

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS-STATUTORY BASIS
WITH
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2013 AND 2012
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS DECEMBER 31, 2013 AND 2012

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Independent Auditors' Report

To the Board of Trustees
Kansas Municipal Insurance Trust

We have audited the accompanying statutory financial statements of Kansas Municipal Insurance Trust, which comprise the statutory-basis balance sheets as of December 31, 2013 and 2012 and the related statutory-basis statements of revenue, expenses, and changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department. Management is also responsible for 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.

Auditors' Responsibility

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, these financial statements were prepared by Kansas Municipal Insurance Trust on the basis of the financial reporting provisions prescribed or permitted by the Kansas Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Kansas Insurance Department. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

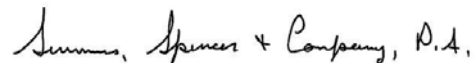
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kansas Municipal Insurance Trust as of December 31, 2013 and 2012, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and fund balance of Kansas Municipal Insurance Trust as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department as described in Note 1.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses, statements of revenues, expenses and changes in fund balance and statements of revenue, expenses and changes in fund balance cumulative activity by contract period are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Summers, Spencer & Company, P.A.
Topeka, Kansas

May 29, 2014

KANSAS MUNICIPAL INSURANCE TRUST

BALANCE SHEETS – STATUTORY BASIS

December 31,	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,033,131	\$ 1,743,814
Investments	8,911,957	9,141,060
Interest income accrued	21,287	25,262
Premiums receivable	85,080	103,692
Agent commissions receivable	4,894	6,074
Excess insurance premium receivable	20,417	14,186
Specific receivable	98,887	7,087
Prepaid expenses	-	15,528
<i>Total current assets</i>	12,175,653	11,056,703
Less: non admitted assets	-	(15,528)
<i>Total admitted assets</i>	<u>\$ 12,175,653</u>	<u>\$ 11,041,175</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Reserve for unpaid workers' compensation claims	\$ 6,229,344	\$ 6,001,681
Other expenses due or accrued	39,300	41,845
Taxes, licenses and fees due or accrued	285,838	296,725
Return premiums payable	429,792	314,725
Deposits on premium	241,041	458,477
<i>Total current liabilities</i>	7,225,315	7,113,453
Fund balance		
Fund balance	<u>4,950,338</u>	<u>3,927,722</u>
<i>Total liabilities and fund balance</i>	<u>\$ 12,175,653</u>	<u>\$ 11,041,175</u>

KANSAS MUNICIPAL INSURANCE TRUST

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE – STATUTORY BASIS

For the years ended December 31,	2013	2012
Underwriting income		
Direct premiums earned	\$ 4,853,835	\$ 4,484,533
Less: excess insurance premium	<u>395,840</u>	<u>337,121</u>
Net underwriting income	<u>4,457,995</u>	<u>4,147,412</u>
Deductions		
Workers' compensation claims incurred	2,305,548	2,736,083
Claims adjustment expenses incurred	237,435	145,443
Other administrative expenses incurred	<u>979,785</u>	<u>783,902</u>
Total underwriting deductions	<u>3,522,768</u>	<u>3,665,429</u>
Net underwriting gain	935,227	481,983
Investment income / Other income		
Interest earned	<u>71,861</u>	<u>70,104</u>
Net income	1,007,088	552,087
Fund balance, beginning of year	3,927,722	3,380,120
Change in non - admitted assets	<u>15,528</u>	<u>(4,485)</u>
Fund balance, end of year	<u>\$ 4,950,338</u>	<u>\$ 3,927,722</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF CASH FLOWS – STATUTORY BASIS

For the years ended December 31,	2013	2012
Cash flows from operating activities		
Net income	\$ 1,007,088	\$ 552,087
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of premiums on investments	32,597	57,186
(Increase) decrease in assets:		
Interest income accrued	3,975	17,438
Premium receivable	18,612	(26,807)
Agent commission receivable	1,180	1,679
Excess insurance premium receivable	(6,231)	2,091
Specific receivable	(91,800)	(1,643)
Prepaid expenses	15,528	(4,485)
Increase (decrease) in liabilities:		
Reserve for unpaid workers' compensation claims	227,663	83,116
Other expenses due or accrued	(2,545)	2,045
Taxes, licenses and fees due or accrued	(10,887)	(153,025)
Return premium payable	115,067	25,928
Deposits on premiums	(217,436)	(105,568)
<i>Net cash provided by operating activities</i>	1,092,811	450,042
Cash flows from investing activities		
Purchase and maturities of investments:		
Purchase of U.S. Government and agency securities	(3,738,494)	(7,660,809)
Sale and maturity of U.S. Government and agency securities	3,935,000	7,000,000
<i>Net cash provided by (used in) investing activities</i>	196,506	(660,809)
<i>Net increase (decrease) in cash and cash equivalents</i>	1,289,317	(210,767)
Cash and cash equivalents, beginning of year	1,743,814	1,954,581
Cash and cash equivalents, end of year	\$ 3,033,131	\$ 1,743,814
Supplemental disclosure		
Cash paid during the year for:		
Income tax	\$ 0	\$ 0
Interest	\$ 0	\$ 0

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

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of business and ownership

Organization and nature of operations

Kansas Municipal Insurance Trust (“Trust”) is an interlocal governmental agency formed for the purpose of establishing and administering a group funded workers compensation pool (“Pool”) pursuant to the provisions of Kansas state law governing labor and industries. The Trust began operations on January 1, 1994 and provides a comprehensive workers’ compensation insurance program for members of the League of Kansas Municipalities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control, claims administration, and management information services.

Each member of the Pool has jointly and severally agreed to assume, pay, and discharge all applicable liabilities under the Kansas Workers’ Compensation Act, 581, et. seq., and all lawful orders of the Commissioner of Insurance; and each member has agreed to pay any premiums, taxes, and assessments as may be required by the Board of Trustees.

Note 2 – Summary of accounting policies

Basis of accounting

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Kansas Insurance Department and are not in conformity with generally accepted accounting principles followed by other business enterprises. The reporting requirements of regulatory authorities are designed primarily to demonstrate ability to meet claims of policyholders. Pursuant to such statutory practices:

- (1) Investments are comprised of U.S. Government securities, corporate bonds, stocks and deposits with banks and are carried in accordance with the accounting practices as prescribed by Kansas Statutes.
- (2) Premium income is recognized as earnings on a pro-rata basis over the periods covered by the policies. The related acquisition costs, such as commissions, premium taxes and other items, are charged to current operations as incurred.
- (3) Computer software, office furniture and fixtures, and accounts receivable over ninety (90) days past due, or otherwise not considered collectible, if any, are charged-off against the fund balance.
- (4) Subrogation recoverable is not recognized.
- (5) Non-admitted assets such as prepaid expenses and other assets not specifically identified as an Admitted asset within the NAIC’s Accounting Practices and Procedures Manual are excluded from The accompanying balance sheets and are charged directly to members’ equity for statutory purposes.

No determination has been made of the effect of such differences on the accompanying financial statements.

Reserves for unpaid workers compensation claims

The reserve for workers’ compensation claims is determined using case basis evaluations and statistical analyses, and represents estimates of the ultimate net cost of all losses and claims incurred through the end of the contract year.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Excess insurance

The Trust obtained insurance coverage for workers' compensation claims in excess of \$750,000 per occurrence for the period from January 1, 2013 to January 1, 2014 and \$750,000 per occurrence for the period from January 1, 2012 to January 1, 2013. The actual amount recoverable from the excess insurer depends on the ultimate claims settlements.

Concentration Risk

The Trust's direct premiums earned consist solely of amounts from members of the Pool. These members are all located within the State of Kansas. The Trust does not require collateral.

Excess insurance losses for applicable years are contractually transferred to an excess carrier. The Trust does not require collateral from its excess carrier.

Cash and cash equivalents

The Trust considers all highly liquid investments to be cash equivalents, including deposit accounts and all certificates of deposit.

The Company has cash in excess of the \$250,000 FDIC insured limit at UMB Bank N.A. and Commerce Bank. The Company has entered into a repurchase agreement with UMB to cover these excess funds, which is secured by U.S. Treasury Notes held by the bank. Cash accounts at Commerce Bank exceeded the Federal limit by \$2,378,854 at December 31, 2013 and no such agreement was in place to cover these excess funds.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 that are subject to change in the near term relate to the estimates for reserves for unpaid workers' compensation claims.

Note 3 – Cash allocation

Cash is allocated between administrative and claims funds as follows:

	<u>2013</u>	<u>2012</u>
Cash-administrative	\$ 41,306	\$ 223,531
Cash-claims	<u>2,991,825</u>	<u>1,520,283</u>
Total cash and cash equivalents	<u>\$ 3,033,131</u>	<u>\$ 1,743,814</u>

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 4 – Investments

Investments consist of U.S. Government obligations and are carried in accordance with the accounting practices prescribed by Kansas Statutes. The statutory value, original cost and market value of investments are as follows:

	<u>December 31, 2013</u>		
	<u>Statutory Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
U.S. Government obligations	<u>\$ 8,911,957</u>	<u>\$ 8,911,957</u>	<u>\$ 8,826,594</u>

	<u>December 31, 2012</u>		
	<u>Statutory Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
U.S. Government obligations	<u>\$ 9,141,060</u>	<u>\$ 9,141,060</u>	<u>\$ 9,142,617</u>

Market values of assets measured on a recurring basis at December 31, 2013 and 2012 are measured using quoted prices in active markets for identical assets, which are considered level one inputs.

Note 5 – Reserve for unpaid workers' compensation claims

The reserve for unpaid workers' compensation claims represents an estimate of the ultimate settlement of losses incurred through December 31. Management engaged an outside actuary to determine the sufficiency of the reserve for losses estimate at December 31, 2013 and 2012. The reserve is estimated based on management's evaluation of the actuarial study and its own evaluation of reported claims and an estimate for claims incurred but not reported. The accuracy of these estimates cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from the liabilities recorded.

The components of the loss reserve at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Reported claims	\$ 2,510,287	\$ 2,525,179
Claim adjustment expenses	248,656	203,051
Reserve for incurred but not reported claims	<u>3,470,401</u>	<u>3,273,451</u>
	<u>\$ 6,229,344</u>	<u>\$ 6,001,681</u>

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows.

	<u>2013</u>	<u>2012</u>
Balance at January 1, gross reserves	\$ 6,433,473	\$ 6,361,902
Less reinsurance recoverables	<u>431,792</u>	<u>443,337</u>
Net balance at beginning of period	<u>6,001,681</u>	<u>5,918,565</u>
Incurred related to:		
Current year	3,076,319	3,033,602
Prior years	<u>(533,336)</u>	<u>(152,076)</u>
Total incurred	<u>2,542,983</u>	<u>2,881,526</u>
Paid related to:		
Current year	678,220	794,945
Prior years	<u>1,637,100</u>	<u>2,003,465</u>
Total paid	<u>2,315,320</u>	<u>2,798,410</u>
Net balance at December 31	6,229,344	6,001,681
Plus reinsurance recoverables	<u>273,492</u>	<u>431,792</u>
Balance at December 31, gross reserves	<u>\$ 6,502,836</u>	<u>\$ 6,433,473</u>

Note 6 – Taxes, licenses and fees, due and accrued

The Division of Workers' Compensation fee and the Second Injury Fund assessment are based on certain percentages of losses. The percentages are established by the Director of Workers' Compensation and the Kansas Insurance Department, respectively. The percentages applicable to the year ended December 31, 2013 have not been released, so the fees and assessments included in the financial statements have been estimated using the prior year percentages. Since fees and assessments are based on losses, the ultimate amounts payable will depend on the ultimate claim settlements, as well as on the final percentages established. Accordingly, the actual amounts payable may vary significantly from the estimated amounts included in the financial statements.

Note 7 – Deposits on premiums

Deposits on premium of \$241,041 and \$458,477 represent premiums for the 2014 and 2013 contract years collected prior to December 31, 2013 and 2012, respectively.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 8 – Related party transactions

The Trust is sponsored by the League of Kansas Municipalities and employed the League of Kansas Municipalities for endorsement purposes during 2013 and 2012 and for administrative services and loss control services during 2012 only. During the years ended December 31, 2013 and 2012, the Trust incurred expenses of \$70,000 and \$230,004 each year, respectively, for these services.

All fees are based on contract provisions or agreement of the Board of Trustees.

Note 9 – Commitments and Contingencies

The Trust, in common with other group funded workers compensation pools, is continually engaged in defending insurance claim proceedings as a normal part of the Trust's business.

Note 10 – Subsequent events

Management has evaluated subsequent events through May 29, 2014, the date on which the financial statements were available to be issued, and determined that there have been no subsequent events that would require recognition in, or disclosure in the notes to, the financial statements.

SUPPLEMENTAL INFORMATION

KANSAS MUNICIPAL INSURANCE TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES

For the years ended December 31,	2013	2012
Insurance Department fees and taxes	\$ 112,979	\$ (23,184)
Risk and claim management fees	505,000	400,000
League of Kansas Municipalities fees	70,000	230,004
Administrator fees	75,600	-
Independent agent commissions	102,695	98,144
NCCI fees	18,702	6,636
Professional services	42,748	43,020
Other expenses	52,061	29,282
	<u>\$ 979,785</u>	<u>\$ 783,902</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2013
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Underwriting income:										
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-	-	-	-	-
Deductions:										
Workers' compensation claims incurred	-	378	-	-	-	-	2,941	-	-	(1,184)
Claims adjustment expenses incurred	-	-	-	-	-	-	337	-	-	-
Other administrative expenses incurred	-	-	-	441	3	189	90	-	-	(34)
Total underwriting deductions	-	378	-	441	3	189	3,368	-	-	(1,218)
Net underwriting gain (loss)	-	(378)	-	(441)	(3)	(189)	(3,368)	-	-	1,218
Investment income / Other income										
Interest earned (net)	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	(378)	-	(441)	(3)	(189)	(3,368)	-	-	1,218
Fund balance, beginning of period	74,487	46,957	495,282	(287,847)	(395,088)	(425,390)	(304,388)	322,871	606,319	652,241
Fund balance, end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,288)	\$ (395,091)	\$ (425,579)	\$ (307,756)	\$ 322,871	\$ 606,319	\$ 653,459

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2013
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,853,835	\$ 4,853,835
Less: excess insurance premium	-	-	-	-	-	-	-	-	712	395,128	395,840
Net underwriting income	-	-	-	-	-	-	-	-	(712)	4,458,707	4,457,995
Deductions:											
Workers' compensation claims incurred	99,211	40,553	76,911	53,813	44,821	61,810	10,201	(180,248)	(845,988)	2,942,330	2,305,548
Claims adjustment expenses incurred	-	775	-	(73)	28,260	17,002	5,051	25,422	26,671	133,989	237,435
Other administrative expenses incurred	3,026	1,263	2,357	1,680	1,396	1,912	301	(5,042)	(26,006)	998,209	979,785
Total underwriting deductions	<u>102,237</u>	<u>42,591</u>	<u>79,268</u>	<u>55,420</u>	<u>74,477</u>	<u>80,724</u>	<u>15,553</u>	<u>(159,868)</u>	<u>(845,323)</u>	<u>4,074,528</u>	<u>3,522,768</u>
Net underwriting gain (loss)	<u>(102,237)</u>	<u>(42,591)</u>	<u>(79,268)</u>	<u>(55,420)</u>	<u>(74,477)</u>	<u>(80,724)</u>	<u>(15,553)</u>	<u>159,868</u>	<u>844,611</u>	<u>384,179</u>	<u>935,227</u>
Investment income / Other income											
Interest earned (net)	-	-	-	-	-	-	-	-	-	71,861	71,861
Net income (loss)	<u>(102,237)</u>	<u>(42,591)</u>	<u>(79,268)</u>	<u>(55,420)</u>	<u>(74,477)</u>	<u>(80,724)</u>	<u>(15,553)</u>	<u>159,868</u>	<u>844,611</u>	<u>456,040</u>	<u>1,007,088</u>
Fund balance, beginning of period	<u>(30,233)</u>	<u>(1,185,595)</u>	<u>368,835</u>	<u>961,405</u>	<u>810,973</u>	<u>1,675,721</u>	<u>(87,342)</u>	<u>393,520</u>	<u>250,523</u>	-	<u>3,943,251</u>
Fund balance, end of period	<u>\$ (132,470)</u>	<u>\$ (1,228,186)</u>	<u>\$ 289,567</u>	<u>\$ 905,985</u>	<u>\$ 736,496</u>	<u>\$ 1,594,997</u>	<u>\$ (102,895)</u>	<u>\$ 553,388</u>	<u>\$ 1,095,134</u>	<u>\$ 456,040</u>	<u>4,950,338</u>
Non admitted assets											-
Current fund balance after non admitted assets											<u>\$ 4,950,338</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD

	Year Ended 12/31/1994	Year Ended 12/31/1995	Year Ended 12/31/1996	Year Ended 12/31/1997	Year Ended 12/31/1998	Year Ended 12/31/1999	Year Ended 12/31/2000	Year Ended 12/31/2001	Year Ended 12/31/2002	Year Ended 12/31/2003
For the years ended December 31,										
Underwriting income:										
Direct premiums earned	\$ 1,457,582	\$ 1,850,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,113	\$ 1,689,773	\$ 1,965,656	\$ 2,616,642	\$ 3,274,488
Excess insurance premium	151,393	210,142	133,376	117,122	79,456	80,124	86,819	127,168	189,458	366,991
Net underwriting income	1,306,189	1,640,359	1,709,671	1,637,393	1,298,266	1,471,989	1,602,954	1,838,488	2,427,184	2,907,497
Deductions:										
Workers' compensation claims incurred	716,699	1,049,151	790,126	1,451,640	1,244,536	1,393,559	1,463,471	1,097,086	1,211,717	1,505,767
Claims adjustment expenses incurred	25,541	54,345	46,505	91,393	84,096	146,703	126,632	83,208	129,109	150,496
Other administrative expenses incurred	477,137	598,509	492,670	525,353	480,915	454,188	450,220	437,017	533,042	650,267
Total underwriting deductions	1,219,377	1,702,005	1,329,301	2,068,386	1,809,547	1,994,450	2,040,323	1,617,311	1,873,868	2,306,530
Net underwriting gain (loss)	86,812	(61,646)	380,370	(430,993)	(511,281)	(522,461)	(437,369)	221,177	553,316	600,967
Investment income / Other income										
Interest earned (net)	22,675	73,225	114,912	142,705	116,190	96,882	129,613	101,694	50,668	52,492
Other income	-	-	-	-	-	-	-	-	2,335	-
Net income (loss)	109,487	11,579	495,282	(288,288)	(395,091)	(425,579)	(307,756)	322,871	606,319	653,459
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	(35,000)	35,000	-	-	-	-	-	-	-	-
Fund balance end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,288)	\$ (395,091)	\$ (425,579)	\$ (307,756)	\$ 322,871	\$ 606,319	\$ 653,459

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	Year Ended 12/31/2004	Year Ended 12/31/2005	Year Ended 12/31/2006	Year Ended 12/31/2007	Year Ended 12/31/2008	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2012	Year Ended 12/31/2013	Total
Underwriting income:											
Direct premiums earned	\$ 3,256,648	\$ 3,837,793	\$ 4,272,140	\$ 4,950,174	\$ 5,519,169	\$ 5,193,412	\$ 5,213,781	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 65,405,850
Excess insurance premium	221,435	374,472	384,425	420,728	372,790	341,935	351,375	336,966	337,595	395,128	5,078,898
Net underwriting income	3,035,213	3,463,321	3,887,715	4,529,446	5,146,379	4,851,477	4,862,406	4,105,360	4,146,938	4,458,707	60,326,952
Deductions:											
Workers' compensation claims incurred	2,342,913	3,728,548	2,744,246	2,811,278	3,451,788	2,255,761	3,820,627	2,582,266	2,114,351	2,942,330	40,717,860
Claims adjustment expenses incurred	148,178	248,184	184,216	168,027	219,482	129,740	193,664	132,391	99,934	133,989	2,595,833
Other administrative expenses incurred	735,660	810,449	904,672	907,180	984,415	952,580	1,003,780	910,240	907,623	998,209	14,214,124
Total underwriting deductions	3,226,751	4,787,181	3,833,134	3,886,485	4,655,685	3,338,081	5,018,071	3,624,897	3,121,908	4,074,528	57,527,817
Net underwriting gain (loss)	(191,538)	(1,323,860)	54,581	642,961	490,694	1,513,396	(155,665)	480,463	1,025,030	384,179	2,799,134
Investment income / Other income											
Interest earned (net)	59,068	95,674	234,986	263,024	245,802	81,601	52,768	72,925	70,104	71,861	2,148,869
Other income	-	-	-	-	-	-	-	-	-	-	2,335
Net income (loss)	(132,470)	(1,228,186)	289,567	905,985	736,496	1,594,997	(102,895)	553,388	1,095,134	456,040	4,950,338
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	-	-	-	-	-	-	-	-	-	-	-
Fund balance end of period	\$ (132,470)	\$ (1,228,186)	\$ 289,567	\$ 905,985	\$ 736,496	\$ 1,594,997	\$ (102,895)	\$ 553,388	\$ 1,095,134	\$ 456,040	4,950,338
Non admitted assets											-
Current fund balance after non admitted assets											\$ 4,950,338