

**KANSAS MUNICIPAL INSURANCE TRUST**

FINANCIAL STATEMENTS-STATUTORY BASIS  
WITH  
SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2014 AND 2013  
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

# KANSAS MUNICIPAL INSURANCE TRUST

## FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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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, 2014 and 2013 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, 2014 and 2013, 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, 2014 and 2013 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 27, 2015

**KANSAS MUNICIPAL INSURANCE TRUST**

**BALANCE SHEETS – STATUTORY BASIS**

December 31,	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,494,813	\$ 3,033,131
Investments	11,907,993	8,911,957
Interest income accrued	44,965	21,287
Premiums receivable	100,636	85,080
Agent commissions receivable	1,958	4,894
Excess insurance premium receivable	25,550	20,417
Specific receivable	<u>15,994</u>	<u>98,887</u>
<i>Total assets</i>	13,591,909	12,175,653
Less: non admitted assets	<u>-</u>	<u>-</u>
<i>Total admitted assets</i>	<u>\$ 13,591,909</u>	<u>\$ 12,175,653</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Reserve for unpaid workers' compensation claims	\$ 6,200,123	\$ 6,229,344
Other expenses due or accrued	45,000	39,300
Taxes, licenses and fees due or accrued	499,248	285,838
Return premiums payable	400,965	429,792
Deposits on premium	<u>1,014,404</u>	<u>241,041</u>
<i>Total liabilities</i>	8,159,740	7,225,315
Fund balance		
Fund balance	<u>5,432,169</u>	<u>4,950,338</u>
<i>Total liabilities and fund balance</i>	<u>\$ 13,591,909</u>	<u>\$ 12,175,653</u>

**KANSAS MUNICIPAL INSURANCE TRUST**

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

For the years ended December 31,	2014	2013
Underwriting income		
Direct premiums earned	\$ 5,460,509	\$ 4,853,835
Less: excess insurance premium	429,976	395,840
Net underwriting income	5,030,533	4,457,995
Deductions		
Workers' compensation claims incurred	3,200,695	2,305,548
Claims adjustment expenses incurred	184,071	237,435
Other administrative expenses incurred	1,271,537	979,785
Total underwriting deductions	4,656,303	3,522,768
Net underwriting gain	374,230	935,227
Investment income / Other income		
Interest earned	107,601	71,861
Net income	481,831	1,007,088
Fund balance, beginning of year	4,950,338	3,927,722
Change in non - admitted assets	-	15,528
Fund balance, end of year	\$ 5,432,169	\$ 4,950,338

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF CASH FLOWS – STATUTORY BASIS**

For the years ended December 31,	2014	2013
Cash flows from operating activities		
Net income	\$ 481,831	\$ 1,007,088
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of premiums on investments	31,309	32,597
(Increase) decrease in assets:		
Interest income accrued	(23,678)	3,975
Premium receivable	(15,556)	18,612
Agent commission receivable	2,936	1,180
Excess insurance premium receivable	(5,133)	(6,231)
Specific receivable	82,893	(91,800)
Prepaid expenses	-	15,528
Increase (decrease) in liabilities:		
Reserve for unpaid workers' compensation claims	(29,221)	227,663
Other expenses due or accrued	5,700	(2,545)
Taxes, licenses and fees due or accrued	213,410	(10,887)
Return premium payable	(28,827)	115,067
Deposits on premiums	773,363	(217,436)
<i>Net cash provided by operating activities</i>	1,489,027	1,092,811
Cash flows from investing activities		
Purchase and maturities of investments:		
Purchase of U.S. Government and agency securities	(6,267,345)	(3,738,494)
Sale and maturity of U.S. Government and agency securities	3,240,000	3,935,000
<i>Net cash provided by (used in) investing activities</i>	(3,027,345)	196,506
<i>Net increase (decrease) in cash and cash equivalents</i>	(1,538,318)	1,289,317
Cash and cash equivalents, beginning of year	3,033,131	1,743,814
Cash and cash equivalents, end of year	\$ 1,494,813	\$ 3,033,131
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, 2014 to January 1, 2015 and \$750,000 per occurrence for the period from January 1, 2013 to January 1, 2014. 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 Commerce Bank. The Company has entered into a repurchase agreement with the Bank 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 \$1,049,958 at December 31, 2014 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>2014</u>	<u>2013</u>
Cash-administrative	\$ 183,238	\$ 41,306
Cash-claims	<u>1,311,575</u>	<u>2,991,825</u>
Total cash and cash equivalents	<u>\$ 1,494,813</u>	<u>\$ 3,033,131</u>

**KANSAS MUNICIPAL INSURANCE TRUST**

**NOTES TO FINANCIAL STATEMENTS**

**Note 4 – Investments**

Investments consist of debt securities. It is the intent of the Trust to hold investments to maturity. Debt securities are carried at amortized cost which approximates fair value. The Trust follows a policy of amortizing to an early call date, if any, rather than to the maturity date.

At December 31, 2014 and 2013, fair value, gross unrealized losses and amortized cost of investments were as follows:

		2014				
		Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments						
Money Market Securities	\$	5,213,000	\$ 5,213,000	\$ -	\$ (22,763)	\$ 5,190,237
US Agency		5,190,094	5,175,000	-	(35,034)	5,139,966
Corporate bonds		1,551,302	1,519,993	-	(19,087)	1,500,906
<b>Total</b>	<b>\$</b>	<b>11,954,396</b>	<b>\$ 11,907,993</b>	<b>\$ -</b>	<b>\$ (76,884)</b>	<b>\$ 11,831,109</b>

  

		2013				
		Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments						
Money Market Securities	\$	1,736,000	\$ 1,736,000	\$ 115	\$ (1,321)	\$ 1,734,794
US Agency		7,195,351	7,175,957	6,818	(90,975)	7,091,800
<b>Total</b>	<b>\$</b>	<b>8,931,351</b>	<b>\$ 8,911,957</b>	<b>\$ 6,933</b>	<b>\$ (92,296)</b>	<b>\$ 8,826,594</b>

The following is a summary of maturities of these securities as of December 31, 2014.

<u>Amounts maturing in:</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within one year	\$ 3,478,000	\$ 3,469,136
Due from one to five years	8,429,993	8,361,973
Due from five to ten years	-	-
	<u>\$ 11,907,993</u>	<u>\$ 11,831,109</u>

**Note 5 – Fair value measurements**

FASB ASC 820 establishes a framework for measuring fair value, that framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, it consists of three levels:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that used significant assumptions not observable in the market.

**KANSAS MUNICIPAL INSURANCE TRUST**

**NOTES TO FINANCIAL STATEMENTS**

The following tables set forth, within the fair value hierarchy, the Trust assets measured at fair value on a recurring basis as of December 31, 2014 and 2013:

<b>2014</b>			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets ( Level 1)	Significant Other Observable Inputs ( Level 2)	Significant Other Unobservable Inputs ( Level 3)
Money Market Securities	\$ -	\$ 5,190,237	\$ -
US Agency	5,139,966	-	-
Corporate bonds	-	1,500,906	-
<b>Total</b>	<b>\$ 5,139,966</b>	<b>\$ 6,691,143</b>	<b>\$ -</b>

  

<b>2013</b>			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets ( Level 1)	Significant Other Observable Inputs ( Level 2)	Significant Other Unobservable Inputs ( Level 3)
Money Market Securities	\$ -	\$ 1,734,794	\$ -
US Agency	7,091,800	-	-
<b>Total</b>	<b>\$ 7,091,800</b>	<b>\$ 1,734,794</b>	<b>\$ -</b>

**Note 6 – 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, 2014 and 2013. 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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Reported claims	\$ 2,546,138	\$ 2,510,287
Claim adjustment expenses	249,725	248,656
Reserve for incurred but not reported claims	<u>3,404,260</u>	<u>3,470,401</u>
	<u>\$ 6,200,123</u>	<u>\$ 6,229,344</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>2014</u>	<u>2013</u>
Balance at January 1, gross reserves	\$ 6,502,836	\$ 6,433,473
Less reinsurance recoverables	<u>273,492</u>	<u>431,792</u>
Net balance at beginning of period	<u>6,229,344</u>	<u>6,001,681</u>
Incurred related to:		
Current year	3,893,823	3,076,319
Prior years	<u>(509,057)</u>	<u>(533,336)</u>
Total incurred	<u>3,384,766</u>	<u>2,542,983</u>
Paid related to:		
Current year	1,390,345	678,220
Prior years	<u>2,023,642</u>	<u>1,637,100</u>
Total paid	<u>3,413,987</u>	<u>2,315,520</u>
Net balance at December 31	6,200,123	6,229,344
Plus reinsurance recoverables	<u>186,693</u>	<u>273,492</u>
Balance at December 31, gross reserves	<u>\$ 6,386,816</u>	<u>\$ 6,502,836</u>

#### **Note 7 – 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, 2014 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 8 – Deposits on premiums**

Deposits on premium of \$1,014,404 and \$241,041 represent premiums for the 2015 and 2014 contract years collected prior to December 31, 2014 and 2013, respectively.

## **KANSAS MUNICIPAL INSURANCE TRUST**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Note 9 – Related party transactions**

The Trust is sponsored by the League of Kansas Municipalities and employed the League of Kansas Municipalities for endorsement purposes during 2014 and 2013. During the years ended December 31, 2014 and 2013, the Trust incurred expenses of \$70,000 each year for these services.

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

#### **Note 10 – 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 11 – Subsequent events**

Management has evaluated subsequent events through May 27, 2015, 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**

<u>For the years ended December 31,</u>	<u>2014</u>	<u>2013</u>
Insurance Department fees and taxes	\$ 400,099	\$ 112,979
Risk and claim management fees	505,000	505,000
League of Kansas Municipalities fees	70,000	70,000
Administrator fees	81,900	75,600
Independent agent commissions	97,169	102,695
NCCI fees	10,887	18,702
Professional services	51,360	42,748
Other expenses	<u>55,122</u>	<u>52,061</u>
	<u>\$ 1,271,537</u>	<u>\$ 979,785</u>

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2014**  
**ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-	-	-	-	-	-
Deductions:											
Workers' compensation claims incurred	-	-	-	-	-	-	5,815	-	-	(31,694)	1,081
Claims adjustment expenses incurred	-	-	-	-	-	-	(2,952)	-	-	(1,200)	2,500
Other administrative expenses incurred	-	-	-	272	45	(35)	988	-	-	(932)	4,039
Total underwriting deductions	-	-	-	272	45	(35)	3,851	-	-	(33,826)	7,620
Net underwriting gain (loss)	-	-	-	(272)	(45)	35	(3,851)	-	-	33,826	(7,620)
Investment income / Other income											
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	(272)	(45)	35	(3,851)	-	-	33,826	(7,620)
Fund balance, beginning of period	74,487	46,579	495,282	(288,288)	(395,091)	(425,579)	(307,756)	322,871	606,319	653,459	(132,470)
Fund balance, end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,560)	\$ (395,136)	\$ (425,544)	\$ (311,607)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (140,090)



**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2014**  
**ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
<b>Underwriting income:</b>											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,509	\$ 5,460,509
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	429,976	429,976
Net underwriting income	-	-	-	-	-	-	-	-	-	5,030,533	5,030,533
<b>Deductions:</b>											
Workers' compensation claims incurred	12,663	(29,084)	56,404	(54,332)	(41,652)	71,587	371,919	(183,927)	(759,031)	3,780,946	3,200,695
Claims adjustment expenses incurred	(3,506)	6,193	29,500	19,761	5,094	(4,769)	10,518	31,727	(21,672)	112,877	184,071
Other administrative expenses incurred	5,100	4,573	9,921	5,964	6,816	23,556	39,537	20,877	25,097	1,125,719	1,271,537
Total underwriting deductions	14,257	(18,318)	95,825	(28,607)	(29,742)	90,374	421,974	(131,323)	(755,606)	5,019,542	4,656,303
Net underwriting gain (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	10,991	374,230
<b>Investment income / Other income</b>											
Interest earned (net)	-	-	-	-	-	-	-	-	-	107,601	107,601
Net income (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	118,592	481,831
Fund balance, beginning of period	(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, end of period	<u>\$ (1,242,443)</u>	<u>\$ 307,885</u>	<u>\$ 810,160</u>	<u>\$ 765,103</u>	<u>\$ 1,624,739</u>	<u>\$ (193,269)</u>	<u>\$ 131,414</u>	<u>\$ 1,226,457</u>	<u>\$ 1,211,646</u>	<u>\$ 118,592</u>	5,432,169
Non admitted assets											-
Current fund balance after non admitted assets											<u>\$ 5,432,169</u>

**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 12/31/1994	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	Year Ended 12/31/2004
<b>Underwriting income:</b>											
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	\$ 3,256,648
Excess insurance premium	151,393	210,142	133,376	117,122	79,456	80,124	86,819	127,168	189,458	366,991	221,435
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	3,035,213
<b>Deductions:</b>											
Workers' compensation claims incurred	716,699	1,049,151	790,126	1,451,640	1,244,536	1,393,559	1,469,285	1,097,086	1,211,717	1,474,073	2,343,994
Claims adjustment expenses incurred	25,541	54,345	46,505	91,393	84,096	146,703	123,681	83,208	129,109	149,296	150,678
Other administrative expenses incurred	477,137	598,509	492,670	525,625	480,960	454,153	451,208	437,017	533,042	649,335	739,699
Total underwriting deductions	1,219,377	1,702,005	1,329,301	2,068,658	1,809,592	1,994,415	2,044,174	1,617,311	1,873,868	2,272,704	3,234,371
Net underwriting gain (loss)	86,812	(61,646)	380,370	(431,265)	(511,326)	(522,426)	(441,220)	221,177	553,316	634,793	(199,158)
<b>Investment income / Other income</b>											
Interest earned (net)	22,675	73,225	114,912	142,705	116,190	96,882	129,613	101,694	50,668	52,492	59,068
Other income	-	-	-	-	-	-	-	-	2,335	-	-
Net income (loss)	109,487	11,579	495,282	(288,560)	(395,136)	(425,544)	(311,607)	322,871	606,319	687,285	(140,090)
<b>Fund balance, beginning of period</b>											
Transfer of fund balance	(35,000)	35,000	-	-	-	-	-	-	-	-	-
Fund balance end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,560)	\$ (395,136)	\$ (425,544)	\$ (311,607)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (140,090)

**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,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
<b>Underwriting income:</b>											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,509	\$ 5,460,509
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	429,976	429,976
Net underwriting income	-	-	-	-	-	-	-	-	-	5,030,533	5,030,533
<b>Deductions:</b>											
Workers' compensation claims incurred	12,663	(29,084)	56,404	(54,332)	(41,652)	71,587	371,919	(183,927)	(759,031)	3,780,946	3,200,695
Claims adjustment expenses incurred	(3,506)	6,193	29,500	19,761	5,094	(4,769)	10,518	31,727	(21,672)	112,877	184,071
Other administrative expenses incurred	5,100	4,573	9,921	5,964	6,816	23,556	39,537	20,877	25,097	1,125,719	1,271,537
Total underwriting deductions	14,257	(18,318)	95,825	(28,607)	(29,742)	90,374	421,974	(131,323)	(755,606)	5,019,542	4,656,303
Net underwriting gain (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	10,991	374,230
<b>Investment income / Other income</b>											
Interest earned (net)	-	-	-	-	-	-	-	-	-	107,601	107,601
Net income (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	118,592	481,831
Fund balance, beginning of period	(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, end of period	\$ (1,242,443)	\$ 307,885	\$ 810,160	\$ 765,103	\$ 1,624,739	\$ (193,269)	\$ 131,414	\$ 1,226,457	\$ 1,211,646	\$ 118,592	5,432,169
Non admitted assets											-
Current fund balance after non admitted assets											\$ 5,432,169