 30, 2009

**County of San Bernardino Special Districts
County Service Area No. 70
Zone W-1
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Board of Supervisors
County of San Bernardino
County of San Bernardino Special
District County Service Area
No. 70 - Zone W-1

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the County of San Bernardino Special District County Service Area No. 70 - Zone W-1 (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the CSA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the State Controller's Minimum Audit Requirement for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of San Bernardino Special District County Service Area No. 70 - Zone W-1, as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The County of San Bernardino Special District County Service Area No. 70 - Zone W-1 has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Rogers, Anderson, Malody & Scott, LLP

November 15, 2009

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**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Statement of Net Assets
June 30, 2009**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,038,982
Accounts receivable, net	72,969
Taxes receivable	6,451
Interest receivable	5,261
Due from other governments	9,992
Total Current Assets	<u>1,133,655</u>

Noncurrent Assets:

Capital Assets:

Land	3,500
Improvements to land	2,627,381
Structures and improvements	109,058
Vehicles	45,515
Accumulated depreciation	(1,371,573)
Total Noncurrent Assets	<u>1,413,881</u>

Total Assets	<u>2,547,536</u>
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LIABILITIES

Current Liabilities:

Accounts payable	2,034
Accrued interest payable	3,209
Due to other governments	3,429
Bonds payable	55,000
Total Current Liabilities	<u>63,672</u>

Noncurrent Liabilities:

Bonds payable	665,000
Total Noncurrent Liabilities	<u>665,000</u>

Total Liabilities	<u>728,672</u>
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NET ASSETS

Invested in capital assets, net of related debt	693,881
Unrestricted	1,124,983
Total Net Assets	<u>\$ 1,818,864</u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Statement of Revenues, Expenses and Change in Net Assets
For the Year Ended June 30, 2009**

OPERATING REVENUES

Water sales	\$ 327,674
Connection fees	9,925
Other	1,413
Total Operating Revenues	<u>339,012</u>

OPERATING EXPENSES

Professional services	17,325
Salaries and benefits	275,443
Services and supplies	64,194
Utilities	32,267
Depreciation	61,102
Total Operating Expenses	<u>450,331</u>

Operating (Loss)	<u>(111,319)</u>
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NONOPERATING REVENUES (EXPENSES)

Investment earnings	35,732
Interest expense	(38,521)
Property taxes	114,433
Special assessments	78,435
Other taxes	10,029
State assistance	2,301
Penalties	8,175
Intergovernmental	22,000
Other	11,968
Total Nonoperating Revenues (Expenses)	<u>244,552</u>

Change in Net Assets	133,233
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Net Assets - beginning	<u>1,685,631</u>
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Net Assets - ending	<u><u>\$ 1,818,864</u></u>
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The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Statement of Cash Flows
For the Year Ended June 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 260,892
Payments to suppliers	(108,323)
Payments to employees	(275,443)
Net Cash (Used for) Operating Activities	<u>(122,874)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	108,271
Special assessments	78,435
State assistance	2,301
Penalties	8,175
Other taxes	10,029
Intergovernmental	22,000
Other nonoperating revenues	11,968
Net Cash Provided by Noncapital Financing Activities	<u>241,179</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on bonds	(55,000)
Interest paid on bonds	(38,750)
Net Cash (Used for) Capital and Related Financing Activities	<u>(93,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>40,745</u>
Net Cash Provided by Investing Activities	<u>40,745</u>
Net Increase in Cash and Cash Equivalents	65,300
Cash and Cash Equivalents- beginning of the year	<u>973,682</u>
Cash and Cash Equivalents - end of the year	<u><u>\$ 1,038,982</u></u>

The accompanying notes are an integral part of these financial statements.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Statement of Cash Flows
For the Year Ended June 30, 2009**

Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (111,319)
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation expense	61,102
Change in assets and liabilities:	
Increase in accounts receivable, net	(68,128)
Increase in due from other governments	(9,992)
Increase in accounts payable	2,034
Increase in due to other governments	3,429
	<hr/>
Net Cash (Used for) Operating Activities	<u>\$ (122,874)</u>

The accompanying notes are an integral part of these financial statements.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The County Service Area (CSA) No. 70, Improvement Zone W-1, *Goat Mountain*, was established by an act of the Board of Supervisors of the County of San Bernardino (the County) on November 5, 1973 under Section 4700 of the State Health & Safety Code. It is located 10 miles north of Yucca Valley in the Landers area. It provides water services for 644 properties and maintains 3 wells, 2 booster stations and reservoir storage of 420,000 gallons.

The CSA is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors.

The accompanying financial statements reflect only the accounts of the County Service Area No. 70 Zone W-1 of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2009.

Measurement focus, basis of accounting, and financial statement presentation

The CSA's financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

No allowance for uncollectibles was recorded at June 30, 2009 based on management's expectation that all accounts receivable will be collected through the property tax roll.

Property taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on the March 1st and become delinquent with penalties on August 31st.

Inventories and prepaid items

Inventories, if any, are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets

Capital assets, which include property, plant and equipment are reported in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures and improvements	5 - 40
Equipment and vehicles	4 - 15

Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Stewardship, compliance and accountability

A. Budgetary information

Although the District prepares and adopts an annual budget, budgetary information is not presented because the District is not legally required to adopt a budget.

NOTE 2: CASH AND DEPOSITS

Cash and cash equivalents includes the cash balance of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2009.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009**

NOTE 3: ACCOUNTS RECEIVABLE

At June 30, 2009, the accounts receivable was composed of the following:

Accounts receivable	\$ 72,969
Less: allowance for uncollectibles	<u>-</u>
Total accounts receivable, net	<u>\$ 72,969</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Total capital assets, not being depreciated	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
Capital assets, being depreciated:				
Improvements to land	2,627,381	-	-	2,627,381
Structures and improvements	109,058	-	-	109,058
Vehicles	45,515	-	-	45,515
Total capital assets, being depreciated	<u>2,781,954</u>	<u>-</u>	<u>-</u>	<u>2,781,954</u>
Less accumulated depreciation for:				
Improvements to land	(1,259,243)	(57,987)	-	(1,317,230)
Structures and improvements	(5,713)	(3,115)	-	(8,828)
Vehicles	(45,515)	-	-	(45,515)
Total accumulated depreciation	<u>(1,310,471)</u>	<u>(61,102)</u>	<u>-</u>	<u>(1,371,573)</u>
Total capital assets, being depreciated, net	<u>1,471,483</u>	<u>(61,102)</u>	<u>-</u>	<u>1,410,381</u>
Total capital assets, net	<u>\$ 1,474,983</u>	<u>\$ (61,102)</u>	<u>\$ -</u>	<u>\$ 1,413,881</u>

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009

NOTE 5: BONDS PAYABLE

County Service Area No. 70, Zone W-1 sold bonds during fiscal years 1978-79 and 1979-80 to provide construction capital. The bonds were issued at 5% interest, and all bonds are scheduled to be paid by December 1, 2019. The following is a schedule of debt service requirements to maturity as of June 30, 2009 for the District's bonds payable.

Year Ending June 30,	Zone W-1	
	Principal	Interest
2010	\$ 55,000	\$ 36,000
2011	60,000	33,250
2012	65,000	30,250
2013	65,000	27,000
2014	70,000	23,750
2015 - 2019	405,000	63,750
Total	<u>\$ 720,000</u>	<u>\$ 214,000</u>

Change in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ (55,000)</u>	<u>\$ 720,000</u>	<u>\$ 55,000</u>

NOTE 6: MOJAVE WATER AGENCY OPERATING LEASE

On March 11, 1991, CSA 70, Zone W-1 entered into a noncancelable operating lease agreement 91-166. Zone W-1 agreed to pay lease payments to Mojave Water Agency as a 4% participant in the Morongo Basin Pipeline. The lease payments are comprised of a fixed portion to cover debt on the water project and a variable portion for Operating and Maintenance costs. On March 7, 1995, Amendment A-1 was added to agreement 91-166. Amendment A-1 reduced the participation rate on Zone W-1 to 1% from 4%. The total lease payments made for the year ended June 30, 2009 was \$8,133. The lease payments are reflected as operating expenses in the Statement of Revenues, Expenses and Change in Net Assets (Exhibit B). The future minimum lease payments for the lease are as follows:

Year Ending June 30,	Zone W-1
2010	\$ 23,166
2011	23,159
2012	23,147
2013	23,158
2014	23,169
2015 - 2019	115,834
2020 - 2022	63,854
Total	<u>\$ 295,487</u>

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009**

NOTE 7: RETIREMENT PLAN

Plan Description

The San Bernardino County Employees' Retirement Association (SBCERA) is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees' Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, California State Association of Counties, South Coast Air Quality Management District (AQMD), San Bernardino Associated Governments (SANBAG), Local Agency Formation Commission (LAFCO), San Bernardino County Law Library, Barstow Fire Protection District, Hesperia Parks and Recreation, San Bernardino County Employees' Retirement Association (SBCERA), City of Chino Hills, Crest Forest Fire District, Mojave Desert Air Quality Management District (MDAQMD), California Electronic Recording Transaction Authority (CERTNA), Inland Valley Development Agency (IVDA), San Bernardino International Airport Authority (SBIAA), and the Superior Courts were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members." The plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary Responsibility

SBCERA is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. SBCERA publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. SBCERA is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes SBCERA pension trust fund as of June 30, 2009.

Funding Policy

Participating members are required by statute (Sections 31621, 31621.6 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 7.68% - 12.96% and safety members 9.85% - 15.29% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 11.25%, County Safety 24.46%. All employers combined are required to contribute 13.95% of the current year covered payroll. For 2009, the County's annual pension cost of \$200,300,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009

NOTE 7: RETIREMENT PLAN (continued)

The County's annual pension cost and prepaid asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2009, were as follows (in thousands):

Annual Required Contribution (County fiscal year basis)	\$	200,300
Interest on Pension Assets		(7,834)
Adjustment to the Annual Required Contribution		51,805
Annual Pension Cost		244,271
Annual Contributions Made		200,300
Increase/(Decrease) in Pension Assets		(43,971)
Pension Assets, Beginning of Year		813,716
Pension Assets, End of Year	\$	769,745

The following table shows the County's required contributions and percentage contributed for the current year and two preceding years:

Year Ended June 30,	Annual Contributions Made (in thousands)		Percentage Contributed
	SBCERA	County	
2007	\$ 239,857	\$ 194,130	100%
2008	\$ 241,721	\$ 203,712	100%
2009	\$ 246,232	\$ 200,300	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of \$420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan, and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was \$386,266,000. The outstanding liability at June 30, 2009 is \$430,784,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of \$189,070,000, \$149,825,000 and \$125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. In April 2008, the County refunded all of the 2004 Series B. The outstanding liability at June 30, 2009 is \$301,595,000.

In April 2008, the County of San Bernardino issued its \$160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the Series 2008 Bonds). The outstanding liability at June 30, 2009 is \$158,889,000.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009

NOTE 8: FEDERAL AND STATE GRANTS

From time to time the CSA may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the CSA expects such amounts, if any, to be immaterial.

NOTE 9: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$2 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a Risk Pool Agreement with California State Association of Counties (CSAC) Excess Insurance Authority (EIA) Liability Program II. Workers' compensation claims are self-insured up to \$5 million per occurrence, and covered by Arch Ins. Co. for up to \$3 million for employer's liability, and up to statutory limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured with several insurers like Lexington Ins. Co., Affiliated FM, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with Zurich Ins. Co., which provides annual coverage on a per claim basis with an SIR of \$2 million for each claim. Maximum coverage under the policy is \$25 million in limits per claim provided by Illinois Union Ins. Co.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with National Union Fire Ins. Co. of Pittsburgh with a \$100 thousand deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in Risk Management except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The IBNR (Incurred But Not Reported) and IBNS (Incurred But Not Settled) liabilities stated on Risk Management's balance sheet are based upon the results of actuarial studies, and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 2.75%. It is the Risk Management's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$149.9 million reported at June 30, 2009 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

**County of San Bernardino Special Districts
County Service Area No. 70 - Zone W-1
Notes to Financial Statements
June 30, 2009**

NOTE 9: RISK MANAGEMENT (continued)

Changes in the claims liability amount in fiscal years 2008 and 2009 were:

Fiscal Year	Beginning of Fiscal Year Liability (in thousands)	Current Year Claims and Changes in Estimates (in thousands)	Claims Payments (in thousands)	End of Fiscal Year Liability (in thousands)
2007-08	\$ 129,683	\$ 51,702	\$ (32,064)	\$ 149,321
2008-09	\$ 149,321	\$ 32,909	\$ (32,289)	\$ 149,941

NOTE 10: CONTINGENCIES

As of June 30, 2009, in the opinion of the CSA Administration, there are no outstanding matters, which would have a significant effect on the financial position of the CSA.

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