Midwest Public Risk
19400 East Valley View Parkway
Independence, MO 64055

November 20, 2018

Kansas Department of Administration
Rogers Brazier
armunis@da.ks.gov

Mr. Brazier,

Enclosed are the audited June 30, 2018 and 2017 financial statements and corresponding internal control communications for Midwest Public Risk of Kansas (statutory basis) and Midwest Public Risk for submission to the Kansas Department of Administration within one year of the fiscal year ended. The $150 filing fee will follow before December 31, 2018.

If you have any questions on the enclosures, please contact me at 816-292-7571.

Sincerely,

Michael J. Sindel

Mike Sindel
Chief Financial Officer
Midwest Public Risk

MIDWEST PUBLIC RISK

OF KANSAS, INC.

STATUTORY FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

Midwest Public Risk of Kansas, Inc.
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CONNER ASH P.C.
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Members
Midwest Public Risk:

We have audited the accompanying financial statements of the Midwest Public Risk of Kansas, Inc. (MPR of Kansas), which comprise the statutory statements of admitted assets, liabilities, and surplus as of June 30, 2018 and 2017, and the related statutory statements of revenues, expenses and changes in surplus, 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 of the Insurance Department of the State of Kansas. 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 audit. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 2, the financial statements are prepared by MPR of Kansas on the basis of the financial reporting provisions of the Insurance Department of the State of Kansas, which is a basis of accounting other than U.S. generally accepted accounting principles, to comply with the requirements of the Insurance Department of the State of Kansas. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determined, 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 U.S. generally accepted accounting principles, the financial position of MPR of Kansas as of June 30, 2018 and 2017, 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 to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and surplus of MPR of Kansas as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, on the basis of the financial reporting provisions of the Insurance Department of the State of Kansas as described in Note 2.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

Midwest Public Risk of Kansas, Inc.
Statutory Statements of Admitted Assets, Liabilities, and Surplus
As of June 30, 2018 and 2017

	2018	2017
ADMITTED ASSETS		
Cash and cash equivalents	$ 8,183,922	$ 7,552,424
Investments:		
Fixed income securities at amortized cost	419,860	432,765
Accrued interest	2,467	1,680
Contributions due from members	66,821	55,271
Excess insurance recoverable on paid losses	394,455	76,103
Other assets	25,186	19,905
Total admitted assets	$ 9,092,711	$ 8,138,148
LIABILITIES AND SURPLUS		
LIABILITIES		
Claim reserves	$ 2,320,022	$ 2,015,630
Unallocated loss adjustment expense (ULAE) reserves	107,525	97,684
Accounts payable	147,383	79,460
Advanced contributions	2,043,801	2,132,783
Accrued contribution tax liability	92,403	82,014
Accrued payroll	23,997	23,444
Due to other MPR funds	2,388,351	2,611,562
Loss control/wellness credit program liability	265,447	213,808
Total current liabilities	7,388,929	7,256,385
SURPLUS		
Members' fund balance - unreserved	1,703,782	881,763
Total liabilities and surplus	$ 9,092,711	$ 8,138,148

See accompanying notes and report of independent auditors.

Midwest Public Risk of Kansas, Inc.
Statutory Statements of Revenues, Expenses, and Changes in Surplus
For the Years Ended June 30, 2018 and 2017

	2018	2017
Underwriting revenues:		
Contributions earned (net of excess insurance premiums of $1,016,847 and $709,675 for 2018 and 2017, respectively)	$ 9,235,630	$ 8,181,298
Underwriting expenses:		
Incurred losses, net of recoveries:		
Paid	7,826,250	6,917,404
Change in reserves	302,997	665,311
Other insurance premiums	13,736	5,092
Contribution taxes	95,784	112,021
Claims administration fees:		
Allocated loss adjustment expenses	469,046	505,721
Change in unallocated loss adjustment expenses	7,298	12,632
Loss prevention	124,894	91,301
General and administrative	712,728	619,393
Total underwriting expenses	9,552,733	8,928,875
Net underwriting loss	(317,103)	(747,577)
Net investment income earned	146,231	78,612
Net realized capital gain (loss)	(28,822)	24,244
Net investment gain	117,409	102,856
Net loss	(199,694)	(644,721)
Change in non-admitted assets	22,709	(3,777)
Change in unrealized gain on investments	(996)	6,618
Members' fund balance, beginning of year	881,763	1,523,643
Fund balance transfer	1,000,000	-
Members' fund balance, end of year	$ 1,703,782	$ 881,763

See accompanying notes and report of independent auditors.

Midwest Public Risk of Kansas, Inc.
Statutory Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	**2017**
Cash flows from operating activities:		
Contributions collected, net of excess insurance	$ 9,135,098	$ 8,651,045
Losses and loss adjustment expenses paid	(7,826,250)	(6,917,404)
Net investment income collected	135,128	74,788
Insurance premiums paid	(12,127)	(7,242)
Contribution taxes paid	(85,330)	(102,313)
Claims administration fees paid	(395,129)	(476,423)
Loss prevention expenses paid	(73,256)	(68,989)
General and administrative expenses paid	(750,683)	(388,692)
Payments for personnel expenses	(301,577)	(258,674)
Net cash provided by (used in) operating activities	(174,126)	506,096
Cash flows from non-capital financing activities:		
Advances (to) from related parties	(223,211)	881,301
Deposits and other liabilities	18,898	(9,238)
Net cash provided by (used in) non-capital financing activities	(204,313)	872,063
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	277,543	506,848
Cost of investments acquired	(267,606)	(503,701)
Net asset transfer from MPR of Missouri	1,000,000	-
Net cash provided by investing activities	1,009,937	3,147
Net change in cash and cash equivalents	631,498	1,381,306
Cash and cash equivalents, beginning of year	7,552,424	6,171,118
Cash and cash equivalents, end of year	$ 8,183,922	$ 7,552,424

See accompanying notes and report of independent auditors.

1. Reporting Entity

Midwest Public Risk of Kansas, Inc. was formed effective July 1, 2009 as a result of the reorganization of MARCIT, which was a self-insurance program started July 1, 1983 to provide various types of insurance products, including employee benefits (health and dental), workers' compensation, and property and liability coverages. The MARCIT Board of Directors approved the reorganization of MARCIT into two public entity risk coverage pools and one administrative corporation, collectively known as Midwest Public Risk (MPR). The three new entities formed were:

- Midwest Public Risk (MPR), an administrative corporation providing administrative services to the two state (Kansas and Missouri) coverage pools and owning/managing the MPR building.
- Midwest Public Risk of Missouri (MPR of Missouri), a public entity risk coverage pool providing all three lines of coverage to Missouri public entities.
- Midwest Public Risk of Kansas, Inc. (MPR of Kansas), a public entity risk coverage pool providing employee benefits and property and liability coverage to Kansas public entities.

Each of the three entities is governed by a Board of Directors. The MPR Board of Directors is made up of directors from MPR of Missouri and MPR of Kansas governing boards.

While the operations have been organized by state, all of the entities share in each other's risk and share joint and severable liability. In addition, both MPR of Missouri and MPR of Kansas have entered into a management agreement with MPR to administer the day-to-day operations. Any profits or losses generated by MPR are ultimately distributed to the risk coverage pools on a proportionate basis.

MPR of Kansas provides employee benefits coverage to members located primarily in the eastern Kansas area and includes cities and counties. There were 11 members in MPR of Kansas' employee benefits program as of both June 30, 2018, and 2017. The MPR of Kansas' property and liability program had 25 and 19 members participating as of June 30, 2018, and 2017 respectively. The members select the Board of Directors.

MPR of Kansas' general objectives are to provide a self-insured program for local governmental entities; to improve the loss prevention program, thereby reducing claims and accidents; to reduce costs through sound and equitable claims management practices; and to provide excess insurance at a discount based on volume and lower risk exposure.

The financial statements present only the financial position and results of MPR of Kansas and are not intended to present the financial position of MPR or MPR of Missouri and the results of their operations and cash flows in conformity with accounting principles generally accepted in the United States of America (GAAP).

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements of MPR of Kansas:

A. Basis of Presentation – Fund Accounting

MPR of Kansas operates as a single proprietary fund, more specifically as an enterprise fund. A proprietary fund is used to account for the activities similar to those found in the private sector, where determination of net income is necessary or useful to sound financial administration. An enterprise fund is used because the services provided by MPR of Kansas' activities are provided to outside parties, the local governmental members of MPR of Kansas.

The accounts of MPR of Kansas are organized by claim year, each of which is accounted for separately because the composition of membership may change from year to year.

B. Statutory Accounting Principles

The accompanying financial statements have been prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Kansas, which vary, in some respects, from GAAP. MPR of Kansas has adopted the codification principles which provide a comprehensive basis of statutory accounting and reporting and which have been approved by the National Association of Insurance Commissioners (NAIC) and adopted by the Insurance Department of the State of Kansas, as described in the *Annual Statement Instructions* and the *Accounting Practices and Procedures Manual*. "Prescribed" statutory accounting practices include state laws, regulations, and general administrative rules, as well as a variety of publications of the NAIC. "Permitted" statutory accounting practices include all accounting practices that are not prescribed, but are allowed by the domiciliary state insurance department. The most significant differences between prescribed and permitted statutory accounting practices and GAAP are as follows:

- Investments are valued on a basis prescribed by the NAIC. Under GAAP for governmental entities, investments are carried at fair market value and changes in fair market value are recognized in the operating statement. The balances under both methods were:

	2018	2017
Investments - NAIC	$ 419,860	$ 432,765
Investments - GAAP	409,544	431,769
Difference	$ 10,316	$ 996

- Certain assets designated as "non-admitted assets" have been charged to fund balance. Under GAAP, those assets would have been reported at the lower of cost or net realizable value. MPR of Kansas' principal non-admitted assets are miscellaneous receivables, deposits, and prepaid expenses.

	2018	2017
Miscellaneous accounts receivable	$ 10,801	$ 3,505
Deposits	157,488	176,387
Prepaid expenses	39,687	50,793
Total non-admitted assets	$ 207,976	$ 230,685

- A comparison of the results of operations for the fiscal years ended June 30, 2018 and 2017, under the two different sets of accounting principles follows:

	For the Year Ended June 30, 2018		
	GAAP	**NAIC**	**Difference**
Net underwriting/operating loss	$ (317,103)	$ (317,103)	$ -
Net investment income	135,915	146,231	(10,316)
Net realized capital gain	(28,822)	(28,822)	-
Change in non-admitted assets	-	22,709	(22,709)
Change in unrealized gain on investments	-	(996)	996
Members' fund balance, beginning of year	1,111,452	881,763	229,689
Fund balance transfers	1,000,000	1,000,000	-
Members' fund balance, end of year	$ 1,901,442	$ 1,703,782	$ 197,660

	For the Year Ended June 30, 2017		
	GAAP	**NAIC**	**Difference**
Net underwriting/operating income	$ (747,577)	$ (747,577)	$ -
Net investment income	77,616	78,612	(996)
Net realized capital gain	24,244	24,244	-
Change in non-admitted assets	-	(3,777)	3,777
Change in unrealized gain on investments	-	6,618	(6,618)
Members' fund balance, beginning of year	1,757,169	1,523,643	233,526
Fund balance transfers	-	-	-
Members' fund balance, end of year	$ 1,111,452	$ 881,763	$ 229,689

C. Cash and Cash Equivalents

Interest-bearing deposit accounts are reported at cost plus accrued interest.

D. Investments

Investment carrying values have been determined in accordance with the methods prescribed by the NAIC. Bonds are reported at amortized cost. Investment income, less investment fees, is recorded when earned. Realized capital gains and losses are recognized upon the sale of securities using the specific identification method. A decline in a security's net realizable value that is other than temporary is treated as realized loss in the statement of operations, and the cost basis of the security is reduced to its estimated fair market value. Mutual funds are reported at fair market value. Unrealized gains and losses are recognized on the statutory statement of revenues, expenses, and changes in surplus.

E. Excess Insurance Recoverable on Paid Losses

MPR of Kansas uses excess insurance agreements to reduce its exposure to large losses. Excess insurance permits recovery of a portion of losses from the excess insurer, although it does not discharge the primary liability of MPR of Kansas as direct insurer of the risks, and MPR of Kansas thus remains contingently liable for amounts which excess carriers might be unable to pay. The A.M. Best ratings for the excess insurance carriers of MPR of Kansas range from A+ to A relative to their financial size categorization. As of June 30, 2018 and 2017, MPR of Kansas' excess insurance recoverable on paid losses was $394,455 and $76,103, respectively.

F. Claim Reserves

The employee benefits coverage is provided on a modified "claims made" basis, wherein the claim must have been incurred when the employee had coverage with MPR and must be reported within 12 months following the date such claim was incurred. A claim incurred in one fiscal year (claim period) and reported in the following fiscal year (claim period) will be covered, provided the employee had coverage when the claim was incurred.

In general, property and liability coverage is provided on a "claims occurrence" basis, wherein claims are generally covered under the policy in effect when the injury occurred, regardless of the date reported. However, liability coverage for public officials, employment practices and some law enforcement is provided on a "claims made" basis, wherein the claim must have been incurred and reported when the member had coverage with MPR.

G. Unallocated Loss Adjustment Expenses

Should MPR of Kansas decide not to continue operations, the accrued unallocated loss adjustment expense of $107,525 and $97,684 would cover the future handling of unsettled claims as of June 30, 2018 and 2017, respectively.

H. Accrued Contribution Tax Liability

The accrued contribution tax liability is a tax assessed by the State of Kansas on contributions collected from MPR of Kansas' employee benefits and property and liability members. The total tax owed for the fiscal year is due and paid to the state by September 30th of the following fiscal year. The accrued contribution tax liability as of June 30, 2018 and 2017 was $92,403 and $82,014, respectively.

I. Unearned Contributions

Contributions for the employee benefits coverage are due the first of each month, whereas property and liability contributions are collected at the beginning of the fiscal year; however, sometimes members process and mail their payments prior to the due date. As of June 30, 2018 and 2017, MPR of Kansas had received early contributions payments of $2,043,801 and $2,132,783 for July 2018 and 2017, respectively.

J. Members' Fund Balance

Members' fund balance is maintained on a claim year basis. The membership of any given claim year can change depending upon the governmental entities participating in the MPR of Kansas employee benefits and property and liability programs. MPR of Kansas is an assessable pool, and members participating in a given claim year may be assessed additional contributions if expenses exceed revenues for such claim year. To the extent revenues exceed expenses in a given claim year after all, or nearly all, related claims have been settled, and the Board of Directors and members authorize and approve a full or partial distribution of the surplus for that claim year, members participating in such claim year are entitled to receive a refund of contributions. There were no additional assessments or refunds of contributions to the MPR of Kansas members for the years ended June 30, 2018 and 2017.

The fund balances as of June 30, 2018 and 2017 are shown below:

	2018	2017
Designated for liquidity	$ 1,703,782	$ 881,763
Designated for net reserve capital fund	-	-
Total members' fund balance - unreserved	$ 1,703,782	$ 881,763

The portion of unassigned funds (surplus) less cumulative unrealized gains and losses at June 30, 2018 and 2017 was $1,618,466 and $795,451, respectively.

K. Contributions Earned

Employee benefits contributions are billed on a monthly basis and recognized as revenue in the month for which coverage is provided. Property and liability contributions are billed annually and recognized evenly over the fiscal year. The Board of Directors determines contributions on an annual fiscal year basis.

L. Incurred Losses and Recoveries

Incurred losses and recoveries represent claim expenses related to providing employee benefits and property and liability coverage. The incurred losses and recoveries include:

- Paid claims, net of recoveries
- Claim reserves, net of recoveries
- Loss adjustment expenses

M. Statutory Statements of Cash Flows

For purposes of the statutory statements of cash flows, cash and cash equivalents includes interest-bearing deposit accounts.

N. Federal Income Taxes

MPR of Kansas is not subject to federal income taxes under Section 115 of the Internal Revenue Code. Consequently, the financial statements do not contain a provision for taxes.

O. Acquisition Costs

MPR of Kansas incurs acquisition costs related to the acquisition of new or renewal contracts. MPR of Kansas' policy is to expense the costs as incurred.

P. Use of Estimates

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of Kansas 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Reclassifications

Certain prior year amounts have been reclassified to conform to the current presentation. Such reclassifications had no impact on the change in surplus for the year.

3. Cash and Investments

A. Cash and Cash Equivalents

MPR of Kansas maintains various interest-bearing deposit accounts to handle cash receipts, disbursements, and idle cash balances for its funds. Deposits in financial institutions must be collateralized by securities pledged to MPR of Kansas by these same institutions. At June 30, 2018 and 2017, MPR of Kansas' bank balances were either fully insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with securities held by MPR of Kansas or by its agent in MPR of Kansas' name.

B. Investments

MPR of Kansas' articles of incorporation and bylaws contain no provision regarding deposits or the type of investments that may be purchased. The State of Kansas restricts the type of investments MPR of Kansas may purchase. Permitted investments include government and corporate obligations, stocks, real estate, and a variety of other securities and debt instruments, although many of the options are available only if a number of specified criteria are satisfied.

MPR of Kansas' investment policy contains an asset allocation policy that includes: short-term investments, U.S. Treasury obligations, U.S. government direct agency obligations, collateralized and/or FDIC insured time and demand deposits, collateralized repurchase agreements, mortgage-backed, asset-backed, and commercial mortgage-backed securities, collateralized mortgage obligations, corporate bonds, commercial paper, bankers' acceptances, and municipal bonds. Additionally, the risk asset allocation policy limits the amount of the following investments: U.S. equities (large, mid, and small), international equity/debt, commodities, high-yield fixed income, and cash equivalents.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the statement of admitted assets, liabilities, and surplus and the statement of revenues, expenses, and changes in surplus. The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair market values of investments as of June 30, 2018 and 2017 were as follows:

	June 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Market Value
Fixed income	$ 419,860	$ 268	$ (10,584)	$ 409,544
Total fixed maturities	419,860	268	(10,584)	409,544
Cash	8,183,922	-	-	8,183,922
Total cash and invested assets	$ 8,603,782	$ 268	$ (10,584)	$ 8,593,466

	June 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Market Value
Fixed income	$ 432,765	$ 820	$ (1,816)	$ 431,769
Total fixed maturities	432,765	820	(1,816)	431,769
Cash	7,552,424	-	-	7,552,424
Total cash and invested assets	$ 7,985,189	$ 820	$ (1,816)	$ 7,984,193

The amortized cost and estimated fair market value of debt securities at June 30, 2018 and 2017, by contractual maturity, are shown below. The estimated fair market values for debt maturities are based on quoted market prices. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

	June 30, 2018		June 30, 2017	
	Amortized Cost	Estimated Fair Market Value	Amortized Cost	Estimated Fair Market Value
Due in years 1 through 5	$ 169,227	$ 167,548	$ 130,977	$ 130,740
Due in years 6 through 10	250,633	241,996	301,788	301,029
Total invested assets	$ 419,860	$ 409,544	$ 432,765	$ 431,769

4. Reconciliation of Claim Reserves

An analysis of claim reserves during the years ended June 30, 2018 and 2017 is as follows:

	2018	2017
Claim reserves at beginning of year, net of recoveries	$ 2,002,279	$ 1,334,794
Incurred claims and claim adjustment expenses, net of recoveries:		
Provision for insured events of the current year	8,679,926	7,894,474
Adjustment to provision for insured events of prior years	(543,528)	(309,585)
Total incurred claims and claim adjustment expenses, net of recoveries	8,136,398	7,584,889
Payments, net of recoveries:		
Claims and claim adjustment expenses attributable to insured events of the current year	7,246,279	6,521,205
Claims and claim adjustment expenses attributable to insured events of prior years	579,971	396,199
Total payments, net of recoveries	7,826,250	6,917,404
Claim reserves at end of year, net of recoveries	$ 2,312,427	$ 2,002,279
Statements of Admitted Assets, Liabilities, and Surplus recap:		
Claim reserves	$ 2,320,022	$ 2,015,630
Deductible receivable	(7,595)	(13,351)
Claim reserves at end of year, net of recoveries	$ 2,312,427	$ 2,002,279

5. Self-Insured Retention and Excess Insurance

MPR is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, just like the members for which it provides coverage. MPR is insured through the very same programs it provides to its members.

MPR uses excess insurance agreements to reduce its exposure to large losses. Excess insurance permits recovery of a portion of losses from the excess insurers, although it does not discharge the primary liability of MPR as direct insurer of the risks.

MPR retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by purchased excess insurance. A brief description of each of the programs follows. The self-insured retention amounts and excess insurance limits are listed in item C following the descriptions.

A. Employee Benefits Fund

MPR of Kansas' health program uses both deductibles and co-payments to spread the cost of the program and offers members the choice of three indemnity plans and a consumer directed health plan. All plans utilize the Nationwide Open Access Network (OAP). Provided enrollees stay in the network, the plans vary in applicable copays and coinsurance combinations, ranging from in network coinsurance of 70% to 100%. Members can choose to offer coverage for retirees, as long as they meet the requirements.

The excess insurance covers only paid claims within the fiscal year and does not cover claims reported but not processed or incurred but not reported. Premiums for this excess insurance coverage were $99,212 and $81,387 for the years ended June 30, 2018 and 2017, respectively. Those amounts are shown as a reduction of contributions earned.

B. Property and Liability Fund

(1) Liability Coverage

MPR of Kansas' liability coverage offers general liability, public officials/employment practices liability, auto liability, and crime and fidelity coverage. These coverages are continually refined to incorporate the Kansas Tort Claims Act limits, and recent court decisions.

(2) Property Coverage

MPR of Kansas offers property coverage to protect members' buildings, contents, inland marine, and auto physical damage, in addition to flood and earthquake coverage.

Premiums for excess liability and property coverage were $917,636 and $628,288 for the years ended June 30, 2018 and 2017, respectively. Deductibles for the property and liability coverages range from $500 to $10,000.

C. Self-Insured Retention Amounts and Excess Insurance Limits

Following are the self-insured retention and excess insurance limits.

	2018	2017
Employee Benefits:		
Self-insured retention:		
Specific	$ 425,000	$ 425,000
Excess insurance limit:		
Specific	$ 1,575,000	$ 1,575,000
Liability (Note 2):		
Self-insured retention:		
Specific	$ 500,000	$ 500,000
Excess insurance limits:		
Specific (Note 1)	$ 500,000	$ 500,000
Aggregate (millions)	$ 25	$ 25
Property (Note 2):		
Self-insured retention:		
Specific	$ 250,000	$ 250,000
Excess insurance limits:		
Specific (millions)	$ 250	$ 100
Aggregate (millions)	$ 250	$ 100

Note 1: Liability limit is dictated by the Kansas Tort Claims Act, which limits the amount for any number of claims arising out of a single occurrence or accident.

Note 2: Other deductibles and sub-limits apply to various types of losses.

6. Service Provider Agreements

Administration, underwriting, and claims management services are provided by Benefit Management, Inc., Cigna Healthcare, Delta Dental, and Vision Service Plan. Benefit plans with Humana are in an 18 month run off period ending December 31, 2018. The claims management services provided by Humana were transferred to Cigna Healthcare July 1, 2017. Third party claims management services for the property and liability program were provided by Thomas McGee. The allocated loss adjustment expense for the years ended June 30, 2018 and 2017 was $469,046 and $505,721 respectively. The unallocated loss adjustment expense for the years ended June 30, 2018 and 2017 was $7,298 and $12,632, respectively.

7. Related Party Transactions

MPR of Kansas has a risk sharing agreement with MPR of Missouri so each entity can obtain a larger risk sharing base by the aggregation of their assets and liabilities, thereby obtaining greater economies of scale cost savings resulting from the common joint administration. To accomplish this goal, both MPR of Kansas and MPR of Missouri entered into a management agreement with MPR, whereby MPR manages and administers the Employee Benefits Fund and the Property and Liability Fund established by MPR of Kansas and MPR of Missouri on a day-to-day basis in order to achieve the objectives of the funds. Administrative functions include: establishing and maintaining budgets, projections, studies, and analysis of the funds; establishing coverage documents in cooperation with the executive committee; distributing surplus or assessing deficiencies as determined by the executive committee and authorized by law; accepting and/or rejecting applications for membership; and hiring employees and retaining third party administrators. MPR does not receive a management fee for these services, but instead is reimbursed for the actual costs incurred in administering the pools. Costs are allocated to the pools based upon the type of fund (employee benefits, workers' compensation, and/or property and liability) for which the costs are incurred. Those costs associated with the funds are allocated to MPR of Kansas based on its percentage of contributions to the total combined employee benefits contributions and total combined property and liability contributions of both MPR of Missouri and MPR of Kansas.

During fiscal year ending June 30, 2018, MPR of Missouri invested $1,000,000 into MPR of Kansas in the form of a capital infusion to assist with common costs and risk sharing.

8. Subsequent Events

MPR of Kansas has evaluated subsequent events through November 14, 2018, the date on which the financial statements were available to be issued.

See report of independent auditors.

CONNER ASH P.C.
Certified Public Accountants
and Business Consultants

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MANAGEMENT LETTER

Board of Directors and Management
Midwest Public Risk of Kansas, Inc.
Independence, Missouri

In planning and performing our audit of the statutory financial statements of Midwest Public Risk of Kansas (MPR-KS) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered MPR-KS' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPR-KS' internal control. Accordingly, we do not express an opinion on the effectiveness of MPR-KS' internal control.

During our audit, we became aware of certain matters that are opportunities to strengthen internal controls, and operating efficiency. The following summarizes our comments and recommendations.

Current year recommendation

Contracts with brokers

Observation

MPR-KS does not have written contracts with all of its brokers.

Recommendation

We recommend that MPR-KS maintain written contracts with all of its brokers. It is a best practice to have written agreements in place to ensure brokers are complying with any rules or requirements MPR-KS may have relating to the application process, communication with respect to benefits provided, and other guidelines for working with MPR-KS.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR-KS, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

CONNER ASH P.C.
Certified Public Accountants
and Business Consultants

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REPORT TO THOSE CHARGED WITH GOVERNANCE

Board of Directors
Midwest Public Risk of Kansas, Inc.
Independence, Missouri

We have audited the statutory financial statements of Midwest Public Risk of Kansas, Inc. (MPR-KS) for the year ended June 30, 2018 and have issued our report thereon dated November 14, 2018. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MPR-KS are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by MPR-KS during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of loss reserves is based on individual case estimates for reported claims and an actuarial valuation for incurred but unreported claims, including development of reported claims. We evaluated the key factors and assumptions used to develop the loss reserves in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the risk sharing arrangement in Note 1 and Note 7 between MPR-KS and Midwest Public Risk of Missouri.

The disclosure of loss reserves and claims expense in Note 4 to the financial statements as described above

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to MPR-KS' financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MPR-KS' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR-KS, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

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REPORT ON MATTERS RELATED TO INTERNAL CONTROL

Board of Directors and Management
Midwest Public Risk of Kansas, Inc.
Independence, Missouri

In planning and performing our audit of the statutory financial statements of Midwest Public Risk of Kansas, Inc. (MPR-KS) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered MPR-KS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPR-KS' internal control. Accordingly, we do not express an opinion on the effectiveness of MPR-KS' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of MPR-KS' financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR-KS, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

MIDWEST PUBLIC RISK

COMBINED ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2018 and 2017

Member owned. Member focused.

Office Address:
19400 East Valley View Parkway
Independence, Missouri 64055

MIDWEST PUBLIC RISK

COMBINED ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2018 and 2017

President and Chief Executive Officer,
Terry W. Norwood

Office Address:

19400 East Valley View Parkway
Independence, Missouri 64055

Prepared by:

Chief Financial Officer,
Michael J. Sindel, CPA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Members
Midwest Public Risk:

We have audited the basic combined financial statements of Midwest Public Risk, Midwest Public Risk of Missouri, and Midwest Public Risk of Kansas, Inc., collectively known as Midwest Public Risk (MPR), as of and for the years ended June 30, 2018 and June 30, 2017 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of MPR as of June 30, 2018 and June 30, 2017, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic combined financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary 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 on them.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Midwest Public Risk's financial statements as a whole.

The combining statements are presented as other supplementary information, and are not required to be presented. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information, as it relates to fiscal year ended June 30, 2018 and June 30, 2017, has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to 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.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

This section of the combined annual financial report of Midwest Public Risk (MPR), and its affiliates, Midwest Public Risk of Missouri (MPR of Missouri) and Midwest Public Risk of Kansas, Inc. (MPR of Kansas), collectively referred to as MPR, presents a discussion and analysis of the financial performance for the year ended June 30, 2018. Please read it in conjunction with the basic financial statements and the required supplementary information. This report also contains other supplementary information in addition to the basic financial statements, which includes combining financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

MPR's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of MPR is to cover employee benefit, workers' compensation, and property and liability claims for its governmental members. MPR operates in a manner similar to any other insurance company and uses a proprietary fund, more specifically an enterprise fund, to account for its activities.

Financial Statements

The basic financial statements are presented on the accrual basis of accounting. The three basic financial statements presented are as follows:

Statement of Net Assets – This statement presents information reflecting MPR's assets, liabilities, and net assets. Net assets represent the amount of total assets less total liabilities. The statement of net assets is categorized as to current and non-current assets and liabilities. For purposes of the basic financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or will be due within twelve months of the statement date.

Statement of Revenues, Expenses and Changes in Net Assets – This statement reflects MPR's operating revenues and expenses, as well as non-operating revenues and expenses, during the fiscal year. The major source of operating revenues is contribution income, with the major type of expense being employee benefit, workers' compensation, and property and liability claims. The change in net assets for an enterprise fund is similar to the net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the financial statements.

Other Information
In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning ten-year claims development and a reconciliation of claim reserves by fund.

Combining schedules that report financial activity by fund (Employee Benefits Fund, Workers' Compensation Fund, Property and Liability Fund, and MPR Management Fund) and legal entity (MPR of Missouri, MPR of Kansas, and MPR Management Fund) follow the required supplementary information.

FINANCIAL HIGHLIGHTS

Overall, MPR has stabilized in regards to changes in membership allowing staff to focus on process improvements. For the fiscal year ended June 30, 2018, MPR's financial position, as measured by net assets, declined by 10% or $3M. This result was primarily the result of higher than anticipated claims in the Employee Benefits fund. In the Workers' Compensation fund, prior years continued to have negative claims development. Conversely, the Property and Liability fund experienced a decrease in the severity of claims in 2017-2018 primarily due to few storm-related losses.

The tables on the following pages present the summarized financial position and results of operations for the fiscal years ended June 30, 2018 and 2017. The Dollar Change and Percent Change columns are positioned as favorable and (unfavorable) to the financial results. Additional details are available in the accompanying financial statements.

	June 30, 2018	June 30, 2017	Dollar Change	Percent Change
	(in Millions)			
Assets				
Cash	$ 20.5	$ 23.9	$ (3.4)	(14%)
Investments	38.9	39.9	(1.0)	(3%)
Accounts receivable and insurance recoverable	7.8	6.0	1.8	30%
Capital assets	5.9	6.0	(0.1)	(2%)
Other assets	1.5	1.6	(0.1)	(6%)
Total assets	$ 74.6	$ 77.4	$ (2.8)	(4%)
Liabilities				
Current liabilities:				
Claims and loss adjustment reserves	$ 16.2	$ 18.1	$ 1.9	10%
Other liabilities	20.1	21.2	1.1	5%
Non-current liabilities:				
Claim reserves	12.5	9.3	(3.2)	(34%)
Total liabilities	48.8	48.6	(0.2)	0%
Net Assets				
Invested in capital assets	5.9	6.0	(0.1)	(2%)
Unrestricted	19.9	22.8	(2.9)	(13%)
Total net assets	25.8	28.8	(3.0)	(10%)
Total liabilities and net assets	$ 74.6	$ 77.4	$ (2.8)	(4%)

The most notable changes on the Statement of Net Assets, in addition to the decrease in net assets previously discussed, occurred in the following categories:

- Cash and investments decreased $4.4M, which was the impact of a significant increase in paid claims in fiscal year 2017/18.
- Accounts receivable and insurance recoverables increased $1.8M due primarily to an increase in recoverables in all three funds.
- Other liabilities decreased $1.1M due to fewer contributions being collected for fiscal year 2018/19 prior to year end than in the previous year.

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
	(in Millions)			
Operating revenues:				
Contributions earned	$ 70.0	$ 64.0	$ 6.0	9%
Operating expenses:				
Losses and loss adjustment expenses	58.0	53.6	(4.4)	(8%)
Administrative and claims processing expenses	15.6	15.3	(0.3)	(2%)
Total operating expenses	73.6	68.9	(4.7)	(7%)
Loss from operations	(3.6)	(4.9)	1.3	27%
Non-operating revenues:				
Net investment income	0.6	0.7	(0.1)	(14%)
Total non-operating revenues	0.6	0.7	(0.1)	(14%)
Decrease in net assets	(3.0)	(4.2)	1.2	29%
Net assets, beginning of year	28.8	33.0	(4.2)	(13%)
Net asset transfers	-	-	-	0%
Net assets, end of year	$ 25.8	$ 28.8	$ (3.0)	(10%)

Significant items include:

- Contributions increased $6M or 9% due to additional membership in the Employee Benefits and Property and Liability funds as well as rate increases from year to year.
- Claims experience declined this fiscal year as losses and loss adjustment expenses increased by 8% or $4.4M. On an overall basis, losses and loss adjustment expenses decreased slightly to $0.83 of each $1.00 collected in contributions from the $0.84 experienced in 2017. See the individual fund sections for a more detailed analysis.

FINANCIAL ANALYSIS OF THE MPR FUND NET ASSETS

	June 30, 2018	June 30, 2017	Dollar Change	Percent Change
	(in Millions)			
Employee Benefits Fund	$ 8.0	$ 11.8	$ (3.8)	(32%)
Workers' Compensation Fund	3.8	5.0	(1.2)	(24%)
Property and Liability Fund	14.7	11.8	2.9	25%
MPR Management Fund	3.6	3.5	0.1	3%
Consolidation/Elimination entries	(4.3)	(3.3)	(1.0)	(30%)
Total	$ 25.8	$ 28.8	$ (3.0)	(10%)

MPR accounts are organized on the basis of type of coverage and by claim year, each of which is accounted for separately because the composition of membership may change from year to year. As such, resources from one fund are not available to cover expenses in another fund (i.e. a surplus of net assets in the Workers' Compensation Fund cannot be used to cover a deficiency in the Employee Benefits Fund). However, in the prior fiscal year, members approved a refund of contributions from the Property and Liability Fund that was earmarked to be transferred to the Workers' Compensation Fund to assist with recent high claims experience. This was a one-time transfer and the funds are not expected to be returned to the Property and Liability Fund. The net asset balance and operating results for each type of coverage (fund) are discussed in the following individual fund sections.

Employee Benefits Fund

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
	(in Millions)			
Contributions earned	$ 46.3	$ 43.0	$ 3.3	8%
Losses and loss adjustment expenses	(45.1)	(39.0)	(6.1)	(16%)
Operating expenses	(5.2)	(5.4)	0.2	4%
Non-operating revenues	0.2	0.2	-	0%
Increase (decrease) in net assets	(3.8)	(1.2)	(2.6)	(217%)
Net assets, beginning of year	11.8	13.0	(1.2)	(9%)
Net assets, end of year	$ 8.0	$ 11.8	$ (3.8)	(32%)

The Employee Benefits Fund experienced a $3.8M decrease in net assets in 2018 compared to a $1.2M decrease in 2017. The decrease in net assets is primarily a result of increased claims experience as $0.97 of every $1.00 in contributions was utilized to pay claims in 2018 compared to $0.91 in 2017. Additional items which contributed to these results include:

- The $3.3M increase in contributions was due to several factors including more covered lives in 2018 and a 5.8% average rate increase. The fund netted six more members in 2018 and medical enrollees increased from approximately 4,700 to 5,000 or 6%. The program has a total of 92 members or 46% of all MPR program members.
- Losses and loss adjustment expenses increased $6.1M, or 16%, over last year's results. Increases in both the frequency and severity of claims have resulted in higher losses, as the number of large claims greater than $100,000 increased from 32 to 61 (91% increase), and the average large claim increased from $202,000 to $214,000 (6% increase). Additionally, in fiscal year 2018, four claims exceeded the self-retention limit of $425,000 and the additional $100,000 aggregate corridor before excess insurance would pay, compared to three claims exceeding the limit in fiscal year 2017.

Workers' Compensation Fund

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
	(in Millions)			
Contributions earned	$ 9.4	$ 8.8	$ 0.6	7%
Losses and loss adjustment expenses	(7.4)	(6.2)	(1.2)	(19%)
Operating expenses	(3.3)	(3.1)	(0.2)	(6%)
Non-operating revenues	0.1	-	0.1	100%
Decrease in net assets	(1.2)	(0.5)	(0.7)	(140%)
Net assets, beginning of year	5.0	3.0	2.0	67%
Net asset transfers	-	2.5	(2.5)	(100%)
Net assets, end of year	$ 3.8	$ 5.0	$ (1.2)	(24%)

Net assets in the Workers' Compensation Fund decreased $1.2M from the prior year primarily as a result of negative development in claims for older claim years. Other notable items include:

- Contributions in this program increased by 7%. This was due primarily to the average rate increase of approximately 11.4%. The program netted two additional members but contributions for the new members were significantly less than the one member that departed at the beginning of the fiscal year. The member count is now 97 versus 95 at the prior fiscal year-end, with an associated covered payroll of $246M in 2018 versus $240M in 2017 or an increase of 2.5%.
- Losses and loss adjustment expenses experienced a $1.2M increase, with the loss ratio (losses as a percentage of contributions) increasing from 70% in 2017 to 79% in 2018 as a result of unfavorable claims experience in prior claim years. The number of initial claims reported from year to year decreased slightly from 484 in 2017 to 469 in 2018 or 3%. Of the reported claims, MPR had a decrease in the frequency of large claims as 28 were over $50,000 last year versus 25 in the current year. However, the severity of large claims significantly increased from $83,000 to $119,000 due primarily to one high dollar claim. In 2017, the self-insured retention limit increased to $1M for all class codes, which remained unchanged in 2018. No claims exceeded the self-insured retention limit in either fiscal year.
- In 2017, members approved a $2.5M transfer of Net Assets from the Property and Liability Fund to the Workers' Compensation Fund. The Net Assets were from older claim years in which no claims remain open to help the Workers' Compensation Fund with recent high claims experience. No transfer occurred in the current year.

Property and Liability Fund

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
	(in Millions)			
Contributions earned	$ 14.3	$ 12.2	$ 2.1	17%
Losses and loss adjustment expenses	(5.5)	(8.4)	2.9	35%
Operating expenses	(7.3)	(6.8)	(0.5)	(7%)
Non-operating revenues	0.4	0.4	-	0%
Increase (decrease) in net assets	1.9	(2.6)	4.5	173%
Net assets, beginning of year	11.8	16.9	(5.1)	(30%)
Net asset transfers	1.0	(2.5)	3.5	140%
Net assets, end of year	$ 14.7	$ 11.8	$ 2.9	25%

The Property and Liability Fund posted a increase of $2.9M in net assets due to a significant decrease in claims experience and a transfer of $1.0M from MPR of Missouri to MPR of Kansas. Other notable items include:

- Contribution revenues increased $2.1M or 17% from 2017 due to a net increase of 12 new members and an average rate increase of approximately 15.5%. The member count is now 109 versus 97 at the prior fiscal year-end and approximately 54% of all members participate in this program.
- Losses and loss adjustment expenses decreased $2.9M, which is a loss ratio of 38%, compared to 69% in 2017. The number of initial claims reported from year to year significantly decreased 28% from 483 in 2017 to 346 in the current claim year. Of the reported occurrences over $50,000, frequency decreased significantly year to year going from 19 in 2017 to 7 in 2018 and severity of large claims decreased dramatically from $122,000 in 2017 to $103,000 in 2018. MPR had no claims that exceeded the self-retention limits ($0.5M for liability and $0.3M for property) in 2018 and three claims of this magnitude in 2017.
- In 2017, members approved a one-time $2.5M transfer of Net Assets to the Workers' Compensation Fund. In 2018, members approved a one-time $1.0M transfer of Net Assets from MPR of Missouri to MPR of Kansas.

MPR Management Fund

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Percent Change
	(in Millions)			
Rent income	$ 0.7	$ 0.6	$ 0.1	17%
Operating expenses	(0.6)	(0.5)	(0.1)	(20%)
Increase in net assets	0.1	0.1	-	0%
Net assets, beginning of year	3.5	3.4	0.1	3%
Net assets, end of year	$ 3.6	$ 3.5	$ 0.1	3%

The MPR Management Fund experienced no material change to net assets this fiscal year. This fund is responsible for paying MPR campus-related expenses (both operating and capital improvements) and receiving "rent" from the other funds to pay for those building expenses. Revenues in excess of expenses (net assets) are set aside to fund the debt service payments on the $2.3M interfund loan used to fund the construction of the campus.

FUND NET ASSETS – NET RESERVE CAPITAL (NRC) TARGETS

MPR has a net reserve capital policy which consistently and uniformly establishes targets for desired minimum and maximum net asset balances for each of the funds, excluding the MPR Management Fund. Due to the overhaul of the AM Best Adequacy Model, this policy was revised in 2017 resulting in additional criteria to be used when calculating the target for each fund. For each of the three funds, the policy takes into account eight ratios to help identify the financial strength of each fund individually. The policy also considers other criteria including the financial history of the program, significant changes in membership and contributions, and industry and marketplace factors.

The following target ranges were calculated using the June 30, 2018 financial statements. The Board's strategy is to have fund net assets fall within these target ranges. If the fund net assets exceed the target range, then the Board will consider a distribution of contributions back to the members.

		Net Assets		Target Range
		(in Millions)		
Employee Benefits Fund	$	8.0	$	12-14
Workers' Compensation Fund	$	3.8	$	9-10
Property and Liability Fund	$	14.7	$	8-9

The previous chart shows the Property and Liability Fund exceeds its target range, while the Employee Benefits and Workers' Compensation funds are below the target range. The Board of Directors will discuss options to get these programs back within the target ranges. Due to outstanding and anticipated claims, members have not yet decided whether to approve a surplus distribution for the Property and Liability Fund.

ECONOMIC FACTORS AND NEXT YEAR'S PROGRAMS

Midwest Public Risk (MPR) is a self-funded public entity pool. Though all laws and regulations clearly state that the pool is not insurance, we are viewed similarly to an insurance carrier. Much of this opinion may be derived from the fact that MPR purchases reinsurance/excess on each of its programs to limit large or catastrophic losses. Though this is not a requirement, the pricing of reinsurance does affect the overall rate for our programs.

The following mega trends may have some influence on next year's programming:

- Inflation – Medical inflation has trended above other inflation indexes and other economic growth indicators in the past decade. It is evident that this inflation will continue and result in medical cost exceeding ten percent (10%) and will directly affect the Employee Benefit (Health) and Workers' Compensation programs.

- Government Policies/Political Factors – As of October 1, 2018, there is no clear indication as to which party will control the majority in Washington D.C. There are no current bills in either the House of Representatives or Senate which will expand or restrict current health care. Should proponents encouraging abolishment of the Affordable Care Act gain control of either legislative bodies, it is believed that there will be insufficient time to enact any meaningful legislation in the coming year.

- Economic Conditions – The economy of the United States is currently very strong with no indication of slowing. This will result in additional tax revenue and employment in the public sector. Though costs are expected to increase in all MPR programs, there should be ample revenue in the membership to pay these costs.

- Reinsurance – After money set aside to pay losses, placement of reinsurance is the greatest expense for MPR. Given large member losses in each program and catastrophic national property losses, this expense is expected to be double digit percentage increases for each of our programs.

MPR, in an effort to remain relevant and meet the needs of members, will be offering:

- A change in online cyber liability training for the membership. Though participation and program utilization has grown in the past two years, most members have completed the available tutorials. To keep the content and exercises fresh, new interactive resources will be available.

- The introduction of Legal Liability Risk Management Institute (LLRMI). LLRMI will offer services in law enforcement policy review in areas of: jail audits, property and evidence rooms, internal audits and independent internal affairs. These services will be available to all members who possess a law enforcement function.

- The introduction of Fit Responder, Inc. Fit Responder conducts workers' compensation injury reduction training for Fire, Police, EMS and Public Works departments. Specific services include food nutrition education, hands on workout and weight lifting techniques and patient handling and transportation.

- The addition of the Enhanced Case Management Program to address employee fitness and recovery from injury. This service focuses on member employees with severe co-morbidities. Functional fitness and emotional health and well-being counseling for employees will be available in segments of 8-12 weeks.

- The implementation of benefit administration services through Businessolver. Businessolver will assume functions of COBRA administration, billing functions and account administration of our employee benefit programs. Most important to our membership will be the HR software capabilities in managing online enrollment and federal compliance and reporting issues.

BASIC FINANCIAL STATEMENTS

The basic financial statements are those financial statements which comprise the minimum presentation of Midwest Public Risk's combined financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Midwest Public Risk
Combined Statements of Net Assets
As of June 30, 2018 and 2017

ASSETS	2018	2017
Current assets:		
Cash and cash equivalents	$ 20,527,078	$ 23,863,033
Investments - unrestricted	38,891,207	39,872,075
Accrued interest	212,549	190,780
Contributions due from members	1,220,011	777,211
Excess insurance recoverable - paid losses	2,498,317	803,600
Other assets	507,577	545,782
Total current assets	63,856,739	66,052,481
Non-current assets:		
Membership deposits	1,168,750	1,343,750
Excess insurance recoverable - unpaid losses	3,713,292	4,076,239
Capital assets, non-depreciable:		
Land and other non-depreciable assets	843,201	843,201
Capital assets, depreciable:		
Property and equipment, net of depreciation	5,062,010	5,112,877
Total non-current assets	10,787,253	11,376,067
Total assets	$ 74,643,992	$ 77,428,548
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Claim reserves	$ 15,465,672	$ 17,409,201
Reserve for ULAE	728,962	695,159
Accounts payable	1,598,060	1,093,776
Credit program liability	2,046,346	1,872,820
Unearned contributions	16,498,553	18,229,909
Total current liabilities	36,337,593	39,300,865
Non-current liabilities:		
Claim reserves	12,525,513	9,306,855
Total liabilities	48,863,106	48,607,720
NET ASSETS		
Invested in capital assets	5,905,211	5,956,078
Unrestricted	19,875,675	22,864,750
Total net assets	25,780,886	28,820,828
Total liabilities and net assets	$ 74,643,992	$ 77,428,548

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

Midwest Public Risk
Combined Statements of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2018 and 2017

OPERATING REVENUES	**2018**	**2017**
Contributions earned	$ 70,023,757	$ 63,985,076
OPERATING EXPENSES		
Losses and loss adjustment expenses:		
Paid	56,328,431	49,496,932
Change in reserves	1,643,924	4,076,513
Excess insurance premiums	5,340,184	4,642,794
Other insurance premiums	143,804	77,331
Contribution taxes	624,414	811,480
Claims administration fees	3,236,551	3,527,908
Loss prevention	1,263,311	1,123,290
General and administrative	4,899,267	4,842,221
Depreciation	220,647	242,498
Total operating expenses	73,700,533	68,840,967
Loss from operations	(3,676,776)	(4,855,891)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	902,960	613,174
Net increase (decrease) in fair market value of investments	(268,127)	42,027
Other non-operating revenues	2,001	10,000
Total non-operating revenues	636,834	665,201
Decrease in net assets	(3,039,942)	(4,190,690)
Net assets, beginning of year	28,820,828	33,011,518
Net assets, end of year	$ 25,780,886	$ 28,820,828

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

Midwest Public Risk
Combined Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Contributions collected	$ 67,806,493	$ 72,004,651
Losses and loss adjustment expenses paid	(58,027,677)	(50,498,553)
Insurance premiums paid	(5,479,664)	(4,752,422)
Contribution taxes paid	(517,460)	(801,318)
Claims administration fees paid	(2,741,885)	(3,319,580)
Loss prevention expenses paid	(1,089,785)	(1,107,081)
General and administrative expenses paid	(2,398,560)	(2,288,133)
Personnel expenses paid	(2,488,570)	(2,362,809)
Net cash provided by (used in) operating activities	(4,937,108)	6,874,755
Cash flows from non-capital financing activities:		
Deposits	175,000	-
Early withdrawal penalty	2,799	-
Net cash provided by non-capital financing activities	177,799	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(170,578)	(86,208)
Net cash used in capital and related financing activities	(170,578)	(86,208)
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	20,200,657	38,694,407
Purchase of investments	(19,531,388)	(38,946,035)
Interest received	924,663	759,816
Net cash provided by investing activities	1,593,932	508,188
Net change in cash and cash equivalents	(3,335,955)	7,296,735
Cash and cash equivalents, beginning of year	23,863,033	16,566,298
Cash and cash equivalents, end of year	$ 20,527,078	$ 23,863,033

(Continued)

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

Midwest Public Risk
Combined Statements of Cash Flows, Continued
For the Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of loss from operations to net cash provided by (used in) operating activities:		
Loss from operations	$ (3,676,776)	$ (4,855,891)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation expense	220,647	242,498
Effects of changes in:		
Contributions receivable	(442,800)	388,783
Excess insurance recoverable	(1,331,770)	(1,590,172)
Deductibles receivable	18,915	(89,290)
Other receivables	(76,381)	62,843
Prepaid expenses	95,669	65,964
Claim reserves	1,275,130	4,835,737
Unallocated loss adjustment expense reserve	33,803	80,543
Accounts payable	505,029	68,594
Accrued payroll	(744)	24,345
Credit programs liability	173,526	16,210
Unearned contributions	(1,731,356)	7,624,591
Total adjustments	(1,260,332)	11,730,646
Net cash provided by (used in) operating activities	$ (4,937,108)	$ 6,874,755
Supplemental schedule of non-cash investing activities:		
Change in fair market value of investments	$ (268,127)	$ 42,027

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

1. REPORTING ENTITY

Midwest Public Risk (MPR) and its affiliates, Midwest Public Risk of Missouri (MPR of Missouri) and Midwest Public Risk of Kansas, Inc. (MPR of Kansas), collectively referred to as MPR, was formed as a self-insurance program to cover employee benefits (health and dental), workers' compensation, and property and liability claims for its members. MPR is organized into the following two public entity risk coverage pools and one administrative:

- Midwest Public Risk (MPR), an administrative corporation providing administrative services to the state coverage pools and owning/managing the MPR campus.
- Midwest Public Risk of Missouri (MPR of Missouri), a public entity risk coverage pool providing all three lines of coverage to Missouri public entities.
- Midwest Public Risk of Kansas, Inc. (MPR of Kansas), a public entity risk coverage pool providing employee benefits and property and liability coverage to Kansas public entities.

Each of the three entities is governed by a Board of Directors. The MPR Board of Directors is comprised of directors from MPR of Missouri and MPR of Kansas governing boards.

While the operations have been organized by state, all of the entities share in each other's risk and share joint and severable liability. In addition, both MPR of Missouri and MPR of Kansas have entered into a management agreement with MPR to administer the day-to-day operations. Any profits or losses generated by MPR are ultimately distributed to the risk coverage pools on a proportionate basis.

MPR began providing workers' compensation coverage in 1983 and employee benefits coverage and property and liability coverage in 1984. Members of MPR, located in Missouri and Kansas, include cities, counties, school districts, and other governmental entities. The members select the Board of Directors. At June 30, 2018, there were 109 members in the property and liability program, 97 members in the workers' compensation program, and 92 members in the employee benefits program, for a total and unduplicated count of 201 members.

MPR's general objectives are to provide a self-insured program for local governmental entities; to improve the loss prevention program, thereby reducing claims and accidents; to reduce costs through sound and equitable claims management practices; and to provide excess insurance at a discount based on volume and lower risk exposure. The accounting policies and financial reporting practices of MPR conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant accounting policies:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

MPR defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*. MPR has determined that no other outside entity meets the criteria. MPR's financial statements include the accounts of all MPR functions and activities.

B. Basis of Presentation – Fund Accounting

MPR operates as a proprietary fund, more specifically, as an enterprise fund. An enterprise fund is used because the services provided by MPR's activities are provided to outside parties, the local governmental members of MPR.

The accounts of MPR are organized on the basis of the type of coverage and by claim years, each of which is accounted for separately because the composition of the membership may change from year to year. MPR is comprised of six enterprise funds: the Employee Benefits Fund (Missouri), the Employee Benefits Fund (Kansas), the Workers' Compensation Fund, the Property and Liability Fund (Missouri), the Property and Liability Fund (Kansas), and the MPR Management Fund. Each fund is considered a separate accounting entity, with self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses.

C. Measurement Focus and Basis of Accounting

MPR's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting wherein all assets and liabilities associated with the activity of providing insurance services are included within the fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

D. Cash and Cash Equivalents

Interest-bearing deposit accounts are reported at cost plus accrued interest.

E. Investments

MPR reports its investments at fair market value. Investment income, net of investment expense, and changes in the fair market value of investments are recognized as revenue in the Combined Statements of Revenues, Expenses, and Changes in Net Assets.

F. Excess Insurance Recoverable on Paid and Unpaid Losses

MPR uses excess insurance agreements to reduce its exposure to large losses. Excess insurance permits recovery of a portion of losses from the excess insurers, although it does not discharge the primary liability of MPR as direct insurer of the risks, and MPR remains contingently liable for amounts which excess insurance carriers might be unable to pay. As of June 30, 2018 and 2017, the excess insurance recoverable is shown below:

	2018	2017
	(in Millions)	
Excess insurance recoverable on paid losses:		
Employee Benefits Fund specific	$ 0.9	$ 0.4
Workers' Compensation Fund specific	0.4	0.3
Property and Liability Fund specific	1.2	0.1
Excess insurance recoverable on unpaid losses:		
Workers' Compensation Fund specific	3.1	2.9
Property and Liability Fund specific	0.6	1.2
Total excess insurance recoverable	$ 6.2	$ 4.9

G. Other Assets

Other assets consist of deductibles due from members, miscellaneous accounts receivable, and prepaid expenses.

H. Deposits

(1) Government Entities Mutual, Inc.

In 2002, the MPR Board of Directors approved MPR's membership in Government Entities Mutual, Inc. (GEM), a captive mutual insurance company. Payments from the Workers' Compensation and Property and Liability Funds totaling $500,000 were made to GEM as an initial surplus deposit. The terms of the membership agreement determine how and when a member may withdraw from the membership and/or receive funds from its surplus account. MPR's initial purchase of excess insurance through GEM was effective with the property and liability program's 2005 claim year.

(2) Humana

In 2009, Humana required a deposit in the amount of $195,000, estimated to cover approximately four days of claims activity. Due to higher claims activity in 2012, the deposit was increased to approximately $244,000. In 2018, MPR received approximately $175,000 of the deposit back as MPR transitioned away from plans with Humana. The balance at June 30, 2018 was approximately $69,000 and will be refunded when the 18 month runout period expires at December 31, 2018.

(3) Cigna

In 2013, Cigna required a deposit in the amount of $600,000, estimated to cover approximately five days of claims activity. There was no change in 2017 or 2018.

I. Capital Assets

Capital assets, excluding land and construction in progress, that exceed $5,000 are capitalized and recorded at cost. These capital assets are depreciated over their estimated useful lives using the straight-line depreciation method. MPR estimates the useful lives of depreciable capital assets as follows:

Buildings	40 years
Furniture, fixtures, and equipment	7 years
Vehicles	5 years
Computer hardware	3 years
Computer software	3 years

J. Claim Reserves

Claim reserves are based on estimates of the ultimate cost of settling reported claims, including related loss adjustment expenses. Estimated amounts of subrogation, excess insurance recoveries, and deductibles are deducted from the reserves. An additional estimate is added to claims reserves for claims incurred but not reported (IBNR), as well as future loss development on known claims.

Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in estimating claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using actuarial and statistical techniques to produce current estimates that reflect settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculations 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 claims liabilities are charged or credited to expense in the fiscal year in which they are determined.

In general, the workers' compensation and property and liability coverages are provided on an "occurrence" basis. Coverage is triggered under the policy in effect when the injury occurred, regardless of the date reported. However, coverage for wrongful acts (including public officials errors and omissions, employment practices liability, sexual harassment) is provided on a "claims made" basis, wherein the claim must have been incurred and reported when the member had coverage with MPR. Liability coverage for law enforcement was changed from a "claims made" basis to an "occurrence" basis in 2014.

The employee benefits coverage is provided on a modified "claims made" basis, wherein the claim must have been incurred when the employee had coverage with MPR and must be reported within 12 months following the date such claim was incurred. A claim incurred in one fiscal year (claim period) and reported in the following fiscal year (claim period) will be covered, provided the employee had coverage when the claim was incurred.

K. Reserve for Unallocated Loss Adjustment Expenses

This reserve recognizes the future cost of claims administration for all open and incurred but not reported claims; and represents the cost that cannot be associated with specific claims, but are related to claims paid or in the process of being settled. These expenses include salaries and other internal costs of the service agent's claim staff. The accrued estimate of $729,000 and $695,000 would cover the future handling of unsettled claims as of June 30, 2018 and 2017, respectively.

L. Unearned Contributions

Contributions are calculated in advance and recognized as revenue in the period for which coverage is provided. Contributions for workers' compensation and property and liability coverage are billed annually. Contributions for employee benefits coverage are billed on a monthly basis. Unearned contributions represent amounts paid by MPR members prior to the effective coverage date.

M. Loss Control/Wellness Credit Programs

MPR provides its members with loss control and wellness program credits to implement programs that will reduce claims at their respective entities. The amount of the credit is based on each member's annual contributions. The majority of the loss control and wellness credits is awarded at the beginning of the fiscal year and must be used within three years of receipt. To obtain the credits, the member must expend money on qualified loss reducing initiatives and is asked to submit proof of payment to MPR. For the years ended June 30, 2018 and 2017, members earned loss control and wellness credits in the amount of $898,000 and $804,000, respectively.

MPR also administers a Loss Control Recognition Program for the workers' compensation and property and liability programs. Unlike the reimbursement programs, the recognition program checks are issued after the end of the fiscal year to members who have met pre-established criteria. For the years ended June 30, 2018 and 2017, loss control recognition awards totaled $366,000 and $319,000, respectively.

N. Interfund Activity

In the process of aggregating data for the basic financial statements, some amounts representing interfund activity were eliminated or reclassified to minimize the overstatement of MPR's assets and liabilities. These transactions include, but are not limited to, the following: the loan for the MPR campus, the payment and receipt of principal and interest on the building loan, rent paid by each fund to the MPR Management Fund, the investment in the MPR Management Fund by the other funds, transfers of equity and capital assets to the MPR Management Fund, and other interfund receivables and payables arising from daily operations.

O. Net Assets

Net assets are maintained on a claim year basis. The membership of any given claim year can change depending upon the governmental entities participating in the MPR coverage pools. MPR is an assessable pool, and members participating in a given claim year may be assessed additional contributions if expenses exceed revenues for such claim year. To the extent that revenues exceed expenses in a given claim year after all, or nearly all, related claims have been settled, and the Board of Directors and members authorize and approve a full or partial distribution of the surplus for the claim year, members participating in such claim year will be entitled to receive a refund of contributions.

The $25,781,000 in net assets represents the cumulative net results of all claim years since inception. MPR reports net assets in the following components:

(1) Invested in Capital Assets

This consists of capital assets, net of accumulated depreciation that is attributable to the acquisition or construction of those assets.

(2) Restricted For Collateral

This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. There are no restricted net assets as of June 30, 2018 and 2017.

(3) Unrestricted

This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets.” Items within this component are further categorized by designations. Designations are established by management to indicate tentative plans for financial resource utilization in a future period. The balance of net assets is undesignated. The following is a summary of the amount of unrestricted net assets, as designated by the Board of Directors:

	2018	2017
	(in Millions)	
Net assets designated for Capital Improvement Fund	$ 1.1	$ 1.4
Net assets designated for Net Reserve Capital Fund	10.3	15.6
Net assets designated for Catastrophic Claims Fund	4.0	4.0
Undesignated net assets	4.5	1.8
Total unrestricted net assets	$ 19.9	$ 22.8

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses include revenues and expenses directly associated with the provision of employee benefits, workers' compensation, and property and liability coverage to the members, as well as the operating revenues and expenses associated with the MPR campus management, accounted for in the MPR Management Fund.

Operating revenues include contribution income (and supplemental contribution assessments, if any) that are due from members for the coverage(s) they have requested. Operating expenses include losses and loss adjustment expenses (claims) incurred under the three coverages provided to the members. Also included are the claims and administration fees for processing and paying claims submitted by the members. Other operating expenses are excess insurance premiums, other insurance premiums, contribution taxes, loss prevention, general and administrative expenses, and depreciation.

(1) Contributions

Contributions are billed in advance and recognized as revenue over the period for which coverage is provided. Contributions are calculated using separate underwriting criteria for employee benefits, workers' compensation, and property and liability coverages.

(2) Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses represent claims expenses for benefits under the employee benefits, workers' compensation, and property and liability coverages. The losses and loss adjustment expenses include:

- Paid claims, net of recoveries
- Claim reserves, net of anticipated recoveries
- Loss adjustment expenses

Q. Non-Operating Revenues and Expenses

Non-operating revenues and expenses include investment income (net of investment expenses), changes in fair market value of investments, refunds of contributions, and withdrawal penalty income. Refunds of contributions represent distributions of excess net assets to the members.

R. Statements of Cash Flows

For the purpose of the statements of cash flows, cash and cash equivalents includes interest-bearing deposit accounts.

S. Income Taxes

MPR is not subject to federal income taxes under Section 115 of the Internal Revenue Code. Consequently, the financial statements do not contain a provision for income taxes.

T. Acquisition Costs

MPR incurs acquisition costs related to the acquisition of new or renewal contracts. MPR's policy is to expense the costs as incurred.

U. Significant Accounting Pronouncements

There are no recent accounting pronouncements that have or will materially affect MPR.

V. Use of Estimates

The preparation of basic financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

W. Risks and Uncertainties

On occasion, MPR may enter into structured settlements and purchase annuities to facilitate closing a claim. Should the annuity insurance carrier fail to perform under the terms of the annuity, MPR would then be liable to make payments under the structured settlement agreement. There were no such agreements in place as of June 30, 2018 and 2017.

X. Reclassifications

Certain prior period amounts have been reclassified to conform to the current presentation. Such reclassifications have no impact on the change in net assets for the year.

Y. Rounding

Amounts presented in the notes to financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

3. CASH AND INVESTMENTS

A. Deposits

MPR maintains various interest-bearing deposit accounts for its funds. MPR's accounts are required by state law to be secured by the deposit of collateral with MPR or the trustee institution. The value of the securities must equal MPR's cash not insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2018, with the exception of approximately $50,000 of uncollected funds, MPR's bank balances were fully secured by collateral held by MPR or by its agent in MPR's name. At June 30 2017, MPR's bank balances were fully secured with the exception of approximately $50,000. These funds were collected and thus insured, the following day.

B. Investments

At June 30, 2018 and 2017, MPR had the following investments:

(in Millions)	FMV at June 30, 2018	Investment Maturities: Less Than 1 Year	1 - 5 Years	6 - 10 Years	No Maturity (Note 2)	Credit Risk (Note 1)
Fixed-income securities:						
Agency bonds	$ 2.9	$ -	$ 2.2	$ 0.7	$ -	AAA
Corporate bonds	5.0	1.9	1.7	1.4	-	A+
Municipal bonds	3.3	-	1.6	1.7	-	AA-
U.S. Government bonds	13.0	2.9	2.6	7.5	-	AAA
Total bonds	24.2	4.8	8.1	11.3	-	
Mortgage-backed securities (Note 2)	6.8	-	0.1	0.9	5.8	AAA
Total fixed-income securities	31.0	4.8	8.2	12.2	5.8	
Equity exchange traded funds (ETFs)	8.0	-	-	-	8.0	not rated
Total investments	$ 39.0	$ 4.8	$ 8.2	$ 12.2	$ 13.8	

(in Millions)	FMV at June 30, 2017	Investment Maturities: Less Than 1 Year	1 - 5 Years	6 - 10 Years	No Maturity (Note 2)	Credit Risk (Note 1)
Fixed-income securities:						
Agency bonds	$ 4.1	$ -	$ 3.1	$ 1.0	$ -	AAA
Corporate bonds	5.1	1.8	2.3	1.0	-	A+
Municipal bonds	1.2	0.5	-	-	0.7	AA-
U.S. Government bonds	12.7	2.7	2.4	7.6	-	AAA
Total bonds	23.1	5.0	7.8	9.6	0.7	
Mortgage-backed securities (Note 2)	9.2	-	0.1	0.4	8.7	AAA
Total fixed-income securities	32.3	5.0	7.9	10.0	9.4	
Equity exchange traded funds (ETFs)	7.5	-	-	-	7.5	not rated
Total investments	$ 39.8	$ 5.0	$ 7.9	$ 10.0	$ 16.9	

Note 1: Represents Average credit rating.

Note 2: Mortgage-Backed securities (MBS) have varying effective maturities due to prepayments.

Fair market values of investments are generally based on quotes supported by an independent pricing service. MPR's articles of incorporation and bylaws contain no provision regarding deposits or the type of investments that may be purchased. Both the State of Missouri and the State of Kansas restrict the type of investments MPR may purchase. Permitted investments include: government and corporate obligations, stocks, real estate, and a variety of other securities and debt instruments, although many of the options are available only if a number of specified criteria are satisfied.

MPR's investment policy contains an asset allocation policy that includes: short-term investments, U.S. Treasury obligations, U.S. Government direct agency obligations, collateralized and/or FDIC insured time and demand deposits, collateralized repurchase agreements, mortgage-backed, asset-backed, and commercial mortgage-backed securities, collateralized mortgage obligations, corporate bonds, commercial paper, bankers' acceptances, and municipal bonds. Additionally, the risk asset allocation policy limits the amount of the following investments: U.S. equities (large, mid, and small), international equity/debt, commodities, high-yield fixed-income securities, and cash equivalents.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair market value of investment securities, it is possible changes in risks in the near term could materially affect the amounts reported in the basic financial statements. MPR's formal investment policies are as follows:

(1) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. MPR's investments are subject to custodial risk because none are insured or registered by the financial institution acting as custodian, which holds the investments in the name of their trust department. Concentration of credit risk is the risk of loss attributed to the magnitude of MPR's investment in a single issuer. MPR minimizes credit risk by:

- Limiting investments to the types of securities listed in the investment policy and maintaining a standard of quality for those investments.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers engaged by MPR.
- Diversifying the portfolio by investing in different asset classes, sectors, security types, maturities, and issuers so that potential losses on individual securities will be minimized.

(2) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. MPR minimizes this risk by:

- Structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities and limiting the average maturity of the portfolio in accordance with the investment policy.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018
Capital assets, non-depreciable:				
Land	$ 843,201	$ -	$ -	$ 843,201
Capital assets, depreciable:				
Buildings	5,901,154	138,829	-	6,039,983
Leasehold improvements	60,257	-	-	60,257
Furniture, fixtures, & equipment	354,970	-	(7,087)	347,883
Computer hardware	233,261	7,745	(72,902)	168,104
Software	137,451	-	(21,568)	115,883
Vehicles	80,674	24,004	-	104,678
Capital assets at historical cost	7,610,968	170,578	(101,557)	7,679,989
Less accumulated depreciation for:				
Buildings	(973,654)	(149,487)	-	(1,123,141)
Leasehold improvements	(3,648)	(1,694)	-	(5,342)
Furniture, fixtures, & equipment	(332,317)	(21,171)	6,289	(347,199)
Computer hardware	(191,537)	(26,813)	72,902	(145,448)
Software	(126,866)	(5,307)	21,568	(110,605)
Vehicles	(26,868)	(16,175)	-	(43,043)
Total accumulated depreciation	(1,654,890)	(220,647)	100,759	(1,774,778)
Capital assets, net of depreciation	$5,956,078	$ (50,069)	$ (798)	$5,905,211

Depreciation expense for the years ended June 30, 2018 and 2017 was approximately $221,000 and $242,000, respectively.

5. DEFINED CONTRIBUTION RETIREMENT PLAN

MPR provides retirement benefits for its employees through a defined contribution retirement plan (MPR Money Purchase Plan). MPR is the administrator and the sole participating employer of the plan, which includes 22 active participants as of June 30, 2018. The MPR Board of Directors has the authority to establish and amend the plan's provisions, including the contribution requirements.

MPR contracts with Alliance Benefit Group for investing and recordkeeping services. Employees are eligible to participate from their date of hire and are immediately vested. MPR contributes 10% of annual compensation to the plan. There are no employee contributions to the plan. The plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries, and therefore, are excluded from the accompanying financial statements.

Employer contributions in the money purchase plan totaled $181,000 and $175,000 for the years ended June 30, 2018 and 2017, respectively. The fair market value of the plan assets as of June 30, 2018 and 2017 was $1,850,000 and $1,496,000, respectively. For the years ended June 30, 2018 and 2017, total pension expense was $164,000 and $177,000, respectively.

6. DEFERRED COMPENSATION PLAN

MPR administers a deferred compensation plan on behalf of its employees. The plan was established in accordance with Internal Revenue Code Section 457. The plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries, and therefore, are excluded from the accompanying financial statements. The fair market value of the plan assets was $485,000 and $365,000 as of June 30, 2018 and 2017, respectively. Contribution payments to the plan for both 2018 and 2017 were $9,000.

7. INTERFUND ACTIVITY

A. Interfund Assets/Liabilities

Individual interfund receivable and payable balances as of June 30, 2018 and 2017 are as follows:

Receivable Fund	Payable Fund	2018	2017
Employee Benefits Fund (MO)	Employee Benefits Fund (KS)	$ 2,091,000	$ 2,146,000
Property & Liability Fund (MO)	Property & Liability Fund (KS)	297,000	466,000
Property & Liability Fund (MO)	MPR Management Fund	156,000	243,000
Workers' Compensation Fund	MPR Management Fund	91,000	30,000
MPR Management Fund	Employee Benefits Fund (MO)	19,000	15,000
MPR Management Fund	Property & Liability Fund (MO)	19,000	14,000
MPR Management Fund	Workers' Compensation Fund	19,000	14,000
Workers' Compensation Fund	Property & Liability Fund (MO)	8,000	-
Employee Benefits Fund (MO)	MPR Management Fund	-	7,000
Property & Liability Fund (MO)	Workers' Compensation Fund	-	3,000
	Total	$ 2,700,000	$ 2,938,000

All of the interfund balances are expected to be repaid during the next fiscal year.

B. MPR Note

On January 1, 2010, the Employee Benefits and Property and Liability Funds loaned the MPR Management Fund $3,899,000 to fund construction of the new MPR campus. As of December 5, 2012 the remaining balance of the note held in the Employee Benefits Fund was transferred to the Property and Liability Fund. On June 8, 2017 $1,000,000 of the note balance was transferred from the Property and Liability Fund to the Workers' Compensation Fund. The interest rate on the note is 4%, with interest payable semi-annually on December 31st and June 30th. The loan requires principal payments of approximately $195,000 annually on June 30th over the 20-year life of the note. The note matures on June 30, 2031. Interest paid on the note for the years ended June 30, 2018 and 2017 was $103,000 and $111,000, respectively.

8. RISK MANAGEMENT

MPR is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, just like the members for which it provides coverage. MPR is insured through the very same programs it provides to its members.

MPR uses excess insurance agreements to reduce its exposure to large losses. Excess insurance permits recovery of a portion of losses from the excess insurers, although it does not discharge the primary liability of MPR as direct coverage provider of the risks.

MPR retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by purchased excess insurance. Brief descriptions of each of the programs follows. The self-insured retention amounts and excess insurance limits are listed in item D following the descriptions.

A. Employee Benefits Fund

MPR's health program uses both deductibles and co-payments to spread the cost of the program and offers members the choice of three plan options: In network Only plan, Open Access Plus Plan and a Consumer Directed health plan. All plans utilize the Nationwide Open Access Network (OAP). Provided enrollees stay in the network, the plans vary in applicable copays and coinsurance combinations, ranging from in network coinsurance of 70% to 100%. Members can choose to offer coverage for retirees, as long as they meet the requirements.

The excess insurance covers only paid claims within the fiscal year and does not cover claims reported but not processed or incurred but not reported. Premiums for this excess insurance coverage were $611,000 and $483,000 for the years ended June 30, 2018 and 2017, respectively.

B. Workers' Compensation Fund

MPR's workers' compensation benefits are provided in accordance with the State of Missouri Workers' Compensation laws and the Missouri Department of Insurance regulations. Premiums for excess insurance coverage were $450,000 and $431,000 for the years ended June 30, 2018 and 2017, respectively. The workers' compensation coverage is not subject to a deductible.

C. Property and Liability Fund

(1) Liability Coverage

MPR's liability coverage offers general liability, public officials/employment practices liability, auto liability, cyber liability, and crime and fidelity coverage. These coverages are continually refined to incorporate sovereign immunity limits in the State of Missouri, the Kansas Tort Claims Act limits, and recent court decisions.

(2) Property Coverage

MPR offers property coverage to protect members' buildings, contents, inland marine, auto physical damage, in addition to flood and earthquake coverage.

Premiums for excess liability and property coverage were $4,250,000 and $3,699,000 for the years ended June 30, 2018 and 2017, respectively. Deductibles for the property and liability coverages range from $500 to $25,000.

D. Self-Insured Retention Amounts and Excess Insurance Limits

	Fiscal Year 2018	Fiscal Year 2017
Employee Benefits:		
Self-insured retention - specific	$ 425,000	$ 425,000
Excess insurance limit - specific	$ 1,575,000	$ 1,575,000

	Claim Year				
	2014	**2015**	**2016**	**2017**	**2018**
Workers' Compensation (Note 4):					
Self-insured retention:					
Specific	$ 500,000	$ 500,000	$ 600,000	$ 1,000,000	$ 1,000,000
Aggregate	20,831,991	19,925,483	16,713,629	17,192,756	17,675,126
Excess insurance limit:					
Specific	Statutory	Statutory	Statutory	Statutory	Statutory
Aggregate	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Liability:					
Self-insured retention:					
Specific	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Excess insurance limits:					
Specific	Note 1	Note 1	Note 1	Note 1	Note 1
Aggregate	Note 2	Note 2	Note 2	Note 2	Note 2
Property (Note 3):					
Per occurrence deductible	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Aggregate deductible	N/A	N/A	N/A	N/A	N/A
Per occurrence limit (millions)	N/A	N/A	N/A	N/A	N/A
Total policy limit (millions)	350	350	400	400	400

Note 1 -	Sovereign immunity limits:	Jan. 1 to Dec. 31, 2014	Jan. 1 to Dec. 31, 2015	Jan. 1 to Dec. 31, 2016	Jan. 1 to Dec. 31, 2017	Jan. 1 to Dec. 31, 2018
	Per person:	$ 403,139	$ 409,123	$ 410,185	$ 414,418	$ 420,606
	Per occurrence:	2,687,594	2,727,489	2,734,567	2,762,789	2,804,046
Note 2:	Commercial general liability policy annual aggregate (millions)	$ 25	$ 25	$ 25	$ 25	$ 25

Note 3: Other deductibles and sub-limits apply to various types of losses. Specific retention limit for MPR of KS is $250,000.

Note 4: Effective July 1, 2013, the specific retention limit for emergency personnel (police, firefighters, and emergency medical technicians) increased to $750,000. Effective September 21, 2016, the specific retention limit for all personnel increased to $1,000,000.

9. RECONCILIATION OF CLAIM RESERVES

An analysis of the change in claim reserves during fiscal years 2018 and 2017 is as follows:

	Fiscal Year 2018	Fiscal Year 2017
	(in Millions)	
Total claim reserves, beginning of fiscal year, net of recoveries	$ 22.5	$ 18.7
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	57.9	53.0
Adjustment to provision for insured events of prior fiscal years	0.1	0.5
Total incurred claims and claim adjustment expenses	58.0	53.5
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	46.7	40.9
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	9.6	8.8
Total payments	56.3	49.7
Total claim reserves, end of fiscal year, net of recoveries	$ 24.2	$ 22.5
Statement of net assets recap:		
Claim reserves - current	$ 15.5	$ 17.4
Claim reserves - non-current	12.5	9.3
Excess insurance recoverable on unpaid losses	(3.7)	(4.1)
Deductibles receivable	(0.1)	(0.1)
Total claim reserves, end of fiscal year, net of recoveries	$ 24.2	$ 22.5

Claim reserves are based on estimates of the ultimate cost of settling both reported and unreported claims, including related adjustment expenses. With the exception of employee benefits claims, it often takes several years to settle and finally close a claim. The current and non-current portions of claim reserves are shown in the statement of net assets recap above. The current portion of the claim reserves liability is based upon the estimated amount that will be paid in the next fiscal year.

10. THIRD PARTY SERVICES

Third party services represent expenses incurred for claims administration and broker services. Third party administration and claims management services for the Property and Liability and Workers' Compensation Funds were performed by Corporate Claims Management, Inc. (CCMI) through February of 2017 after which time CCMI terminated their contract. Thomas McGee replaced CCMI. Similar services for the Employee Benefits Fund are provided by Benefit Management, Inc., Cigna Healthcare, Delta Dental USA, and Vision Service Plan. Benefit plans with Humana are in an 18 month run off period ending December 31, 2018. The claims management services provided by Humana were transferred to Cigna Healthcare as of July 1, 2017. The claims administration expense for the years ended June 30, 2018 and 2017 was $3,237,000 and $3,528,000, respectively, and includes unallocated loss adjustment expenses.

Two types of broker services are utilized by MPR. First, MPR pays brokers to place stop loss and excess insurance coverage for the various programs. These totaled $130,000 for years ending June 30, 2018 and 2017. MPR also pays commissions to brokers for placing members into the MPR programs. These broker services were provided by various agents and totaled $988,000 and $863,000 for the years ended June 30, 2018 and 2017, respectively.

11. SUBSEQUENT EVENTS

MPR evaluated subsequent events from June 30, 2018 through November 14, 2018, the date the combined financial statements were issued. MPR lowered the self-insured retention in the Workers' Compensation fund to $750,000 at July 1, 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

Midwest Public Risk
Ten-Year Claims Development – General Information
For the Ten-Year Period Ended June 30, 2018

The following tables illustrate how MPR's earned revenue (net of excess insurance) and investment income (net of investment expense) compare to related claims losses (net of losses assumed by excess insurance carriers) and other expenses assumed by MPR as of the end of each of the previous ten years for each fund. The rows of the tables are defined as follows:

1. **Contributions and Investment Revenue**
   This line shows the total of each claim year's gross earned contributions, supplemental contribution assessments, earned investment revenue (net of investment expense), amounts of ceded excess insurance premiums, and the net earned contributions (net of excess insurance) and investment revenue (net of investment expense).

2. **Unallocated Expenses**
   This line shows each claim year's other operating costs of the programs including taxes, administrative, loss control, and loss adjustment expenses not allocable to individual claims.

3. **Estimated Incurred Claims and Expenses**
   This line shows MPR's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurance carriers, and net incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the year in which the event that triggered the coverage occurred (called the claim year).

4. **Net Paid (Cumulative)**
   This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each claim year.

5. **Re-estimated Ceded Claims and Expenses**
   This line shows the latest re-estimated amount of losses assumed by excess insurance carriers for each claim year.

6. **Re-estimated Incurred Claims and Expenses**
   This section of ten rows shows how each claim year's net incurred losses increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses, and emergence of new losses not previously known.)

7. **Increase (Decrease) in Estimated Net Incurred Claims and Expenses from End of Policy Year**
   This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate is greater or less than originally thought. As data for individual claim years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years.

8. **Number of Claims Reported**
   This line shows the total number of claims reported, including lost time claims, medical only claims, and fatalities. Incidents that had no incurred costs are excluded.

9. **Open Claims**
   This line shows the number of reported claims that are a liability for future claim payments.

The columns of the tables show data for successive claim years.

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Midwest Public Risk
Ten-Year Claims Development Information
Employee Benefits Fund

	As of June 30, 2018 (Note 1)				
	2009 Claim Year	**2010 Claim Year**	**2011 Claim Year**	**2012 Claim Year**	**2013 Claim Year**
1. Contributions and investment revenue:					
Earned	$ 33,868,486	$ 40,684,195	$ 51,213,857	$ 45,173,942	$ 43,119,220
Ceded - excess insurance premiums	(458,901)	(528,793)	(512,420)	(510,051)	(448,877)
Net earned	33,409,585	40,155,402	50,701,437	44,663,891	42,670,343
2. Unallocated expenses	$ 4,704,765	$ 4,723,979	$ 6,188,137	$ 5,124,954	$ 4,475,156
3. Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 31,931,582	$ 37,623,352	$ 45,873,446	$ 43,331,425	$ 35,528,264
Ceded - excess insurance recoveries	(458,019)	(658,462)	-	(9,512)	(292,447)
Net incurred	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817
4. Net paid (cumulative) as of (Note 1):					
June 30, 2009	$ 28,926,389				
June 30, 2010	29,283,162	$ 33,259,599			
June 30, 2011	31,473,563	36,964,890	$ 40,402,343		
June 30, 2012	31,473,563	36,964,890	45,873,446	$ 38,799,138	
June 30, 2013	31,473,563	36,964,890	45,873,446	43,321,913	$ 32,775,956
June 30, 2014	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817
June 30, 2015	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817
June 30, 2016	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817
June 30, 2017	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817
June 30, 2018	31,473,563	36,964,890	45,873,446	43,321,913	35,235,817

Note 1: The claim policy year is July 1 to June 30. MPR is liable only for claims incurred and reported within 90 days after the end of the policy year. Individual members are responsible for all unreported claims after the 90-day period. For members that continue MPR's employee benefits coverage, unreported claims at the end of one claim year are covered in the subsequent claim year. As a result, subsequent re-estimation of incurred claims and expenses on an annual basis is not applicable to this fund.

(Continued)

Midwest Public Risk
Ten-Year Claims Development Information
Employee Benefits Fund, Continued

	As of June 30, 2018 (Note 1)				
	2014 Claim Year	**2015 Claim Year**	**2016 Claim Year**	**2017 Claim Year**	**2018 Claim Year**
1. Contributions and investment revenue:					
Earned	$ 40,283,746	$ 39,976,328	$ 41,317,727	$ 43,200,891	$ 46,440,708
Ceded - excess insurance premiums	(455,002)	(448,343)	(378,661)	(482,778)	(611,011)
Net earned	39,828,744	39,527,985	40,939,066	42,718,113	45,829,697
2. Unallocated expenses	$ 3,814,367	$ 4,379,431	$ 4,509,045	$ 4,871,511	$ 4,525,755
3. Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 31,105,865	$ 32,983,669	$ 36,632,471	$ 39,769,715	$ 46,061,854
Ceded - excess insurance recoveries	-	(87,864)	(1,086,835)	(539,549)	(1,688,964)
Net incurred	31,105,865	32,895,805	35,545,636	39,230,166	44,372,890 (Note 2)
4. Net paid (cumulative) as of (Note 1):					
June 30, 2009					
June 30, 2010					
June 30, 2011					
June 30, 2012					
June 30, 2013					
June 30, 2014	$ 28,648,793				
June 30, 2015	31,105,865	$ 30,968,576			
June 30, 2016	31,105,865	32,895,805	$ 33,374,005		
June 30, 2017	31,105,865	32,895,805	35,545,636	$ 36,569,715	
June 30, 2018	31,105,865	32,895,805	35,545,636	38,817,024	$ 42,461,854

Note 1: The claim policy year is July 1 to June 30. MPR is liable only for claims incurred and reported within 90 days after the end of the policy year. Individual members are responsible for all unreported claims after the 90-day period. For members that continue MPR's employee benefits coverage, unreported claims at the end of one claim year are covered in the subsequent claim year. As a result, subsequent re-estimation of incurred claims and expenseson an annual basis is not applicable to this fund.

Note 2: Total estimated incurred claims and expenses equal $44,372,889 and include $42,461,854 of paid claims plus $3,600,000 claim reserves, less $1,688,964 excess reinsurance recoveries on paid losses.

Midwest Public Risk
Ten-Year Claims Development Information
Workers' Compensation Fund

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		As of June 30, 2018 (Note 1)				
		2009 Claim Year	**2010 Claim Year**	**2011 Claim Year**	**2012 Claim Year**	**2013 Claim Year**
1.	Contributions and investment revenue:					
	Earned	$ 4,119,125	$ 3,951,257	$ 4,098,378	$ 5,179,266	$ 5,730,523
	Ceded - excess insurance premiums	(235,721)	(199,616)	(235,547)	(289,302)	(332,730)
	Net earned	3,883,404	3,751,641	3,862,831	4,889,964	5,397,793
2.	Unallocated expenses	$ 991,798	$ 1,316,586	$ 945,981	$ 1,362,287	$ 1,604,112
3.	Estimated incurred claims and expenses, end of policy year:					
	Incurred	$ 2,950,000	$ 3,280,000	$ 4,150,000	$ 4,569,664	$ 5,534,203
	Ceded - excess insurance recoveries	-	-	-	-	-
	Net incurred	2,950,000	3,280,000	4,150,000	4,569,664	5,534,203
4.	Net paid (cumulative) as of (Note 1):					
	June 30, 2009	$ 1,061,255				
	June 30, 2010	1,305,616	$ 1,297,414			
	June 30, 2011	1,540,984	2,457,663	$ 1,437,224		
	June 30, 2012	2,001,750	2,766,274	2,237,655	$ 1,656,488	
	June 30, 2013	2,028,380	2,960,410	2,704,321	2,975,158	$ 1,966,312
	June 30, 2014	2,049,778	2,939,743	2,866,134	3,542,345	3,366,088
	June 30, 2015	2,057,448	2,955,408	2,935,663	3,592,388	3,750,277
	June 30, 2016	2,067,314	3,182,750	2,977,565	3,715,200	3,959,353
	June 30, 2017	2,070,405	3,197,641	2,996,594	3,941,086	4,017,648
	June 30, 2018	2,073,511	3,203,424	3,003,677	4,078,653	4,106,353
5.	Re-estimated ceded losses - excess insurance recoveries					
	June 30, 2018	$ -	$ (491,246)	$ (343,320)	$ (351,000)	$ (206,056)
6.	Re-estimated net incurred claims and expense (Note 1):					
	June 30, 2009	$ 2,650,976				
	June 30, 2010	2,550,000	$ 2,390,000			
	June 30, 2011	2,470,000	2,480,000	$ 3,690,000		
	June 30, 2012	2,394,457	3,392,502	3,766,151	$ 4,569,664	
	June 30, 2013	2,462,920	3,620,672	3,460,810	4,588,560	$ 5,534,203
	June 30, 2014	2,372,693	3,278,457	3,122,944	3,984,899	4,645,527
	June 30, 2015	2,375,407	3,311,515	3,179,750	3,952,639	4,457,559
	June 30, 2016	2,329,949	3,338,934	3,117,947	3,993,522	4,764,684
	June 30, 2017	2,328,366	3,462,826	3,052,902	4,497,674	4,606,551
	June 30, 2018	2,315,254	3,491,565	3,036,390	4,826,504	4,891,864
7.	Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ (634,746)	$ 211,565	$(1,113,610)	$ 256,840	$ (642,339)
8.	Number of claims reported as of end of policy year (Note 2):					
	June 30, 2009	378				
	June 30, 2010	386	371			
	June 30, 2011	391	378	429		
	June 30, 2012	391	378	433	490	
	June 30, 2013	391	378	433	494	534
	June 30, 2014	391	378	433	494	548
	June 30, 2015	391	379	433	494	549
	June 30, 2016	391	379	433	494	549
	June 30, 2017	391	379	433	494	549
	June 30, 2018	391	379	433	494	549
9.	Number of open claims as of June 30, 2018	1	3	3	3	8

Note 1: Workers' Compensation coverage is provided on a claims occurrence basis. The claim (policy) year is July 1 to June 30.

Note 2: Number of claims reported have been restated from prior years to exclude events and claims with no monetary loss and to include open claims in total number of claims reported.

(Continued)

Midwest Public Risk
Ten-Year Claims Development Information
Workers' Compensation Fund, Continued

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	As of June 30, 2018 (Note 1)				
	2014 Claim Year	**2015 Claim Year**	**2016 Claim Year**	**2017 Claim Year**	**2018 Claim Year**
1. Contributions and investment revenue:					
Earned	$ 7,485,433	$ 8,261,235	$ 8,110,253	$ 11,340,143	$ 9,492,181
Ceded - excess insurance premiums	(390,600)	(410,963)	(362,129)	(431,475)	(448,486)
Net earned	7,094,833	7,850,272	7,748,124	10,908,668	9,043,695
2. Unallocated expenses	$ 2,242,776	$ 2,555,124	$ 2,572,751	$ 2,770,246	$ 2,928,790
3. Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 5,401,916	$ 6,765,163	$ 5,618,490	$ 5,472,152	$ 5,940,651
Ceded - excess insurance recoveries	-	(921,723)	-	-	-
Net incurred	5,401,916	5,843,440	5,618,490	5,472,152	5,940,651
4. Net paid (cumulative) as of (Note 1):					
June 30, 2009					
June 30, 2010					
June 30, 2011					
June 30, 2012					
June 30, 2013					
June 30, 2014	$ 2,063,012				
June 30, 2015	4,033,809	$ 2,948,891			
June 30, 2016	4,955,941	4,789,473	$ 2,431,325		
June 30, 2017	5,315,118	5,996,449	4,107,718	$ 2,011,327	
June 30, 2018	5,440,038	6,669,177	4,961,251	3,518,707	$ 2,769,947
5. Re-estimated ceded losses - excess insurance recoveries					
June 30, 2018	$ -	$ (868,174)	$ -	$ -	$ -
6. Re-estimated net incurred claims and expense (Note 1):					
June 30, 2009					
June 30, 2010					
June 30, 2011					
June 30, 2012					
June 30, 2013					
June 30, 2014	$ 5,401,916				
June 30, 2015	5,750,042	$ 6,765,163			
June 30, 2016	5,847,152	7,369,093	$ 5,618,490		
June 30, 2017	5,979,366	7,719,732	5,431,830	$ 5,472,152	
June 30, 2018	6,117,427	7,989,357	6,375,485	4,946,703	$ 5,940,651
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ 715,511	$ 2,145,917	$ 756,995	$ (525,449)	$ -
8. Number of claims reported as of end of policy year (Note 2):					
June 30, 2009					
June 30, 2010					
June 30, 2011					
June 30, 2012					
June 30, 2013					
June 30, 2014	544				
June 30, 2015	547	492			
June 30, 2016	549	509	478		
June 30, 2017	549	510	491	484	
June 30, 2018	549	511	494	483	469
9. Number of open claims as of June 30, 2018	8	19	21	34	161

Note 1: Workers' Compensation coverage is provided on a claims occurrence basis. The claim (policy) year is July 1 to June 30.

Note 2: Number of claims reported have been restated from prior years to exclude events and claims with no monetary loss and to include open claims in total number of claims reported.

Midwest Public Risk
Ten-Year Claims Development Information
Property and Liability Fund

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		As of June 30, 2018 (Note 1)				
		2009 Claim Year	2010 Claim Year	2011 Claim Year	2012 Claim Year	2013 Claim Year
1.	Contributions and investment revenue:					
	Earned	$ 5,464,360	$ 6,168,036	$ 5,820,190	$ 7,537,829	$ 9,177,969
	Ceded - excess insurance premiums	(1,061,454)	(1,084,718)	(1,071,133)	(1,260,195)	(2,286,413)
	Net earned	4,402,906	5,083,318	4,749,057	6,277,634	6,891,556
2.	Unallocated expenses	$ 1,440,080	$ 1,631,022	$ 1,798,256	$ 2,292,776	$ 2,345,885
3.	Estimated incurred claims and expenses, end of policy year:					
	Incurred	$ 3,735,309	$ 4,286,000	$ 4,408,259	$ 3,196,683	$ 5,169,653
	Ceded - excess insurance recoveries	-	(486,000)	(1,538,259)	(89,922)	(726,000)
	Net incurred	3,735,309	3,800,000	2,870,000	3,106,761	4,443,653
4.	Net paid (cumulative) as of (Note 1):					
	June 30, 2009	$ 555,144				
	June 30, 2010	800,458	$ 522,774			
	June 30, 2011	1,097,038	1,060,169	$ 712,225		
	June 30, 2012	1,444,494	1,252,549	1,231,171	$ 564,520	
	June 30, 2013	1,589,513	1,525,733	1,386,268	1,490,302	$ 1,107,745
	June 30, 2014	1,605,018	1,566,534	1,427,769	1,834,289	2,049,816
	June 30, 2015	1,630,738	1,614,083	1,733,431	1,841,310	3,427,991
	June 30, 2016	1,655,221	1,671,059	1,734,058	1,844,669	3,642,451
	June 30, 2017	1,655,221	1,670,844	1,669,296	1,875,811	3,833,108
	June 30, 2018	1,653,407	1,670,844	1,813,283	2,046,109	3,848,986
5.	Re-estimated ceded losses - excess insurance recoveries					
	June 30, 2018	$ -	$ (676,164)	$ (1,115,484)	$ (100,491)	$ (799,306)
6.	Re-estimated net incurred claims and expense (Note 1):					
	June 30, 2009	$ 3,735,309				
	June 30, 2010	3,040,375	$ 3,800,000			
	June 30, 2011	2,183,367	2,452,952	$ 2,870,000		
	June 30, 2012	1,643,422	2,557,899	2,313,225	$ 3,106,761	
	June 30, 2013	1,453,161	2,136,256	1,712,645	2,650,344	$ 4,443,653
	June 30, 2014	1,613,934	1,841,271	1,700,677	1,966,576	4,015,158
	June 30, 2015	1,594,494	1,847,251	2,026,107	1,907,457	4,093,367
	June 30, 2016	1,585,974	1,803,455	1,964,198	1,891,074	3,937,722
	June 30, 2017	1,593,159	1,840,265	2,011,122	2,023,698	3,992,992
	June 30, 2018	1,633,307	1,803,968	2,189,366	2,065,147	4,063,791
7.	Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ (2,102,002)	$ (1,996,032)	$ (680,634)	$ (1,041,614)	$ (379,862)
8.	Number of claims reported as of end of policy year	217	173	173	231	276
9.	Number of open claims as of June 30, 2018	-	-	2	1	6

Note 1: Claim years are from July 1 through June 30.

Note 2: The self-insured coverages include general liability, auto liability, auto physical damage, crime, errors and omissions, and property coverage. These coverages are provided on an occurrence basis for all coverages except public official coverage, which is on a claims-made basis.

(Continued)

Midwest Public Risk
Ten-Year Claims Development Information
Property and Liability Fund, Continued

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		As of June 30, 2018 (Note 2)				
		2014 Claim Year	**2015 Claim Year**	**2016 Claim Year**	**2017 Claim Year**	**2018 Claim Year**
1.	Contributions and investment revenue:					
	Earned	$ 11,238,702	$ 10,298,087	$ 10,360,367	$ 12,145,324	$ 14,395,028
	Ceded - excess insurance premiums	(3,025,086)	(3,324,852)	(3,363,594)	(3,698,541)	(4,226,091)
	Net earned	8,213,616	6,973,235	6,996,773	8,446,783	10,168,937
2.	Unallocated expenses	$ 2,528,020	$ 2,655,439	$ 2,691,751	$ 3,215,894	$ 3,205,303
3.	Estimated incurred claims and expenses, end of policy year:					
	Incurred	$ 4,640,844	$ 5,173,662	$ 5,244,813	$ 9,114,709	$ 5,883,294
	Ceded - excess insurance recoveries	-	(25,000)	-	(1,322,998)	-
	Net incurred	4,640,844	5,148,662	5,244,813	7,791,711	5,883,294
4.	Net paid (cumulative) as of (Note 1):					
	June 30, 2009					
	June 30, 2010					
	June 30, 2011					
	June 30, 2012					
	June 30, 2013					
	June 30, 2014	$ 1,167,701				
	June 30, 2015	2,903,223	$ 1,515,865			
	June 30, 2016	3,648,329	3,103,508	$ 1,639,488		
	June 30, 2017	3,934,717	4,478,584	2,710,091	$ 2,288,188	
	June 30, 2018	4,038,634	4,771,457	4,200,698	3,798,056	$ 1,482,284
5.	Re-estimated ceded losses - excess insurance recoveries					
	June 30, 2018	$ (73,178)	$ (14,953)	$ (379,448)	$ (1,426,923)	$ -
6.	Re-estimated net incurred claims and expense (Note 1):					
	June 30, 2009					
	June 30, 2010					
	June 30, 2011					
	June 30, 2012					
	June 30, 2013					
	June 30, 2014	$ 4,640,844				
	June 30, 2015	4,350,909	$ 5,148,662			
	June 30, 2016	4,698,067	5,385,265	$ 5,244,813		
	June 30, 2017	4,683,676	5,768,332	5,001,328	$ 7,791,711	
	June 30, 2018	4,711,794	5,759,174	5,333,306	6,610,655	$ 5,883,294
7.	Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ 70,950	$ 610,512	$ 88,493	$ (1,181,056)	$ -
8.	Number of claims reported as of end of policy year	398	384	350	498	346
9.	Number of open claims as of June 30, 2018	15	10	16	161	96

Note 1: Claim years are from July 1 through June 30.

Note 2: The self-insured coverages include general liability, auto liability, auto physical damage, crime, errors and omissions, and property coverage. These coverages are provided on an occurrence basis for all coverages except public official coverage, which is on a claims-made basis.

Midwest Public Risk
Reconciliation of Claim Reserves by Fund
For the Years Ended June 30, 2018 and 2017

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	Employee Benefits Fund		Workers' Compensation Fund		Property and Liability Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total claims reserves, beginning of fiscal year, net of recoveries	$ 3,200,000	$ 2,951,204	$ 9,084,856	$ 8,723,126	$ 10,263,566	$ 6,983,920	$ 22,548,422	$ 18,658,250
Incurred claims and claim adjustment expenses:								
Provision for insured events of the current fiscal year	46,061,854	39,769,715	5,940,651	5,472,152	5,883,294	7,791,711	57,885,799	53,033,578
Adjustment to provision for insured events of prior fiscal years	(952,690)	(779,573)	1,436,871	693,018	(403,478)	626,424	80,703	539,869
Total incurred claims and claim adjustment expenses	45,109,164	38,990,142	7,377,522	6,165,170	5,479,816	8,418,135	57,966,502	53,573,447
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	42,461,854	36,569,715	2,769,947	2,011,327	1,482,284	2,288,187	46,714,085	40,869,229
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	2,247,310	2,171,631	3,431,901	3,792,113	3,916,215	2,850,302	9,595,426	8,814,046
Total payments, net of recoveries	44,709,164	38,741,346	6,201,848	5,803,440	5,398,499	5,138,489	56,309,511	49,683,275
Total claims reserves, end of fiscal year, net of recoveries	$ 3,600,000	$ 3,200,000	$ 10,260,530	$ 9,084,856	$ 10,344,883	$ 10,263,566	$ 24,205,413	$ 22,548,422
Statement of net asset recap:								
Claim reserves - current	$ 3,600,000	$ 3,200,000	$ 6,694,515	$ 7,816,201	$ 5,171,156	$ 6,393,000	$ 15,465,671	$ 17,409,201
Claim reserves - non-current	-	-	6,655,670	4,129,789	5,869,843	5,177,066	12,525,513	9,306,855
Excess insurance recoverable on unpaid losses	-	-	(3,089,655)	(2,861,134)	(623,637)	(1,215,105)	(3,713,292)	(4,076,239)
Deductibles receivable	-	-	-	-	(72,479)	(91,395)	(72,479)	(91,395)
Total claim reserves, end of fiscal year, net of recoveries	$ 3,600,000	$ 3,200,000	$ 10,260,530	$ 9,084,856	$ 10,344,883	$ 10,263,566	$ 24,205,413	$ 22,548,422

OTHER SUPPLEMENTARY INFORMATION

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Midwest Public Risk
Combining Statement of Net Assets by Fund
As of June 30, 2018

ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Current assets:							
Cash and cash equivalents	$ 1,317,987	$ 6,783,637	$ 12,223,617	$ 201,837	$ 20,527,078	$ -	$ 20,527,078
Investments - unrestricted	9,699,843	12,379,405	21,163,212	-	43,242,460	(4,351,253)	38,891,207
Accrued interest	45,429	51,326	115,794	-	212,549	-	212,549
Contributions due from members	787,278	432,733	-	-	1,220,011	-	1,220,011
Excess insurance recoverable - paid losses	898,482	417,101	1,182,734	-	2,498,317	-	2,498,317
Due from other funds	2,091,438	98,680	453,154	56,978	2,700,250	(2,700,250)	-
Other assets	185,776	28,784	217,289	75,728	507,577	-	507,577
Current note receivable - MPR campus	-	4,501	190,436	-	194,937	(194,937)	-
Total current assets	15,026,233	20,196,167	35,546,236	334,543	71,103,179	(7,246,440)	63,856,739
Non-current assets:							
Membership deposits	668,750	250,000	250,000	-	1,168,750	-	1,168,750
Excess insurance recoverable - unpaid losses	-	3,089,655	623,637	-	3,713,292	-	3,713,292
Non-current note receivable - MPR campus	-	919,574	1,224,740	-	2,144,314	(2,144,314)	-
Capital assets, non-depreciable:							
Land and other non-depreciable assets	-	-	-	843,201	843,201	-	843,201
Capital assets, depreciable:							
Property and equipment, net of depreciation	-	-	-	5,062,010	5,062,010	-	5,062,010
Total non-current assets	668,750	4,259,229	2,098,377	5,905,211	12,931,567	(2,144,314)	10,787,253
Total assets	$ 15,694,983	$ 24,455,396	$ 37,644,613	$ 6,239,754	$ 84,034,746	$ (9,390,754)	$ 74,643,992

(Continued)

Midwest Public Risk
Combining Statement of Net Assets by Fund, Continued
As of June 30, 2018

LIABILITIES AND NET ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
LIABILITIES							
Current liabilities:							
Claim reserves	$ 3,600,000	$ 6,694,515	$ 5,171,157	$ -	$ 15,465,672	$ -	$ 15,465,672
Reserve for ULAE	500,401	89,280	139,281	-	728,962	-	728,962
Accounts payable	996,100	424,654	164,998	12,308	1,598,060	-	1,598,060
Due to other funds	2,110,811	18,803	323,859	246,777	2,700,250	(2,700,250)	-
Credit program liability	394,159	643,425	1,008,762	-	2,046,346	-	2,046,346
Unearned contributions	86,197	6,104,299	10,308,057	-	16,498,553	-	16,498,553
Current note payable - MPR campus	-	-	-	194,937	194,937	(194,937)	-
Total current liabilities	7,687,668	13,974,976	17,116,114	454,022	39,232,780	(2,895,187)	36,337,593
Non-current liabilities:							
Claim reserves	-	6,655,670	5,869,843	-	12,525,513	-	12,525,513
Non-current note payable - MPR campus	-	-	-	2,144,314	2,144,314	(2,144,314)	-
Total non-current liabilities	-	6,655,670	5,869,843	2,144,314	14,669,827	(2,144,314)	12,525,513
Total liabilities	7,687,668	20,630,646	22,985,957	2,598,336	53,902,607	(5,039,501)	48,863,106
NET ASSETS							
Net assets	8,007,315	3,824,750	14,658,656	3,641,418	30,132,139	(4,351,253)	25,780,886
Total liabilities and net assets	$ 15,694,983	$ 24,455,396	$ 37,644,613	$ 6,239,754	$ 84,034,746	$ (9,390,754)	$ 74,643,992

Midwest Public Risk
Combining Statement of Net Assets by Fund
As of June 30, 2017

ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Current assets:							
Cash and cash equivalents	$ 4,716,853	$ 7,863,362	$ 11,039,706	$ 243,112	$ 23,863,033	$ -	$ 23,863,033
Investments - unrestricted	9,983,283	12,490,717	20,749,328	-	43,223,328	(3,351,253)	39,872,075
Accrued interest	33,807	54,478	102,495	-	190,780	-	190,780
Contributions due from members	414,903	362,308	-	-	777,211	-	777,211
Excess insurance recoverable - paid losses	364,010	331,697	107,893	-	803,600	-	803,600
Due from other funds	2,153,164	30,148	711,766	43,159	2,938,237	(2,938,237)	-
Other assets	215,466	17,730	235,503	77,083	545,782	-	545,782
Current note receivable - MPR campus	-	4,501	190,436	-	194,937	(194,937)	-
Total current assets	17,881,486	21,154,941	33,137,127	363,354	72,536,908	(6,484,427)	66,052,481
Non-current assets:							
Membership deposits	843,750	250,000	250,000	-	1,343,750	-	1,343,750
Excess insurance recoverable - unpaid losses	-	2,861,134	1,215,105	-	4,076,239	-	4,076,239
Non-current note receivable - MPR campus	-	990,999	1,348,251	-	2,339,250	(2,339,250)	-
Capital assets, non-depreciable:							
Land and other non-depreciable assets	-	-	-	843,201	843,201	-	843,201
Capital assets, depreciable:							
Property and equipment, net of depreciation	-	-	-	5,112,877	5,112,877	-	5,112,877
Total non-current assets	843,750	4,102,133	2,813,356	5,956,078	13,715,317	(2,339,250)	11,376,067
Total assets	$ 18,725,236	$ 25,257,074	$ 35,950,483	$ 6,319,432	$ 86,252,225	$ (8,823,677)	$ 77,428,548

(Continued)

Midwest Public Risk
Combining Statement of Net Assets by Fund, Continued
As of June 30, 2017

LIABILITIES AND NET ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
LIABILITIES							
Current liabilities:							
Claim reserves	$ 3,200,000	$ 7,816,201	$ 6,393,000	$ -	$ 17,409,201	$ -	$ 17,409,201
Reserve for ULAE	509,667	86,650	98,842	-	695,159	-	695,159
Accounts payable	578,837	354,026	153,495	7,418	1,093,776	-	1,093,776
Due to other funds	2,160,691	17,600	479,788	280,158	2,938,237	(2,938,237)	-
Credit program liability	423,375	568,823	880,622	-	1,872,820	-	1,872,820
Unearned contributions	34,283	7,267,015	10,928,611	-	18,229,909	-	18,229,909
Current note payable - MPR campus	-	-	-	194,937	194,937	(194,937)	-
Total current liabilities	6,906,853	16,110,315	18,934,358	482,513	42,434,039	(3,133,174)	39,300,865
Non-current liabilities:							
Claim reserves	-	4,129,789	5,177,066	-	9,306,855	-	9,306,855
Non-current note payable - MPR campus	-	-	-	2,339,250	2,339,250	(2,339,250)	-
Total non-current liabilities	-	4,129,789	5,177,066	2,339,250	11,646,105	(2,339,250)	9,306,855
Total liabilities	6,906,853	20,240,104	24,111,424	2,821,763	54,080,144	(5,472,424)	48,607,720
NET ASSETS							
Net assets	11,818,383	5,016,970	11,839,059	3,497,669	32,172,081	(3,351,253)	28,820,828
Total liabilities and net assets	$ 18,725,236	$ 25,257,074	$ 35,950,483	$ 6,319,432	$ 86,252,225	$ (8,823,677)	$ 77,428,548

Midwest Public Risk
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Fund
For the Year Ended June 30, 2018

OPERATING REVENUES	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Contributions earned	$ 46,270,558	$ 9,438,702	$ 14,314,497	$ -	$ 70,023,757	$ -	$ 70,023,757
OPERATING EXPENSES (REVENUES)							
Losses and loss adjustment expenses:							
Paid	44,709,163	6,201,849	5,417,419	-	56,328,431	-	56,328,431
Change in reserves	405,847	1,175,675	62,402	-	1,643,924	-	1,643,924
Excess insurance premiums	641,011	449,570	4,249,603	-	5,340,184	-	5,340,184
Other insurance premiums	-	-	63,613	80,191	143,804	-	143,804
Contribution taxes	85,886	516,583	21,945	-	624,414	-	624,414
Claims administration fees	2,435,586	340,741	460,224	-	3,236,551	-	3,236,551
Loss prevention	204,373	432,182	626,756	-	1,263,311	-	1,263,311
General and administrative	1,516,011	1,398,369	1,785,622	199,265	4,899,267	-	4,899,267
Rent expense (income)	253,899	246,432	246,431	(746,762)	-	-	-
Interest expense (income)	-	(37,657)	(65,118)	102,775	-	-	-
Depreciation	-	-	-	220,647	220,647	-	220,647
Total operating expenses (income)	50,251,776	10,723,744	12,868,897	(143,884)	73,700,533	-	73,700,533
Income (loss) from operations	(3,981,218)	(1,285,042)	1,445,600	143,884	(3,676,776)	-	(3,676,776)
NON-OPERATING REVENUES (EXPENSES)							
Investment income	230,743	207,514	464,040	663	902,960	-	902,960
Net increase (decrease) in fair value of investments	(60,593)	(117,491)	(90,043)	-	(268,127)	-	(268,127)
Other non-operating revenue (expense)	-	2,799	-	(798)	2,001	-	2,001
Total non-operating revenues (expenses)	170,150	92,822	373,997	(135)	636,834	-	636,834
Increase (decrease) in net assets	(3,811,068)	(1,192,220)	1,819,597	143,749	(3,039,942)	-	(3,039,942)
Net assets, beginning of year	11,818,383	5,016,970	11,839,059	3,497,669	32,172,081	(3,351,253)	28,820,828
Net asset transfers	-	-	1,000,000	-	1,000,000	(1,000,000)	-
Net assets, end of year	$ 8,007,315	$ 3,824,750	$ 14,658,656	$ 3,641,418	$ 30,132,139	$ (4,351,253)	$ 25,780,886

Midwest Public Risk
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Fund
For the Year Ended June 30, 2017

OPERATING REVENUES	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Contributions earned	$ 43,007,327	$ 8,822,118	$ 12,155,631	$ -	$ 63,985,076	$ -	$ 63,985,076
OPERATING EXPENSES (REVENUES)							
Losses and loss adjustment expenses:							
Paid	38,741,345	5,803,438	4,952,149	-	49,496,932	-	49,496,932
Change in reserves	248,796	361,731	3,465,986	-	4,076,513	-	4,076,513
Excess insurance premiums	512,778	431,475	3,698,541	-	4,642,794	-	4,642,794
Other insurance premiums	-	-	29,976	47,355	77,331	-	77,331
Contribution taxes	250,269	546,346	14,865	-	811,480	-	811,480
Claims administration fees	2,736,857	296,776	494,275	-	3,527,908	-	3,527,908
Loss prevention	192,087	392,314	538,889	-	1,123,290	-	1,123,290
General and administrative	1,446,519	1,325,997	1,883,616	186,089	4,842,221	-	4,842,221
Rent expense (income)	215,778	209,432	209,431	(634,641)	-	-	-
Interest expense (income)	-	(2,556)	(108,125)	110,681	-	-	-
Depreciation	-	-	-	242,498	242,498	-	242,498
Total operating expenses (income)	44,344,429	9,364,953	15,179,603	(48,018)	68,840,967	-	68,840,967
Income (loss) from operations	(1,337,102)	(542,835)	(3,023,972)	48,018	(4,855,891)	-	(4,855,891)
NON-OPERATING REVENUES							
Investment income	176,692	144,041	291,812	629	613,174	-	613,174
Net increase (decrease) in fair value of investments	16,872	(101,797)	126,952	-	42,027	-	42,027
Other non-operating revenue	-	-	-	10,000	10,000	-	10,000
Total non-operating revenues	193,564	42,244	418,764	10,629	665,201	-	665,201
Increase (decrease) in net assets	(1,143,538)	(500,591)	(2,605,208)	58,647	(4,190,690)	-	(4,190,690)
Net assets, beginning of year	12,961,921	3,017,561	16,944,267	3,439,022	36,362,771	(3,351,253)	33,011,518
Net asset transfers	-	2,500,000	(2,500,000)	-	-	-	-
Net assets, end of year	$ 11,818,383	$ 5,016,970	$ 11,839,059	$ 3,497,669	$ 32,172,081	$ (3,351,253)	$ 28,820,828

Midwest Public Risk
Combining Statement of Cash Flows by Fund
For the Year Ended June 30, 2018

	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Cash flows from operating activities:							
Contributions collected	$ 45,950,098	$ 8,162,708	$ 13,693,687	$ -	$ 67,806,493	$ -	$ 67,806,493
Losses and loss adjustment expenses paid	(45,267,079)	(6,287,254)	(6,473,344)	-	(58,027,677)	-	(58,027,677)
Insurance premiums paid	(641,011)	(449,570)	(4,303,741)	(85,342)	(5,479,664)	-	(5,479,664)
Contribution taxes paid	(81,958)	(420,783)	(14,719)	-	(517,460)	-	(517,460)
Claims administration fees paid	(1,974,727)	(340,955)	(426,203)	-	(2,741,885)	-	(2,741,885)
Loss prevention expenses paid	(233,589)	(360,937)	(495,259)	-	(1,089,785)	-	(1,089,785)
General and administrative expenses paid	(895,999)	(830,513)	(1,080,968)	408,920	(2,398,560)	-	(2,398,560)
Personnel expenses paid	(871,569)	(831,133)	(785,868)	-	(2,488,570)	-	(2,488,570)
Net cash provided by (used in) operating activities	(4,015,834)	(1,358,437)	113,585	323,578	(4,937,108)	-	(4,937,108)
Cash flows from non-capital financing activities:							
Deposits	175,000	-	-	-	175,000	-	175,000
Early withdrawal penalty	-	2,799	-	-	2,799	-	2,799
Net cash provided by non-capital financing activities	175,000	2,799	-	-	177,799	-	177,799
Cash flows from capital and related financing activities:							
Repayment of long-term debt	-	71,425	123,512	(194,937)	-	-	-
Acquisition of capital assets	-	-	-	(170,578)	(170,578)	-	(170,578)
Net cash provided by (used in) capital and related financing activities	-	71,425	123,512	(365,515)	(170,578)	-	(170,578)
Cash flows from investing activities:							
Proceeds from sales or maturities of investments	4,813,583	5,538,400	9,848,674	-	20,200,657	-	20,200,657
Purchase of investments	(4,591,422)	(5,562,390)	(9,377,576)	-	(19,531,388)	-	(19,531,388)
Interest received	219,807	228,478	475,716	662	924,663	-	924,663
Net cash provided by investing activities	441,968	204,488	946,814	662	1,593,932	-	1,593,932
Net change in cash and cash equivalents	(3,398,866)	(1,079,725)	1,183,911	(41,275)	(3,335,955)	-	(3,335,955)
Cash and cash equivalents, beginning of year	4,716,853	7,863,362	11,039,706	243,112	23,863,033	-	23,863,033
Cash and cash equivalents, end of year	$ 1,317,987	$ 6,783,637	$ 12,223,617	$ 201,837	$ 20,527,078	$ -	$ 20,527,078

(Continued)

Midwest Public Risk
Combining Statement of Cash Flows by Fund, Continued
For the Year Ended June 30, 2018

	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:							
Income (loss) from operations	$ (3,981,218)	$ (1,285,042)	$ 1,445,600	$ 143,884	$ (3,676,776)	$ -	$ (3,676,776)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:							
Depreciation expense	-	-	-	220,647	220,647	-	220,647
Effects of changes in:							
Contributions receivable	(372,375)	(70,425)	-	-	(442,800)	-	(442,800)
Excess insurance recoverable	(534,472)	(313,925)	(483,373)	-	(1,331,770)	-	(1,331,770)
Deductibles receivable	-	-	18,915	-	18,915	-	18,915
Due from other funds	61,725	(68,532)	258,612	(13,819)	237,986	(237,986)	-
Other receivables	(77,619)	(2,657)	510	3,385	(76,381)	-	(76,381)
Prepaid expenses	107,310	(8,399)	(1,213)	(2,029)	95,669	-	95,669
Claim reserves	400,000	1,404,196	(529,066)	-	1,275,130	-	1,275,130
Unallocated loss adjustment expense reserve	(9,266)	2,630	40,439	-	33,803	-	33,803
Accounts payable	436,682	55,821	7,637	4,889	505,029	-	505,029
Accrued payroll	(19,419)	14,808	3,867	-	(744)	-	(744)
Due to other funds	(49,880)	1,202	(155,929)	(33,379)	(237,986)	237,986	-
Credit programs liability	(29,216)	74,602	128,140	-	173,526	-	173,526
Unearned contributions	51,914	(1,162,716)	(620,554)	-	(1,731,356)	-	(1,731,356)
Total adjustments	(34,616)	(73,395)	(1,332,015)	179,694	(1,260,332)	-	(1,260,332)
Net cash provided by (used in) operating activities	$ (4,015,834)	$ (1,358,437)	$ 113,585	$ 323,578	$ (4,937,108)	$ -	$ (4,937,108)
Supplemental schedule of non-cash investing activities:							
Change in fair market value of investments	$ (60,593)	$ (117,491)	$ (90,043)	$ -	$ (268,127)	$ -	$ (268,127)

Midwest Public Risk
Combining Statement of Cash Flows by Fund
For the Year Ended June 30, 2017

	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Cash flows from operating activities:							
Contributions collected	$ 43,358,951	$ 12,278,070	$ 16,367,630	$ -	$ 72,004,651	$ -	$ 72,004,651
Losses and loss adjustment expenses paid	(39,175,993)	(6,076,178)	(5,246,382)	-	(50,498,553)	-	(50,498,553)
Insurance premiums paid	(512,778)	(431,475)	(3,741,520)	(66,649)	(4,752,422)	-	(4,752,422)
Contribution taxes paid	(243,881)	(546,346)	(11,091)	-	(801,318)	-	(801,318)
Claims administration fees paid	(2,556,072)	(308,967)	(454,541)	-	(3,319,580)	-	(3,319,580)
Loss prevention expenses paid	(150,750)	(393,456)	(562,875)	-	(1,107,081)	-	(1,107,081)
General and administrative expenses paid	(892,288)	(737,978)	(1,022,648)	364,781	(2,288,133)	-	(2,288,133)
Personnel expenses paid	(858,736)	(775,179)	(728,894)	-	(2,362,809)	-	(2,362,809)
Net cash provided by (used in) operating activities	(1,031,547)	3,008,491	4,599,679	298,132	6,874,755	-	6,874,755
Cash flows from capital and related financing activities:							
Repayment of long-term debt	-	(995,500)	1,190,437	(194,937)	-	-	-
Acquisition of capital assets	-	-	-	(86,208)	(86,208)	-	(86,208)
Net cash provided by (used in) capital and related financing activities	-	(995,500)	1,190,437	(281,145)	(86,208)	-	(86,208)
Cash flows from investing activities:							
Proceeds from sales or maturities of investments	10,154,721	8,052,294	20,487,392	-	38,694,407	-	38,694,407
Purchase of investments	(9,827,644)	(7,924,514)	(21,193,877)	-	(38,946,035)	-	(38,946,035)
Interest received	192,979	186,176	380,032	629	759,816	-	759,816
Intercompany (net)	-	2,500,000	(2,500,000)	-	-	-	-
Net cash provided by (used in) investing activities	520,056	2,813,956	(2,826,453)	629	508,188	-	508,188
Net change in cash and cash equivalents	(511,491)	4,826,947	2,963,663	17,616	7,296,735	-	7,296,735
Cash and cash equivalents, beginning of year	5,228,344	3,036,415	8,076,043	225,496	16,566,298	-	16,566,298
Cash and cash equivalents, end of year	$ 4,716,853	$ 7,863,362	$ 11,039,706	$ 243,112	$ 23,863,033	$ -	$ 23,863,033

(Continued)

Midwest Public Risk
Combining Statement of Cash Flows by Fund, Continued
For the Year Ended June 30, 2017

	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR Management Fund	Total	Eliminations	Combined
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:							
Income (loss) from operations	$ (1,337,102)	$ (542,835)	$ (3,023,972)	$ 48,018	$ (4,855,891)	$ -	$ (4,855,891)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:							
Depreciation expense	-	-	-	242,498	242,498	-	242,498
Effects of changes in:							
Contributions receivable	621,586	(232,803)	-	-	388,783	-	388,783
Excess insurance recoverable	(353,263)	86,089	(1,322,998)	-	(1,590,172)	-	(1,590,172)
Deductibles receivable	-	-	(89,290)	-	(89,290)	-	(89,290)
Due from other funds - operating	(660,294)	(26,090)	(211,925)	9,229	(889,080)	889,080	-
Other receivables	57,782	14,049	(7,592)	(1,396)	62,843	-	62,843
Prepaid expenses	(153,029)	4,839	231,915	(17,761)	65,964	-	65,964
Claim reserves	248,796	2,901	4,584,040	-	4,835,737	-	4,835,737
Unallocated loss adjustment expense reserve	79,556	960	27	-	80,543	-	80,543
Accounts payable	33,373	14,266	17,206	3,749	68,594	-	68,594
Accrued payroll	5,472	8,492	10,381	-	24,345	-	24,345
Due to other funds	654,201	312	220,772	13,795	889,080	(889,080)	-
Credit programs liability	41,337	(4,499)	(20,628)	-	16,210	-	16,210
Unearned contributions	(269,962)	3,682,810	4,211,743	-	7,624,591	-	7,624,591
Total adjustments	305,555	3,551,326	7,623,651	250,114	11,730,646	-	11,730,646
Net cash provided by (used in) operating activities	$ (1,031,547)	$ 3,008,491	$ 4,599,679	$ 298,132	$ 6,874,755	$ -	$ 6,874,755
Supplemental schedule of non-cash investing activities:							
Change in fair market value of investments	$ 16,872	$ (101,797)	$ 126,952	$ -	$ 42,027	$ -	$ 42,027

Midwest Public Risk
Combining Statement of Net Assets by Legal Entity
As of June 30, 2018

ASSETS	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
Current assets:						
Cash and cash equivalents	$ 12,141,318	$ 8,183,923	$ 201,837	$ 20,527,078	$ -	$ 20,527,078
Investments - unrestricted	42,832,916	409,544	-	43,242,460	(4,351,253)	38,891,207
Accrued interest	210,082	2,467	-	212,549	-	212,549
Contributions due from members	1,153,190	66,821	-	1,220,011	-	1,220,011
Excess insurance recoverable - paid losses	2,103,862	394,455	-	2,498,317	-	2,498,317
Due from other funds	2,643,272	-	56,978	2,700,250	(2,700,250)	-
Other assets	356,177	75,672	75,728	507,577	-	507,577
Current note receivable - MPR campus	194,937	-	-	194,937	(194,937)	-
Total current assets	61,635,754	9,132,882	334,543	71,103,179	(7,246,440)	63,856,739
Non-current assets:						
Membership deposits	1,011,261	157,489	-	1,168,750	-	1,168,750
Excess insurance recoverable - unpaid losses	3,613,288	100,004	-	3,713,292	-	3,713,292
Non-current note receivable - MPR campus	2,144,314	-	-	2,144,314	(2,144,314)	-
Capital assets, non-depreciable:						
Land and other non-depreciable assets	-	-	843,201	843,201	-	843,201
Capital assets, depreciable:						
Property and equipment, net of depreciation	-	-	5,062,010	5,062,010	-	5,062,010
Total non-current assets	6,768,863	257,493	5,905,211	12,931,567	(2,144,314)	10,787,253
Total assets	$ 68,404,617	$ 9,390,375	$ 6,239,754	$ 84,034,746	$ (9,390,754)	$ 74,643,992

(Continued)

Midwest Public Risk
Combining Statement of Net Assets by Legal Entity, Continued
As of June 30, 2018

LIABILITIES AND NET ASSETS	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
LIABILITIES						
Current liabilities:						
Claim reserves	$ 13,045,645	$ 2,420,027	$ -	$ 15,465,672	$ -	$ 15,465,672
Reserve for ULAE	621,437	107,525	-	728,962	-	728,962
Accounts payable	1,321,970	263,782	12,308	1,598,060	-	1,598,060
Due to other funds	65,121	2,388,352	246,777	2,700,250	(2,700,250)	-
Credit program liability	1,780,900	265,446	-	2,046,346	-	2,046,346
Unearned contributions	14,454,752	2,043,801	-	16,498,553	-	16,498,553
Current note payable - MPR campus	-	-	194,937	194,937	(194,937)	-
Total current liabilities	31,289,825	7,488,933	454,022	39,232,780	(2,895,187)	36,337,593
Non-current liabilities:						
Claim reserves	12,525,513	-	-	12,525,513	-	12,525,513
Non-current note payable - MPR campus	-	-	2,144,314	2,144,314	(2,144,314)	-
Total non-current liabilities	12,525,513	-	2,144,314	14,669,827	(2,144,314)	12,525,513
Total liabilities	43,815,338	7,488,933	2,598,336	53,902,607	(5,039,501)	48,863,106
NET ASSETS						
Net assets	24,589,279	1,901,442	3,641,418	30,132,139	(4,351,253)	25,780,886
Total liabilities and net assets	$ 68,404,617	$ 9,390,375	$ 6,239,754	$ 84,034,746	$ (9,390,754)	$ 74,643,992

Midwest Public Risk
Combining Statement of Net Assets by Legal Entity
As of June 30, 2017

ASSETS	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
Current assets:						
Cash and cash equivalents	$ 16,067,497	$ 7,552,424	$ 243,112	$ 23,863,033	$ -	$ 23,863,033
Investments - unrestricted	42,791,559	431,769	-	43,223,328	(3,351,253)	39,872,075
Accrued interest	189,100	1,680	-	190,780	-	190,780
Contributions due from members	721,940	55,271	-	777,211	-	777,211
Excess insurance recoverable - paid losses	727,497	76,103	-	803,600	-	803,600
Due from other funds	2,895,078	-	43,159	2,938,237	(2,938,237)	-
Other assets	394,494	74,205	77,083	545,782	-	545,782
Current note receivable - MPR campus	194,937	-	-	194,937	(194,937)	-
Total current assets	63,982,102	8,191,452	363,354	72,536,908	(6,484,427)	66,052,481
Non-current assets:						
Membership deposits	1,167,363	176,387	-	1,343,750	-	1,343,750
Excess insurance recoverable - unpaid losses	3,869,824	206,415	-	4,076,239	-	4,076,239
Non-current note receivable - MPR campus	2,339,250	-	-	2,339,250	(2,339,250)	-
Capital assets, non-depreciable:						
Land and other non-depreciable assets	-	-	843,201	843,201	-	843,201
Capital assets, depreciable:						
Property and equipment, net of depreciation	-	-	5,112,877	5,112,877	-	5,112,877
Total non-current assets	7,376,437	382,802	5,956,078	13,715,317	(2,339,250)	11,376,067
Total assets	$ 71,358,539	$ 8,574,254	$ 6,319,432	$ 86,252,225	$ (8,823,677)	$ 77,428,548

(Continued)

Midwest Public Risk
Combining Statement of Net Assets by Legal Entity, Continued
As of June 30, 2017

LIABILITIES AND NET ASSETS	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
LIABILITIES						
Current liabilities:						
Claim reserves	$ 15,187,153	$ 2,222,048	$ -	$ 17,409,201	$ -	$ 17,409,201
Reserve for ULAE	597,475	97,684	-	695,159	-	695,159
Accounts payable	901,441	184,917	7,418	1,093,776	-	1,093,776
Due to other funds	46,517	2,611,562	280,158	2,938,237	(2,938,237)	-
Credit program liability	1,659,011	213,809	-	1,872,820	-	1,872,820
Unearned contributions	16,097,127	2,132,782	-	18,229,909	-	18,229,909
Current note payable - MPR campus	-	-	194,937	194,937	(194,937)	-
Total current liabilities	34,488,724	7,462,802	482,513	42,434,039	(3,133,174)	39,300,865
Non-current liabilities:						
Claim reserves	9,306,855	-	-	9,306,855	-	9,306,855
Non-current note payable - MPR campus	-	-	2,339,250	2,339,250	(2,339,250)	-
Total non-current liabilities	9,306,855	-	2,339,250	11,646,105	(2,339,250)	9,306,855
Total liabilities	43,795,579	7,462,802	2,821,763	54,080,144	(5,472,424)	48,607,720
NET ASSETS						
Net assets	27,562,960	1,111,452	3,497,669	32,172,081	(3,351,253)	28,820,828
Total liabilities and net assets	$ 71,358,539	$ 8,574,254	$ 6,319,432	$ 86,252,225	$ (8,823,677)	$ 77,428,548

Midwest Public Risk
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Legal Entity
For the Year Ended June 30, 2018

OPERATING REVENUES	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
Contributions earned	$ 59,771,280	$ 10,252,477	$ -	$ 70,023,757	$ -	$ 70,023,757
OPERATING EXPENSES (REVENUES)						
Losses and loss adjustment expenses:						
Paid	48,504,478	7,823,953	-	56,328,431	-	56,328,431
Change in reserves	1,338,628	305,296	-	1,643,924	-	1,643,924
Excess insurance premiums	4,323,337	1,016,847	-	5,340,184	-	5,340,184
Other insurance premiums	49,877	13,736	80,191	143,804	-	143,804
Contribution taxes	528,630	95,784	-	624,414	-	624,414
Claims administration fees	2,760,207	476,344	-	3,236,551	-	3,236,551
Loss prevention	1,138,417	124,894	-	1,263,311	-	1,263,311
General and administrative	4,079,786	620,216	199,265	4,899,267	-	4,899,267
Rent expense (income)	654,252	92,510	(746,762)	-	-	-
Interest expense (income)	(102,775)	-	102,775	-	-	-
Depreciation	-	-	220,647	220,647	-	220,647
Total operating expenses (income)	63,274,837	10,569,580	(143,884)	73,700,533	-	73,700,533
Income (loss) from operations	(3,503,557)	(317,103)	143,884	(3,676,776)	-	(3,676,776)
NON-OPERATING REVENUES (EXPENSES)						
Investment income	766,382	135,915	663	902,960	-	902,960
Net decrease in fair value of investments	(239,305)	(28,822)	-	(268,127)	-	(268,127)
Other non-operating revenues (expenses)	2,799	-	(798)	2,001	-	2,001
Total non-operating revenues (expenses)	529,876	107,093	(135)	636,834	-	636,834
Increase (decrease) in net assets	(2,973,681)	(210,010)	143,749	(3,039,942)	-	(3,039,942)
Net assets, beginning of year	27,562,960	1,111,452	3,497,669	32,172,081	(3,351,253)	28,820,828
Net asset transfers	-	1,000,000	-	1,000,000	(1,000,000)	-
Net assets, end of year	$ 24,589,279	$ 1,901,442	$ 3,641,418	$ 30,132,139	$ (4,351,253)	$ 25,780,886

Midwest Public Risk
Combining Statement of Revenues, Expenses, and Changes in Net Assets by Legal Entity
For the Year Ended June 30, 2017

OPERATING REVENUES	MPR of Missouri	MPR of Kansas	MPR Management Fund	Total	Eliminations	Combined
Contributions earned	$ 55,094,102	$ 8,890,974	$ -	$ 63,985,076	$ -	$ 63,985,076
OPERATING EXPENSES (REVENUES)						
Losses and loss adjustment expenses:						
Paid	42,594,732	6,902,200	-	49,496,932	-	49,496,932
Change in reserves	3,395,998	680,515	-	4,076,513	-	4,076,513
Excess insurance premiums	3,933,118	709,676	-	4,642,794	-	4,642,794
Other insurance premiums	24,884	5,092	47,355	77,331	-	77,331
Contribution taxes	699,459	112,021	-	811,480	-	811,480
Claims administration fees	3,009,554	518,354	-	3,527,908	-	3,527,908
Loss prevention	1,031,989	91,301	-	1,123,290	-	1,123,290
General and administrative	4,106,565	549,567	186,089	4,842,221	-	4,842,221
Rent expense (income)	564,816	69,825	(634,641)	-	-	-
Interest expense (income)	(110,681)	-	110,681	-	-	-
Depreciation	-	-	242,498	242,498	-	242,498
Total operating expenses (income)	59,250,434	9,638,551	(48,018)	68,840,967	-	68,840,967
Income (loss) from operations	(4,156,332)	(747,577)	48,018	(4,855,891)	-	(4,855,891)
NON-OPERATING REVENUES						
Investment income	534,929	77,616	629	613,174	-	613,174
Net increase in fair value of investments	17,783	24,244	-	42,027	-	42,027
Other non-operating revenue	-	-	10,000	10,000	-	10,000
Total non-operating revenues	552,712	101,860	10,629	665,201	-	665,201
Increase (decrease) in net assets	(3,603,620)	(645,717)	58,647	(4,190,690)	-	(4,190,690)
Net assets, beginning of year	31,166,580	1,757,169	3,439,022	36,362,771	(3,351,253)	33,011,518
Net assets, end of year	$ 27,562,960	$ 1,111,452	$ 3,497,669	$ 32,172,081	$ (3,351,253)	$ 28,820,828

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MANAGEMENT LETTER

Board of Directors and Management
Midwest Public Risk
Independence, Missouri

In planning and performing our audit of the combined financial statements of Midwest Public Risk, Midwest Public Risk of Missouri (MPR-MO), and Midwest Public Risk of Kansas, Inc. (MPR-KS), collectively known as MPR, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered MPR's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPR's internal control. Accordingly, we do not express an opinion on the effectiveness of MPR's internal control.

During our audit, we became aware of certain matters that are opportunities to strengthen internal controls, and operating efficiency. The following summarizes our comments and recommendations.

Current year recommendation

Contracts with brokers

Observation

MPR does not have written contracts with all of its brokers.

Recommendation

We recommend that MPR maintain written contracts with all of its brokers. It is a best practice to have written agreements in place to ensure brokers are complying with any rules or requirements MPR may have relating to the application process, communication with respect to benefits provided, and other guidelines for working with MPR.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

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REPORT TO THOSE CHARGED WITH GOVERNANCE

Board of Directors
Midwest Public Risk
Independence, Missouri

We have audited the combined financial statements of Midwest Public Risk, Midwest Public Risk of Missouri (MPR-MO) and Midwest Public Risk of Kansas, Inc. (MPR-KS), collectively known as MPR, for the year ended June 30, 2018, and have issued our report thereon dated November 14, 2018. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MPR are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by MPR during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of loss reserves is based on individual case estimates for reported claims and an actuarial valuation for incurred but unreported claims, including development of reported claims. We evaluated the key factors and assumptions used to develop the loss reserves in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- The disclosure of loss reserves and claims expense in Note 9 to the financial statements as described above.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to MPR's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MPR's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018

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REPORT ON MATTERS RELATED TO INTERNAL CONTROL

Board of Directors and Management
Midwest Public Risk
Independence, Missouri

In planning and performing our audit of the combined financial statements of Midwest Public Risk, Midwest Public Risk of Missouri (MPR-MO), and Midwest Public Risk of Kansas, Inc. (MPR-KS), collectively known as MPR, as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered MPR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPR’s internal control. Accordingly, we do not express an opinion on the effectiveness of MPR's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of MPR’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within MPR, and is not intended to be, and should not be, used by anyone other than these specified parties.

Conner Ash P.C.

St. Louis, Missouri
November 14, 2018