



michigan municipal league

Workers' Compensation Fund

Financial Report

With Supplemental Information

June 30, 2021

Michigan Municipal League Workers' Compensation Fund

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Independent Auditor's Report

To the Board of Trustees
Michigan Municipal League
Workers' Compensation Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Michigan Municipal League Workers' Compensation Fund (the "Fund") as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 not 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.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Michigan Municipal League Workers' Compensation Fund as of June 30, 2021 and 2020 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Michigan Municipal League
Workers' Compensation Fund

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of claims development, as presented in the table of contents, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Michigan Municipal League Workers' Compensation Fund's basic financial statements. The statement of net position by policy year through June 30, 2021; statement of revenue, expenses, and changes in net position by policy year through June 30, 2021; and statement of revenue, expenses, and changes in net position by policy year from inception of each policy year through June 30, 2021 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The statement of net position by policy year through June 30, 2021 and the statement of revenue, expenses, and changes in net position by policy year through June 30, 2021 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of net position by policy year through June 30, 2021 and the statement of revenue, expenses, and changes in net position by policy year through June 30, 2021 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statement of revenue, expenses, and changes in net position by policy year from inception of each policy year through June 30, 2021 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Plante & Moran, PLLC

November 15, 2021

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis

This section of the Michigan Municipal League Workers' Compensation Fund's (the "Fund") annual financial report presents our discussion and analysis of the Fund's financial performance during the year ended June 30, 2021. Please read it in conjunction with the Fund's financial statements, which immediately follow this section.

The Reporting Entity

The Michigan Municipal League Workers' Compensation Fund is a group self-insurance program which provides workers' disability compensation benefits to the injured employees of Fund members. The Fund provides additional membership services designed to improve loss control information and reduce the cost of workers' compensation claims.

The Fund is comprised of public employers in the State of Michigan who are authorized and approved to enter into agreements to pool their liabilities under Section 611(2) of PA 317 of 1969, the Workers' Disability Compensation Act, commonly referred to as "the Act." The Fund was created by the Michigan Municipal League (the "League") in 1976 and began operations in 1977. As a condition of membership in the Fund, each public employer must be either a member or an associate member of the League.

The Michigan Department of Labor & Economic Opportunity - Workers' Disability Compensation (the "Agency") provides regulatory oversight of the Fund. Governing authority for the Fund's 13-member board of trustees is provided through Rule 408.43i of the Agency's regulations, as well as the bylaws and operating procedures of the Fund.

Our discussion and analysis of the Michigan Municipal League Workers' Compensation Fund's financial performance provides an overview of the Fund's financial activities for the fiscal years ended June 30, 2021, 2020 and 2019. Please read it in conjunction with the Fund's financial statements, which begin on page 15.

Financial Overview

This annual statement consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information.

The three basic financial statements presented are as follows:

- **Statement of Net Position** - This statement presents information reflecting the Fund's assets, liabilities, and net position and is categorized into current and noncurrent assets and liabilities. For the purpose of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity which are collectible or becoming due within 12 months of the statement's date.
- **Statement of Revenue, Expenses, and Changes in Net Position** - This statement reflects the operating and nonoperating revenue and expenses for the previous two fiscal years. Operating revenue consists primarily of member contributions, with the major sources of operating expenses being claims and claims adjustment expenses, general and administrative expenses, and reinsurance costs. Nonoperating revenue consists primarily of investment income and distributions to members.
- **Statement of Cash Flows** - This statement is presented on the direct method of reporting and reflects cash flows from operating activities and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the calendar year.

The Fund's accounting records are maintained on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America. These statements reflect only the risk carried by the Fund, which also includes any potential unrecoverable reinsurance claims. Financial data are presented for both the current and prior fiscal year. Financial data are also compared to an annual budget adopted by the board of trustees.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Additional Information - Notes to the Financial Statements

The notes provide additional information that is integral to a full understanding of the financial information presented in the financial statements. The notes to the financial statements begin on page 18.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information regarding the Fund's 10-year claims development history. The setting of member rates today to cover the assumed risk of possible future loss occurrences is largely guided by actuarial estimates of claims development. Analysis of trends in claims development indicates whether losses are increasing, decreasing or static. Required supplemental information begins on page 27.

Other Supplemental Information

In addition to the basic financial statements, accompanying notes, and required supplemental information, this report also presents certain other supplemental information reflecting the financial activity for each fund year, defined as July 1 to June 30, each of which must "stand on its own." The Agency requires that each fund year with open claims maintain a positive net position. In the event that net position is negative, the fund year's deficit is eliminated by a transfer from the contingency reserve fund, which is approved by the Agency. The detailed statements report all of the Fund's financial activities for the past ten years. These statements help to point out how each fund year has influenced the combined results of operations. The detailed statements can be found starting on page 30.

Financial Highlights

- Membership levels are at 914, which is a net decrease of 2 members during the year.
- Total assets increased by \$9.5 million, or 5.3 percent during the year. The Fund's investments experienced a total return of 5.8 percent for the 12 months ending June 30, 2021. The portfolio's positive return was driven by a 44.2 percent equity return.
- Total net outstanding losses and loss adjustment expense reserves at June 30, 2021 are approximately \$58.6 million at a 90 percent confidence level. Net ultimate loss projections for most policy years are consistent with or favorable compared to the results derived in last year's analysis. Overall, net ultimate loss projections have decreased by \$7.3 million through 2019-2020.
- There were 454 workers compensation claims associated with the COVID-19 pandemic reported as of June 30, 2021. An additional \$2 million is added to the current reserve for potential development of these reported claims and/or any claims that have been incurred but not reported.
- The Fund reported an operating gain of \$14.5 million for 2021, compared to the operating gain of \$12.0 million for 2020. Nonoperating income (expense) consists of investment income of \$10.2 million and member dividends of \$12.0 million for 2021 compared to investment income of \$11.5 million and member dividends of \$14.0 million for 2020.
- Operating income (loss) combined with nonoperating expenses produced an increase in net position of \$13.2 million for the year ended June 30, 2021 compared to the increase in net position of \$10.0 million for the year ended June 30, 2020.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Comparative Statement of Net Position

	June 30		
	2021	2020	2019
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,568,278	\$ 10,232,248	\$ 2,742,028
Investments at market value	41,131,459	28,570,104	40,749,434
Accrued interest receivable	670,174	741,811	723,059
Reinsurance receivable	355,723	258,221	282,945
Premiums receivable	324,411	34,592	617
Prepaid lease	30,000	30,000	30,000
Total current assets	47,080,045	39,866,976	44,528,083
Noncurrent assets:			
Investment in NLC Mutual Insurance Company	3,070,383	2,700,573	2,473,242
Prepaid lease - Net of current portion	747,500	777,500	807,500
Investments at market value	138,934,246	136,956,437	118,175,942
Total noncurrent assets	142,752,129	140,434,510	121,456,684
Total assets	189,832,174	180,301,486	165,984,767
Liabilities			
Current liabilities:			
Net reserves for losses and loss adjustment expenses	5,653,420	5,937,172	5,864,927
Net reserves for incurred but not reported losses and loss adjustment expenses	8,076,559	8,574,819	9,446,122
Prepaid premiums	20,880,812	21,385,169	18,509,469
Accounts payable	266,430	338,193	209,518
Dividends payable	1,070,057	866,154	1,042,831
Total current liabilities	35,947,278	37,101,507	35,072,867
Noncurrent liabilities:			
Net reserves for losses and loss adjustment expenses	17,303,009	18,252,457	17,279,328
Net reserves for incurred but not reported losses and loss adjustment expenses	27,583,505	29,123,528	27,830,296
Total noncurrent liabilities	44,886,514	47,375,985	45,109,624
Total liabilities	80,833,792	84,477,492	80,182,491
Net Position - Unrestricted	\$ 108,998,382	\$ 95,823,994	\$ 85,802,276

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Operating Results and Changes in the Fund's Net Position

The majority of the Fund's operating revenue and expenses are contained within a relatively small number of accounts. The following is a brief description of those accounts:

	Year Ended June 30		
	2021	2020	2019
Operating Revenue			
Premiums	\$ 33,361,701	\$ 34,130,023	\$ 33,739,568
Less reinsurance premium expense	(2,218,953)	(2,202,952)	(2,158,875)
Net premiums	31,142,748	31,927,071	31,580,693
Operating Expenses			
Losses and loss adjustment expenses incurred -			
Net of reinsurance	11,185,769	14,724,003	11,270,878
Service agents' fees	4,604,268	4,298,692	4,025,300
State assessments	301,818	290,510	273,305
Administrative expenses	543,825	598,465	560,305
Total operating expenses	16,635,680	19,911,670	16,129,788
Operating Income (Loss)	14,507,068	12,015,401	15,450,905
Nonoperating Income (Expense)			
Net investment income	10,297,510	11,546,879	9,956,662
Income from investment in NLC Mutual Insurance Company	369,810	271,780	152,339
Forfeited member dividends	-	187,658	-
Dividends to members	(12,000,000)	(14,000,000)	(8,700,000)
Total nonoperating expense	(1,332,680)	(1,993,683)	1,409,001
Change in Net Position	13,174,388	10,021,718	16,859,906
Net Position - Beginning of year	95,823,994	85,802,276	68,942,370
Net Position - End of year	\$ 108,998,382	\$ 95,823,994	\$ 85,802,276

In addition to net position, when assessing the overall health of the Fund, the reader needs to consider other nonfinancial factors such as the legal climate in the state of Michigan, the general state of financial markets, and the level of risk prevention undertaken by the Fund and its members.

- The Fund's total assets increased 14.4 percent over the past two years, from \$166.0 million to \$189.8 million. A significant component of the change in fund assets was due to changes in the investment portfolio. The investment portfolio consists of fixed-income and equity securities. The fixed-income component of the portfolio consists of a variety of securities ranging from Treasury and Agency-type securities and AAA rated securities, to high yield corporate bonds. The average life of the fixed-income securities is 3.78 years with an average duration of 3.50 years, yielding an average return of 0.87 percent.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

- The equity component of the investment portfolio represents 18.4 percent of the total portfolio as of June 30, 2021, invested entirely into the Schwab Total Stock Market Index Fund which is composed of a blend of growth and value large-cap U.S. stocks. The equity fund generated a return of 44.23 percent for the year ended June 30, 2021.
- Reinsurance receivable of \$355,723 reflects amounts due from reinsurers on fourteen large cases dating back to 1980. As payments are made on these cases, the related reinsurance is reported as a receivable. All reinsurance balances are deemed collectible.
- Premiums receivable balances have consistently remained at minimal amounts over the past few years which indicates the timeliness of member annual and audit premium payments.
- Prepaid lease represents Fund's payment to the League for use of common office space and facilities within the League Capitol Office. The Fund paid \$1.2 million in 2007, which is accounted for as a prepayment for the Fund's usage of the space. This prepayment will be amortized over a 40-year period, the term of the lease agreement, at an annual rate of \$30,000. As of June 30, 2021, the unamortized portion amounts to \$777,500.
- Total liabilities increased 0.8 percent since 2019, from \$80.2 million to \$80.8 million. Net reserves for losses and loss adjustment expenses decreased 0.8 percent from 2019 to 2021. Net reserves for incurred but not reported losses decreased 4.3 percent from 2019 to 2021. Over the past two years, the number of reported claims decreased from 2,316 to 2,257, a 2.5 percent decrease. The Covid-19 stay-at-home executive orders and the increased number of individuals working remotely has contributed to a lower number of reported claims during 2020 and 2021.
- From 2019 to 2021, net position increased 27 percent, from \$85.8 million to \$109.0 million. The change in net position over the past two years is a direct result of increases in the market value of the investment portfolio and improvements within the claim reserves.

Capital Assets and Debt Administration

The Fund has no long-term debt. All material commitments and contingencies are disclosed in Note 7 on page 24 of the financial statements. The Fund has no plans to encumber itself with any debt or additional commitments or contingencies in the foreseeable future.

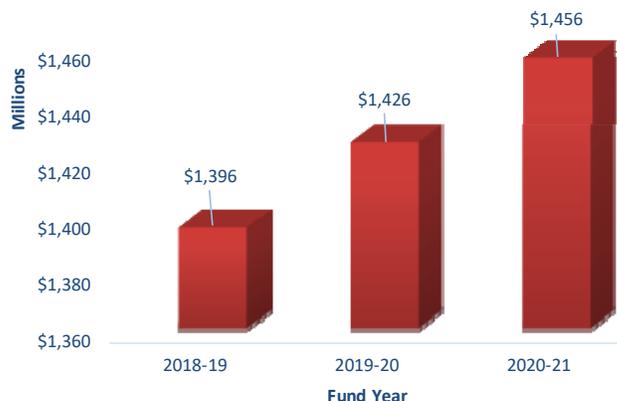
Premiums Earned

Workers' compensation coverage is rated for each individual member based on established rates for 50 different class codes. The rates are applied to payrolls to determine the premium. Premiums are further adjusted by experience modifiers and discounts to reflect the actual loss experience of the member. The experience modifier is based on prior experience adjusted by certain factors. As of June 30, 2021, the Fund had 914 members reporting approximate total payrolls of \$1.46 billion. Class code rates range from \$0.22 to \$15.55. The two largest class categories are clerical/office and police, representing 22.4 and 20.4 percent, respectively, of all payrolls in all classes.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Payroll Exposure



For the fiscal year ended June 30, 2021 the Fund reported earned premium of \$33.4 million compared to \$34.1 million and \$33.7 million for the years ended 2020 and 2019, respectively. Premiums have decreased 1.1 percent over the past three years. Premium rates have declined over the past three years. For the most recent three years, average rate changes were (0.04) percent for 2018-2019, (2.4) percent for 2019-2020, and (3.0) percent for 2020-2021. Moderate loss costs and lower wages are the driving forces behind the premium rate declines.

Reinsurance Premiums Expense

Excess workers' compensation and employers' liability coverage (hereinafter referred to as "reinsurance") is provided by Safety National beginning July 1, 2019 and was previously provided by Travelers Insurance Company. The Fund retains the first \$1,000,000 of each loss, up from the previous retention of \$750,000 offered through Travelers Insurance Company. Reinsurance premiums are calculated based on a contractual rate applied to the members' estimated standard premium. Safety National's contractual rate for the years ended June 30, 2021 was \$0.141 per \$100 of payroll. Members' estimated standard premium was \$34.5 million for 2021 compared to \$35.2 million for 2020 and \$34.7 million for 2019.

The reinsurance premium expense is adjusted for final audited premiums, and amounted to \$2.2 million for the years ended June 30, 2021, 2020, and 2019.

Incurred Losses and Loss Adjustment Expenses Incurred, Net of Reinsurance

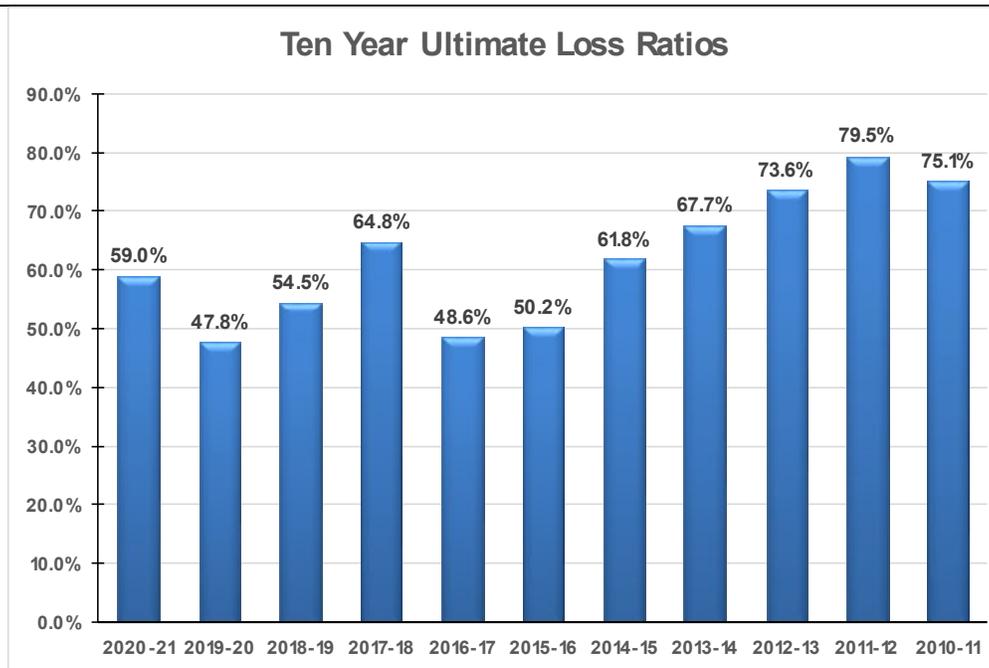
The Fund processes claims and pays for covered losses experienced by its member's employees. All claims are processed and managed by a third-party administrator. Attorneys, medical experts, and other professionals are contracted on an as-needed basis. Between the time a claim is reported and the time it is resolved, reserves are established for the estimated amount that will have to be paid at some future date to settle the loss. Reserves are also established for claims that have occurred but are not yet known to the Fund. This is known as IBNR (incurred but not reported) reserves where losses are recognized in the current year for claims that will not be reported or fully estimated until future periods. This process allows a matching of current year premium with estimated total losses.

Incurred losses and loss adjustment expenses represent payments and changes in case reserves and IBNR reserves for the fiscal year. Net incurred losses were \$11.2 million for the current year, \$14.7 million for 2020, and \$11.3 million for 2019. The additional \$2 million supplement for COVID-19 cases is reflected in the 2021 and 2020 numbers.

Loss ratios have steadily declined over the past 10 years. The Fund has experienced decreases in claim severity and frequency. Gross loss ratios have ranged from 47.8 percent to 79.5 percent for the past ten years. The gross loss ratios have averaged 62.1 percent over the last 10 years.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)



Service Agent Fees

The Fund is sponsored and administered by the Michigan Municipal League (MML or the “League”) as a service for MML members and other public sector entities. The Fund has no employees. As such, the Fund contracts with the MML and AmeriTrust (AMT) (formerly Meadowbrook Insurance Group) for services.

Service Agent Fees include claims administration, marketing, loss control, risk management, finance, and accounting services pursuant to the AMT and MML contracts. The AMT contract provides for claims administration, marketing, and loss control services. The costs for these services amounted to \$2.6M for 2021, which is consistent with prior year. The MML contract provides for risk management, finance, and accounting services, as well as facilities and equipment. The current contract, effective July 1, 2006, provided for an initial payment of \$1,110,000, adjusted annually by the lesser of 5 percent or the rate of inflation. The amount paid during 2021 was \$2,045,728, a 17.2 percent increase from the prior year. Effective July 1, 2020, the Fund agreed to pay an additional \$250,000 to the MML to help support MML projects that benefits WC members. During 2007, the Fund agreed to pay the MML \$1,200,000 for use of common office space and facilities within the League Capitol Office. The \$1,200,000 payment is accounted for as a pre-payment for the Fund’s usage of the space over a 40-year period.

State of Michigan Fund Assessments

Assessments levied by the State of Michigan for the Second Injury Fund, Silicosis Fund and the Safety & Training Levy will vary from year-to-year, and therefore are difficult to accurately estimate. Total assessments have ranged from a high of \$351,418 in 2018 to a low of \$81,880 in 2003. Total assessments for 2021, 2020, and 2019 were \$301,818, \$290,510, and \$273,304, respectively.

Administrative Expenses

In providing coverage and other member services, the Fund incurs administrative expenses. All administrative expenses are budgeted and monitored monthly for compliance with budgetary limits. Administrative expenses include actuarial, financial audit, legal, member payroll audit, banking, and investment fees; board meeting travel expenses; printing and supplies; and information technology services.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Administrative expenses of \$543,825 for 2021 represent a 2.9 percent decrease over the past three years. Board meeting and trustee expenses decreased in the current year due to the meetings being held virtually due to the pandemic.

Net Investment Income

Diversity of the Fund's portfolio is intended to help shield it from the significant losses experienced within the overall investment markets. The Fund earned \$10.2 million in net investment income for the year ended 2021. For the years ended 2020 and 2019, the portfolio reported net investment incomes of \$11.5 million and \$10.0 million, respectively. Net investment income is composed of interest and dividend income and realized and unrealized gain (loss) on investments. Despite the volatility and uncertainty, positive returns were posted in both the equity and fixed income markets over the last twelve months.

Net Increase (Decrease) in the Fair Market Value of Investments

The Fund experienced a net increase in combined realized and unrealized gains and losses on investments of \$6.6 million for the fiscal year ended 2021, compared to a net increase of \$7.6 million in 2020, and a net increase of \$6.2 million in 2019.

The Fund's fixed income allocation, which accounts for 81.6 percent of the Fund's investments, generated a total return of 0.01 percent for the fiscal year. The Fund's fixed income portfolio outperformed its benchmark, the Bank of America Merrill Lynch Corporate/Government 1-10 Year A or Better Index, by 51 basis points (0.51 percent). The benchmark returned (0.50) percent for the trailing 12-month time period. The portfolio has lower weighting in the longer dated maturities, which protect the portfolio from rising interest rates and a steeper yield curve. The Fund's holdings consist of underweight government securities and overweight corporate bonds.

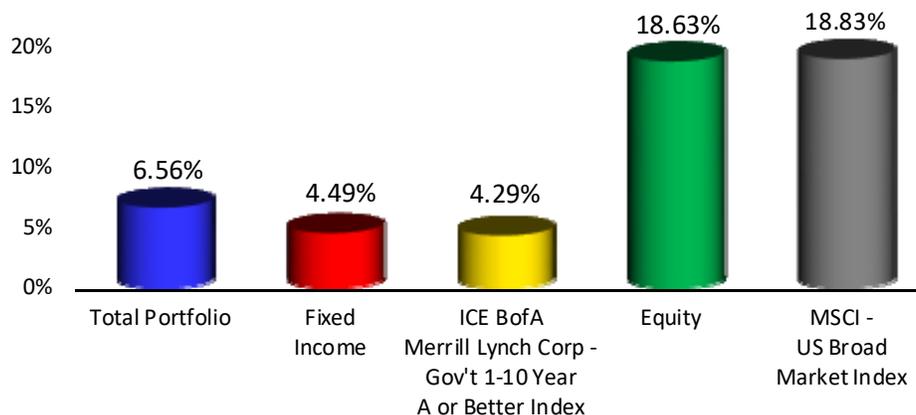
The Fund's equity allocation, approximately 18.4% of the total portfolio is invested in the Schwab Total Stock Market Index Fund, a mutual fund designed to track the performance of the U.S. stock market. The equity allocation generated a total return of 44.2 percent for the Fund's fiscal year, which is significantly higher than the prior year. Comparatively, the MSCI US Broad Market Index returned 44.6 percent over the same period.

The returns generated from the Fund's fixed-income and equity funds resulted in a combined portfolio return of 5.8 percent for the fiscal year ended June 30, 2021, compared to 7.1 percent and 6.7 percent for 2020 and 2019, respectively. The three-year annualized return is at 6.6 percent.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Three-Year Annualized Returns Compared to Benchmarks 6/30/18 - 6/30/21



Income from Investment in NLC Mutual Insurance Company

The Fund invested in NLC Mutual Insurance Company (NLC Mutual) in 1987. In accordance with current accounting guidance, the Fund accounts for the investment using the equity method, recognizing the Fund's 1.3 percent share of NLC Mutual's equity income within the financial statements.

NLC Mutual acts as a "pool of pools." It provides liability, property, and workers' compensation reinsurance coverage to thousands of cities, towns, and villages through 27 league-sponsored risk pools.

The Income from NLC Mutual for the years ending June 30, 2021, 2020, and 2019 amounts to \$369,810, \$227,331, and \$135,006; based on equity values of \$3,070,383, \$2,700,573, and \$2,473,242, respectively.

Member Dividends

Dividends declared amounted to \$12.0 million for the current year and \$14.0 million and \$8.7 million for 2020 and 2019, respectively. Declared dividends are either used as dividend credits allocated to renewing members or withheld from terminated members. The Fund recognizes dividends withheld from terminated members as a liability, dividends payable. Dividends payable amounted to \$1.1 million, \$0.9 million, and \$1.0 million, for 2021, 2020, and 2019, respectively. In accordance with Fund's bylaws, if the terminated member's cash flow is positive, dividends declared will remain as the dividends payable liability until certain criteria are met. If the terminated member has a negative cash flow, the dividends are forfeited. As such, the terminated member's forfeited dividends are recognized as nonoperating income and will flow back to the Fund's surplus within the Contingency Fund. As of June 30, 2021, forfeited dividends totaled \$0.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Economic Factors

Strong Regulatory Oversight

Workers' compensation group self-insurance programs operate under regulatory oversight that is much stricter than that for commercial insurers. The Agency approves all rates in advance of their use. The Agency requires that an actuary develop rates to a 90 percent confidence level. The Agency reviews and approves in advance all rate modifiers. Anticipated investment income cannot be used in rate development. Loss reserves cannot be discounted for the time value of money. The Agency reviews and approves all requests for dividend distributions and an independent review and opinion of all claim reserves accompanies a request to the Agency for a dividend distribution.

These regulations emphasize and serve as a constant reminder that the Fund has one primary purpose: to ensure that funds are available to pay all benefits due to injured employees of fund members for as long as such benefits are due.

Board Oversight

The mission of the Fund is to be long term, stable, and cost effective. Investments are professionally and independently managed, with quarterly reports to the governing board. Additionally, the investment manager's performance is independently reviewed by a professional investment firm, with quarterly written reports and one annual verbal report to the governing board.

Investment Risk

A significant portion of the Fund's annual net income is derived from its investments. The deposits and investments of the Fund are exposed to risks that have the potential to result in losses. As such, there is the risk that the Fund will not earn expected returns and that the investments may lose value. The Fund may be exposed to common deposit and investment risks that relate to credit risk, concentration of risk, interest rate risk, and foreign currency risk. In accordance with Statement No. 40 of the Governmental Accounting Standards Board, disclosures are presented in Note 3 starting on page 20 of the audit report to inform readers about deposit and investment risks that could affect the Fund's ability to provide services and meet its obligations.

Risk of Inadequate Loss Reserves

We consider the risk of using significant amounts of surplus to strengthen loss reserves to be low. Mentioned previously are certain regulatory requirements designed to avoid inadequate loss reserves, including the need to annually establish rates to a 90 percent confidence level, annual reserve reviews by an independent actuary, and independent claims reviews prior to dividend distributions.

The Fund uses several recognized insurance industry performance benchmarks to communicate our financial position to our members and other interested parties. Current benchmarks are available on our web site at www.mml.org and by reference are made a part of this report.

Reinsurance Cost

Reinsurance premiums may increase over time as reinsurers pass along their claim costs to primary insurers such as the Fund. These increases will be moderated by the Fund's own claims frequency, which is better than average for workers' compensation insurers. We believe that the conservative nature of Michigan's regulatory restrictions, combined with the conservative scope of our mission, will continue to cushion the Fund from volatility in rate or loss reserve fluctuation.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

Annual Adopted Budget and Budgetary Controls

Each year the Fund adopts an annual operating budget for the current fund year. The budget is presented to the Fund's board of trustees for final review and adoption. The board approves any interim amendments to the annual budget. The Fund administrator prepares the budget and reviews expenditures on a quarterly basis. The budget reflects only the current fund year financial information, whereas the complete financial statements for the Fund start on page 15.

	Fund Year 2020-2021 Only		
	Budgeted	Actual	Variance Favorable (Unfavorable)
Operating Revenue			
Premiums	\$ 34,500,000	\$ 32,891,385	\$ (1,608,615)
Less reinsurance premium expense	<u>(2,500,000)</u>	<u>(2,172,063)</u>	<u>327,937</u>
Net premiums	32,000,000	30,719,322	(1,280,678)
Operating Expenses			
Losses and loss adjustment expenses incurred - Net of reinsurance	23,000,000	21,423,940	1,576,060
Service agent, marketing, and risk-control fees	4,670,726	4,604,268	66,458
State of Michigan funds assessment	350,000	301,818	48,182
Administrative expenses	<u>694,500</u>	<u>511,432</u>	<u>183,068</u>
Total operating expenses	<u>28,715,226</u>	<u>26,841,458</u>	<u>1,873,768</u>
Operating Income	3,284,774	3,877,864	593,090
Nonoperating Income - Investment income including increase in fair value of investments and other income	<u>3,250,000</u>	<u>10,202,656</u>	<u>6,952,656</u>
Increase in Net Position	<u>\$ 6,534,774</u>	<u>\$ 14,080,520</u>	<u>\$ 7,545,746</u>

The following explains the significant variances of the budget to actual for fund year 2020-2021.

Premiums did not exceed the budget parameters. The budgeted figure of \$34,500,000 reflects the actuary's estimate of required premium to fund losses at a 90 percent confidence level. The Fund gained 3 new members adding premium totaling \$16,927 and lost 5 members with premiums totaling \$40,470. There was an overall loss in premiums, in addition to members renewing with lower payrolls.

Reinsurance premiums are a function of written premium. The budget was based on approximately \$34,500,000 of written premium plus broker commissions.

Losses and loss adjustment expenses incurred, net of reinsurance, resulted in a variance of \$1.6 million when compared to the budgeted parameters. Paid claims were budgeted at \$6.0 million compared to actual paid claims of \$5.6 million or 6.3 percent under the budget. Change in reserves was budgeted at \$17 million compared to the final actuarially determined change of \$15.8 million or 7.1 percent under budget.

Meadowbrook Service Fees of \$2.559 million included within the Service Agent Fee category fell below the budgeted parameter of \$2.625 million which included commissions on new business that was not paid.

MML Service Fees included with the Service Agent Fee category equates with the budgeted parameter of \$2.0 million.

Michigan Municipal League Workers' Compensation Fund

Management's Discussion and Analysis (Continued)

State Fund Assessments are lower than the budget parameter due to a decrease in assessment rates applied within the Michigan Second Injury Fund, the Safety Education and Training Fund, and the Silicosis & Dust Disease Fund.

Administrative expenses are 26.4 percent lower than the budgeted parameter. All expenses incurred came in at a level lower than budgeted, with the exception of bank fees, investment manager fees, and other miscellaneous.

Net investment income over-performed the budgeted parameter by over 213.9 percent. Investment income came in at \$10.2 million, which exceeded the \$3,250,000 budgeted parameter, but it is the Change in Investment Market Values that drove the significant increase.

Future Projects

No major initiatives or projects are planned.

Contacting the Fund's Management

The financial report is designed to provide our members, customers, and the general public with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the money it receives. For more information about the Michigan Municipal League Workers' Compensation Fund, visit our website at www.mml.org.

Michigan Municipal League Workers' Compensation Fund

Statement of Net Position

	June 30, 2021 and 2020	
	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,568,278	\$ 10,232,248
Investments: (Notes 3 and 9)		
Equities	33,136,511	22,974,147
Fixed income	7,994,948	5,595,957
Accounts receivable:		
Premiums	324,411	34,592
Excess reinsurance	355,723	258,221
Prepaid expenses and other assets:		
Prepaid expenses (Note 7)	30,000	30,000
Accrued interest income	670,174	741,811
Total current assets	47,080,045	39,866,976
Noncurrent assets:		
Investments - Fixed income (Notes 3 and 9)	138,934,246	136,956,437
Prepaid expenses (Note 7)	747,500	777,500
Investment in NLC Mutual Insurance Company	3,070,383	2,700,573
Total noncurrent assets	142,752,129	140,434,510
Total assets	189,832,174	180,301,486
Liabilities		
Current liabilities:		
Accounts payable	266,430	338,193
Current portion of loss and loss adjustment expense reserves (Note 4)	5,653,420	5,937,172
Current portion of incurred but not reported loss and loss adjustment expense reserves (Note 4)	8,076,559	8,574,819
Premiums collected in advance	20,880,812	21,385,169
Dividends payable	1,070,057	866,154
Total current liabilities	35,947,278	37,101,507
Noncurrent liabilities:		
Loss and loss adjustment expense reserves - Net of current portion (Note 4)	17,303,009	18,252,457
Incurred but not reported loss and loss adjustment expense reserves - Net of current portion (Note 4)	27,583,505	29,123,528
Total noncurrent liabilities	44,886,514	47,375,985
Total liabilities	80,833,792	84,477,492
Net Position - Unrestricted	\$ 108,998,382	\$ 95,823,994

Michigan Municipal League Workers' Compensation Fund

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Member premiums	\$ 33,361,701	\$ 34,130,023
Less reinsurance premiums expense	<u>(2,218,953)</u>	<u>(2,202,952)</u>
Net member premiums earned	31,142,748	31,927,071
Operating Expenses		
Losses and loss adjustment expenses - Net of reinsurance (Note 4)	11,185,769	14,724,003
Service fees	4,604,268	4,298,692
State assessments	301,818	290,510
Administrative expenses	<u>543,825</u>	<u>598,465</u>
Total operating expenses	<u>16,635,680</u>	<u>19,911,670</u>
Operating Income	14,507,068	12,015,401
Nonoperating Income (Expense)		
Interest and dividend income	3,728,864	4,028,334
Realized and unrealized gain on investments	6,568,646	7,562,994
Distributions to members	(12,000,000)	(14,000,000)
Income from investment in NLC Mutual Insurance Company	369,810	227,331
Forfeited member dividends	<u>-</u>	<u>187,658</u>
Total nonoperating expense	<u>(1,332,680)</u>	<u>(1,993,683)</u>
Change in Net Position	13,174,388	10,021,718
Net Position - Beginning of year	<u>95,823,994</u>	<u>85,802,276</u>
Net Position - End of year	<u><u>\$ 108,998,382</u></u>	<u><u>\$ 95,823,994</u></u>

Michigan Municipal League Workers' Compensation Fund

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from premiums	\$ 32,470,023	\$ 36,996,472
Receipts from reinsurers	600,958	875,267
Receipts from third parties - Claim recoveries	89,459	144,435
Payments on claims	(15,147,669)	(14,276,402)
Payments to reinsurers	(2,218,953)	(2,202,952)
Payments for expenses	(5,420,037)	(5,047,744)
Net cash provided by operating activities	10,373,781	16,489,076
Cash Flows Used in Noncapital Financing Activities - Payment of dividends	(11,796,097)	(13,989,019)
Cash Flows from Investing Activities		
Interest received on investments	3,728,864	4,028,334
Purchases of investment securities	(70,542,310)	(85,137,928)
Proceeds from sale and maturities of investment securities	62,571,792	86,099,757
Net cash (used in) provided by investing activities	(4,241,654)	4,990,163
Net (Decrease) Increase in Cash and Cash Equivalents	(5,663,970)	7,490,220
Cash and Cash Equivalents - Beginning of year	10,232,248	2,742,028
Cash and Cash Equivalents - End of year	<u>\$ 4,568,278</u>	<u>\$ 10,232,248</u>
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 14,507,068	\$ 12,015,401
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:		
Accrued interest income	71,637	(18,752)
Prepaid expense	30,000	30,000
Reinsurance receivable	(97,502)	24,724
Premiums receivable	(289,819)	(33,975)
Net reserves for losses and loss adjustment expenses	(1,233,200)	1,045,374
Net reserves for incurred but not reported losses and loss adjustment expenses	(2,038,283)	421,929
Premiums collected in advance	(504,357)	2,875,700
Accounts payable	(71,763)	128,675
Net cash provided by operating activities	<u>\$ 10,373,781</u>	<u>\$ 16,489,076</u>

June 30, 2021 and 2020

Note 1 - Nature of Business

Michigan Municipal League Workers' Compensation Fund (the "Fund") was established to formulate, develop, and administer a program of self-insurance for participating Michigan municipalities. Any city or village that is a member of the Michigan Municipal League (the "League") or any municipality of any city or village or any Michigan governmental entity that holds service associate status with the League is eligible to participate in the Fund. There are currently 914 members in the Fund.

The Michigan Department of Labor & Economic Opportunity - Workers' Disability Compensation Agency (the "Agency") regulates the financial activities of the Fund. The Agency must approve all rates charged to participants, distributions to participants, allocations of reserves to the Contingency Fund, and transfers between the individual fund years.

Premiums from participants in each fund year are combined to provide all members with coverage for claims. The premiums and interest earned thereon are used to pay claims and administrative expenses and to purchase reinsurance. Dividends to participants of each year may be made only from net position of that fund year, subject to approval by the Agency. In the event of a deficit in a fund year, assessments could be made against participants of that year. The board of trustees of the Fund (the "Board of Trustees") established a contingency reserve within net position to appropriate funds for use in the event that any fund year experiences a deficit due to adverse loss experience. The contingency reserve is available for use at the discretion of the Board of Trustees. The intent of the Board of Trustees is to fund any deficits through the contingency reserve, which was established to avoid such assessments or offset future premiums. The contingency reserve totaled \$4,922,814 and \$4,951,332 at June 30, 2021 and 2020, respectively.

The Fund distinguishes operating revenue and expenses from nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with the Fund's principal ongoing operations. The principal operating revenue and expenses of the Fund relate to premium revenue and claims and administrative expenses. Premium contributions received covering future contract periods are deferred and recognized over the related contract periods. Net investment earnings and dividends to members are reported as nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Fund considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of an investment in a federated government obligations money market mutual fund at June 30, 2021.

Investments

Investments consist of U.S. government securities with maturities greater than three months, mortgage-backed securities, corporate bonds, and equities. All investments are stated at fair value, as determined by quoted market prices or other observable inputs. All investment income, including changes in the fair value of investments, is recognized as nonoperating income in the statement of revenue, expenses, and changes in net position.

NLC Mutual Insurance Company

NLC Mutual Insurance Company (NLC Mutual) is a captive insurance company formed by risk funds associated with certain state municipal leagues, including the Fund. The Fund invested in NLC Mutual in 1987 as a prerequisite for membership. The Fund accounts for this investment using the equity method of accounting. As of June 30, 2021 and 2020, the Fund's investment in NLC Mutual was \$3,070,383 and \$2,700,573, respectively. There were no distributions received in 2021 or 2020.

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

As described in Note 5, from 1987 to 2007, NLC Mutual provided reinsurance coverage to the Fund. Management assesses the solvency and financial health of its reinsurers to determine whether any allowances for potential uncollectible amounts may be necessary. No allowance for uncollectible amounts is recorded, as management considers all amounts to be fully collectible.

Accounts Receivable

Receivables from members are stated at net invoice amounts. Receivables from reinsurers are computed based on the applicable insurance arrangement. Collectibility of balances is reviewed periodically. Any amounts deemed to be uncollectible are written off at that time. No allowance for bad debts is recorded because management considers all accounts receivable to be collectible.

Premiums Collected in Advance

Premiums collected in advance represent the total premiums received in the current year for policies that are not yet effective. The revenue is recognized during the applicable policy period.

Dividends Payable

The amount of dividends to be paid to members is determined annually by the Board of Trustees. The Fund declares and recognizes a liability for member dividends when approved by the Agency.

Net Reserves for Losses and Loss Adjustment Expense

The Fund establishes reserves based on estimates of the ultimate cost of unsettled claims, including future allocated and unallocated claim adjustment expenses, that have been reported but not settled and of claims that have been incurred but not reported. Reserves are evaluated periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated claims cost 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. Adjustments to reserves are charged or credited to expenses in the periods in which they are made. Because actual claims will depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the computation of reserves is a process of estimation and forecasting. The Fund retains a qualified, independent actuarial firm to perform an annual actuarial review of the reserves.

Recognition of Premiums

Premiums are earned on a pro rata basis over the term of the policy, which is generally one year. The Fund's policy period is the same as the fiscal year; therefore, all premiums written during the year are earned. Prepaid premiums are recorded for amounts received in the current fiscal year for policies becoming effective in the next fiscal year. These amounts are classified as a liability on the statement of net position. Premiums are paid to the Fund at rates established by the Board of Trustees pursuant to the recommendation of the Fund's actuarial firm and by the Agency. Contributions to the Fund for the policy period ended June 30, 2021 were computed using estimated payroll figures submitted by members and include an estimated audit premium adjustment, if needed, as determined by management. The Fund verifies actual payroll on a monthly basis, and member contributions are adjusted when necessary based on the results of the payroll audit. These adjustments are not significant.

Federal Income Tax Status

The Fund's income is exempt from taxation under Internal Revenue Code Section 115. Accordingly, no provision has been made for taxes on income.

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates relate to the fair value of investments and net reserves for losses and loss adjustment expenses.

Upcoming Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Fund is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Fund's financial statements for the year ended June 30, 2021 but were deferred until June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 3 - Deposits and Investments

The Fund's investment policy is promulgated by Section 408.43i of the agency regulations, which limits the Fund's investments to U.S. government bonds, U.S. Treasury notes, U.S. government agency issues, U.S. government-sponsored enterprises, investment share accounts in federally insured savings and loan associations and credit unions, and certificates of deposit issued by a duly chartered commercial bank. Deposits in savings and loan associations, credit unions, and commercial banks are further limited by state and dollar amount. Section 408.43i also allows investments in corporate and municipal bonds and common and preferred stock, subject to certain restrictions based upon the proportion of such investments included in the portfolio. The Fund's investment policy further restricts investments in mortgage-backed securities, including collateralized mortgage obligations limited to 35 percent of the portfolio's fixed-income securities market value.

Throughout the year, the Fund's management and investment manager review the portfolio for compliance with investment guidelines prescribed by the Agency, and, if any holdings fall outside stated parameters, the Agency is contacted and provided a plan to return to compliance.

At June 30, 2021, the Fund was not in compliance with deposit and investment guidelines provided by the State of Michigan Workers' Compensation Agency, as the Fund had cash deposits in one account that exceeded federally insured limits. At June 30, 2020, the Fund was in compliance with deposit and investment guidelines provided by the State of Michigan Workers' Compensation Agency.

The Fund's investments are held in the Fund's name. The Fund has designated Key Bank for the deposit of its investments.

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 3 - Deposits and Investments (Continued)

The Fund's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a deposit policy for custodial credit risk. However, agency regulations allow deposits to exceed the federally insured amount if the amount does not exceed 5 percent of the combination of surplus and undivided profits and reserves, as currently reported for each bank in the state in the banking division annual report of the financial institution's Agency of the Department of Consumer and Industry Services, or if the amount does not exceed \$250,000 per institution. At June 30, 2021 and 2020, the Fund's cash deposit balance (without recognition of checks written but not yet cleared or of deposits in transit) totaled \$433,032 and \$40,884, respectively, of which \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC). The Fund evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Fund's investment policy does not restrict investment maturities. The Fund's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and limiting the average maturity in accordance with the Fund's cash requirements.

At June 30, 2021, the Fund had the following fixed-income investments:

Investment	Fair Value	Weighted-average Maturity (Years)
U.S. government	\$ 63,192,927	5.54
Government mortgage-backed securities	38,063,985	3.47
Corporate mortgage-backed securities	2,085,077	0.94
Corporate bonds	43,587,205	5.75
Total	<u>\$ 146,929,194</u>	

At June 30, 2020, the Fund had the following fixed-income investments:

Investment	Fair Value	Weighted-average Maturity (Years)
U.S. government	\$ 61,119,169	4.70
Government mortgage-backed securities	34,556,862	5.42
Corporate mortgage-backed securities	3,859,592	4.85
Corporate bonds	43,016,771	5.45
Total	<u>\$ 142,552,394</u>	

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 3 - Deposits and Investments (Continued)

Credit Risk

The Fund's fixed-income investment portfolio consists of a variety of securities ranging from treasury to agency-type securities and AAA- to A- rated securities. The overall quality rating of the fixed-income portfolio is equal to an AAA- rated portfolio on a market value-weighted basis. No unrated corporate securities are purchased.

The rating organization used by the Fund to rate its investments is Standard & Poor's. For securities not rated by Standard & Poor's, Moody's, Fitch, or DBRS ratings are provided.

At June 30, 2021, the credit quality rating of debt securities, without regard to investment type, is as follows:

Rating	Fair Value	Quality Weightings
U.S. government	\$ 63,192,927	43.01%
AAA	23,502,322	16.00
AA	20,979,142	14.28
A	34,029,978	23.16
BBB	5,224,825	3.56
Total	<u>\$ 146,929,194</u>	

At June 30, 2020, the credit quality rating of debt securities, without regard to investment type, is as follows:

Rating	Fair Value	Quality Weightings
U.S. government	\$ 61,119,169	42.87%
AAA	17,693,318	12.41
AA	22,383,282	15.70
A	36,821,889	25.83
BBB	4,534,736	3.18
Total	<u>\$ 142,552,394</u>	

Concentration of Credit Risk

The objective of the Fund's investment policy is to generate a well-diversified portfolio without any inappropriate credit concentrations. There were no investments that individually exceed 5 percent of the Fund's total investments, other than direct obligations of the U.S. government, at June 30, 2021 and 2020.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Fund's portfolio has no non-U.S. dollar investments, although such investments are not specifically prohibited by the investment policy. As such, the Fund is not subject to any foreign currency risk.

Note 4 - Net Reserves for Losses and Loss Adjustment Expenses

The Fund establishes reserves for both reported and unreported insured events; such reserves include estimates for future payments of losses and related loss adjustment expenses, including state assessments.

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 4 - Net Reserves for Losses and Loss Adjustment Expenses (Continued)

The following table represents changes in the unpaid claims for the Fund for the years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Net losses and loss adjustment expenses (undiscounted) - Beginning of fiscal year	\$ 61,887,976	\$ 60,420,673	\$ 64,373,385
Incurred losses and loss adjustment expenses:			
Provisions for insured events of the current fiscal year	21,423,940	22,309,911	22,473,426
Change in provision for insured events of prior fiscal years	(10,238,171)	(7,585,908)	(11,202,548)
Total incurred claims and claim adjustment expenses	11,185,769	14,724,003	11,270,878
Payments - Net of reinsurance recoveries and member deductibles:			
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	5,624,064	4,612,006	5,740,637
Losses and loss adjustment expenses attributable to insured events of the prior fiscal year	8,833,188	8,644,694	9,482,953
Total payments	14,457,252	13,256,700	15,223,590
Net losses and loss adjustment expenses (undiscounted) - End of fiscal year	<u>\$ 58,616,493</u>	<u>\$ 61,887,976</u>	<u>\$ 60,420,673</u>

The liability for losses and loss adjustment expenses has been reduced for amounts recoverable from reinsurers of approximately \$28,265,000, \$30,178,000, and \$31,836,000 at June 30, 2021, 2020, and 2019, respectively. Included in the amounts recoverable from reinsurers is approximately \$5,619,000, \$5,824,000, and \$6,207,000 due from NLC Mutual at June 30, 2021, 2020, and 2019, respectively. The change in the provision for insured events of prior fiscal years in 2021, 2020, and 2019 was due primarily to claims settling for amounts different from those originally estimated. The COVID-19 pandemic has resulted in the potential for additional volatility in the Fund's reserve estimates. As a result, the liability for losses and loss adjustment expenses includes a \$2,000,000 provision for potential development on claims related to the pandemic.

Note 5 - Reinsurance Agreements

The Fund uses reinsurance agreements to reduce its exposure to large losses. Reinsurance permits the recovery of a portion of claims from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. The portion of claims covered by reinsurance reduces the liability for losses and loss adjustment expenses.

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 5 - Reinsurance Agreements (Continued)

The Fund has obtained specific excess reinsurance and aggregate excess reinsurance for each year prior to June 30, 1986. From 1987 through 2007, the Fund's specific excess reinsurance was placed with NLC Mutual, a related party. From 2007 to 2018, the Fund's specific excess reinsurance was placed with Travelers Insurance Company. Effective in 2019, the Fund's specific excess reinsurance was placed with Safety National. The coverage for specific claims for the policy years ended June 30, 2021 and 2020 is as follows:

Accident Date by Insurance Period	Specific Occurrence	
	In Excess Of	Maximum Coverage
Workers' compensation:		
Policy year 2019-2020	\$ 1,000,000	Statutory
Policy year 2020-2021	1,000,000	Statutory
Employers' liability:		
Policy year 2019-2020	1,000,000	\$2,000,000
Policy year 2020-2021	1,000,000	\$2,000,000

Note 6 - Net Position

At the discretion of the Board of Trustees and as approved by the Agency, net position may be returned to members in the form of dividends. During fiscal years 2021 and 2020, dividend distributions were made to members for the following fund years:

Fund Years	2021	2020
2010-2011	\$ 1,000,000	\$ -
2011-2012	1,000,000	1,000,000
2012-2013	1,000,000	2,000,000
2013-2014	1,000,000	1,000,000
2014-2015	1,000,000	2,000,000
2015-2016	1,000,000	3,000,000
2016-2017	1,000,000	2,000,000
2017-2018	1,000,000	1,000,000
2018-2019	2,000,000	2,000,000
2019-2020	2,000,000	-
Total	<u>\$ 12,000,000</u>	<u>\$ 14,000,000</u>

Note 7 - Commitments and Contingencies

The Fund has a contract with a service agent to provide claims administration services, law enforcement risk reduction services, and marketing and risk control services. This contract is renewed annually and contains future obligations to pay service fees. Service fees under this agreement are approximately \$2,559,000 and \$2,554,000 for the years ended June 30, 2021 and 2020, respectively.

The Fund has an agreement with the Michigan Municipal League to provide services to the Fund, including claims administration, data processing, staff travel, printing, and supplies. Under the terms of this agreement, the Fund paid the League approximately \$2,046,000 and \$1,745,000 for the years ended June 30, 2021 and 2020, respectively, for all services provided.

The Fund has a 40-year lease agreement with the League through 2047 for the use of common space and facilities within the League Capitol Office. The Fund prepaid the total rent of \$1,200,000, which will be amortized over the lease term. Total rent expense under the new agreement was \$30,000 for the years ended June 30, 2021 and 2020. In the event the League sells or transfers its interest in the League Capitol Office, the Fund would be entitled to 60 percent of the net sales proceeds. At June 30, 2021, the League has no intent to sell or transfer its interest in the League Capitol Office.

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 8 - Payroll Audits

Contributions to the Fund for the policy year ended June 30, 2021 were computed using estimated payroll figures submitted by members. The Fund is in the process of verifying actual payroll and adjusting member contributions where necessary. These adjustments will also have an effect on reinsurance premiums and service fees for that policy year that are based on a percentage of members' contributions. It is not anticipated that the effect will be significant.

Note 9 - Fair Value Measurements

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Fund has the following recurring fair value measurements as of June 30, 2021:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Debt securities:				
U.S. government	\$ -	\$ 63,192,927	\$ -	\$ 63,192,927
Government mortgage-backed securities	-	38,063,985	-	38,063,985
Corporate mortgage-backed securities	-	2,085,077	-	2,085,077
Corporate bonds	-	43,587,205	-	43,587,205
Total debt securities	-	146,929,194	-	146,929,194
Equity securities	33,136,511	-	-	33,136,511
Total investments by fair value level	\$ 33,136,511	\$ 146,929,194	\$ -	\$ 180,065,705

Michigan Municipal League Workers' Compensation Fund

Notes to Financial Statements

June 30, 2021 and 2020

Note 9 - Fair Value Measurements (Continued)

The Fund has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis			Balance at June 30, 2020
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
U.S. government	\$ -	\$ 61,119,169	\$ -	\$ 61,119,169
Government mortgage-backed securities	-	34,556,862	-	34,556,862
Corporate mortgage-backed securities	-	3,859,592	-	3,859,592
Corporate bonds	-	43,016,771	-	43,016,771
Total debt securities	-	142,552,394	-	142,552,394
Equity securities	22,974,147	-	-	22,974,147
Total investments by fair value level	<u>\$ 22,974,147</u>	<u>\$ 142,552,394</u>	<u>\$ -</u>	<u>\$ 165,526,541</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. government securities, mortgage-backed securities, and corporate bonds were determined primarily based on Level 2 inputs. The Fund estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Required Supplemental Information

Michigan Municipal League Workers' Compensation Fund

Required Supplemental Information Schedule of Claims Development

June 30, 2021

Claims Development Information

The table on the following page illustrates how the Fund earned revenue (net of excess insurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Fund, including overhead and claims expense not allocable to individual claims.
3. This line shows the Fund's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the table show data for successive policy years.

Michigan Municipal League Workers' Compensation Fund

Required Supplemental Information Schedule of Claims Development (Continued)

June 30, 2021
(in 000s)

Policy Year Ended June 30	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1. Earned contributions and investment revenue:										
Earned	\$ 32,156	\$ 27,621	\$ 32,553	\$ 31,502	\$ 34,578	\$ 33,876	\$ 35,165	\$ 43,235	\$ 44,989	\$ 44,030
Ceded	1,816	1,946	2,043	2,225	2,503	2,840	2,951	2,143	2,203	2,219
Net	30,340	25,675	30,510	29,277	32,075	31,036	32,214	41,092	42,786	41,811
2. Unallocated expenses	3,345	3,452	3,550	3,710	3,776	4,879	4,919	4,839	5,156	5,450
3. Estimated incurred claims and expenses -										
End of policy year:										
Incurred	21,465	22,436	24,848	24,415	23,012	23,953	25,694	23,313	23,057	22,211
Ceded	801	1,226	1,084	1,057	999	1,037	4,198	840	747	787
Net	20,664	21,210	23,764	23,358	22,013	22,916	21,496	22,473	22,310	21,424
4. Paid (cumulative) as of:										
End of policy year	5,030	4,984	5,891	5,339	4,896	5,048	6,213	5,741	4,612	5,624
One year later	9,880	9,185	10,124	9,048	8,150	8,953	10,744	9,600	8,048	-
Two years later	11,620	11,046	12,341	10,761	9,513	10,060	11,883	11,018	-	-
Three years later	12,779	12,005	13,563	12,214	10,494	10,849	12,861	-	-	-
Four years later	13,767	12,653	14,497	13,097	11,193	11,680	-	-	-	-
Five years later	14,202	13,172	14,885	13,811	11,773	-	-	-	-	-
Six years later	14,483	13,440	15,133	14,260	-	-	-	-	-	-
Seven years later	14,733	13,846	15,479	-	-	-	-	-	-	-
Eight years later	14,847	14,091	-	-	-	-	-	-	-	-
Nine years later	14,912	-	-	-	-	-	-	-	-	-
5. Reestimated ceded claims and expenses	3,833	3,030	858	765	658	705	4,554	576	574	787
6. Reestimated incurred claims and expenses:										
End of policy year	20,664	21,210	23,764	23,358	22,014	22,916	21,496	22,473	22,310	21,424
One year later	18,680	19,177	20,323	19,327	19,729	20,867	20,133	20,239	19,162	-
Two years later	18,750	18,015	19,893	18,844	18,074	18,463	18,905	18,857	-	-
Three years later	18,733	17,413	20,827	18,646	16,720	16,686	17,634	-	-	-
Four years later	17,882	17,475	19,757	17,783	15,919	15,474	-	-	-	-
Five years later	17,562	16,862	18,137	17,290	14,823	-	-	-	-	-
Six years later	16,851	15,629	17,713	16,738	-	-	-	-	-	-
Seven years later	15,785	15,298	17,185	-	-	-	-	-	-	-
Eight years later	15,656	15,615	-	-	-	-	-	-	-	-
Nine years later	15,375	-	-	-	-	-	-	-	-	-
7. Change in estimated incurred claims and expenses - End of policy year	(5,289)	(5,595)	(6,579)	(6,620)	(7,191)	(7,442)	(3,862)	(3,616)	(3,148)	-

Other Supplemental Information

Michigan Municipal League Workers' Compensation Fund

Statement of Net Position by Policy Year

Through June 30, 2021

	Contingency Reserve	Policy Year				
		1977-2012	2012-2013	2013-2014	2014-2015	2015-2016
Assets						
Cash and cash equivalents	\$ 462,136	\$ (1,121,338)	\$ 522,215	\$ 79,643	\$ 64,161	\$ 814,897
Investments	5,243,752	32,324,798	4,376,153	5,807,770	6,950,179	8,414,753
Accounts receivable:						
Premiums	-	-	-	-	-	-
Excess insurance	-	342,635	8,882	-	-	-
Prepaid expenses	777,500	-	-	-	-	-
Accrued interest receivable	22,798	-	-	-	-	-
Investment in NLC Mutual Insurance Company	-	3,070,383	-	-	-	-
Interfund balances	(513,315)	2,305,169	(3,279,896)	630,623	(102,061)	546,225
Total assets	5,992,871	36,921,647	1,627,354	6,518,036	6,912,279	9,775,875
Liabilities						
Accounts payable	-	-	-	-	-	-
Net reserve for losses and loss adjustment expenses	-	4,492,162	1,398,013	1,021,120	1,599,590	1,728,308
Net reserve for incurred but not reported losses and loss adjustment expenses	-	2,050,049	123,036	688,272	885,354	1,321,163
Premiums collected in advance	-	-	-	-	-	-
Dividends payable	1,070,057	-	-	-	-	-
Total liabilities	1,070,057	6,542,211	1,521,049	1,709,392	2,484,944	3,049,471
Net Position - End of year	\$ 4,922,814	\$ 30,379,436	\$ 106,305	\$ 4,808,644	\$ 4,427,335	\$ 6,726,404

Michigan Municipal League Workers' Compensation Fund

Statement of Net Position by Policy Year

Through June 30, 2021

(Continued)

	Policy Year						Total
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-22	
Assets							
Cash and cash equivalents	\$ (847,583)	\$ (914)	\$ (26,402)	\$ (62,443)	\$ 4,683,906	\$ -	\$ 4,568,278
Investments	11,247,172	11,652,306	20,225,936	28,069,805	24,872,269	20,880,812	180,065,705
Accounts receivable:							
Premiums	-	-	-	44,311	280,100	-	324,411
Excess insurance	-	4,206	-	-	-	-	355,723
Prepaid expenses	-	-	-	-	-	-	777,500
Accrued interest receivable	-	-	-	-	647,376	-	670,174
Investment in NLC Mutual Insurance Company	-	-	-	-	-	-	3,070,383
Interfund balances	(90,212)	(72,945)	1,315,124	(1,888)	(736,824)	-	-
Total assets	10,309,377	11,582,653	21,514,658	28,049,785	29,746,827	20,880,812	189,832,174
Liabilities							
Accounts payable	-	-	-	-	266,430	-	266,430
Net reserve for losses and loss adjustment expenses	1,687,967	1,661,745	2,984,323	2,027,966	4,355,235	-	22,956,429
Net reserve for incurred but not reported losses and loss adjustment expenses	2,105,205	3,102,379	4,855,144	9,084,820	11,444,642	-	35,660,064
Premiums collected in advance	-	-	-	-	-	20,880,812	20,880,812
Dividends payable	-	-	-	-	-	-	1,070,057
Total liabilities	3,793,172	4,764,124	7,839,467	11,112,786	16,066,307	20,880,812	80,833,792
Net Position - End of year	\$ 6,516,205	\$ 6,818,529	\$ 13,675,191	\$ 16,936,999	\$ 13,680,520	\$ -	\$ 108,998,382

Michigan Municipal League Workers' Compensation Fund

Statement of Revenue, Expenses, and Changes in Net Position by Policy Year

Through June 30, 2021

	Contingency Reserve	Policy Year				
		1977-2012	2012-2013	2013-2014	2014-2015	2015-2016
Operating Revenue						
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less reinsurance premium expense	-	-	-	-	-	-
Net premiums earned	-	-	-	-	-	-
Operating Expenses						
Losses and loss adjustment expenses - Net of reinsurance	-	(1,366,701)	317,765	(527,800)	(551,183)	(1,095,579)
Service fees	-	-	-	-	-	-
State assessments	-	-	-	-	-	-
Administrative expenses	31,611	-	-	-	-	-
Total operating expenses	31,611	(1,366,701)	317,765	(527,800)	(551,183)	(1,095,579)
Operating (Loss) Income	(31,611)	1,366,701	(317,765)	527,800	551,183	1,095,579
Nonoperating Income (Expense)						
Net investment income	3,091	91,763	400,000	-	-	-
Income from investment in NLC Mutual Insurance Company	-	369,810	-	-	-	-
Forfeiture dividends	-	-	-	-	-	-
Distributions to members	-	(2,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total nonoperating income (expense)	3,091	(1,538,427)	(600,000)	(1,000,000)	(1,000,000)	(1,000,000)
Change in Net Position	(28,520)	(171,726)	(917,765)	(472,200)	(448,817)	95,579
Net Position - Beginning of year	4,951,334	30,551,162	1,024,070	5,280,844	4,876,152	6,630,825
Net Position - End of year	\$ 4,922,814	\$ 30,379,436	\$ 106,305	\$ 4,808,644	\$ 4,427,335	\$ 6,726,404

Michigan Municipal League Workers' Compensation Fund

Statement of Revenue, Expenses, and Changes in Net Position by Policy Year

Through June 30, 2021

(Continued)

	Policy Year					Total
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	
Operating Revenue						
Premiums	\$ -	\$ -	\$ -	\$ 470,316	\$ 32,891,385	\$ 33,361,701
Less reinsurance premium expense	-	-	(46,890)	-	(2,172,063)	(2,218,953)
Net premiums earned	-	-	(46,890)	470,316	30,719,322	31,142,748
Operating Expenses						
Losses and loss adjustment expenses - Net of reinsurance	(1,212,529)	(1,271,449)	(1,382,780)	(3,147,915)	21,423,940	11,185,769
Service fees	-	-	-	-	4,604,268	4,604,268
State assessments	-	-	-	-	301,818	301,818
Administrative expenses	-	-	37	745	511,432	543,825
Total operating expenses	(1,212,529)	(1,271,449)	(1,382,743)	(3,147,170)	26,841,458	16,635,680
Operating (Loss) Income	1,212,529	1,271,449	1,335,853	3,617,486	3,877,864	14,507,068
Nonoperating Income (Expense)						
Net investment income	-	-	-	-	9,802,656	10,297,510
Income from investment in NLC Mutual Insurance Company	-	-	-	-	-	369,810
Forfeiture dividends	-	-	-	-	-	-
Distributions to members	(1,000,000)	(1,000,000)	(2,000,000)	(2,000,000)	-	(12,000,000)
Total nonoperating income (expense)	(1,000,000)	(1,000,000)	(2,000,000)	(2,000,000)	9,802,656	(1,332,680)
Change in Net Position	212,529	271,449	(664,147)	1,617,486	13,680,520	13,174,388
Net Position - Beginning of year	6,303,676	6,547,080	14,339,338	15,319,513	-	95,823,994
Net Position - End of year	\$ 6,516,205	\$ 6,818,529	\$ 13,675,191	\$ 16,936,999	\$ 13,680,520	\$ 108,998,382

Michigan Municipal League Workers' Compensation Fund

Statement of Revenue, Expenses, and Changes in Net Position by Policy Year from Inception of Each Policy Year Through June 30, 2021

	Contingency Reserve	Policy Year				
		1977-2012	2012-2013	2013-2014	2014-2015	2015-2016
Operating Revenue						
Premiums	\$ -	\$ 614,914,778	\$ 25,248,000	\$ 26,441,262	\$ 28,011,946	\$ 30,280,831
Less reinsurance premium expense	-	(28,690,918)	(1,946,887)	(2,009,241)	(2,203,068)	(2,531,249)
Net premiums earned	-	586,223,860	23,301,113	24,432,021	25,808,878	27,749,582
Operating Expenses						
Losses and loss adjustment expenses - Net of reinsurance	-	399,113,910	15,615,320	17,185,405	16,738,358	14,823,073
Service fees	200,000	60,917,393	2,663,242	2,720,760	2,874,947	2,959,147
State assessments	-	6,373,513	258,190	255,486	282,414	258,462
Administrative expenses	469,185	12,912,442	530,789	573,642	551,798	556,571
Total operating expenses	669,185	479,317,258	19,067,541	20,735,293	20,447,517	18,597,253
Operating (Loss) Income	(669,185)	106,906,602	4,233,572	3,696,728	5,361,361	9,152,329
Nonoperating Income (Expense)						
Net investment income	3,589,759	151,173,920	2,772,733	6,111,916	3,065,974	4,674,075
Income from investment in NLC Mutual	-	1,422,333	-	-	-	-
Forfeited member dividends	2,467,003	-	-	-	-	-
Distributions to members	(1,440,314)	(228,132,045)	(6,900,000)	(5,000,000)	(4,000,000)	(7,100,000)
Total nonoperating income (expense)	4,616,448	(75,535,792)	(4,127,267)	1,111,916	(934,026)	(2,425,925)
Net Operating Transfers	975,551	(991,374)	-	-	-	-
Net Position	\$ 4,922,814	\$ 30,379,436	\$ 106,305	\$ 4,808,644	\$ 4,427,335	\$ 6,726,404

Michigan Municipal League Workers' Compensation Fund

Statement of Revenue, Expenses, and Changes in Net Position by Policy Year from Inception of Each Policy Year

Through June 30, 2021

(Continued)

	Policy Year					Total
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	
Operating Revenue						
Premiums	\$ 32,419,608	\$ 33,147,473	\$ 33,902,588	\$ 34,274,733	\$ 32,891,385	\$ 891,532,604
Less reinsurance premium expense	(2,881,855)	(2,967,113)	(2,189,909)	(2,202,952)	(2,172,063)	(49,795,255)
Net premiums earned	29,537,753	30,180,360	31,712,679	32,071,781	30,719,322	841,737,349
Operating Expenses						
Losses and loss adjustment expenses -						
Net of reinsurance	15,473,646	17,633,835	18,856,643	19,161,996	21,423,940	556,026,126
Service fees	3,981,568	4,024,263	4,025,300	4,298,692	4,604,268	93,269,580
State assessments	312,904	351,418	273,305	290,510	301,818	8,958,020
Administrative expenses	584,361	532,864	539,897	567,678	511,432	18,330,659
Total operating expenses	20,352,479	22,542,380	23,695,145	24,318,876	26,841,458	676,584,385
Operating (Loss) Income	9,185,274	7,637,980	8,017,534	7,752,905	3,877,864	165,152,964
Nonoperating Income (Expense)						
Net investment income	1,730,931	2,180,549	9,657,657	11,184,094	9,802,656	205,944,264
Income from investment in NLC Mutual	-	-	-	-	-	1,422,333
Forfeited member dividends	-	-	-	-	-	2,467,003
Distributions to members	(4,400,000)	(3,000,000)	(4,000,000)	(2,000,000)	-	(265,972,359)
Total nonoperating income (expense)	(2,669,069)	(819,451)	5,657,657	9,184,094	9,802,656	(56,138,759)
Net Operating Transfers	-	-	-	-	-	(15,823)
Net Position	\$ 6,516,205	\$ 6,818,529	\$ 13,675,191	\$ 16,936,999	\$ 13,680,520	\$ 108,998,382