



# WORKERS' COMPENSATION FUND

Financial Report  
with Supplemental Information  
June 30, 2025

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# Michigan Municipal League Workers' Compensation Fund

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## Independent Auditor's Report

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

### **Opinion**

We have audited the financial statements of Michigan Municipal League Workers' Compensation Fund (the "Fund") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2025 and 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of claims development, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 audits 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.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The statement of net position by policy year through June 30, 2025 and the statement of revenue, expenses, and changes in net position by policy year through June 30, 2025 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Information***

Management is responsible for the statement of revenue, expenses, and changes in net position by policy year from inception of each policy year through June 30, 2025, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

*Plante & Moran, PLLC*

November 7, 2025

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis

This section of the Michigan Municipal League Workers' Compensation Fund's (the "Fund") annual financial report presents our discussion and analysis of the Fund's financial performance during the year ended June 30, 2025. Please read it in conjunction with the Fund's financial statements, which immediately follow this section.

### The Reporting Entity

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

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

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

Our discussion and analysis of the Michigan Municipal League Workers' Compensation Fund's financial performance provides an overview of the Fund's financial activities for the fiscal years ended June 30, 2025, 2024, and 2023. Please read it in conjunction with the Fund's financial statements, which begin on page 14.

### Financial Overview

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

The three basic financial statements presented are as follows:

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

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

# Michigan Municipal League Workers' Compensation Fund

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## Management's Discussion and Analysis (Continued)

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### **Additional Information - Notes to the Financial Statements**

The notes provide additional information that is integral to a full understanding of the financial information presented in the financial statements. The notes to the financial statements begin on page 17.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the Fund's 10-year claims development history. The setting of member rates today to cover the assumed risk of possible future loss occurrences is largely guided by actuarial estimates of claims development. Analysis of trends in claims development indicates whether losses are increasing, decreasing or static. Required supplementary information begins on page 26.

### **Other Supplementary Information**

In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain other supplementary information reflecting the financial activity for each fund year, defined as July 1 to June 30, each of which must "stand on its own." The Agency requires that each fund year with open claims maintain a positive net position. In the event that net position is negative, the fund year's deficit is eliminated by a transfer from the contingency reserve fund, which is approved by the Agency. The detailed statements report all of the Fund's financial activities for the past ten years. These statements help to point out how each fund year has influenced the combined results of operations. The detailed statements can be found starting on page 29.

### **Financial Highlights**

- Membership levels are at 921, which is a net increase of 1 member during the year.
- Total assets increased by \$14.0 million, or 7.2 percent during the year. The Fund's investments experienced a gain of 8.2 percent for the 12 months ending June 30, 2025. The portfolio's gain was driven by a 15.3 percent increase in the Fund's equity investments, in addition to a 6.6 percent gain in the Fund's fixed income investments.
- Total net outstanding losses and loss adjustment expense reserves at June 30, 2025 are approximately \$50.0 million at a 90<sup>th</sup> percentile confidence level. Net ultimate loss projections for most policy years are consistent with or favorable compared to the results derived in last year's analysis.
- The Fund reported an operating income of \$14.9 million for 2025, compared to the operating income of \$17.3 million for 2024. Nonoperating income (expense) consists of investment gains of \$15.6 million and member dividends of \$15.5 million for 2025 compared to investment gains of \$14.0 million and member dividends of \$14.0 million for 2024.
- Operating income combined with nonoperating income (expense) produced an increase in net position of \$15.3 million for the year ended June 30, 2025 compared to the increase in net position of \$17.6 million for the year ended June 30, 2024.

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

### Comparative Statement of Net Position

	June 30		
	2025	2024	2023
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,303,014	\$ 3,923,337	\$ 7,038,032
Investments at market value	48,573,992	42,036,749	39,734,870
Accrued interest receivable	1,165,989	1,170,347	840,384
Reinsurance receivable	123,136	456,354	595,026
Premiums receivable	166,271	76,742	38,907
Prepaid expenses	47,500	35,375	34,375
Prepaid lease	30,000	30,000	30,000
Total current assets	53,409,902	47,728,904	48,311,594
Noncurrent assets:			
Investment in NLC Mutual Insurance Company	3,752,822	3,377,918	2,976,779
Prepaid lease - Net of current portion	627,500	657,500	687,500
Investments at market value	148,909,043	140,963,358	127,419,179
Total noncurrent assets	153,289,365	144,998,776	131,083,458
Total assets	206,699,267	192,727,680	179,395,052
<b>Liabilities</b>			
Current liabilities:			
Net reserves for losses and loss adjustment expenses	4,476,166	4,338,718	5,261,734
Net reserves for incurred but not reported losses and loss adjustment expenses	6,651,342	7,093,270	7,031,105
Prepaid premiums	23,354,371	22,718,710	22,367,684
Accounts payable	243,401	318,041	424,816
Dividends payable	218,788	985,896	1,511,091
Total current liabilities	34,944,068	35,454,635	36,596,430
Noncurrent liabilities:			
Net reserves for losses and loss adjustment expenses	14,000,683	13,755,722	16,925,166
Net reserves for incurred but not reported losses and loss adjustment expenses	24,832,998	25,932,489	25,864,503
Total noncurrent liabilities	38,833,681	39,688,211	42,789,669
Total liabilities	73,777,749	75,142,846	79,386,099
<b>Net Position - Unrestricted</b>	<b>\$ 132,921,518</b>	<b>\$ 117,584,834</b>	<b>\$ 100,008,953</b>

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

### Operating Results and Changes in the Fund's Net Position

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

	Year Ended June 30		
	2025	2024	2023
<b>Operating Revenue</b>			
Premiums	\$ 37,510,208	\$ 36,907,184	\$ 35,252,484
Less reinsurance premium expense	<u>(2,453,365)</u>	<u>(2,480,572)</u>	<u>(2,579,940)</u>
Net premiums	35,056,843	34,426,612	32,672,544
<b>Operating Expenses</b>			
Losses and loss adjustment expenses incurred - Net of reinsurance	13,137,304	10,400,352	11,925,011
Service agents' fees	6,031,821	5,709,660	5,303,049
State assessments	332,783	292,438	253,019
Administrative expenses	<u>667,977</u>	<u>688,893</u>	<u>654,502</u>
Total operating expenses	<u>20,169,885</u>	<u>17,091,343</u>	<u>18,135,581</u>
<b>Operating Income</b>	14,886,958	17,335,269	14,536,963
<b>Nonoperating Income (Expense)</b>			
Net investment income	15,191,040	13,558,812	5,529,665
Income from investment in NLC Mutual Insurance Company	374,904	401,140	(558,899)
Forfeited member dividends	383,782	280,660	-
Dividends to members	<u>(15,500,000)</u>	<u>(14,000,000)</u>	<u>(13,500,000)</u>
Total nonoperating income (expense)	<u>449,726</u>	<u>240,612</u>	<u>(8,529,234)</u>
<b>Change in Net Position</b>	15,336,684	17,575,881	6,007,729
<b>Net Position - Beginning of year</b>	<u>117,584,834</u>	<u>100,008,953</u>	<u>94,001,224</u>
<b>Net Position - End of year</b>	<b><u>\$ 132,921,518</u></b>	<b><u>\$ 117,584,834</u></b>	<b><u>\$ 100,008,953</u></b>

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

- The Fund's total assets increased 15.2 percent over the past two years, from \$179.4 million to \$206.7 million. A significant component of the change in fund assets was due to changes in the investment portfolio, consisting of fixed-income and equity securities, which are in compliance with the Michigan Workers' Compensation Agency requirements.

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

- Reinsurance receivable of \$123,136 reflects amounts due from reinsurers on large cases dating back to 1980. As payments are made on these cases, the related reinsurance is reported as a receivable. All reinsurance balances are deemed collectible.
- Prepaid lease represents Fund's payment to the League for use of common office space and facilities within the League Capitol Office. The Fund paid \$1.2 million in 2007, which is accounted for as a prepayment for the Fund's usage of the space. This prepayment will be amortized over a 40-year period, the term of the lease agreement, at an annual rate of \$30,000. As of June 30, 2025, the unamortized portion amounts to \$657,500.
- Total liabilities decreased 7.1 percent since 2023, from \$79.4 million to \$73.8 million. Net reserves for losses and loss adjustment expenses decreased 9.3 percent since 2023. Over the past two years, the number of reported claims increased from 1,966 to 2,102, a 6.9 percent increase; however, we have experienced favorable developments on reserves made in prior years.
- From 2023 to 2025, net position increased 32.9 percent, from \$100.0 million to \$132.9 million. The change in net position over the past two years is a direct result of increases in the market value of the investment portfolio, as well as improvements within the claim reserves.

### Capital Assets and Debt Administration

The Fund has no long-term debt. All material commitments and contingencies are disclosed in Note 7 on page 23 of the financial statements. The Fund has no plans to encumber itself with any debt or additional commitments or contingencies in the foreseeable future.

### Premiums Earned

Workers' compensation coverage is rated for each individual member based on established rates for 50 different class codes. The rates are applied to payrolls to determine the premium. Premiums are further adjusted by experience modifiers and discounts to reflect the actual loss experience of the member. The experience modifier is based on prior experience adjusted by certain factors. As of June 30, 2025, the Fund had 921 members reporting approximate total payrolls of \$1.7 billion, compared to the 920 members in the prior year having approximate total payrolls of \$1.6 billion.

For the fiscal year ended June 30, 2025 the Fund reported earned premium of \$37.5 million compared to \$36.9 million and \$35.3 million for the years ended 2024 and 2023, respectively. Premiums have increased 6.4 percent over the past three years. Premiums are offset by reinsurance premium expenses.

### Reinsurance Premium Expense

Excess workers' compensation and employers' liability coverage (hereinafter referred to as "reinsurance") is provided by Safety National. The Fund retains the first \$1,000,000 of each loss. Reinsurance premiums are calculated based on a contractual rate applied to the members' estimated standard premium. Safety National's contractual rate for the years ended June 30, 2025 was \$0.132 per \$100 of payroll.

The reinsurance premium expense is adjusted for final audited premiums, and amounted to \$2.5 million for the year ended June 30, 2025, \$2.5 million for the year ended June 30, 2024, and \$2.6 million for the year ended June 30, 2023.

### Incurred Losses and Loss Adjustment Expenses Incurred, Net of Reinsurance

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

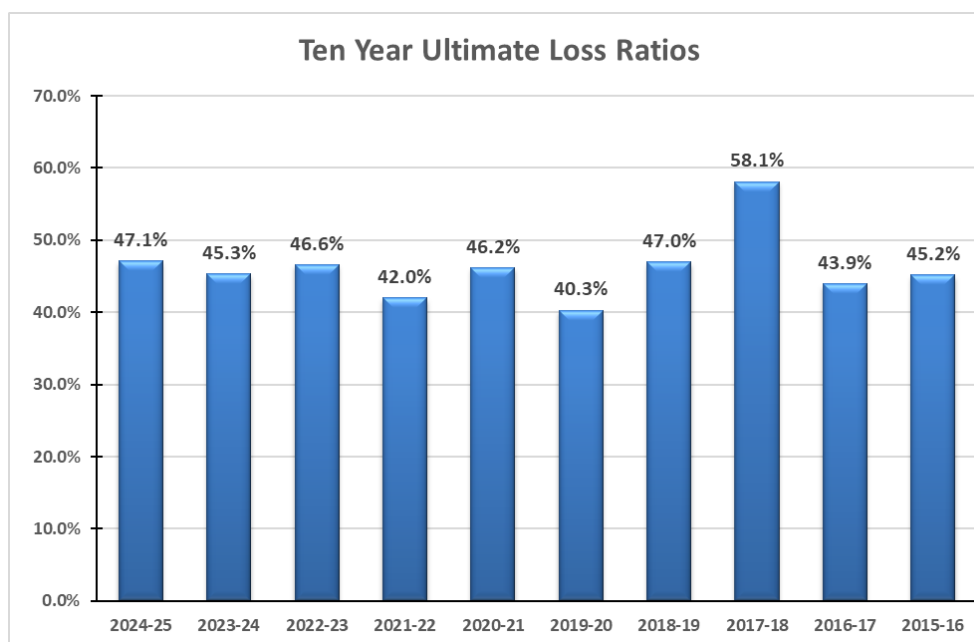
# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

current year for claims that will not be reported or fully estimated until future periods. This process allows a matching of current year premium with estimated total losses.

Incurred losses and loss adjustment expenses represent payments and changes in case reserves and IBNR reserves for the fiscal year. Net incurred losses were \$13.1 million for the current year, \$10.4 million for 2024, and \$11.9 million for 2023.

Loss ratios have remained relatively consistent over the past 10 years. Gross loss ratios have ranged from 40.3 percent to 58.1 percent for the past ten years. The gross loss ratios have averaged 46.2 percent over the last 10 years.



### Service Agent Fees

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

Service Agent Fees include claims administration, marketing, loss control, risk management, finance, and accounting services pursuant to the AMT and MML contracts. The AMT contract provides for claims administration, marketing, and loss control services. The costs for these services amounted to \$3.4 million for 2025 compared to \$3.2 million for 2024.

The MML contract provides for risk management, finance, and accounting services, as well as facilities and equipment. The current contract, effective July 1, 2006, provided for an initial payment of \$1,110,000, adjusted annually by the lesser of 5 percent or the rate of inflation. The costs for these services amounted to \$2.6 million for 2025 compared to \$2.5 million for 2024.

During 2007, the Fund agreed to pay the MML \$1,200,000 for use of common office space and facilities within the League Capitol Office. The \$1,200,000 payment is accounted for as a pre-payment for the Fund's usage of the space over a 40-year period.

# Michigan Municipal League Workers' Compensation Fund

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## Management's Discussion and Analysis (Continued)

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### State of Michigan Fund Assessments

Assessments levied by the State of Michigan for the Second Injury Fund, Silicosis Fund and the Safety & Training Levy will vary from year-to-year, and therefore are difficult to accurately estimate. Total assessments for the year ended June 30, 2025 were \$332,783, compared to the prior year assessments of \$292,438.

### Administrative Expenses

In providing coverage and other member services, the Fund incurs administrative expenses. Administrative expenses include actuarial, financial audit, legal, member payroll audit, consulting, banking, and investment fees; board meeting travel expenses; printing and supplies; and information technology services.

Administrative expenses of \$667,977 for 2025 represent a 2.1 percent increase over the past two years.

### Net Investment Income

Diversity of the Fund's portfolio is intended to help shield it from the significant losses experienced within the overall investment markets. The Fund reported net investment gains of \$15.6 million for the year ended 2025, compared to gains of \$14.0 million in the prior year. Net investment income is composed of interest and dividend income and realized and unrealized gain (loss) on investments including income (loss) from the Fund's investment in NLC Mutual Insurance Company.

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

The Fund experienced a net increase in combined realized and unrealized gains and losses on investments of \$9.5 million for the fiscal year ended 2025, compared to a net increase of \$8.7 million in 2024, and a net decrease of \$1.4 million in 2023.

The Fund's fixed income allocation, which accounts for 80.7 percent of the Fund's investments, generated a total gain of 6.6 percent for the fiscal year ended June 30, 2025.

The Fund's equity allocation, approximately 19.3 percent of the total portfolio is invested in the Schwab Total Stock Market Index Fund, a mutual fund designed to track the performance of the U.S. stock market. The equity allocation generated a total gain of 15.3 percent for the Fund's fiscal year.

The returns generated from the Fund's fixed-income and equity funds resulted in a combined portfolio gain of 8.2 percent for the fiscal year ended June 30, 2025, compared to the return of 8.0 percent and 3.4 percent for 2024 and 2023, respectively.

### Income from Investment in NLC Mutual Insurance Company

The Fund invested in NLC Mutual Insurance Company (NLC Mutual) in 1987. In accordance with current accounting guidance, the Fund accounts for the investment using the equity method, recognizing the Fund's 1.6 percent share of NLC Mutual's equity income within the financial statements.

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

The income/(loss) from NLC Mutual for the years ending June 30, 2025, 2024, and 2023 amounts to \$374,904, \$401,140, and (\$558,899).

### Member Dividends

Dividends declared amounted to \$15.5 million for the current year and \$14.0 million and \$13.5 million for the prior two years. Declared dividends are either used as dividend credits allocated to renewing members or withheld from terminated members. The Fund recognizes dividends withheld from terminated members

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

as a liability, dividends payable. Dividends payable amounted to \$0.2 million, \$1.0 million, and \$1.5 million, for 2025, 2024, and 2023, respectively. In accordance with Fund's bylaws, if the terminated member's cash flow is positive, dividends declared will remain as the dividends payable liability until certain criteria are met. If the terminated member has a negative cash flow, the dividends are forfeited. As such, the terminated member's forfeited dividends are recognized as nonoperating income and will flow back to the Fund's surplus within the Contingency Fund. During June 30, 2025, forfeited dividends totaled \$383,782 compared to the prior year of \$280,660.

### **Economic Factors**

#### **Strong Regulatory Oversight**

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

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

#### **Board Oversight**

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

#### **Investment Risk**

A significant portion of the Fund's annual net income is derived from its investments. The deposits and investments of the Fund are exposed to risks that have the potential to result in losses. As such, there is the risk that the Fund will not earn expected returns and that the investments may lose value. The Fund may be exposed to common deposit and investment risks that relate to credit risk, concentration of risk, interest rate risk, and foreign currency risk. In accordance with Statement No. 40 of the Governmental Accounting Standards Board, disclosures are presented in Note 3 starting on page 19 of the audit report to inform readers about deposit and investment risks that could affect the Fund's ability to provide services and meet its obligations.

#### **Risk of Inadequate Loss Reserves**

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

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

# Michigan Municipal League Workers' Compensation Fund

## Management's Discussion and Analysis (Continued)

### Reinsurance Cost

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

### Annual Adopted Budget and Budgetary Controls

Each year the Fund adopts an annual operating budget for the current fund year. The budget is presented to the Fund's board of trustees for final review and adoption. The board approves any interim amendments to the annual budget. The Fund administrator prepares the budget and reviews expenditures on a quarterly basis. The budget reflects only the current fund year financial information, whereas the complete financial statements for the Fund start on page 14.

	Fund Year 2024-2025 Only		
	Budgeted	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenue</b>			
Premiums	\$ 35,250,000	\$ 36,290,090	\$ 1,040,090
Less reinsurance premium expense	(2,700,000)	(2,328,793)	371,207
Net premiums	32,550,000	33,961,297	1,411,297
<b>Operating Expenses</b>			
Losses and loss adjustment expenses incurred -			
Net of reinsurance	23,750,000	19,207,577	4,542,423
Service agent, marketing, and risk-control fees	5,835,000	6,031,821	(196,821)
State of Michigan funds assessment	350,000	332,783	17,217
Administrative expenses	751,500	637,010	114,490
Total operating expenses	30,686,500	26,209,191	4,477,309
<b>Operating Income</b>	1,863,500	7,752,106	5,888,606
<b>Nonoperating Income</b> - Investment income			
including increase in fair value of investments			
and other income	5,000,000	15,215,111	10,215,111
<b>Increase in Net Position</b>	<b>\$ 6,863,500</b>	<b>\$ 22,967,217</b>	<b>\$ 16,103,717</b>

The following explains the significant variances of the budget to actual for fund year 2024-2025.

Premiums exceeded the budget parameters. The budgeted figure of \$35.3 million reflects the actuary's estimate of required premium to fund losses at a 90 percent confidence level. The Fund had a net increase of 1 new member in the current year.

Losses and loss adjustment expenses incurred, net of reinsurance, resulted in a variance of \$4.5 million when compared to the budgeted parameters. Paid claims were budgeted at \$6.0 million compared to actual paid claims of \$6.4 million, which exceeded the budgeted amount by 6.7 percent. Change in reserves was budgeted at \$17.8 million compared to the final actuarially determined change of \$12.8 million or 28.1 percent under budget.

Meadowbrook Service Fees of \$3.4 million included within the Service Agent Fee category exceeded the budgeted parameter of \$3.2 million which did not include commissions on new business that was paid.

# **Michigan Municipal League Workers' Compensation Fund**

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## **Management's Discussion and Analysis (Continued)**

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

Administrative expenses are 15.23 percent lower than the budgeted parameter. All expenses incurred came in at a level lower than budgeted.

Net investment income outperformed the budgeted parameter by 204.3 percent. Investment income came in at \$15.2 million, which exceeded the \$5.0 million budgeted parameter.

### **Future Projects**

No major initiatives or projects are planned.

### **Contacting the Fund's Management**

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

# Michigan Municipal League Workers' Compensation Fund

## Statement of Net Position

June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,303,014	\$ 3,923,337
Investments: (Notes 3 and 9)		
Equities	38,089,612	33,066,258
Fixed income	10,484,380	8,970,491
Accounts receivable:		
Premiums	166,271	76,742
Excess reinsurance	123,136	456,354
Other receivables	-	1,000
Prepaid expenses and other assets:		
Prepaid expenses	30,000	30,000
Accrued interest income	1,165,989	1,170,347
Prepaid reinsurance premiums	47,500	34,375
Total current assets	<u>53,409,902</u>	<u>47,728,904</u>
Noncurrent assets:		
Investments - Fixed income (Notes 3 and 9)	148,909,043	140,963,358
Prepaid expenses (Note 7)	627,500	657,500
Investment in NLC Mutual Insurance Company	3,752,822	3,377,918
Total noncurrent assets	<u>153,289,365</u>	<u>144,998,776</u>
Total assets	<u>206,699,267</u>	<u>192,727,680</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	243,401	318,041
Current portion of loss and loss adjustment expense reserves (Note 4)	4,476,166	4,338,718
Current portion of incurred but not reported loss and loss adjustment expense reserves (Note 4)	6,651,342	7,093,270
Premiums collected in advance	23,354,371	22,718,710
Dividends payable	218,788	985,896
Total current liabilities	<u>34,944,068</u>	<u>35,454,635</u>
Noncurrent liabilities:		
Loss and loss adjustment expense reserves - Net of current portion (Note 4)	14,000,683	13,755,722
Incurred but not reported loss and loss adjustment expense reserves - Net of current portion (Note 4)	24,832,998	25,932,489
Total noncurrent liabilities	<u>38,833,681</u>	<u>39,688,211</u>
Total liabilities	<u>73,777,749</u>	<u>75,142,846</u>
<b>Net Position - Unrestricted</b>	<b><u>\$ 132,921,518</u></b>	<b><u>\$ 117,584,834</u></b>

## Michigan Municipal League Workers' Compensation Fund

### Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenue</b>		
Member premiums	\$ 37,510,208	\$ 36,907,184
Less reinsurance premiums expense	<u>(2,453,365)</u>	<u>(2,480,572)</u>
Net member premiums earned	35,056,843	34,426,612
<b>Operating Expenses</b>		
Losses and loss adjustment expenses - Net of reinsurance (Note 4)	13,137,304	10,400,352
Service fees	6,031,821	5,709,660
State assessments	332,783	292,438
Administrative expenses	<u>667,977</u>	<u>688,893</u>
Total operating expenses	<u>20,169,885</u>	<u>17,091,343</u>
<b>Operating Income</b>	14,886,958	17,335,269
<b>Nonoperating Income (Expense)</b>		
Interest and dividend income	5,723,159	4,892,368
Realized and unrealized gain on investments	9,467,881	8,666,444
Dividends to members (Note 6)	(15,500,000)	(14,000,000)
Income from investment in NLC Mutual Insurance Company	374,904	401,140
Forfeited member dividends	<u>383,782</u>	<u>280,660</u>
Total nonoperating income	<u>449,726</u>	<u>240,612</u>
<b>Change in Net Position</b>	15,336,684	17,575,881
<b>Net Position - Beginning of year</b>	<u>117,584,834</u>	<u>100,008,953</u>
<b>Net Position - End of year</b>	<u><u>\$ 132,921,518</u></u>	<u><u>\$ 117,584,834</u></u>

# Michigan Municipal League Workers' Compensation Fund

## Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Receipts from premiums	\$ 38,389,558	\$ 37,359,047
Receipts from reinsurers	1,021,153	960,368
Receipts from third parties - Claim recoveries	96,048	200,886
Payments on claims	(15,413,515)	(15,523,915)
Payments to reinsurers	(2,466,490)	(2,480,572)
Payments for expenses	(7,102,863)	(7,127,729)
Net cash provided by operating activities	14,523,891	13,388,085
<b>Cash Flows Used in Noncapital Financing Activities</b> - Payment of dividends	(15,883,326)	(14,244,535)
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	5,723,159	4,892,368
Purchases of investment securities	(40,869,582)	(38,597,145)
Proceeds from sale and maturities of investment securities	35,885,535	31,446,532
Net cash provided by (used in) investing activities	739,112	(2,258,245)
<b>Net Decrease in Cash and Cash Equivalents</b>	(620,323)	(3,114,695)
<b>Cash and Cash Equivalents</b> - Beginning of year	3,923,337	7,038,032
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 3,303,014</u>	<u>\$ 3,923,337</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>		
Operating income	\$ 14,886,958	\$ 17,335,269
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:		
Prepaid reinsurance premiums	(13,125)	-
Reinsurance receivable	333,218	138,672
Premiums receivable	(89,529)	(37,835)
Net reserves for losses and loss adjustment expenses	382,409	(4,092,460)
Net reserves for incurred but not reported losses and loss adjustment expenses	(1,541,419)	130,151
Premiums collected in advance	635,661	351,026
Accounts payable	(74,640)	(106,775)
Accrued interest income	4,358	(329,963)
Net cash provided by operating activities	<u>\$ 14,523,891</u>	<u>\$ 13,388,085</u>
<b>Significant Noncash Transactions</b> - Amortization of prepaid rent (Note 7)	\$ 30,000	\$ 30,000

June 30, 2025 and 2024

### Note 1 - Nature of Business

Michigan Municipal League Workers' Compensation Fund (the "Fund") was established to formulate, develop, and administer a program of self-insurance for participating Michigan municipalities. Any city or village that is a member of Michigan Municipal League (the "League") or any municipality of any city or village or any Michigan governmental entity that holds service associate status with the League is eligible to participate in the Fund. There are currently 921 members in the Fund.

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

Premiums from participants in each fund year are combined to provide all members with coverage for claims. The premiums and interest earned thereon are used to pay claims and administrative expenses and to purchase reinsurance. Dividends to participants of each year may be made only from net position of that fund year, subject to approval by the Agency. In the event of a deficit in a fund year, assessments could be made against participants of that year. The board of trustees of the Fund (the "Board of Trustees") established a contingency reserve within net position to appropriate funds for use in the event that any fund year experiences a deficit due to adverse loss experience. The contingency reserve is available for use at the discretion of the Board of Trustees. The intent of the Board of Trustees is to fund any deficits through the contingency reserve, which was established to avoid such assessments or offset future premiums. The contingency reserve totaled \$5,673,933 and \$4,970,948 at June 30, 2025 and 2024, respectively.

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

### Note 2 - Significant Accounting Policies

#### ***Cash Equivalents***

The Fund considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of an investment in a federated government obligations money market mutual fund. This investment is stated at fair value.

#### ***Investments***

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

#### ***NLC Mutual Insurance Company***

NLC Mutual Insurance Company (NLC Mutual) is a captive insurance company formed by risk funds associated with certain state municipal leagues, including the Fund. The Fund invested in NLC Mutual in 1987 as a prerequisite for membership. The Fund accounts for this investment using the equity method of accounting. As of June 30, 2025 and 2024, the Fund's investment in NLC Mutual was \$3,752,822 and \$3,377,918, respectively. There were no distributions received in 2025 or 2024.

June 30, 2025 and 2024

### Note 2 - Significant Accounting Policies (Continued)

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

#### ***Accounts Receivable***

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

#### ***Premiums Collected in Advance***

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

#### ***Dividends Payable***

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

#### ***Net Reserves for Losses and Loss Adjustment Expenses***

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

#### ***Reinsurance***

The Fund reinsures portions of certain insurance policies it writes, thereby providing a greater diversification of risk and minimizing exposure on larger risks. The Fund remains contingently at risk with respect to any reinsurance ceded and would incur an additional loss if an assuming company were unable to meet its obligation under the reinsurance agreements.

Ceded reinsurance premiums are recognized on the same basis as the premiums are earned on the underlying insurance contracts.

#### ***Recognition of Premiums***

Premiums are earned on a pro rata basis over the term of the policy, which is generally one year. The Fund's policy period is the same as the fiscal year; therefore, all premiums written during the year are earned. Premiums received in advance are recorded for amounts received in the current fiscal year for policies becoming effective in the next fiscal year. These amounts are classified as a liability on the statement of net position. Premiums are paid to the Fund at rates established by the Board of Trustees pursuant to the recommendation of the Fund's actuarial firm and by the Agency. Contributions to the Fund for the policy period ended June 30, 2025 were computed using estimated payroll figures submitted by members and include an estimated audit premium adjustment, if needed, as determined by management. The Fund verifies actual payroll on a monthly basis, and member contributions are adjusted when necessary based on the results of the payroll audit. These adjustments are not significant.

June 30, 2025 and 2024

### Note 2 - Significant Accounting Policies (Continued)

#### ***Federal Income Tax Status***

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

#### ***Use of Estimates***

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

### Note 3 - Deposits and Investments

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

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

At June 30, 2025 and 2024, the Fund was in compliance with deposit and investment guidelines provided by the State of Michigan Workers' Compensation Agency.

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

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

#### ***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a deposit policy for custodial credit risk. However, agency regulations allow deposits to exceed the federally insured amount if the amount does not exceed 5 percent of the combination of surplus and undivided profits and reserves, as currently reported for each bank in the state in the banking division annual report of the financial institution's Agency of the Department of Consumer and Industry Services, or if the amount does not exceed \$500,000 per institution. At June 30, 2025 and 2024, the Fund's cash deposit balance (without recognition of checks written but not yet cleared or of deposits in transit) totaled \$200,623 and \$198,739, respectively, which was covered by the Federal Deposit Insurance Corporation (FDIC).

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 3 - Deposits and Investments (Continued)

#### Interest Rate Risk

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

At June 30, 2025, the Fund had the following fixed-income investments:

Investment	Fair Value	Weighted-average Maturity (Years)
U.S. government	\$ 85,581,258	3.99
U.S. federal agencies	14,836,213	0.99
Government mortgage-backed securities	14,279,352	12.38
Corporate bonds	44,696,600	6.28
Total	<u>\$ 159,393,423</u>	

At June 30, 2024, the Fund had the following fixed-income investments:

Investment	Fair Value	Weighted-average Maturity (Years)
U.S. government	\$ 77,972,236	3.71
U.S. federal agencies	14,176,779	1.99
Government mortgage-backed securities	17,573,947	12.88
Corporate bonds	40,210,887	6.26
Total	<u>\$ 149,933,849</u>	

#### Credit Risk

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

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

At June 30, 2025, the credit quality rating of debt securities, without regard to investment type, is as follows:

Rating	Fair Value	Quality Weightings
U.S. government	\$ 85,581,258	53.69%
AAA	14,848,528	9.32
AA	18,078,262	11.34
A	38,759,534	24.32
BBB	2,125,841	1.33
Total	<u>\$ 159,393,423</u>	

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 3 - Deposits and Investments (Continued)

At June 30, 2024, the credit quality rating of debt securities, without regard to investment type, is as follows:

Rating	Fair Value	Quality Weightings
U.S. government	\$ 77,972,236	52.00%
AAA	32,289,884	21.54
AA	3,255,047	2.17
A	34,992,736	23.34
BBB	1,423,946	0.95
Total	<u>\$ 149,933,849</u>	

#### **Concentration of Credit Risk**

The objective of the Fund's investment policy is to generate a well-diversified portfolio without any inappropriate credit concentrations. There were no investments that individually exceed 5 percent of the Fund's total investments, other than direct obligations of the U.S. government, at June 30, 2025 and 2024.

#### **Foreign Currency Risk**

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

### Note 4 - Net Reserves for Losses and Loss Adjustment Expenses

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

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

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

The following table represents changes in the unpaid claims for the Fund for the years ended June 30, 2025, 2024, and 2023:

	2025	2024	2023
Net losses and loss adjustment expenses (undiscounted) - Beginning of fiscal year	\$ 51,120,199	\$ 55,082,508	\$ 57,039,870
Incurred claims and claims adjustment expenses:			
Provisions for insured events of the current fiscal year	19,207,576	18,761,672	19,016,278
Change in provision for insured events of prior fiscal years	<u>(6,070,272)</u>	<u>(8,361,320)</u>	<u>(7,091,267)</u>
Total incurred claims and claims adjustment expenses	13,137,304	10,400,352	11,925,011
Payments - Net of reinsurance recoveries and member deductibles:			
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	6,441,165	5,692,674	5,771,378
Losses and loss adjustment expenses attributable to insured events of the prior fiscal year	<u>7,855,149</u>	<u>8,669,987</u>	<u>8,110,995</u>
Total payments	<u>14,296,314</u>	<u>14,362,661</u>	<u>13,882,373</u>
Net losses and loss adjustment expenses (undiscounted) - End of fiscal year	<u>\$ 49,961,189</u>	<u>\$ 51,120,199</u>	<u>\$ 55,082,508</u>

The liability for losses and loss adjustment expenses has been reduced for amounts recoverable from reinsurers of approximately \$18,380,000, \$19,909,000, and \$22,433,000 at June 30, 2025, 2024, and 2023, respectively. Included in the amounts recoverable from reinsurers is approximately \$3,375,000, \$3,741,000, and \$4,420,000 due from NLC Mutual at June 30, 2025, 2024, and 2023, respectively. The change in the provision for insured events of prior fiscal years in 2025, 2024, and 2023 was due primarily to claims settling for amounts different from those originally estimated.

### Note 5 - Reinsurance Agreements

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

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 5 - Reinsurance Agreements (Continued)

The Fund has obtained specific excess reinsurance and aggregate excess reinsurance for each year prior to June 30, 1986. From 1987 through 2007, the Fund's specific excess reinsurance was placed with NLC Mutual, a related party. From 2007 to 2018, the Fund's specific excess reinsurance was placed with Travelers Insurance Company. Effective in 2019, the Fund's specific excess reinsurance was placed with Safety National. The coverage for specific claims for the policy years ended June 30, 2025 and 2024 is as follows:

Accident Date by Insurance Period	Specific Occurrence	
	In Excess Of	Maximum Coverage
Workers' compensation:		
Policy year 2023-2024	\$ 1,000,000	Statutory
Policy year 2024-2025	1,000,000	Statutory
Employers' liability:		
Policy year 2023-2024	1,000,000	\$2,000,000
Policy year 2024-2025	1,000,000	\$2,000,000

### Note 6 - Net Position

At the discretion of the Board of Trustees and as approved by the Agency, net position may be returned to members in the form of dividends. During fiscal years 2025 and 2024, dividend distributions were made to members for the following fund years:

	2025	2024
2009-2010	\$ 500,000	\$ -
2010-2011	500,000	-
2015-2016	1,000,000	1,000,000
2016-2017	-	1,000,000
2017-2018	-	2,000,000
2018-2019	2,000,000	2,000,000
2019-2020	3,500,000	3,000,000
2020-2021	2,500,000	3,000,000
2021-2022	2,000,000	1,000,000
2022-2023	2,500,000	1,000,000
2023-2024	1,000,000	-
Total	\$ 15,500,000	\$ 14,000,000

### Note 7 - Commitments and Contingencies

The Fund has a contract with a service agent to provide claims administration services, law enforcement risk reduction services, and marketing and risk control services. This contract is renewed annually and contains future obligations to pay service fees. Service fees under this agreement are approximately \$3,424,000 and \$3,180,000 for the years ended June 30, 2025 and 2024, respectively.

The Fund has an agreement with the League to provide services to the Fund, including claims administration, data processing, staff travel, printing, and supplies. Under the terms of this agreement, the Fund paid the League approximately \$2,608,000 and \$2,530,000 for the years ended June 30, 2025 and 2024, respectively, for all services provided.

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 7 - Commitments and Contingencies (Continued)

The Fund has a 40-year lease agreement with the League through 2047 for the use of common space and facilities within the League Capitol Office. The Fund prepaid the total rent of \$1,200,000, which will be amortized over the lease term. Total rent expense under the agreement was \$30,000 for the years ended June 30, 2025 and 2024. In the event the League sells or transfers its interest in the League Capitol Office, the Fund would be entitled to 60 percent of the net sales proceeds. At June 30, 2025, the League has no intent to sell or transfer its interest in the League Capitol Office.

### Note 8 - Payroll Audits

Contributions to the Fund for the policy year ended June 30, 2025 were computed using estimated payroll figures submitted by members. The Fund is in the process of verifying actual payroll and adjusting member contributions where necessary. These adjustments will also have an effect on reinsurance premiums and service fees for that policy year that are based on a percentage of members' contributions. It is anticipated that the effect will not be significant.

### Note 9 - Fair Value Measurements

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

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

The Fund has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in			Balance at June 30, 2025
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
U.S. government	\$ -	\$ 85,581,258	\$ -	\$ 85,581,258
U.S. federal agencies	-	14,836,213	-	14,836,213
Government mortgage-backed securities	-	14,279,352	-	14,279,352
Corporate bonds	-	44,696,600	-	44,696,600
Total debt securities	-	159,393,423	-	159,393,423
Equity securities	38,089,612	-	-	38,089,612
Total investments by fair value level	\$ 38,089,612	\$ 159,393,423	\$ -	\$ 197,483,035

# Michigan Municipal League Workers' Compensation Fund

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 9 - Fair Value Measurements (Continued)

The Fund has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Debt securities:				
U.S. government	\$ -	\$ 77,972,236	\$ -	\$ 77,972,236
U.S. federal agencies	-	14,176,779	-	14,176,779
Government mortgage-backed securities	-	17,573,947	-	17,573,947
Corporate bonds	-	40,210,887	-	40,210,887
Total debt securities	-	149,933,849	-	149,933,849
Equity securities	33,066,258	-	-	33,066,258
Total investments by fair value level	<u>\$ 33,066,258</u>	<u>\$ 149,933,849</u>	<u>\$ -</u>	<u>\$ 183,000,107</u>

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

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

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## Required Supplementary Information

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# Michigan Municipal League Workers' Compensation Fund

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## Required Supplementary Information Schedule of Claims Development

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June 30, 2025

### ***Claims Development Information***

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

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

As data for individual policy years matures, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

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

# Michigan Municipal League Workers' Compensation Fund

## Required Supplementary Information Schedule of Claims Development (Continued)

June 30, 2025  
(in 000s)

Policy Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1. Required contributions and investment income:										
Earned	\$ 34,578	\$ 33,876	\$ 35,165	\$ 43,235	\$ 44,989	\$ 44,030	\$ 19,936	\$ 40,223	\$ 50,866	\$ 53,076
Ceded	2,503	2,840	2,951	2,143	2,203	2,219	2,334	2,580	2,481	2,453
Net	32,075	31,036	32,214	41,092	42,786	41,811	17,602	37,643	48,385	50,623
2. Expenses other than allocated claim adjustment expenses	3,776	4,879	4,919	4,839	5,156	5,450	5,969	6,210	6,691	7,033
3. Estimated claims and allocated claim adjustment expenses - End of policy year:										
Incurred	23,012	23,953	25,694	23,313	23,057	22,211	20,898	19,702	19,436	19,912
Ceded	999	1,037	4,198	840	747	787	731	686	674	705
Net	22,013	22,916	21,496	22,473	22,310	21,424	20,167	19,016	18,762	19,207
4. Cumulative paid claims and allocated claim adjustment expenses:										
End of policy year	4,896	5,048	6,213	5,741	4,812	5,624	4,437	5,771	5,693	6,442
One year later	8,150	8,953	10,744	9,600	8,048	9,340	7,696	9,350	9,922	-
Two years later	9,513	10,060	11,883	11,018	9,359	10,715	9,229	10,677	-	-
Three years later	10,494	10,849	12,861	12,351	10,148	11,495	9,766	-	-	-
Four years later	11,193	11,680	13,559	13,286	10,888	11,746	-	-	-	-
Five years later	11,773	12,105	13,966	14,086	11,049	-	-	-	-	-
Six years later	11,916	12,367	14,169	14,265	-	-	-	-	-	-
Seven years later	12,066	12,638	14,400	-	-	-	-	-	-	-
Eight years later	12,119	12,835	-	-	-	-	-	-	-	-
Nine years later	12,411	-	-	-	-	-	-	-	-	-
5. Reestimated ceded claims and expenses	385	402	4,174	280	179	258	308	436	567	705
6. Reestimated incurred claims and allocated claim adjustment expenses:										
End of policy year	22,013	22,916	21,496	22,473	22,310	21,424	20,167	19,016	18,762	19,207
One year later	19,729	20,867	20,166	20,239	19,162	18,583	18,232	17,020	17,314	-
Two years later	18,074	18,463	18,905	18,857	17,414	17,553	16,142	16,437	-	-
Three years later	16,720	16,686	17,634	17,829	15,367	16,760	14,775	-	-	-
Four years later	15,919	15,474	16,517	17,062	14,574	15,469	-	-	-	-
Five years later	14,823	14,955	16,154	16,381	14,122	-	-	-	-	-
Six years later	14,160	14,535	15,429	15,998	-	-	-	-	-	-
Seven years later	13,885	14,154	15,313	-	-	-	-	-	-	-
Eight years later	13,691	14,012	-	-	-	-	-	-	-	-
Nine years later	13,424	-	-	-	-	-	-	-	-	-
7. Decrease in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	(8,589)	(8,904)	(6,183)	(6,475)	(8,188)	(5,955)	(5,392)	(2,579)	(1,448)	-

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## Supplementary Information

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# Michigan Municipal League Workers' Compensation Fund

## Statement of Net Position by Policy Year Through June 30, 2025

	Contingency Reserve	Policy Year				
		1977-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Assets</b>						
Cash and cash equivalents	\$ 389,976	\$ (38,700)	\$ (821,757)	\$ 5,565	\$ 10,449	\$ 3,956
Investments	5,509,747	37,915,991	5,687,928	4,679,262	7,253,144	11,723,595
Accounts receivable:						
Premiums	-	-	-	-	-	-
Excess insurance	-	119,856	-	3,280	-	-
Other receivables	-	-	-	-	-	-
Prepaid expenses	657,500	-	-	-	-	-
Accrued interest receivable	35,626	-	-	-	-	-
Investment in NLC Mutual Insurance Company	-	3,535,679	-	-	-	-
Interfund balances	(717,899)	1,492,769	(119,031)	(146,982)	1,194,312	(137,622)
<b>Total assets</b>	<b>5,874,950</b>	<b>43,025,595</b>	<b>4,747,140</b>	<b>4,541,125</b>	<b>8,457,905</b>	<b>11,589,929</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	-	-
Net reserve for losses and loss adjustment expenses	-	5,176,261	577,293	611,711	293,952	746,041
Net reserve for incurred but not reported losses and loss adjustment expenses	-	3,266,283	601,372	292,111	1,440,600	2,325,552
Premiums collected in advance	-	-	-	-	-	-
Dividends payable	201,017	-	-	-	-	-
<b>Total liabilities</b>	<b>201,017</b>	<b>8,442,544</b>	<b>1,178,665</b>	<b>903,822</b>	<b>1,734,552</b>	<b>3,071,593</b>
<b>Net Position - End of year</b>	<b>\$ 5,673,933</b>	<b>\$ 34,583,051</b>	<b>\$ 3,568,475</b>	<b>\$ 3,637,303</b>	<b>\$ 6,723,353</b>	<b>\$ 8,518,336</b>

# Michigan Municipal League Workers' Compensation Fund

## Statement of Net Position by Policy Year Through June 30, 2025 (Continued)

	Policy Year						Total
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	
<b>Assets</b>							
Cash and cash equivalents	\$ 2,193,329	\$ (2,234,000)	\$ 374,899	\$ 273,523	\$ 3,145,774	\$ -	\$ 3,303,014
Investments	10,865,252	17,339,669	16,331,153	24,382,075	32,440,848	23,354,371	197,483,035
Accounts receivable:							
Premiums	-	-	-	163,597	2,674	-	166,271
Excess insurance	-	-	-	-	-	-	123,136
Other receivables	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	1,000	1,500	45,000	705,000
Accrued interest receivable	-	-	-	-	1,130,363	-	1,165,989
Investment in NLC Mutual Insurance Company	-	-	(558,900)	401,140	374,903	-	3,752,822
Interfund balances	(394,040)	(526,337)	184,031	(812,595)	28,394	(45,000)	-
Total assets	12,664,541	14,579,332	16,331,183	24,408,740	37,124,456	23,354,371	206,699,267
<b>Liabilities</b>							
Accounts payable	-	-	-	-	243,401	-	243,401
Net reserve for losses and loss adjustment expenses	1,650,045	1,379,453	1,705,509	2,095,757	4,240,827	-	18,476,849
Net reserve for incurred but not reported losses and loss adjustment expenses	2,067,695	3,628,299	4,045,570	5,291,274	8,525,584	-	31,484,340
Premiums collected in advance	-	-	-	-	-	23,354,371	23,354,371
Dividends payable	-	-	-	-	17,771	-	218,788
Total liabilities	3,717,740	5,007,752	5,751,079	7,387,031	13,027,583	23,354,371	73,777,749
<b>Net Position - End of year</b>	<b>\$ 8,946,801</b>	<b>\$ 9,571,580</b>	<b>\$ 10,580,104</b>	<b>\$ 17,021,709</b>	<b>\$ 24,096,873</b>	<b>\$ -</b>	<b>\$ 132,921,518</b>

# Michigan Municipal League Workers' Compensation Fund

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

Through June 30, 2025

	Contingency Reserve	Policy Year				
		1977-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Operating Revenue</b>						
Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less reinsurance premium expense	-	-	-	-	-	-
Net premiums earned	-	-	-	-	-	-
<b>Operating Expenses</b>						
Losses and loss adjustment expenses - Net of reinsurance	-	(285,372)	(142,568)	(116,633)	(383,447)	(452,703)
Service fees	-	-	-	-	-	-
State assessments	-	-	-	-	-	-
Administrative expenses	31,630	4	-	-	-	-
Total operating expenses	31,630	(285,368)	(142,568)	(116,633)	(383,447)	(452,703)
<b>Operating (Loss) Income</b>	(31,630)	285,368	142,568	116,633	383,447	452,703
<b>Nonoperating Income (Expense)</b>						
Net investment income	350,833	-	-	-	-	-
Income from investment in NLC Mutual Insurance Company	-	-	-	-	-	-
Forfeiture dividends	383,782	-	-	-	-	-
Distributions to members	-	(2,000,000)	-	-	(2,000,000)	(3,500,000)
Total nonoperating income (expense)	734,615	(2,000,000)	-	-	(2,000,000)	(3,500,000)
<b>Net Operating Transfers</b>	-	-	-	-	-	-
Change in Net Position	702,985	(1,714,632)	142,568	116,633	(1,616,553)	(3,047,297)
<b>Net Position - Beginning of year</b>	4,970,948	36,297,683	3,425,907	3,520,670	8,339,906	11,565,633
<b>Net Position - End of year</b>	<b>\$ 5,673,933</b>	<b>\$ 34,583,051</b>	<b>\$ 3,568,475</b>	<b>\$ 3,637,303</b>	<b>\$ 6,723,353</b>	<b>\$ 8,518,336</b>

# Michigan Municipal League Workers' Compensation Fund

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

Through June 30, 2025

(Continued)

	Policy Year					Total
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	
<b>Operating Revenue</b>						
Premiums	\$ -	\$ -	\$ -	\$ 1,220,118	\$ 36,290,090	\$ 37,510,208
Less reinsurance premium expense	-	-	(124,572)	-	(2,328,793)	(2,453,365)
Net premiums earned	-	-	(124,572)	1,220,118	33,961,297	35,056,843
<b>Operating Expenses</b>						
Losses and loss adjustment expenses - Net of reinsurance	(1,291,683)	(1,367,084)	(582,954)	(1,447,829)	19,207,577	13,137,304
Service fees	-	-	-	-	6,031,821	6,031,821
State assessments	-	-	-	-	332,783	332,783
Administrative expenses	-	-	-	(667)	637,010	667,977
Total operating expenses	(1,291,683)	(1,367,084)	(582,954)	(1,448,496)	26,209,191	20,169,885
<b>Operating (Loss) Income</b>	1,291,683	1,367,084	458,382	2,668,614	7,752,106	14,886,958
<b>Nonoperating Income (Expense)</b>						
Net investment income	-	-	-	-	14,840,207	15,191,040
Income from investment in NLC Mutual Insurance Company	-	-	-	-	374,904	374,904
Forfeiture dividends	-	-	-	-	-	383,782
Distributions to members	(2,500,000)	(2,000,000)	(2,500,000)	(1,000,000)	-	(15,500,000)
Total nonoperating income (expense)	(2,500,000)	(2,000,000)	(2,500,000)	(1,000,000)	15,215,111	449,726
<b>Net Operating Transfers</b>	-	-	-	(1,129,656)	1,129,656	-
Change in Net Position	(1,208,317)	(632,916)	(2,041,618)	1,668,614	22,967,217	15,336,684
<b>Net Position - Beginning of year</b>	10,155,118	10,204,496	12,621,722	16,482,751	-	117,584,834
<b>Net Position - End of year</b>	<b>\$ 8,946,801</b>	<b>\$ 9,571,580</b>	<b>\$ 10,580,104</b>	<b>\$ 17,021,709</b>	<b>\$ 24,096,873</b>	<b>\$ 132,921,518</b>

# Michigan Municipal League Workers' Compensation Fund

## Statement of Revenue, Expenses, and Changes in Net Position by Policy Year from Inception of Each Policy Year Through June 30, 2025

	Contingency Reserve	Policy Year				
		1977-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Operating Revenue</b>						
Premiums	\$ -	\$ 724,896,817	\$ 32,419,597	\$ 33,147,027	\$ 33,902,468	\$ 34,273,487
Less reinsurance premium expense	-	(37,381,363)	(2,881,855)	(2,967,113)	(2,189,909)	(2,219,532)
Net premiums earned	-	687,515,454	29,537,742	30,179,914	31,712,559	32,053,955
<b>Operating Expenses</b>						
Losses and loss adjustment expenses - Net of reinsurance	(9)	460,474,612	14,011,716	15,312,573	15,997,739	14,121,541
Service fees	200,000	72,135,489	3,981,568	4,024,263	4,025,300	4,298,692
State assessments	-	7,428,065	312,904	351,418	273,305	290,510
Administrative expenses	595,399	15,125,246	584,361	532,864	539,897	567,188
Total operating expenses	795,390	555,163,412	18,890,549	20,221,118	20,836,241	19,277,931
<b>Operating (Loss) Income</b>	(795,390)	132,352,042	10,647,193	9,958,796	10,876,318	12,776,024
<b>Nonoperating Income (Expense)</b>						
Net investment income	3,802,641	164,966,799	321,282	1,178,507	8,347,035	9,242,312
Income from investment in NLC Mutual	-	1,887,629	-	-	-	-
Forfeited member dividends	3,131,445	-	-	-	-	-
Distributions to members	(1,440,314)	(263,632,045)	(7,400,000)	(7,500,000)	(12,500,000)	(13,500,000)
Total nonoperating income (expense)	5,493,772	(96,777,617)	(7,078,718)	(6,321,493)	(4,152,965)	(4,257,688)
<b>Net Operating Transfers</b>	975,551	(991,374)	-	-	-	-
<b>Net Position</b>	<b>\$ 5,673,933</b>	<b>\$ 34,583,051</b>	<b>\$ 3,568,475</b>	<b>\$ 3,637,303</b>	<b>\$ 6,723,353</b>	<b>\$ 8,518,336</b>

# Michigan Municipal League Workers' Compensation Fund

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

Through June 30, 2025

(continued)

	Policy Year					Total
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	
<b>Operating Revenue</b>						
Premiums	\$ 33,442,519	\$ 34,553,774	\$ 35,572,420	\$ 36,717,516	\$ 36,290,090	\$ 1,035,215,715
Less reinsurance premium expense	<u>(2,229,699)</u>	<u>(2,395,709)</u>	<u>(2,568,101)</u>	<u>(2,480,572)</u>	<u>(2,328,793)</u>	<u>(59,642,646)</u>
Net premiums earned	31,212,820	32,158,065	33,004,319	34,236,944	33,961,297	975,573,069
<b>Operating Expenses</b>						
Losses and loss adjustment expenses - Net of reinsurance	15,468,603	14,774,575	16,436,896	17,313,844	19,207,577	603,119,667
Service fees	4,604,268	5,045,142	5,303,049	5,709,660	6,031,821	115,359,252
State assessments	301,818	316,638	253,019	292,438	332,783	10,152,898
Administrative expenses	<u>510,833</u>	<u>575,924</u>	<u>637,109</u>	<u>643,194</u>	<u>637,010</u>	<u>20,949,025</u>
Total operating expenses	<u>20,885,522</u>	<u>20,712,279</u>	<u>22,630,073</u>	<u>23,959,136</u>	<u>26,209,191</u>	<u>749,580,842</u>
<b>Operating (Loss) Income</b>	10,327,298	11,445,786	10,374,246	10,277,808	7,752,106	225,992,227
<b>Nonoperating Income (Expense)</b>						
Net investment income	8,119,503	2,125,794	4,264,757	8,472,417	14,840,207	225,681,254
Income from investment in NLC Mutual	-	-	(558,899)	401,140	374,904	2,104,774
Forfeited member dividends	-	-	-	-	-	3,131,445
Distributions to members	<u>(9,500,000)</u>	<u>(4,000,000)</u>	<u>(3,500,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(323,972,359)</u>
Total nonoperating income (expense)	(1,380,497)	(1,874,206)	205,858	7,873,557	15,215,111	(93,054,886)
<b>Net Operating Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,129,656)</u>	<u>1,129,656</u>	<u>(15,823)</u>
<b>Net Position</b>	<u>\$ 8,946,801</u>	<u>\$ 9,571,580</u>	<u>\$ 10,580,104</u>	<u>\$ 17,021,709</u>	<u>\$ 24,096,873</u>	<u>\$ 132,921,518</u>