MIDWEST PUBLIC RISK

COMBINED
ANNUAL FINANCIAL REPORT

For Year Ended June 30th,
2010

Office Address:
19400 E. Valley View Parkway
Independence, MO 64055

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For Years Ended June 30, 2010 and 2009

President, Chief Executive Officer
Terry W. Norwood

Office Address:
19400 E. Valley View Parkway
Independence, MO 64055

Prepared By:
Midwest Public Risk (MPR)
Finance Director
Kristie Van Pelt

*Effective July 1, 2009, MARCIT was reorganized into three new entities: Midwest Public Risk (MPR – Administrative), Midwest Public Risk of Missouri (MPR of Missouri) and Midwest Public Risk of Kansas (MPR of Kansas)

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INTRODUCTORY SECTION

MIDWEST PUBLIC RISK

December 1, 2010

The Board of Directors and Members
Midwest Public Risk:

We are pleased to submit to the membership the "first" annual combined financial report of Midwest Public Risk, Midwest Public Risk of Missouri, and Midwest Public Risk of Kansas, Inc., collectively known as MPR throughout this report.

Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation of all information, including disclosures, rests with MPR. To the best of our knowledge and belief, the accompanying data is accurate in all material respects and has been reported in a manner designed to fairly present the combined financial position, results of operations and cash flows of MPR. All disclosures which are necessary for the reader to gain an understanding of MPR's financial activities have been included.

LEGAL REQUIREMENTS

This report is used to satisfy requirements of the state of Missouri's Department of Insurance and Department of Labor and Industrial Relations (Division of Workers' Compensation). Equally, the separate reports prepared addressing only the Employee Benefits Program in Kansas have been prepared to meet the statutory requirements for the state of Kansas' Departments of Insurance and Administration.

MANAGEMENT'S DISCUSSION AND ANALYSIS

To comply with generally accepted accounting principles that require management provide a narrative introduction and an overview and analysis that accompanies the basic financial statements in the form of management's discussion, this required discussion and analysis has been provided by MPR immediately following the independent auditor's report.

INDEPENDENT AUDIT

The 2010 Combined Annual Financial Report reflects the very first year of operations of the newly reorganized MPR. Though July 1, 2009 was the creation of MPR, the pool previously operated under the name of Mid-America Regional Council Insurance Trust and/or MARCIT for the previous 26 years. The financial statements were prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. MPR's books are recorded on a full accrual basis in accordance with generally accepted accounting principles. Significant accounting policies are presented in more detail in the notes to the financial statements.

This report was prepared in conformance with the reporting standards established by both the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). Conner Ash P.C., independent certified public accountants, provides an objective, independent audit of MPR's reported financial position and results of operations. Their audit includes the auditing procedures which they deem necessary to express an opinion on the financial statements. The report of independent auditors on the basic financial statements has been included in the financial section.

THE REPORTING ENTITY AND ITS SERVICES

MPR was formed as a self-insurance program for public entities. Through the years, it has operated under different names, but the three basic program offerings of Employee Benefits (Health and Dental), Workers' Compensation, and Property and Liability coverage have remained the same. MARCIT and MARCLIT began providing Workers' Compensation coverage July 1, 1983, and Health and Dental coverage July 1, 1984. MARCIT began providing Property and Liability coverage December 31, 1984. On June 6, 1990, the members approved the concept of merging MARCIT and MARCLIT into one organization. The state of Missouri approved the merger on June 12, 1991, and the members approved consolidated bylaws on June 19, 1991. The membership then approved the creation of the organizational and legal structure of MPR, Midwest Public Risk of Missouri and Midwest Public Risk of Kansas, Inc. on April 22, 2009.

The purpose and importance of this reorganization was to allow MPR to continue to operate as it had in the first 25 years of its history while allowing it to offer its Employee Benefit program to units of government throughout the State of Kansas. By opening its Employee Benefit program to other Kansas members, it is hoped additional participation will assist in driving down administrative costs for both current and future members. Further, the creation of MPR of Kansas, Inc. provides MPR with the platform for offering future services and/or pool programs in Kansas.

The present structure of MPR is:

- Midwest Public Risk (MPR), an administrative corporation that will provide day to day administrative services to the state coverage pools, as well as own and manage the MPR building (campus).
- Midwest Public Risk of Missouri (MPR of Missouri, formerly MARCIT), a public entity risk coverage pool providing all three program coverages to Missouri public entities.
- Midwest Public Risk of Kansas, Inc. (MPR of Kansas), a public entity risk coverage pool currently providing Employee Benefit coverage to Kansas public entities.

Each state pool, Missouri and Kansas, have entered into a management agreement with MPR. Any profits and losses generated by MPR are ultimately distributed to the risk coverage pools on a proportionate basis.

The structure provides for better administration of operations and spread of risk. While the operations have been organized by state, all entities who participate in a specific program, share in each other's risk. For instance, those members that participate in the Property and Liability program share joint and severable liability.

Each of the three entities is governed by a Board of Directors. The MPR Board of Directors consists of 11 directors (9 Missouri Board Members and 2 Kansas Board Members). Special emphasis is given to the nomination and election of individuals who have a desire to work on the board, have an understanding of pool operations and are representative of the membership in terms of their size and coverage participation.

The MPR Boards met for strategic planning purposes throughout the year, with discussions in July, August, September, and a concluding joint board session on October 8, 2009. This process resulted in a set of agreed upon goals and recommended timelines for addressing the same. Specific examples of goals include social media policy and offering, development of high deductible resources, and wellness promotion pamphlets.

MEMBERSHIP

The membership of MPR includes cities, counties and other special districts located throughout the states of Missouri and Kansas. The pool originated with nine members on July 1, 1983 and offered Workers' Compensation coverage. Similarly, Employee Benefits (Health and Dental) was first offered on July 1, 1984 and also began with nine initial members. Property and Liability coverage was added December 31, 1984 with an initial participation of ten members. Each of these programs has grown significantly with a total of 125 different members participating in one or more of the programs.

LOSS CONTROL PROGRAM

MPR desires to place its strategic emphasis on loss elimination and exposure reduction programs. Controlling these losses is fundamental to future rate control. Considering the type of risks faced by public entities, loss control efforts are essential to ensure success of MPR. This is not an easy task, as many high hazard operations are mandated by law or public demand. Hazards associated with the services offered by the members, the vast assortment of interactions with the public and expanding definitions of legal liability result in challenges more demanding than those faced by most other industries. To assist members in controlling their losses, MPR has created a number of tailored safety programs to provide monetary assistance, professional counsel, and assistance in implementation and evaluation of each member's loss control efforts.

An example of the most valued and appreciated loss control programs are:

Safety Credit Program	3% of the account balance for Workers' Compensation and Property and Liability member contributions are placed in an account balance for the member's use for loss control initiatives. Once the member completes their safety purchase or program implementation, the 3% account balance is returned to them on a reimbursement basis.
Loss Control Recognition	Awards of up to an additional 2% of contribution are returned to the member for completing a list of required safety activities and programs. These required activities address known repetitive governmental exposures and losses.
Pre-Defense Legal Call-In	Through these programs, members can contact designated law firms with specialized practices in law enforcement and employment liability. These "call-in" programs have prevented and reduced numerous potential lawsuits and claims.
Web-Based Training	These programs offer membership various safety tutorials which can be taken at the member site and scored immediately upon completion. This is an excellent resource for many departments and law enforcement personnel. It also provides Missouri Post Officers Standards & Training (POST) credits.

Examples of risk management and loss control training services include topics which address the general areas of: new supervisors and employees, discrimination, lifting, and elected officials. Examples of specialized training modules address areas such as: chainsaw safety, snow and ice removal, trenching and shoring, and work zone signing.

WELLNESS PROGRAM

The wellness program has continued to mature in its available services. The most notable program providing success has been the one-on-one counseling. This service allows for member employees and dependents to meet with the wellness director to receive counseling on nutrition, exercise regimens, and alternate health approaches to prescription drugs. Incorporated in the design of the wellness center at the MPR Campus is a private office for this counseling service, as well as a fitness area equipped with exercise equipment for modeling fitness activities.

During the year, the wellness director organized a "weight challenge" program which resulted in a significant number of member employees losing 25 or more pounds. There were over 700 participants in this program, which remarkably touched over 10% of the total employees enrolled in the health plan. The winner in this program lost over 60 pounds and, to date, has been able to maintain the weight loss. Due to the success of this program, similar activities will be hosted on a "go forward" basis.

SERVICE PROVIDERS

MPR contracts with a number of service firms to provide the necessary and vital services to pool administrations. These include claims administration and general management services.

Benefit Management, Inc. – Health claims for the PPO plans are processed and paid by Benefit Management, Inc. (BMI). BMI is responsible for processing employee enrollments forms and preparing the monthly contribution billings for the membership. In addition, BMI provides COBRA billing for entities that allow retiree coverage.

Preferred Health Professionals – MPR contracts with Preferred Health Professionals (PHP) to access the medical networks of Freedom Network Select, HealthLink, Health Partners of KS, and other out-of-state networks. These health networks provide meaningful discounts to employees and their families covered by the various PPO plans.

Humana, Inc. – The closed panel health maintenance organization (HMO) plan offered by MPR is through Humana. Under this arrangement, MPR self insures all utilization, and employees use the doctors and hospitals offered by the Humana plan. Humana administers all claims through this agreement and shares enrollment responsibilities with BMI who mails the monthly insurance contribution billings to the membership.

Delta Dental USA – MPR leases the Delta Dental PPO network, which allows for MPR to self fund the risk while Delta processes all dental claims limiting the dentists' fees. MPR offers two separate PPO options, and similar to the Humana model, Delta shares the enrollment responsibilities with BMI who processes the members' billings.

Vision Service Plan – MPR offers vision coverage through Vision Service Plan (VSP) to provide eye examinations, lenses, frames and contact lenses. MPR pays VSP for the services and products provided based upon a negotiated fee schedule.

Xchanging, Inc. – Xchanging, Inc provided claims administration services for the Property and Liability program and the Workers' Compensation program until May 1, 2010 at which time these important third party administrative services were transferred to Corporate Claims Management, Inc. (CCMI).

Corporate Claims Management, Inc. – On May 1, 2010, CCMI took on the responsibility of adjusting all claims for the Property and Liability and Workers' Compensation programs. CCMI's office is located in St. Louis, MO and is responsible for all first and third party claim adjudication, working with MPR attorneys in settlements when warranted, and providing claims data information to the MPR accounting department and actuaries.

MPR STAFF

MPR increased staff levels by two positions for a total of fifteen full-time positions. These include: a president/chief executive officer, a risk management director, two risk management advisors, a benefits director, a benefits advisor, a benefits assistant, two program assistants, a finance director, a senior accountant, an accounting clerk, a member services director, an administrative assistant and a wellness director. MPR staffers focus their collective efforts on pool administration, marketing, loss control and employee benefits.

ECONOMIC CONDITION AND OUTLOOK

The national recession continued throughout the entirety of fiscal year 2010. This was acutely felt among units of local government where revenues were reduced dramatically due to loss in property values and the sales tax base. As a result, local governments continued to curtail spending, eliminating services and reducing their employee base. MPR operated its three programs in this tight competitive environment and gained significant membership in the Employee Benefits program, while losing one significant member in the Property and Liability program.

For fiscal year 2010, the MPR Board of Directors attempted to provide relief for members of the Employee Benefits program. The Board once again approved utilizing reserves in an effort to minimize the impact of increasing rates and net contributions. This is the third consecutive year the Board has approved a rate subsidy, and the third year in which any draw down from reserves was ultimately required. Overall rates for the health plans increased 7.9%, even though our external actuary, Mercer Health and Benefits, LLC, predicted the minimum inflationary rate would be approximately 2% to 3% higher than our rate increases, thus resulting in the subsidy.

The Workers' Compensation program again experienced positive results which improved fund equity. As a result of the strong fund equity position, MPR was able to reduce rates. This resulted in an overall 6% reduction in contributions, which is consistent with reductions for the last four years. A $2.25M refund distribution approved during the 2009 fiscal year was returned to the membership. Loss experience has remained very favorable, and it appears the Workers' Compensation Fund will be in a positive position and able to provide annual surplus distributions for years to come.

The Property and Liability program experienced its second consecutive year of positive results. The risk management practices have taken hold in limiting losses in the repetitive areas of sewer backups and employment practices liability. A positive result of this experience is the net increase in fund balance of $2.4M. The Property and Liability Fund is now appropriately funded to respond to all claim reserve needs and demands, which is an excellent position to be in as it had historically experienced a decade of decreasing fund balances. Because of this recovery over the past two years, MPR is currently in the process of reviewing the program for the appropriateness of distributions and/or lowering of deductibles.

Reinsurance partner relationships have been consistent with prior years. MPR recognizes the need for long-term, consistent business relationships with excess carriers and reinsurers given large losses in any one year affect our financial position with the carriers, as well as future pricing. The respective reinsurers for the year were: Employee Benefits – SwissRe, Workers' Compensation – Safety National, and Property and Liability – Governmental Entities Mutual and Munich Re.

After much anticipation, the groundbreaking for the new MPR headquarters (campus) was in August 2009, with the building completed and MPR occupying it prior to the end of November 2010. The three main areas are the offices and board room, wellness and training center, and the auditorium (lecture hall). The building has unique features in controlling utility costs. The campus is designed to offer personal, small group, and corporate training modules and should provide a quality venue for loss control and wellness activities that are intended to reduce claims cost. The building construction was completed "on time" and within 2% of its estimated $7.0M budget.

MAJOR INITIATIVES

The most significant initiative MPR is presently working on is the expansion of the Property and Liability pool program services into Kansas. Originally, the state approved the creation of MPR of Kansas, Inc. as well as the Employee Benefits program. Though the "pool approvals" do not have to be duplicated, the state has specific financial and participation requirements for each of property, auto and liability coverages. MPR is proceeding with the approval process for January 1, 2011 and soliciting member interest in this program.

The pool authored and released a Request for Proposal for an investment advisor. The Finance Advisory Committee recommended the firm of Strategic Asset Alliance to perform this function.

MPR hosted a liability training seminar for most elected officials during the year. The purpose was to educate elected officials on Missouri law, proper conduct, and personal torts. Since the completion of this training cycle, there has been a measurable and objective reduction of elected officials' claims.

MPR offered "Coverage Day" in August 2009 and "Claims Day" in January 2010. Coverage Day was open to all members, administrators and counsel to review the language of the self-insured coverage document. This was the first time MPR hosted an event specifically to discuss this important information. Similarly, Claims Day was hosted to allow time to convey how Workers' Compensation claims are administered through our Company Nurse program and the third party administrator. Both events enjoyed substantial attendance.

The Employee Benefits program continued to expand and grow significantly. In the first year of offering employee benefits throughout the State of Kansas, the cities of Hillsboro, Roeland Park, and Oswego joined, as did Jackson County. These entities represent a 40% increase for the Kansas Employee Benefit program. Growth on the Missouri side exceeded expectations. The "mix" of growth has been healthy for the pool in that it has included cities, counties, school districts and special districts. The geographic spread of the new members has included public entities from the southern and eastern reaches of the state where no membership previously existed. MPR has continued to attract larger members such as Greene County (Workers' Compensation), Cass County (Employee Benefits), and Sedalia (Employee Benefits). This lends to the belief that further growth and expansion are likely.

INTERNAL CONTROLS

The MPR Board of Directors is responsible for maintaining internal controls designed to ensure the assets of the pool are protected from loss, theft or misuse. In addition, the Board is responsible for ensuring adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of cost benefit requires sound judgment by management.

BUDGETING CONTROLS

The MPR staff annually prepares budget information as part of the yearly contribution rate-setting process for each of the three programs. A budget is not legally required but is used for management purposes during the year.

ACTUARIAL SERVICES

Towers Watson is the designated independent actuary and, accordingly, provides services in assessing the adequacy of Property and Liability and Workers' Compensation claims reserves as of June 30, 2010. These reserves include amounts for incurred but not reported losses and loss development trends for all claims. The actuary is asked to provide these estimates for each active claim year. Additionally, the actuary provides estimates for unallocated loss adjustment expense reserves.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MPR for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the eighteenth consecutive year the pool achieved this award.

ACKNOWLEDGEMENT

The preparation and drafting of this report was challenging on several different levels this year. This was the first year each of the three MPR units was in existence. This fact alone created a considerable amount of work which had to be accomplished for the first time. Second, there was a transition of accounting personnel, accounting software systems, and third party administrators in the same year. Any one of these created enough change to challenge the completion of this project. Finally, the MPR operation relocated its headquarters during the time period when the staff needed time to work on the report without the distractions which accompany relocations.

With this as background, it is with appreciation and admiration for the professional contributions made by MPR's Finance Department, Kristie Van Pelt, Megan Richardson, and Kelly Wright, in their preparation and assistance in preparing this report. A job well done.

I also would like to recognize each of the Board Directors for their diligence and support of our pool and their support and planning of the financial operations of MPR. It is because of your leadership and promptings that each of our organizations has experienced considerable growth in numbers as well as financial stability.

Respectfully submitted,

Terry W Norwood

Terry W. Norwood
President and CEO

FINANCIAL SECTION

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Report of Independent Auditors

To the Board of Directors 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) and formerly known as MARCIT, as of and for the years ended June 30, 2010 and June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of MPR's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of MPR as of June 30, 2010 and June 30, 2009, and the combined results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The ten-year claims development information, reconciliation of claim reserves by fund, and supplementary combining schedules as listed in the table of contents are not a required part of the basic financial statements of MPR, but are required supplementary information by the Governmental Accounting Standards Board. Such information, as it relates to June 30, 2010 and June 30, 2009, has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Management's Discussion and Analysis and the information included in the introductory section and the statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Conner Ash P.C.

December 1, 2010

This section of the combined annual financial report of Midwest Public Risk, and its affiliates, Midwest Public Risk of Missouri and Midwest Public Risk of Kansas, Inc., collectively referred to as MPR, presents a discussion and analysis of the financial performance for the year ended June 30, 2010. Please read it in conjunction with the basic financial statements and the combining financial schedules, which follow this section. The Financial Section of this report also contains other supplementary information in addition to the basic financial statements and the combining financial schedules.

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 benefits (health and dental), workers' compensation, and property and liability (casualty) 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 within the financial statements are as follows:

Balance Sheet – This statement presents information reflecting MPR's assets, liabilities and fund equity. Fund equity represents the amount of total assets less total liabilities. The balance sheet 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 becoming due within twelve months of the statement date.

Statement of Revenues, Expenses and Changes in Fund Equity – 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 fund equity for an enterprise fund is similar to 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 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 basic 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 claim development and a reconciliation of claim reserves.

The combining schedules that report financial activity by fund (Employee Benefit Fund, Property and Liability Fund, and Workers' Compensation Fund) follow the required supplementary information.

Financial Highlights

The following tables present the summarized financial position and results of operations for the fiscal years ended June 30, 2010 and 2009. Additional details are available in the accompanying financial statements.

	June 30, 2010	June 30, 2009	Change	% Change
Assets				
Cash and investments	$40,777,564	$41,701,204	$ (923,640)	(2) %
Receivables/insurance recoverables	2,006,126	1,103,422	902,704	82
Capital assets	4,048,479	1,133,206	2,915,273	257
Deposits and other assets	718,246	508,316	209,930	41
Total assets	$47,550,415	$44,446,148	$ 3,104,267	7
Liabilities				
Loss and loss adjustment reserves	$16,126,447	$15,008,402	$ 1,118,045	7
Accounts payable/loss control credits	1,956,325	1,566,850	389,475	25
Unearned contributions	985,677	1,549,130	(563,453)	(36)
Accrued refund of contributions	-	1,000,157	(1,000,157)	(100)
Total liabilities	19,068,449	19,124,539	(56,090)	(0)
Fund Equity				
Designated for capital assets/capital improvement fund	7,122,524	4,234,459	2,888,065	68
Designated for net reserve capital fund	2,102,841	1,937,365	165,476	9
Designated for liquidity	19,256,601	19,149,785	106,816	1
Total fund equity	28,481,966	25,321,609	3,160,357	12
Total liabilities and fund equity	$47,550,415	$44,446,148	$ 3,104,267	7 %

MPR's financial position improved in fiscal year 2010, after a decline in 2009, with overall fund equity increasing by $3.2M, primarily as a result of improved investment income. MPR's assets increased 7% in 2010. Cash and investments at year-end reflected a decrease of $.9M from 2009 balances, as the positive increase from investment income was offset by $2.9M of capital expenditures related to the new MPR headquarters (campus). Receivables and excess insurance recoverables increased $.9M, with the preponderance of the increase attributable to excess insurance recoverables increasing as a result of seven claims with total losses of $3.1M exceeding the stop loss limits in 2010 versus 4 in 2009 with total losses of $1.5M. Deposits increased $.2M due to Humana establishing a deposit for claims payments.

Liabilities remained relatively flat from 2009. Although loss and loss adjustment reserves increased $1.1M, this equated to only a 7% increase compared to the 14% increase in contributions, with the Employee Benefit Fund contributing the most to this positive spread. The increase in loss reserves was offset by the lack of a Workers' Compensation refund in 2010 as the distribution/refund was not approved by the members until October 2010. A $.4M construction invoice for the MPR campus accounted for the increase in accounts payable.

	Fiscal Year 2010	Fiscal Year 2009	Change	% Change
Operating revenues:				
Contributions earned	$ 50,196,904	$ 43,868,230	$ 6,328,674	14 %
Operating expenses:				
Losses and loss adjustment expenses	39,468,918	36,556,864	2,912,054	8
Administrative and claims processing exp	9,782,734	8,384,488	1,398,246	17
Total operating expenses	49,251,652	44,941,352	4,310,300	10
Operating income (loss)	945,252	(1,073,122)	2,018,374	188
Non-operating revenues (expenses):				
Net investment income (loss)	2,215,105	(1,286,070)	3,501,175	272
Other income	-	147,406	(147,406)	(100)
Refunds of contributions	-	(1,397,601)	1,397,601	100
Total non-operating income (expenses)	2,215,105	(2,536,265)	4,751,370	187
Increase (decrease) in fund equity	3,160,357	(3,609,387)	6,769,744	188
Fund equity, beginning of year	25,321,609	28,930,996	(3,609,387)	(12)
Fund equity, end of year	$ 28,481,966	$ 25,321,609	$ 3,160,357	12 %

MPR had an outstanding year in 2010 compared to the dismal results experienced in 2009 when the national economy was severely suffering from the financial crisis. Improvements were noted in both operating and non-operating results, as well as top line and bottom line results. As the economy rebounded, so too did MPR's performance, with 52% of the $6.8M improvement over 2009 results being attributable to net investment income.

Contributions topped the $50M level this year, which was a 14% increase or $6.3M higher than 2009. This increase was attributable to both net contribution rate increases and membership increases. Total membership increased 10% (125 members versus 114 in 2009). Rate changes ranged from a decrease of 10% in the Workers' Compensation Fund due to equity surpluses to a 10% increase in the Property and Liability Fund, with Employee Benefits in the middle of the pack with an average increase of 7.9%. MPR continues to deliver on its objective of sound growth or growth that benefits the membership, with contributions increasing 43% over 2008 levels and 68% higher than 2007 contributions. Specific fund results are discussed in the next section.

Operating expenses increased 10% compared to the 14% increase in contributions. Loss and loss adjustment expenses accounted for $.79 of each $1.00 collected in contributions. This was a reduction from the $.83 cents MPR experienced in 2009. Part of this reduction is attributable to the increase in rates, whereas part is attributable to improved loss experience due to loss control programs, such as training and preventive legal advice. The external actuary noted favorable loss development trends this year, and as a result, he was able to reduce IBNR reserves for both the Workers' Compensation and Property and Liability lines this year.

Administrative and claims processing expenses increased 17% or $1.4M from 2009. Of the increase, $.3M was attributable to conversion/exit costs associated with transferring third party administrative (TPA) services from Xchanging to Corporate Claims Management, Inc. (CCMI) for the Workers' Compensation and Property and Liability Funds. Although MPR would have preferred not to incur these costs, as well as the soft dollar costs associated with lost membership opportunities and the delay in reporting audited results as staff focused their efforts on data verification, management believed it in the best interest of the membership to make the change. Although a painful process to have to exit the relationship prior to the contract termination date and prior to year-end, the long-term benefits far exceed the short-term negative consequences. Excluding the TPA conversion costs, administrative and claims processing costs equate to 18.9% of contributions in 2010 versus 19.1% in 2009, or a slight decline as a percentage of revenue.

In addition to the $2.2M of net investment income, which includes interest, dividends, realized gains, and changes in fair market value, non-operating income (expenses) reflected an improvement over 2009 as there were no deductions for Workers' Compensation contribution refunds in 2010 since members had not approved the distribution prior to year-end. Please refer to footnote 13, Subsequent Events, for additional information on the Workers' Compensation distribution refund.

Individual Funds. The MPR accounts are organized on the basis of type of insurance coverage and by claim years, 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 in the Workers' Compensation Fund cannot be used to cover a deficiency in the Employee Benefits Fund). The operating results for each type of coverage are discussed below.

The ending fund equity balance by fund for fiscal years 2010 and 2009 and the change from prior year is shown on the following table:

	June 30, 2010	June 30, 2009	Change	% Change
Fund equity:				
Employee Benefits Fund	$ 8,948,085	$ 9,044,265	$ (96,180)	(1) %
Workers' Compensation Fund	10,141,795	9,206,387	935,408	10
Property and Liability Fund	9,452,723	7,070,957	2,381,766	34
MPR Fund	3,040,616	-	3,040,616	N/A
Consolidation/elimination entries	(3,101,253)	-	(3,101,253)	N/A
Total	$ 28,481,966	$ 25,321,609	$ 3,160,357	12 %

As previously noted, MPR's fund equity increased $3.2M due to the 2010 fiscal year results. The table above reflects how each fund contributed to the overall results. Note with the reorganization of MARCIT into three entities effective July 1, 2009, there is now an MPR fund and a consolidation entry to eliminate the MPR fund investment recorded in the Employee Benefits and Workers' Compensation Funds.

For fiscal year 2010, the MPR Board of Directors attempted to provide relief for members of the Employee Benefits program. The Board once again approved utilizing reserves in an effort to minimize the impact of increasing rates and net contributions. This is the third consecutive year the Board has approved a rate subsidy, and the third year in which any draw down from reserves was ultimately required. Overall rates for the health plans increased 7.9%, even though our external actuary, Mercer Health and Benefits, LLC, predicted the minimum inflationary rate would be approximately 2% to 3% higher than MPR's rate increases, thus resulting in the subsidy.

The Workers' Compensation program again experienced positive results which improved fund equity. As a result of the strong fund equity position, MPR was able to reduce rates. This resulted in an overall 6% reduction in contributions, which is consistent with reductions for the last four years. A $2.25M refund distribution approved during the 2009 fiscal year was returned to the membership during 2010. Loss experience has remained very favorable, and it appears the Workers' Compensation Fund will be in a positive position and able to provide annual surplus distributions for years to come.

The Property and Liability program experienced its second consecutive year of positive results. The risk management practices have taken hold in limiting losses in the repetitive areas of sewer backups and employment practices liability. A positive result of this experience is the net increase in fund balance of $2.4M. The Property and Liability Fund is now appropriately funded to respond to all claim reserve needs and demands, which is an excellent position to be in as it had historically experienced a decade of decreasing fund balances. Because of this recovery over the past two years, MPR is currently in the process of reviewing the program for the appropriateness of distributions and/or lowering of deductibles.

Fund Equity – Net Reserve Capital (NRC) Targets

At the December 6, 2006 MARCIT Board of Directors' meeting, the Board approved a strategy to consistently and uniformly calculate surplus fund equity and establish targets for desired minimum and maximum fund equity balances for each of the three funds. The Board selected the AM Best Adequacy Model which is a recognized rating process utilized to grade insurance solvency in the United States.

The goals for the three funds are periodically updated by the Towers Watson actuary. The goals shown below were calculated using the June 30, 2010 financial statements. The Board's strategy is to have a fund balance that exceeds 80 percent of the target. If the fund balance exceeds 120 percent of the target, then the Board will consider distributions of the contributions back to the members. The following chart shows the Workers' Compensation Fund has exceeded 120 percent of the target, and the Property and Liability Fund has exceeded 100 percent of the target, while the Employee Benefits Fund has a deficiency.

	Fund Equity June 30, 2010*	80 Percent of Target Minimum	Fund Equity Target	120 Percent of Target Maximum	Excess/ (Deficiency)	% of of Target
Employee Benefits Fund	$ 8,948,085	$ 16,480,000	$ 20,600,000	$ 24,720,000	$ (7,531,915)	43%
Workers' Compensation Fund	10,141,795	3,200,000	4,000,000	4,800,000	5,341,795	254%
Property and Liability Fund	9,452,723	6,480,000	8,100,000	9,720,000	2,972,723	117%
Total	$ 28,542,603	$ 26,160,000	$ 32,700,000	$ 39,240,000	$ 782,603	87%

*Excludes MPR Fund equity

Other Financial Information

In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain *required supplementary information* including a reconciliation of MPR's claim reserves by fund and a ten-year claim development schedule for each fund.

Economic Conditions and Next Year's Programs

The national recession continued throughout the entirety of fiscal year 2010. This was acutely felt among units of local government where revenues were reduced dramatically due to loss in property values and the sales tax base. As a result, local governments continued to curtail spending, eliminating services and reducing their employee base. MPR operated its three programs in this tight competitive environment and gained significant membership in the Employee Benefits program, while losing one significant member in the Property and Liability program.

Reinsurance partner relationships have been consistent with prior years. MPR recognizes the need for long-term, consistent business relationships with excess carriers and reinsurers given large losses in any one year affect the financial position with carriers as well as future pricing. The respective reinsurers for the year were: Employee Benefits – SwissRe, Workers' Compensation – Safety National, and Property and Liability – Governmental Entities Mutual and Munich Re.

After much anticipation, the groundbreaking for the new MPR building (campus) was in August 2009, with the building completed and MPR occupying it prior to the end of November 2010. The three main areas are the offices and board room, wellness and training center, and the auditorium (lecture hall). The building has unique features in controlling utility costs. The campus is designed to offer personal, small group and corporate training modules and should provide a quality venue for loss control and wellness activities that are intended to reduce claims cost. The building construction was completed "on time" and within 2% of its estimated $7.0M budget.

Major Initiatives

The most significant initiative MPR is presently working on is the expansion of the Property and Liability pool program into Kansas. Originally, the state approved the creation of MPR of Kansas, Inc. as well as the Employee Benefits program. Though the "pool approvals" do not have to be duplicated, the state has specific financial and participation requirements for each of property, auto and liability coverages. MPR is proceeding with the approval process and soliciting member interest in this program.

The Employee Benefits program continued to expand and grow significantly. In the first year of offering employee benefits throughout the State of Kansas, the cities of Hillsboro, Roeland Park, and Oswego joined, as did Jackson County. These entities represent a 40% increase for the Kansas Employee Benefit program. Growth on the Missouri side exceeded expectations. The "mix" of growth has been healthy for the pool in that it is comprised of cities, counties, school districts and special districts. The geographic distribution of the new members included public entities from the southern and eastern reaches of the state where no membership previously existed. MPR continued to attract larger members such as Greene County (Workers'

Compensation), Cass County (Employee Benefits), and Sedalia (Employee Benefits). This lends to the belief that future growth and expansion are likely.

The pool authored and released a request for proposal for an investment advisor. The Finance Advisory Committee recommended the firm of Strategic Asset Alliance (SAA) to perform this function. SAA is currently in the process of reviewing MPR's investment portfolio to make recommendations to the Board for future allocations and investment policy changes.

Requests for Information

This financial report is designed to provide a general overview of MPR's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Midwest Public Risk, 19400 East Valley View Parkway, Independence, MO 64055.

BASIC FINANCIAL STATEMENTS

The basic financial statements are those basic 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 Balance Sheets
As of June 30, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 6,742,340	$ 6,290,314
Investments	34,035,224	35,410,890
Accrued interest	123,498	136,336
Contributions due from members	317,510	376,276
Excess insurance recoverable on paid losses	880,202	488,770
Deductible receivable	196,057	97,747
Other receivables	1,063	2,497
Prepaid insurance and other expenses	23,246	8,316
Total current assets	42,319,140	42,811,146
Non-current assets		
Membership deposits	695,000	500,000
Excess insurance recoverable on unpaid losses	487,796	1,796
Capital assets, non-depreciable:		
Land and construction in progress	4,004,211	1,081,289
Capital assets, depreciable:		
Property and equipment, net of depreciation	44,268	51,917
Total non-current assets	5,231,275	1,635,002
Total assets	$ 47,550,415	$ 44,446,148
Liabilities and Fund Equity		
Liabilities:		
Current liabilities:		
Claim reserves	$ 4,622,472	$ 5,123,843
Reserve for unallocated loss adjustment expenses	710,421	493,972
Accounts payable	928,479	528,271
Loss control credit program liability	1,027,846	1,038,579
Unearned contributions	985,677	1,549,130
Accrued refund of contributions	-	1,000,157
Total current liabilities	8,274,895	9,733,952
Non-current liabilities		
Claim reserves	10,793,554	9,390,587
Total liabilities	19,068,449	19,124,539
Fund equity:		
Designated for capital assets/capital improvement fund	7,122,524	4,234,459
Designated for net reserve capital fund	2,102,841	1,937,365
Designated for liquidity	19,256,601	19,149,785
Total fund equity	28,481,966	25,321,609
Total liabilities and fund equity	$ 47,550,415	$ 44,446,148

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

Midwest Public Risk
Combined Statements of Revenues, Expenses and Changes in Fund Equity
For the Years Ended June 30, 2010 and 2009

	2010	2009
Operating revenues:		
Contributions earned	$ 50,196,904	$ 43,868,230
Operating expenses:		
Losses and loss adjustment expenses:		
Paid	39,543,064	37,559,222
Change in reserves	(74,146)	(1,002,358)
Excess insurance premiums	1,813,127	1,584,586
Other insurance premiums	467,365	446,944
Contribution taxes	224,359	198,819
Claims administration fees	3,560,548	2,836,151
Loss prevention	637,414	517,902
General and administrative	3,041,112	2,774,110
Depreciation	38,809	25,976
Total operating expenses	49,251,652	44,941,352
Operating income (loss)	945,252	(1,073,122)
Non-operating revenues (expenses)		
Interest income	911,232	1,101,421
Net increase (decrease) in fair value of investments	1,303,873	(2,387,491)
Other income	-	147,406
Refunds of contributions	-	(1,397,601)
Total non-operating revenues (expenses)	2,215,105	(2,536,265)
Increase (decrease) in fund equity	3,160,357	(3,609,387)
Fund equity, beginning of year	25,321,609	28,930,996
Fund equity, end of year	$ 28,481,966	$ 25,321,609

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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Contributions collected	$ 49,624,246	$ 44,742,467
Losses and loss adjustment expenses paid	(39,543,064)	(37,559,222)
Insurance premiums paid	(2,280,492)	(1,994,599)
Contribution taxes paid	(231,500)	(231,677)
Claims administration fees paid	(3,098,077)	(2,016,005)
Loss prevention	(1,953,227)	(848,458)
General and administrative expenses paid	(1,255,569)	(2,385,321)
Payments to employees for services	(414,681)	(843,481)
Refunds of contributions	(1,250,195)	(901,155)
Net cash used in operating activities	(402,559)	(2,037,451)
Cash flows from non-capital financing activities:		
Withdrawal penalty	-	157,308
Deposits	(195,000)	-
Net cash provided by (used in) non-capital financing activities	(195,000)	157,308
Cash flows from capital activities:		
Acquisition of capital assets	(2,554,430)	(1,099,383)
Net cash used in capital activities	(2,554,430)	(1,099,383)
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	38,831,995	14,361,998
Purchase of investments	(36,152,049)	(16,727,340)
Interest received	924,069	1,094,541
Net cash provided by (used in) investing activities	3,604,015	(1,270,801)
Net change in cash and cash equivalents	452,026	(4,250,327)
Cash and cash equivalents, beginning of year	6,290,314	10,540,641
Cash and cash equivalents, end of year	$ 6,742,340	$ 6,290,314

(continued on next page)

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, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 945,252	$ (1,073,122)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities:		
Depreciation expense	38,809	25,976
Accrued refunds of contributions	(1,000,157)	(753,749)
Accrued PTO expense	(41,635)	20,920
(Increase) decrease in contributions receivable	58,766	(245,488)
(Increase) decrease in excess insurance recoverable	(877,432)	286,220
(Increase) decrease in deductible receivable	(98,310)	(29,550)
(Increase) decrease in other receivables	1,434	24,840
(Increase) decrease in prepaid expenses	(14,931)	46,209
(Increase) decrease in prepaid deposits	(407)	-
Change in claim reserves and unallocated loss adjustment expenses	1,118,045	(1,305,662)
Increase (decrease) in accounts payable	42,192	(94,329)
Increase (decrease) in loss control/wellness credit program liability	(10,732)	110,410
Increase (decrease) in unearned contributions	(563,453)	949,874
Total adjustments	(1,347,811)	(964,329)
Net cash used in operating activities	$ (402,559)	$ (2,037,451)
Supplemental schedule of noncash investing activities:		
Change in fair value of investments	$ 1,303,873	$ (2,387,491)

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

1. Reporting Entity and Summary of Significant Accounting Policies

A. The Reporting Entity

Midwest Public Risk and its affiliates, Midwest Public Risk of Missouri and Midwest Public Risk of Kansas, Inc., collectively referred to as MPR (formerly known as MARCIT), was formed as a self-insurance program to cover Health and Dental (Employee Benefits), Workers' Compensation, and Property and Liability claims for its members. On April 22, 2009, 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 effective date of the reorganization was July 1, 2009. The three new entities formed were:

- Midwest Public Risk (MPR), an administrative corporation providing administrative services to the state coverage pools and owning/managing the MPR construction in progress.
- Midwest Public Risk of Missouri (MPR of Missouri, formerly MARCIT), a public entity risk coverage pool providing all three coverages to Missouri public entities.
- Midwest Public Risk of Kansas, Inc. (MPR of Kansas), a public entity risk coverage pool providing Employee Benefits 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.

The reorganization was implemented in order to provide better coverage and more effectively administer the operations. 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. The reorganization is simply a change in delivery model and will be transparent to MPR's membership, with services and operations continuing as before.

MPR began providing Workers' Compensation coverage July 1, 1983 and Employee Benefits (Health and Dental) coverage July 1, 1984, with Property and Liability (casualty) coverage following on December 31, 1984. Members of MPR, located primarily in the western Missouri and eastern Kansas areas, include cities, counties, school districts, and other governmental entities. The members select the Board of Directors. At June 30, 2010, there are 36 members in the Property and Liability program, 45 members in the Workers' Compensation program, and 108 members that participate in the Employee Benefits program, for a total and unduplicated count of 125 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.

MPR's financial statements include the accounts of all MPR functions and activities. The criteria used to determine whether component units (separate governmental units, agencies or non-profit corporations associated with MPR) should be disclosed in the financial statements of MPR include appointment of a voting majority, imposition of will, imposition of financial benefit to or burden on MPR, and fiscal dependency. MPR has determined that no other outside entity meets the above criteria.

B. Summary of Significant Accounting Policies

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

Basis of Presentation – Fund Accounting

MPR operates as a single proprietary fund, more specifically as an enterprise fund. A proprietary fund is used to account for 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's activities are provided to outside parties, the local governmental members of MPR.

The accounts of MPR are organized on the basis of type of insurance coverage and by claim years, each of which is accounted for separately because the composition of membership may change from year to year.

Basis of Accounting

Basis of accounting refers to the period in which revenues and expenditures are recognized in the accounts and reported in the financial statements, and relates to the timing of the measurement made, regardless of the measurement focus applied.

As a proprietary fund, MPR employs the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

MPR follows the economic resources measurement focus under which all assets and liabilities associated with the activity of providing insurance services are included within the fund.

In accordance with GASB 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," MPR has elected not to apply the FASB Statements and Interpretations issued after November 30, 1989.

Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – Interest bearing deposit accounts are reported at cost plus accrued interest.

Investments – MPR reports its investments at fair value. Investment income, including changes in the fair value of investments, is recognized as revenue in the Combined Statement of Revenues, Expenses and Changes in Fund Equity.

Excess Insurance Recoverable on Paid 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 thus remains contingently liable for amounts which excess carriers might be unable to pay. As of June 30, 2010 and 2009, the pool's excess insurance recoverables are shown below:

	June 30, 2010	June 30, 2009
Excess insurance recoverable on paid losses:		
Employee Benefits specific	$ 880,202	$ 130,349
Property and Liability specific	-	-
Workers' Compensation specific	-	358,421
Excess insurance recoverable on unpaid losses:		
Property and Liability specific	487,796	1,796
	$ 1,367,998	$ 490,566

Membership Deposits

Government Entities Mutual, Inc.– In November 2002, the MPR Board of Directors approved MPR's membership in Government Entities Mutual, Inc. (GEM), a captive mutual insurance company. GEM's purpose is to provide stable and affordable reinsurance and insurance coverage to public entities along with high quality risk management services. Payments totalling $500,000 from the Property and Liability Fund and the Workers' Compensation Fund were made to GEM as an initial surplus deposit. From time to time, GEM may declare dividends. GEM will maintain a surplus account for each GEM member. The surplus account will include surplus deposits, dividends, distribution payments and such other adjustments as may be deemed appropriate by the GEM Board of Directors. The terms of the membership agreement determine how and when a member may withdraw from membership and/or receive funds from its surplus account. Members may not withdraw funds from the surplus account until 5 years after joining GEM. MPR's initial purchase of excess insurance through GEM was effective with the Property and Liability program's 2005 claim year.

Humana--At the beginning of the fiscal year, Humana required a deposit in the amount of $195,000, estimated to cover approximately four (4) days worth of claims activity.

Capital assets – Capital assets (excluding land and construction in progress) that exceed $1,000 are capitalized and recorded at cost. Property and equipment is depreciated over its estimated useful life using the straight-line method. MPR estimates useful life as follows:

Furniture and office equipment	7 years
Computer equipment	3 years
Vehicles	5 years
Leasehold improvements	Over the remainder of lease at time of improvement

Depreciation expense was $38,809 for fiscal year 2010 and $25,975 for fiscal year 2009.

Claim Reserves – Prior to July 1, 2007, the Property and Liability (formerly known as Property and Casualty) coverages were provided on a "claims made" basis, wherein the claim must be incurred while the member has coverage (either the current policy period or a prior policy period) and reported while the member continues to be covered by MPR (either in the current policy period or a subsequent policy period). MPR does not cover claims for a member that were incurred before they acquired Property and Liability coverage from MPR, nor any claims covered that were incurred while the member has coverage but are reported after the coverage has been terminated.

Effective July 1, 2007, MPR changed the Property and Liability coverages from a “claims made” basis to a “claims occurrence” basis for liability, crime and fidelity coverages. MPR also agreed to cover claims under these coverages incurred prior to July 1, 2007 but not reported until after June 30 (tail coverage) at no additional charge to members active on June 30, 2007.

The Workers’ Compensation 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.

The Employee Benefits (formerly known as Health and Dental) coverage is provided on a modified “claims made” basis, wherein the claim must have been incurred when the employee had MPR coverage 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.

Claim reserves are based on estimates of the ultimate cost of settling reported claims, including related adjustment expenses. Estimated amounts of subrogation, excess insurance recoveries and deductibles are deducted from reserves. Future loss development on known claims is accrued for both Workers’ Compensation and Property and Liability coverages. For Workers’ Compensation and certain coverages in the Property and Liability program, an additional estimate is added to claims reserves for claims incurred but not reported (IBNR).

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. Claim 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 reflect 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.

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 costs 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 claims staff. Should MPR decide not to continue operations, the accrued estimates of $710,421 and $493,972 would cover the future handling of unsettled claims as of June 30, 2010 and June 30, 2009.

Unearned Contributions – Contributions are calculated in advance and recognized as revenue in the period for which insurance protection 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.

Fund Equity – Fund equity 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 coverages. As discussed above, 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 authorizes 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 $28,481,966 in fund equity represents the cumulative net results of all claim years since inception. The MPR Board of Directors has designated certain portions of fund equity for a capital improvements (CIP) fund and a net reserve capital (NRC) fund. The balance of the fund equity has been designated for liquidity.

Operating Revenues and Expenses

Operating revenues and operating expenses will include only those revenues and expenses directly associated with the provision of Employee Benefits, Workers' Compensation, and Property and Liability coverages to the members.

Operating revenues will include contribution income (and supplemental contribution assessments, if any) that are due from members for the insurance coverage(s) they have requested. Operating expenses will include losses and loss adjustment expenses (claims) incurred under the three insurance coverages provided to the members. Also included are the claims 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.

Contributions – Contributions are billed in advance and recognized as revenue over the period for which insurance protection is provided. Contributions are calculated using separate underwriting criteria for Employee Benefits, Workers' Compensation, and Property and Liability coverages.

MPR was created as an assessable pool. Accounting records are maintained for each line of coverage on a claim year basis. The Board of Directors has the authority to assess members for any deficiencies of revenues under expenses for any single claim year. Anticipated investment income is not considered in determining if a contribution deficiency exists.

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 recoveries
Loss adjustment expenses

Non-operating Revenues and Expenses

Non-operating revenues and expenses include investment income, increase (decrease) in fair value of investments and refunds of contributions. Refunds of contributions are distributions to the members of excess fund equity. To the extent that revenues exceed expenses in a given claim year after all related claims have been settled and there are no other designations on this portion of the fund equity, members participating in such claim year may be entitled to receive a refund of contribution should it be authorized by the Board of Directors.

Statement of Cash Flows – For purposes of the statement of cash flows, cash and cash equivalents includes interest bearing deposit accounts.

Significant Accounting Pronouncements – There are no recent accounting pronouncements that have or will affect MPR.

Federal and State Income Taxes – In the opinion of legal counsel, MPR is a quasi-governmental entity, and not subject to federal income taxes under Section 115 of the Internal Revenue Code.

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.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties – Investment securities are exposed to various risks, such as interest rate, market and credit. 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 changes in risks in the near term could materially affect the amounts reported in the combined balance sheet and the combined statement of revenues, expenses and changes in fund equity.

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.

Reclassifications – Certain prior period amounts have been reclassified to conform to current presentation.

2. Insurance Coverages, Self-insured Retention and Excess Insurance

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. Following are brief descriptions of each of the programs and related self-insured retention amounts and excess insurance limits.

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 indemnity plans. All plans utilize preferred provider organizations. Provided enrollees stay in the network, one plan pays benefits at 90%, the second plan at 80%, and the third plan offered only to early retirees pays benefits at 50% with no deductibles. MPR also offers members a health maintenance organization (HMO) plan through Humana. This plan requires minimal deductibles and co-payments.

Following are the self-insured retention and excess insurance limits. 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 $528,793 in fiscal year 2010 and $458,901 in fiscal year 2009.

	Fiscal Year 2010	Fiscal Year 2009
Self -insured retention:		
Specific	$ 275,000	$ 250,000
Aggregate	N/A	N/A
Excess insurance limit:		
Specific	$ 1,725,000	$ 1,750,000
Aggregate	N/A	N/A

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. Self-insured retention and excess insurance limits for this program are set forth in the following chart. Premiums for excess insurance coverage were $199,616 in fiscal year 2010 and $239,380 in fiscal year 2009.

			Claim Year		
	2006	2007	2008	2009	2010
Self-insured retention:					
Specific	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Aggregate	9,463,450	9,728,931	10,384,130	10,541,547	11,219,320
Excess insurance limits:					
Specific	Statutory	Statutory	Statutory	Statutory	Statutory
Aggregate	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Property and Casualty

Liability Excess Coverage – MPR's Property and Liability Fund offers general liability, auto liability, and crime coverage. In addition, MPR offered errors and omission coverage in the 1986 and 1992 through 2009 claim years. 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.

MPR maintains specific and aggregate excess insurance coverages with multiple insurance carriers, which provide various limits of coverage over MPR's retention limits.

	Claim Year				
	2006	**2007**	**2008**	**2009**	**2010**
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

Note 1 - Specific limits	1-1-06 to 12-31-06	1-1-07 to 12-31-07	1-1-08 to 12-31-08	1-1-09 to 12-31-09	1-1-10 to 12-31-10
Per person	$ 345,499	$ 355,396	$ 362,849	$ 378,814	$ 376,378
Per occurrence	3,303,326	3,369,306	3,418,992	3,525,423	3,509,186

Liability coverages include:
"All Claims" for Business Automobile Liability each accident BI or PD
"All Claims" for other than Professional Liability Claims
"All Claims" for Personal & Advertising Injury
Per claim for Law Enforcement Liability
Per claim for EMT Liability
Per claim Public Officials Liability
Per occurrence/per event aggregate for special events spectator liability

Note 2 - $15,000,000 Commercial General Liability Policy Annual Aggregate

Premiums for excess coverage were $1,084,718 in fiscal year 2010 and $886,305 in fiscal year 2009.

Property Excess coverage – From fiscal year 2006 through fiscal year 2007, MPR purchased a reinsurance policy from Public Entity Property Insurance Program (PEPIP) for property, auto physical damage, inland marine and EDP. This policy provided the following terms:

	Claim Year	
	2006	**2007**
Per occurrence deductible	$ 25,000	$ 25,000
Aggregate deductible	300,000	300,000
Per occurrence limit	1,000,000,000	350,000,000

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

In 2008 and 2009, MPR purchased a property policy for property, auto physical damage, inland marine and EDP from Lexington Insurance Company. MPR obtained coverage from Government Entities Mutual, Inc. in 2010. The policies provided the following terms:

	Claim Year		
	2008	**2009**	**2010**
Per occurrence deductible	$ 100,000	$ 100,000	$ 100,000
Aggregate deductible	300,000	300,000	300,000
Total policy limit	250,000,000	350,000,000	350,000,000

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

3. Reconciliation of Claim Reserves

An analysis of the change in claim reserves during fiscal year 2010 and 2009 follows:

	Fiscal Year 2010	**Fiscal Year 2009**
Total claim reserves, beginning of fiscal year, net of recoveries	$ 13,926,117	$ 14,928,475
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	44,374,151	38,129,770
Adjustment to provision for insured events of prior fiscal years	(4,905,233)	(1,572,906)
Total incurred claims and claim adjustments expenses	39,468,918	36,556,864
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	37,230,973	30,542,788
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	2,312,091	7,016,434
Total payments	39,543,064	37,559,222
Total claim reserves, end of fiscal year, net of recoveries	$ 13,851,971	$ 13,926,117
Balance sheet recap:		
Claim reserves - current	$ 4,622,472	$ 5,123,843
Claim reserves - non-current	10,793,554	9,390,587
Excess insurance recoverable on paid losses	(880,202)	(488,770)
Excess insurance recoverable on unpaid losses	(487,796)	(1,796)
Deductible receivable	(196,057)	(97,747)
Total claim reserves, end of fiscal year, net of recoveries	$ 13,851,971	$ 13,926,117

Claim reserves are based on estimates of the ultimate cost of settling reported claims, including related adjustment expenses. 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 balance sheet 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.

4. Cash and Investments

MPR maintains various interest bearing deposit accounts to handle cash receipts, disbursements and idle cash balances for the three funds. MPR's 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 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. The State of Missouri has no restrictions on the type of investments MPR may purchase.

Cash on deposit in excess of FDIC limits and investments not explicitly guaranteed by the U.S. Government were collateralized with securities pledged and held by the financial institution and total $8,792,256 and $6,541,297, as of June 30, 2010 and 2009, respectively. MPR does not have a formal policy regarding collateralization of deposits.

The composition of investments at estimated fair value as of June 30, 2010 and 2009 is as follows:

	Estimated Fair Value June 30, 2010	Estimated Fair Value June 30, 2009
Debt securities:		
U.S. government bonds	$ 15,581,671	$ 20,615,878
Mutual funds:		
Short-term government and corporate bond fund	7,689,893	7,301,077
Total debt securities	23,271,564	27,916,955
Equities mutual funds	10,763,660	7,493,935
Total investments	$ 34,035,224	$ 35,410,890

	Estimated Fair Value June 30, 2010	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10
U.S. government bonds	$ 15,581,671	$ 456,991	$ 15,124,680	$ -
Mutual funds - bonds (Note 1):				
Short-term government and corporate bond fund	7,689,893	-	7,689,893	-
Total debt securities	$ 23,271,564	$ 456,991	$ 22,814,573	$ -

Note 1: Maturity of bond mutual funds is based on the average maturity of the underlying securities.

Interest Rate Risk

Investment maturities are limited as follows:

Maturity	Maximum Investment
Less than one year	2 %
One to five years	98
Six to ten years	-

Custodial Credit Risk

MPR's investments are subject to custodial credit risk because none are insured or registered by the financial institution acting as custodian. The investments are held in the name of the financial institution's trust department and not in MPR's name; however, the trust department maintains records to identify MPR's investments. MPR does not have a formal policy regarding custodial credit risk for investments.

Credit Risk

MPR's Board-approved investment policy sets forth the asset classes among which MPR's investments shall be allocated. The investment policy further defines the components of the fixed income portfolio and provides that the allocation to these components is to be determined by the Board. MPR manages its exposure to credit risk through limits on credit quality ratings within each component of the fixed income portfolio, as set forth in the Board approved investment policy.

For U.S. equities, MPR's policy is to invest in a broadly diversified portfolio of publicly held stocks, issued by companies domiciled in the United States. For U.S. fixed income securities, MPR's policy is to invest in a diversified portfolio of U.S. dollar-denominated debt securities issued by the U.S. Government, Treasury, Agencies, and U.S. domiciled companies. MPR may not invest in more than 5% of the outstanding securities of one issuer nor invest more than 5% of the portfolio in the outstanding securities of one issuer, except for U.S. Government Treasury and Agency securities. It is MPR's policy to invest in debt securities that have a minimum quality rating of Baa/BBB at the time of purchase. The overall quality rating should be AA or above.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. The credit risk profile as listed by Moody's or S&P for fixed income securities at June 30, 2010 and 2009 are as follows:

	June 30, 2010			
	AAA (Note 1)	**AA1 (Note 2)**	**A1 (Note 3)**	**Total**
Fixed-income securities:				
U.S. government bonds	$ 15,581,671	$ -	$ -	$ 15,581,671
Short-term investment grade bond fund	-	5,158,793	-	5,158,793
Intermediate-term investment grade bond fund	-	-	2,531,100	2,531,100
Total fixed-income securities	$ 15,581,671	$ 5,158,793	$ 2,531,100	$ 23,271,564

	June 30, 2009			
	AAA (Note 1)	**AA1 (Note 2)**	**A1 (Note 3)**	**Total**
Fixed-income securities:				
U.S. government bonds	$ 20,615,878	$ -	$ -	$ 20,615,878
Short-term U.S. Treasury index bond fund	-	-	-	-
Short-term bond fund	5,110,754	2,190,323	-	7,301,077
Total fixed-income securities	$ 25,726,632	$ 2,190,323	$ -	$ 27,916,955

Note 1: This category includes AAA-rated securities and securities that are not at risk because they are considered explicitly guaranteed by the U. S. Government and are thus considered AAA-rated.

Note 2: This category represents the average credit rating of the bond fund/ETF. These funds primarily contain investment grade securities with ratings typically ranging from AAA to Baa/BBB and are in compliance with MPR's investment policy.

Note 3: This category represents the average credit rating of the bond fund/ETF. These funds primarily contain investment grade securities with ratings typically ranging from AAA to Baa/BBB and are in compliance with MPR's investment policy.

5. Capital Assets

A summary of changes in property and equipment follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010
Capital assets, non-depreciable:				
Land	$ 826,156	$ -	$ -	$ 826,156
Construction in progress	255,133	2,922,922	-	3,178,055
Capital assets, depreciable:				
Office furniture and fixtures	135,977	31,160	-	167,137
Vehicles	56,846	-	-	56,846
Leasehold improvements	3,385	-	-	3,385
Capital assets at historical cost	1,277,497	2,954,082	-	4,231,579
Less accumulated depreciation for:				
Office furniture and fixtures	(107,337)	(27,440)	-	(134,777)
Vehicles	(33,569)	(11,369)	-	(44,938)
Leasehold improvements	(3,385)	-	-	(3,385)
Total accumulated depreciation	(144,291)	(38,809)	-	(183,100)
Capital assets, net of depreciation	$1,133,206	$ 2,915,273	$ -	$ 4,048,479

6. Lease Commitments

MPR currently has an operating lease commitment for office space through December, 2010. The minimum rental payments for years ending June 30 are as follows:

Fiscal year 2011	$ 32,085

MPR also rents certain equipment and vehicles on a periodic basis as needed. Office, vehicle and equipment rental expenses for fiscal years 2010 and 2009 were $81,667 and $83,120, respectively.

7. Defined Contribution Pension 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 fourteen active participants as of year-end. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The MPR Board has the authority to establish and amend the plan's provisions, including the contribution requirements. This retirement plan was authorized by the MARCIT Board of Directors in January 1990 and is amended from time to time by the Board.

Effective January 1, 2008, MPR contracted 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 salary. There are no employee contributions to the plan. The retirement plan provides a menu of 32 investment options. The funds are invested according to directions made by the participants.

Employer contributions in the money purchase plan totalled $109,502 and $86,215 for fiscal years 2010 and 2009, respectively. The fair value of the plan assets was $388,264 and $256,728 as of June 30, 2010 and 2009, respectively. Total pension expense, including administrative fees and a year-end accrual associated with the paid time-off accrual, was $122,247 and $88,530 for the years ended June 30, 2010 and 2009, respectively.

8. 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. ICMA Retirement Corporation provides investing and recordkeeping services. 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 value of the plan assets was $84,154 and $63,160 as of June 30, 2010 and 2009, respectively. Payments to the plan for the contributions were $13,441 and $2,927 for the fiscal years ended June 30, 2010 and 2009, respectively.

9. 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 its members for which it provides insurance coverages. MPR is insured through the very same programs that it provides to its members. Losses have been minimal and MPR does not pay itself premiums. There have been no claims, and therefore no settlements, in any of the last three years.

MPR has the following types of insurance coverages and deductibles for the period July 1, 2009 through June 30, 2010:

	Deductible
Coverage:	
General liability	$10,000 / 25,000 *
Public officials liability	$10,000 / 25,000 *
Crime and fidelity	$10,000 / 25,000 *
Auto liability	$10,000 / 25,000 *
Law enforcement liability	$10,000 / 25,000 *
Sewer	$10,000
Auto physical damage	$5,000
Property	$5,000
Workers' Compensation	Not applicable

* For members with payrolls in excess of $8,000,000, a $25,000 deductible may be required, with an option to buy down to a lower deductible.

10. Service Provider Agreements

Administration and claims management services for Property and Liability and Workers' Compensation Funds were handled by Xchanging, Inc. until May 2010, at which time administrative services were transferred to Corporate Claims Management, Inc. Similar services for the Employee Benefits Fund are provided by Benefit Management, Inc., Humana, Inc. Delta Dental USA, and Vision Service Plan. The claims administration expense for fiscal years 2010 and 2009 was $3,560,548 and $2,836,151, respectively, and includes unallocated loss adjustment expense. Amounts payable to these service providers as of June 30, 2010 and 2009 were:

	June 30, 2010	June 30, 2009
Accounts payable to third party administrators:		
Employee Benefits Fund	$ -	$ 4,126
Workers' Compensation Fund	178,758	-
Property and Liability Fund	71,390	-
Total	$ 250,148	$ 4,126

The Mid-America Regional Council (MARC) provides general office support and accounting services (2009 only). Fees for these services for fiscal years 2010 and 2009 were $61,596 and $123,192, respectively. Amounts payable to MARC at June 30, 2010 and 2009 were $1,158 and $20,532, respectively.

11. Retiree Health Care Coverage

MPR has 108 members in the Employee Benefits Fund. Many of the members provide their retirees access to health care after their employment ends; only one member provides a direct contribution to reduce the retiree cost of health care coverage. The contributions (premiums) for retirees are 125 percent of the active employee contribution rates. The contributions and claims of active and retired employees are commingled in the Employee Benefits Fund. There are no assets or liabilities specifically attributable to retiree health care coverage of participating members.

MPR hired an actuarial firm, Lewis and Ellis, to provide each member reporting on an accrual basis of accounting the actuarial information needed to comply with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Each member is required to disclose additional information in its annual financial report regarding 1) funding policy, 2) the employer's annual OPEB cost and contributions made, 3) the funded status and funding progress of the employer's individual plan, and 4) actuarial methods and assumptions used.

12. Construction Commitment and Financing

In November 2009, MPR contracted for construction of a new headquarters building (MPR Campus) in Independence, Missouri. Construction was completed in November 2010. As of June 30, 2010, the financial statements reflected the following balances related to the project:

Assets	**MPR Fund**
Cash and investments	$ 3,341,271
Accured interest	9,902
Property and equipment, net of depreciation	44,268
Land	826,156
Construction in progress	3,178,055
Total assets	$ 7,399,652
Liabilities	
Current notes payable-MPR Campus	$ 194,937
Non-current notes payable-MPR Campus	3,703,810
Accounts payable	399,652
Fund balance	
Invested in Capital Assets	3,101,253
Total liabilities and fund balance	$ 7,399,652

On July 15, 2009, MPR of Missouri approved the transfer of $3.1M of fund balance, as well as its land and construction in progress balances, to MPR. MPR funded the remainder of the approximately $7.0M construction project, including land acquisition, by utilizing an internal loan structure in which MPR of Missouri, on January 1, 2010, loaned $3.9 to MPR at a 4% interest rate for a 20 year period of time. The loan has semi-annual interest payments with an annual principal payment on June 30th of each year.

13. Subsequent Events

Workers' Compensation Surplus Distribution – On June 23, 2010, the MPR Board of Directors adopted a resolution authorizing a $4.3M Workers' Compensation surplus distribution over a three-year period, which is approximately $1.4M per year. MPR of Missouri members approved the first installment of the three-year distribution at the Annual Fall Conference in October 2010. Prior to any distribution being paid out, the Missouri Division of Workers' Compensation must also approve the transaction.

Consistent with prior distributions, the distribution is weighted with approximately 50% based on equity contributions and the other 50% based on actual loss experience in a given year. If a member has left the pool, the distribution associated with that member is credited to the Capital Improvement fund. Additionally, 20% of each member's distribution will be credited to their Safety Credit account. The recommended 2010 distribution will result in $.8M to members, $.4M for Capital Improvement fund, and $.2M for Safety Credits.

REQUIRED SUPPLEMENTARY INFORMATION

Midwest Public Risk
Ten-Year Claims Development-General Information
For the Ten-year Period Ended June 30, 2010

The following tables illustrates how MPR's earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss 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 and earned investment revenue, amounts of ceded excess insurance premiums, and net earned contributions (net of excess insurance) and investment revenue.
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 coverage occurred (called 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, reevaluation 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, fatalities and incidents that had no incurred costs.
9. Open Claims
   This line shows the number of reported claims that are a liability for future claim payments.

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

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

	As of June 30, 2010 (Note 1)				
	2001 Claim Year	**2002 Claim Year**	**2003 Claim Year**	**2004 Claim Year**	**2005 Claim Year**
1.Contributions and investment revenue:					
Earned	$ 13,526,615	$ 19,842,609	$ 18,826,080	$ 19,053,351	$ 19,287,403
Ceded - excess insurance premiums	(624,102)	(431,287)	(394,580)	(369,085)	(304,755)
Net earned	12,902,513	19,411,322	18,431,500	18,684,266	18,982,648
2.Unallocated expenses	$ 1,596,223	$ 2,023,901	$ 2,062,854	$ 2,293,118	$ 2,721,992
3.Estimated incurred claims and expense, end of policy year:					
Incurred	$ 12,954,255	$ 17,949,140	$ 15,090,176	$ 14,764,061	$ 15,208,589
Ceded - excess insurance recoveries	(120,356)	(560,508)	8,911	(138,121)	(90,530)
Net incurred	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059
4.Net paid (cumulative) as of (Note 1):					
June 30, 2001	$ 11,804,381				
June 30, 2002	12,833,899	$ 16,353,158			
June 30, 2003	12,833,899	17,388,632	$ 14,613,030		
June 30, 2004	12,833,899	17,388,632	15,099,087	$ 14,068,457	
June 30, 2005	12,833,899	17,388,632	15,099,087	14,625,940	$ 13,895,685
June 30, 2006	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059
June 30, 2007	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059
June 30, 2008	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059
June 30, 2009	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059
June 30, 2010	12,833,899	17,388,632	15,099,087	14,625,940	15,118,059

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.

Note 2: Total estimated incurred claims and expenses equal $37,899,555 and include $35,381,682 of paid claims plus $2,828,661 of claim reserves, less $880,202 of excess reinsurance recoverable on paid losses.

Continued

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

	As of June 30, 2010 (Note 1)				
	2006 Claim Year	2007 Claim Year	2008 Claim Year	2009 Claim Year	2010 Claim Year
1.Contributions and investment revenue:					
Earned	$ 20,586,069	$ 20,171,497	$ 24,649,753	$ 33,868,486	$ 40,886,340
Ceded - excess insurance premiums	(343,405)	(361,146)	(427,070)	(458,901)	(528,793)
Net earned	20,242,664	19,810,351	24,222,683	33,409,585	40,357,547
2.Unallocated expenses	$ 2,835,148	$ 2,706,045	$ 3,362,104	$ 4,679,757	$ 4,809,166
3.Estimated incurred claims and expense, end of policy year:					
Incurred	$ 14,931,005	$ 16,940,851	$ 22,695,821	$ 31,902,480	$ 39,090,545
Ceded - excess insurance recoveries	(26,310)	-	(147,673)	(458,019)	(1,190,990)
Net incurred	14,904,695	16,940,851	22,548,148	31,444,461	37,899,555 (Note 2)
4.Net paid (cumulative) as of (Note 1):					
June 30, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	$ 13,216,949				
June 30, 2007	14,904,695	$ 15,647,119			
June 30, 2008	14,904,695	16,940,851	$ 20,502,262		
June 30, 2009	14,904,695	16,940,851	22,548,148	$ 28,926,389	
June 30, 2010	14,904,695	16,940,851	22,548,148	29,283,162	$ 35,381,682

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.

Note 2: Total estimated incurred claims and expenses equal $37,899,555 and include $35,381,682 of paid claims plus $2,828,661 of claim reserves, less $880,202 of excess reinsurance recoverable on paid losses.

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

	As of June 30, 2010 (Note 1)				
	2001 Claim Year	2002 Claim Year	2003 Claim Year	2004 Claim Year	2005 Claim Year
1.Contributions and investment revenue:					
Earned	$ 2,734,332	$ 3,021,015	$ 3,186,312	$ 4,098,775	$ 4,752,026
Ceded - excess insurance premiums	(85,160)	(90,938)	(115,291)	(162,221)	(189,249)
Net earned	2,649,172	2,930,077	3,071,021	3,936,554	4,562,777
2.Unallocated expenses	$ 689,644	$ 659,438	$ 744,978	$ 871,235	$ 850,021
3.Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 1,700,000	$ 1,700,000	$ 1,735,000	$ 2,800,000	$ 2,730,000
Ceded - excess insurance recoveries	-	-	-	-	-
Net incurred	1,700,000	1,700,000	1,735,000	2,800,000	2,730,000
4.Net paid (cumulative) as of:					
June 30, 2001	$ 514,344				
June 30, 2002	1,050,978	$ 551,649			
June 30, 2003	1,409,457	1,227,063	$ 481,450		
June 30, 2004	1,526,745	1,452,764	1,252,711	$ 833,575	
June 30, 2005	1,578,452	1,627,478	1,681,747	1,962,122	$ 824,728
June 30, 2006	1,571,317	1,723,466	1,837,713	2,281,875	1,466,926
June 30, 2007	1,542,297	1,763,483	1,906,120	2,319,031	1,688,055
June 30, 2008	1,544,906	1,792,702	1,933,758	2,405,853	1,907,568
June 30, 2009	1,569,373	1,799,743	2,337,333	2,517,024	2,057,034
June 30, 2010	1,533,968	1,803,749	2,036,463	2,484,372	2,147,803
5.Re-estimated ceded losses-excess insurance recoveries					
June 30, 2010	$ -	$ -	$ (358,421)	$ -	$ -
6.Re-estimated net incurred claims and expense:					
June 30, 2001	$ 1,700,000				
June 30, 2002	1,680,000	$ 1,700,000			
June 30, 2003	1,770,000	1,915,000	$ 1,735,000		
June 30, 2004	1,756,000	1,762,000	1,890,000	$ 2,800,000	
June 30, 2005	1,745,000	1,775,000	2,090,000	2,900,000	$ 2,730,000
June 30, 2006	1,725,000	1,890,001	2,160,000	2,770,000	1,950,000
June 30, 2007	1,596,000	1,857,000	2,130,000	2,480,000	2,000,000
June 30, 2008	1,585,802	1,853,223	2,105,790	2,450,000	2,100,000
June 30, 2009	1,620,000	1,900,000	2,165,000	2,610,000	2,270,000
June 30, 2010	1,635,000	1,825,000	2,075,000	2,470,000	2,210,000
7.Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ (65,000)	$ 125,000	$ 340,000	$ (330,000)	$ (520,000)
8.Number of claims reported as of:(Note 2)					
June 30, 2001	367				
June 30, 2002	420	338			
June 30, 2003	420	389	355		
June 30, 2004	420	390	381	432	
June 30, 2005	420	390	381	460	413
June 30, 2006	420	390	381	461	434
June 30, 2007	420	390	382	461	434
June 30, 2008	420	391	382	462	434
June 30, 2009	420	392	382	462	434
June 30, 2010	420	392	381	462	434
9.Number of claims open as of June 30, 2010	1	4	2	2	2

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.

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

	As of June 30, 2010 (Note 1)				
	2006 Claim Year	2007 Claim Year	2008 Claim Year	2009 Claim Year	2010 Claim Year
1.Contributions and investment revenue:					
Earned	$ 4,581,914	$ 4,579,472	$ 4,460,607	$ 4,119,125	$ 3,951,257
Ceded - excess insurance premiums	(182,047)	(188,589)	(203,417)	(235,721)	(199,616)
Net earned	4,399,867	4,390,883	4,257,190	3,883,404	3,751,641
2.Unallocated expenses	$ 927,592	$ 912,929	$ 1,101,829	$ 991,798	$ 1,316,586
3.Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 2,200,000	$ 2,700,000	$ 2,600,000	$ 2,950,000	$ 3,280,000
Ceded - excess insurance recoveries	-	-	-	-	-
Net incurred	2,200,000	2,700,000	2,600,000	2,950,000	3,280,000
4.Net paid (cumulative) as of:					
June 30, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	$ 853,533				
June 30, 2007	1,433,483	$ 1,107,117			
June 30, 2008	1,700,090	1,748,871	$ 969,443		
June 30, 2009	1,795,488	1,913,525	1,832,010	$ 1,061,255	
June 30, 2010	1,828,454	2,025,460	2,170,751	$ 1,305,616	$ 1,297,414
5.Re-estimated ceded losses-excess insurance recoveries					
June 30, 2010	$ -	$ -	$ -	$ -	$ -
6.Re-estimated net incurred claims and expense:					
June 30, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	$ 2,200,000				
June 30, 2007	2,100,000	$ 2,700,000			
June 30, 2008	2,000,000	2,450,000	$ 2,600,000		
June 30, 2009	2,040,000	2,270,000	2,650,976	$ 2,950,000	
June 30, 2010	1,970,000	2,340,000	2,550,000	$ 2,390,000	$ 3,280,000
7.Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ (230,000)	$ (360,000)	$ (50,000)	$ (560,000)	N/A
8.Number of claims reported as of:(Note 2)					
June 30, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	420				
June 30, 2007	441	428			
June 30, 2008	443	448	350		
June 30, 2009	443	450	396	392	
June 30, 2010	443	451	417	535	483
9.Number of claims open as of June 30, 2010	5	3	13	25	97

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.

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

As of June 30, 2010 (Note 2)

	2001 Claim Year	2002 Claim Year (Note 1)	2003 Claim Year	2004 Claim Year	2005 Claim Year
1.Contributions and investment revenue:					
Earned	$ 2,216,443	$ 4,360,585	$ 3,903,997	$ 4,503,080	$ 4,096,243
Ceded - excess insurance premiums	(198,577)	(355,948)	(368,101)	(428,875)	(1,092,922)
Net earned	2,017,866	4,004,637	3,535,896	4,074,205	3,003,321
2.Unallocated expenses	$ 967,457	$ 1,571,868	$ 1,290,232	$ 1,535,063	$ 621,601
3.Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 1,879,194	$ 2,853,295	$ 1,724,324	$ 3,264,470	$ 6,378,675
Ceded - excess insurance recoveries	-	-	-	-	(2,681,000)
Net incurred	1,879,194	2,853,295	1,724,324	3,264,470	3,697,675
4.Net paid (cumulative) as of (Note 1):					
February 28, 2001	$ 462,256				
June 30, 2002	1,079,167	$ 1,244,504			
June 30, 2003	1,406,136	1,492,377	$ 216,135		
June 30, 2004	1,470,307	1,733,640	341,020	$ 538,932	
June 30, 2005	1,500,738	2,126,618	400,019	1,406,467	357,930
June 30, 2006	1,526,957	2,055,295	380,282	1,498,465	1,028,828
June 30, 2007	1,527,091	2,607,948	494,406	1,760,531	1,470,523
June 30, 2008	1,577,279	2,496,462	534,503	1,691,798	1,501,864
June 30, 2009	1,578,336	2,500,577	535,313	1,861,609	2,253,627
June 30, 2010	1,578,336	2,500,689	542,219	1,805,989	2,465,835
5.Re-estimated ceded losses-excess insurance recoveries					
June 30, 2010	$ -	$ -	$ -	$ -	$(2,738,570)
6.Re-estimated net incurred claims and expense(Note 1):					
February 28, 2001	$ 1,879,194				
June 30, 2002	2,172,946	$ 2,853,295			
June 30, 2003	1,970,103	2,769,044	$ 1,724,324		
June 30, 2004	1,750,349	2,330,788	937,604	$ 3,264,470	
June 30, 2005	1,653,495	2,563,384	755,681	2,936,323	3,122,675
June 30, 2006	1,634,425	2,667,090	701,811	1,811,582	2,744,541
June 30, 2007	1,609,426	2,768,749	1,202,867	2,921,328	2,145,486
June 30, 2008	1,632,425	2,571,413	1,065,968	2,798,782	1,926,433
June 30, 2009	1,578,336	2,541,694	1,186,680	2,472,188	2,430,997
June 30, 2010	1,578,336	2,500,689	1,159,458	2,731,896	2,281,471
7.Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ (300,858)	$ (352,606)	$ (564,866)	$ (532,574)	$ (841,204)
8.Number of claims reported as of end of policy year	293	389	194	663	238
9.Number of open claims as of June 30, 2010	-	-	4	4	1

Note 1: The 2001 claim year is March 1 through February 28. The last entry for this claim year reflects additional development for the period March 1 through June 30. The 2002 claim year is a 16-month period from March 1, 2001 through June 30, 2002. The 2003 claim year and subsequent 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 a claims made basis for claim years 1999 through 2007, and therefore, the number of claims does not change. Claim year 2008 and subsequent claim years are 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

	As of June 30, 2010 (Note 2)				
	2006 Claim Year	2007 Claim Year	2008 Claim Year	2009 Claim Year	2010 Claim Year
1.Contributions and investment revenue:					
Earned	$ 5,190,165	$ 5,788,315	$ 6,107,953	$ 5,464,360	$ 6,168,036
Ceded - excess insurance premiums	(1,190,522)	(1,546,552)	(1,045,782)	(1,061,454)	(1,084,718)
Net earned	3,999,643	4,241,763	5,062,171	4,402,906	5,083,318
2.Unallocated expenses	$ 887,782	$ 989,064	$ 1,665,384	$ 1,440,080	$ 1,631,022
3.Estimated incurred claims and expenses, end of policy year:					
Incurred	$ 3,896,864	$ 5,145,116	$ 4,707,372	$ 3,735,309	$ 3,800,000
Ceded - excess insurance recoveries	(906,000)	(308,000)	(260,000)	-	(486,000)
Net incurred	2,990,864	4,837,116	4,447,372	3,735,309	3,314,000
4.Net paid (cumulative) as of (Note 1):					
February 28, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	621,519				
June 30, 2007	1,158,974	541,657			
June 30, 2008	2,007,341	1,064,852	448,530		
June 30, 2009	2,808,007	1,665,752	1,248,688	555,144	
June 30, 2010	2,935,404	1,633,758	$ 1,696,556	800,458	522,774
5.Re-estimated ceded losses-excess insurance recoveries					
June 30, 2010	$ (949,083)	$ (494,474)	$ (276,187)	$ -	$ -
6.Re-estimated net incurred claims and expense(Note 1):					
February 28, 2001					
June 30, 2002					
June 30, 2003					
June 30, 2004					
June 30, 2005					
June 30, 2006	2,990,864				
June 30, 2007	3,930,259	4,837,116			
June 30, 2008	3,562,972	2,894,921	$ 4,447,372		
June 30, 2009	3,097,643	2,462,384	$ 3,154,253	3,735,309	
June 30, 2010	3,004,732	1,820,699	2,755,303	3,040,375	3,800,000
7.Increase (decrease) in estimated net incurred claims and expense from end of policy year	$ 13,868	$(3,016,417)	$(1,692,069)	$ (694,934)	N/A
8.Number of claims reported as of end of policy year	276	312	268	215	205
9.Number of open claims as of June 30, 2009	2	10	11	20	118

Note 1: The 2001 claim year is March 1 through February 28. The last entry for this claim year reflects additional development for the period March 1 through June 30. The 2002 claim year is a 16-month period from March 1, 2001 through June 30, 2002. The 2003 claim year and subsequent 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 a claims made basis for claim years 1999 through 2007, and therefore, the number of claims does not change. Claim year 2008 and subsequent claim years are 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, 2010 and 2009

	Employee Benefits Fund		Workers' Compensation Fund		Property and Liability Fund		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Total claim reserves, beginning of fiscal year, net of recoveries	$ 2,518,072	$ 2,045,886	$ 3,755,614	$ 3,304,932	$ 7,652,431	$ 9,577,657	$13,926,117	$14,928,475
Incurred claims and claim adjustment expenses:								
Provision for insured events of the current fiscal year	35,619,562	31,444,461	4,378,724	2,950,000	4,375,865	3,735,309	44,374,151	38,129,770
Adjustment to provision for insured events of prior fiscal years	-	-	(2,128,483)	403,203	(2,776,750)	(1,976,109)	(4,905,233)	(1,572,906)
Total incurred claims and claim adjustment expenses	35,619,562	31,444,461	2,250,241	3,353,203	1,599,115	1,759,200	39,468,918	36,556,864
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	35,410,784	28,926,389	1,297,414	1,061,255	522,775	555,144	37,230,973	30,542,788
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	778,391	2,045,886	481,404	1,841,266	1,052,296	3,129,282	2,312,091	7,016,434
Total payments, net of recoveries	36,189,175	30,972,275	1,778,818	2,902,521	1,575,071	3,684,426	39,543,064	37,559,222
Total claim reserves, end of fiscal year, net of recoveries	$ 1,948,459	$ 2,518,072	$ 4,227,037	$ 3,755,614	$ 7,676,475	$ 7,652,431	$13,851,971	$13,926,117
Balance sheet recap:								
Claim reserves-current	$ 2,828,661	$ 2,648,421	$ 839,825	$ 858,249	$ 953,986	$ 1,617,173	$ 4,622,472	$ 5,123,843
Claim reserves-noncurrent	-	-	3,387,212	3,255,786	7,406,342	6,134,801	10,793,554	9,390,587
Excess insurance recoverable on paid losses	(880,202)	(130,349)		(358,421)	-	-	(880,202)	(488,770)
Excess insurance recoverable on unpaid losses	-	-	-	-	(487,796)	(1,796)	(487,796)	(1,796)
Deductible receivable	-	-	-	-	(196,057)	(97,747)	(196,057)	(97,747)
Total claim reserves, end of fiscal year, net of recoveries	$ 1,948,459	$ 2,518,072	$ 4,227,037	$ 3,755,614	$ 7,676,475	$ 7,652,431	$13,851,971	$13,926,117

SUPPLEMENTARY COMBINING SCHEDULES

Midwest Public Risk
Combining Balance Sheet by Fund
As of June 30, 2010

ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR	Total	Eliminations	Combined
Current Assets:							
Cash and cash equivalents	$ 245,138	$ 373,033	$ 5,519,647	$ 604,522	$ 6,742,340	$ -	$ 6,742,340
Investments	7,776,623	14,889,738	11,666,226	2,803,890	37,136,477	(3,101,253)	34,035,224
Accrued interest	31,028	42,692	39,876	9,902	123,498	-	123,498
Contributions due from members	226,225	91,285	-	-	317,510	-	317,510
Excess insurance recoverable on paid losses	880,202	-	-	-	880,202	-	880,202
Deductible receivable	-	-	196,057	-	196,057	-	196,057
Due from other funds	416,958	91,721	141,449	7,602	657,730	(657,730)	-
Other receivables	829	96	138	-	1,063	-	1,063
Prepaid insurance and other expenses	11,061	4,893	7,292	-	23,246	-	23,246
Current Portion of notes receivable	163,733	-	31,204	-	194,937	(194,937)	-
Total current assets	9,751,797	15,493,458	17,601,889	3,425,916	46,273,060	(3,953,920)	42,319,140
Non-current assets:							
Membership deposits	195,000	250,000	250,000	-	695,000	-	695,000
Excess insurance recoverable on unpaid losses	-	-	487,796	-	487,796	-	487,796
Non-current note receivable (over 1 year)	3,110,941	-	592,869	-	3,703,810	(3,703,810)	-
Capital assets, non-depreciable:							
Land and construction in progress	-	-	-	4,004,211	4,004,211	-	4,004,211
Capital assets, depreciable:							
Property & equipment, net of depreciation	-	-	-	44,268	44,268	-	44,268
Total non-current assets	3,305,941	250,000	1,330,665	4,048,479	8,935,085	(3,703,810)	5,231,275
Total assets	$ 13,057,738	$ 15,743,458	$ 18,932,554	$ 7,474,395	$ 55,208,145	$ (7,657,730)	$ 47,550,415

Continued

Midwest Public Risk
Combining Balance Sheet by Fund, Continued
As of June 30, 2010

LIABILITIES AND FUND EQUITY	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR	Total	Eliminations	Combined
LIABILITIES							
Current liabilities:							
Claim reserves	$ 2,828,661	$ 839,825	$ 953,986	$ -	$ 4,622,472	$ -	$ 4,622,472
Reserve for unallocated loss adjustment expenses	457,216	158,150	95,055	-	710,421	-	710,421
Accounts payable	121,334	276,949	130,544	399,652	928,479	-	928,479
Due to other funds	506,663	15,395	292	135,380	657,730	(657,730)	-
Loss control/wellness credit program liability	111,510	618,211	298,125	-	1,027,846	-	1,027,846
Unearned contributions	84,269	305,921	595,487	-	985,677	-	985,677
Current notes payable-MPR Campus	-	-	-	194,937	194,937	(194,937)	-
Total current liabilities	4,109,653	2,214,451	2,073,489	729,969	9,127,562	(852,667)	8,274,895
Non-current liabilities							
Claim reserves	-	3,387,212	7,406,342	-	10,793,554	-	10,793,554
Non-current notes payable-MPR Campus	-	-	-	3,703,810	3,703,810	(3,703,810)	-
Total non-current liabilities	-	3,387,212	7,406,342	3,703,810	14,497,364	(3,703,810)	10,793,554
Total liabilities	4,109,653	5,601,663	9,479,831	4,433,779	23,624,926	(4,556,477)	19,068,449
FUND EQUITY							
Designated for capital assets/capital improvements	4,555,289	1,943,162	624,073	3,101,253	10,223,777	(3,101,253)	7,122,524
Designated for net reserve capital fund	2,102,841	-	-	-	2,102,841	-	2,102,841
Designated for liquidity	2,289,955	8,198,633	8,828,650	(60,637)	19,256,601	-	19,256,601
Total fund equity	8,948,085	10,141,795	9,452,723	3,040,616	31,583,219	(3,101,253)	28,481,966
Total liabilities and fund equity	$ 13,057,738	$ 15,743,458	$ 18,932,554	$ 7,474,395	$ 55,208,145	$ (7,657,730)	$ 47,550,415

Midwest Public Risk
Combining Balance Sheet by Fund
As of June 30, 2009

ASSETS	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	Total	Eliminations	Combined
Current Assets:						
Cash and cash equivalents	$ 960,970	$ 2,090,161	$ 3,239,183	$ 6,290,314	$ -	$ 6,290,314
Investments:						
U.S. governmental securities	7,611,022	7,113,385	5,891,471	20,615,878	-	20,615,878
Mutual funds	3,517,547	5,914,596	5,362,869	14,795,012	-	14,795,012
Total investments	11,128,569	13,027,981	11,254,340	35,410,890	-	35,410,890
Accrued interest	70,755	40,075	25,506	136,336	-	136,336
Contributions due from members	180,521	195,755	-	376,276	-	376,276
Excess insurance recoverable on paid losses	130,349	358,421	-	488,770	-	488,770
Deductible receivable	-	-	97,747	97,747	-	97,747
Due from other funds	-	-	1,213,839	1,213,839	(1,213,839)	-
Other receivables	-	2,497	-	2,497	-	2,497
Prepaid insurance and other expenses	330	-	7,986	8,316	-	8,316
Total current assets	12,471,494	15,714,890	15,838,601	44,024,985	(1,213,839)	42,811,146
Non-current assets:						
Government Entities Mutual, Inc. membership deposit	-	250,000	250,000	500,000	-	500,000
Excess insurance recoverable on unpaid losses	-	-	1,796	1,796	-	1,796
Capital assets, non-depreciable:						
Land and construction in progress	-	1,081,289	-	1,081,289	-	1,081,289
Capital assets, depreciable:						
Property & equipment, net of depreciation	-	-	51,917	51,917	-	51,917
Total non-current assets	-	1,331,289	303,713	1,635,002	-	1,635,002
Total assets	$ 12,471,494	$ 17,046,179	$ 16,142,314	$ 45,659,987	$ (1,213,839)	$ 44,446,148

Continued

Midwest Public Risk
Combining Balance Sheet by Fund, Continued
As of June 30, 2009

LIABILITIES AND FUND EQUITY	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	Total	Eliminations	Combined
LIABILITIES						
Current liabilities:						
Claim reserves	$ 2,648,421	$ 858,249	$ 1,617,173	$ 5,123,843	$ -	$ 5,123,843
Reserve for unallocated loss adjustment expenses	401,572	56,940	35,460	493,972	-	493,972
Accounts payable	38,364	230,213	259,694	528,271	-	528,271
Due to other funds	216,279	997,560	-	1,213,839	(1,213,839)	-
Loss control/wellness credit program liability	40,260	747,527	250,792	1,038,579	-	1,038,579
Unearned contributions	82,333	693,360	773,437	1,549,130	-	1,549,130
Accrued refund of contributions	-	1,000,157	-	1,000,157	-	1,000,157
Total current liabilities	3,427,229	4,584,006	2,936,556	10,947,791	(1,213,839)	9,733,952
Non-current liabilities						
Claim reserves	-	3,255,786	6,134,801	9,390,587	-	9,390,587
Total liabilities	3,427,229	7,839,792	9,071,357	20,338,378	(1,213,839)	19,124,539
FUND EQUITY						
Designated for capital assets/capital improvements	1,158,091	3,024,451	51,917	4,234,459	-	4,234,459
Designated for net reserve capital fund	1,937,365	-	-	1,937,365	-	1,937,365
Designated for liquidity	5,948,809	6,181,936	7,019,040	19,149,785	-	19,149,785
Total fund equity	9,044,265	9,206,387	7,070,957	25,321,609	-	25,321,609
Total liabilities and fund equity	$ 12,471,494	$ 17,046,179	$ 16,142,314	$ 45,659,987	$ (1,213,839)	$ 44,446,148

Midwest Public Risk
Combining Schedule of Revenues, Expenses and Changes in Fund Equity by Fund
For the Year Ended June 30, 2010

OPERATING REVENUES	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	MPR	Eliminations	Combined
Contributions earned	$ 40,106,052	$ 3,974,077	$ 6,116,775	$ -	$ -	$ 50,196,904
OPERATING EXPENSES						
Losses and loss adjustment expenses:						
Paid	36,189,175	1,778,818	1,575,071	-	-	39,543,064
Change in reserves	(569,613)	471,423	24,044	-	-	(74,146)
Excess insurance premiums	528,793	199,616	1,084,718	-	-	1,813,127
Other insurance premiums	40,138	816	426,411	-	-	467,365
Contribution taxes	67,528	156,818	13	-	-	224,359
Claims administration fees	2,637,766	506,190	416,592	-	-	3,560,548
Loss prevention	154,000	191,330	292,084	-	-	637,414
General and administrative	1,934,732	484,999	615,028	6,353	-	3,041,112
Depreciation	-	-	-	38,809	-	38,809
Total operating expenses	40,982,519	3,790,010	4,433,961	45,162	-	49,251,652
Operating income (loss)	(876,467)	184,067	1,682,814	(45,162)	-	945,252
NON-OPERATING REVENUES (EXPENSES)						
Interest income	287,177	336,756	333,704	32,003	(78,408)	911,232
Net increase (decrease) in fair value of investments	493,110	414,585	365,248	30,930	-	1,303,873
Interest expense	-	-	-	(78,408)	78,408	-
Total non-operating revenues (expenses)	780,287	751,341	698,952	(15,475)	-	2,215,105
Increase (decrease) in fund equity	(96,180)	935,408	2,381,766	(60,637)	-	3,160,357
Fund equity, beginning of year	9,044,265	9,206,387	7,070,957	-	-	25,321,609
Fund equity transfers	-	-	-	3,101,253	(3,101,253)	-
Fund equity, end of year	$ 8,948,085	$ 10,141,795	$ 9,452,723	$ 3,040,616	$ (3,101,253)	$ 28,481,966

Midwest Public Risk
Combining Schedule of Revenues, Expenses and Changes in Fund Equity by Fund
For the Year Ended June 30, 2009

OPERATING REVENUES	Employee Benefits Fund	Workers' Compensation Fund	Property and Liability Fund	Combined
Contributions earned	$ 34,099,305	$ 4,230,199	$ 5,538,726	$ 43,868,230
OPERATING EXPENSES				
Losses and loss adjustment expenses:				
Paid	30,972,275	2,902,521	3,684,426	37,559,222
Change in reserves	472,186	450,682	(1,925,226)	(1,002,358)
Excess insurance premiums	458,901	239,380	886,305	1,584,586
Other insurance premiums	58,300	-	388,644	446,944
Contribution taxes	42,840	155,979	-	198,819
Claims administration fees	2,390,832	290,933	154,386	2,836,151
Loss prevention	60,431	202,189	255,282	517,902
General and administrative	1,804,710	336,759	632,641	2,774,110
Depreciation	10,955	5,895	9,126	25,976
Total operating expenses	36,271,430	4,584,338	4,085,584	44,941,352
Operating income (loss)	(2,172,125)	(354,139)	1,453,142	(1,073,122)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	379,595	382,813	339,013	1,101,421
Net increase (decrease) in fair value of investments	(807,729)	(835,579)	(744,183)	(2,387,491)
Other income	-	147,406	-	147,406
Refund of contributions	-	(1,397,601)	-	(1,397,601)
Total non-operating revenues (expenses)	(428,134)	(1,702,961)	(405,170)	(2,536,265)
Increase (decrease) in fund equity	(2,600,259)	(2,057,100)	1,047,972	(3,609,387)
Fund equity, beginning of year	11,644,524	11,263,487	6,022,985	28,930,996
Fund equity, end of year	$ 9,044,265	$ 9,206,387	$ 7,070,957	$ 25,321,609

Midwest Public Risk
Combining Schedule of Cash Flows by Fund
For the Year Ended June 30, 2010

	Employee Benefits	Workers' Compensation	Property and Liability	MPR	Total	Eliminations	Combined
Cash flows from operating activities:							
Contributions collected	$ 40,231,795	$ 2,891,440	$ 6,501,011	$ -	$ 49,624,246	$ -	$ 49,624,246
Losses and loss adjustment expenses paid	(36,189,176)	(1,778,818)	(1,575,070)	-	(39,543,064)	-	(39,543,064)
Insurance premiums paid	(568,931)	(200,432)	(1,511,129)	-	(2,280,492)	-	(2,280,492)
Contribution taxes paid	(48,164)	(183,323)	(13)	-	(231,500)	-	(231,500)
Claims administration fees paid	(2,586,248)	(226,222)	(285,607)	-	(3,098,077)	-	(3,098,077)
Loss prevention	(1,457,725)	(198,258)	(297,244)	-	(1,953,227)	-	(1,953,227)
General and administrative expenses paid	(646,702)	(329,877)	(269,983)	(9,007)	(1,255,569)	-	(1,255,569)
Payments to employees for services	(64,083)	(159,429)	(191,169)	-	(414,681)	-	(414,681)
Refunds of contributions	-	(1,250,195)	-	-	(1,250,195)	-	(1,250,195)
Net cash provided by (used in) operating activities	(1,329,234)	(1,435,114)	2,370,796	(9,007)	(402,559)	-	(402,559)
Cash flows from non-capital financing activities:							
Note receivable	(3,274,674)	-	(624,073)	-	(3,898,747)	3,898,747	-
Deposits	(195,000)	-	-	-	(195,000)	-	(195,000)
Advances from other funds	(56,829)	(250,270)	-	-	(307,099)	307,099	-
Net cash used in non-capital financing activities	(3,526,503)	(250,270)	(624,073)	-	(4,400,846)	4,205,846	(195,000)
Cash flows from capital activities:							
Acquisition of capital assets	-	-	-	(3,687,636)	(3,687,636)	1,133,206	(2,554,430)
Transfer of property and equipment to MPR	-	1,081,289	-	1,133,206	2,214,495	(2,214,495)	-
Note payable	-	-	-	3,898,747	3,898,747	(3,898,747)	-
Net due to other funds	-	-	-	54,434	54,434	(54,434)	-
Net cash provided by (used in) capital activities	-	1,081,289	-	1,398,751	2,480,040	(5,034,470)	(2,554,430)
Cash flows from investing activities:							
Proceeds from sales or maturities of investments	18,548,704	10,676,074	8,534,466	1,072,751	38,831,995	-	38,831,995
Purchase of investments	(13,545,150)	(10,180,084)	(8,581,104)	(3,845,711)	(36,152,049)	-	(36,152,049)
Interest received	261,046	334,139	306,783	22,101	924,069	-	924,069
Investment in affiliate	(1,158,091)	(1,943,162)	-	-	(3,101,253)	3,101,253	-
Transfer of capital assets	-	-	51,917	-	51,917	(51,917)	-
Transfer of equity	-	-	-	1,968,047	1,968,047	(1,968,047)	-
Advance to other funds	33,396	-	221,679	(2,410)	252,665	(252,665)	-
Net cash provided by (used in) investing activities	4,139,905	(1,113,033)	533,741	(785,222)	2,775,391	828,624	3,604,015
Net change in cash and cash equivalents	(715,832)	(1,717,128)	2,280,464	604,522	452,026	-	452,026
Cash and cash equivalents, beginning of year	960,970	2,090,161	3,239,183	-	6,290,314	-	6,290,314
Cash and cash equivalents, end of year	$ 245,138	$ 373,033	$ 5,519,647	$ 604,522	$ 6,742,340	$ -	$ 6,742,340

Midwest Public Risk
Combining Schedule of Cash Flows by Fund, Continued
For the Year Ended June 30, 2010

	Employee Benefits	Workers' Compensation	Property and Liability	MPR	Total	Eliminations	Combined
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	$ (876,467)	$ 184,067	$ 1,682,814	$ (45,162)	$ 945,252	$ -	$ 945,252
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation expense	-	-	-	38,809	38,809	-	38,809
Accrued refunds of contributions	-	(1,000,157)	-	-	(1,000,157)	-	(1,000,157)
Accrued PTO expense	-	-	(41,635)	-	(41,635)	-	(41,635)
(Increase) decrease in contributions receivable	(45,704)	104,470	-	-	58,766	-	58,766
(Increase) decrease in excess insurance recoverable	(749,853)	358,421	(486,000)	-	(877,432)	-	(877,432)
(Increase) decrease in deductible receivable	-	-	(98,310)	-	(98,310)	-	(98,310)
(Increase) decrease in due from other funds-operating	-	(91,721)	863,261	(2,654)	768,886	(768,886)	-
(Increase) decrease in other receivables	(829)	2,400	(137)	-	1,434	-	1,434
(Increase) decrease in prepaid expenses	(10,731)	(4,893)	693	-	(14,931)	-	(14,931)
(Increase) decrease in deposits	(407)	-	-	-	(407)	-	(407)
Change in claim reserves and unallocated loss adjustment expenses	235,884	214,212	667,949	-	1,118,045	-	1,118,045
Increase (decrease) in accounts payable	82,970	46,736	(87,514)	-	42,192	-	42,192
Increase (decrease) in loss control/wellness credit program liability	71,250	(129,315)	47,333	-	(10,732)	-	(10,732)
Increase (decrease) in due to other funds	(37,283)	(731,895)	292	-	(768,886)	768,886	-
Increase (decrease) in unearned contributions	1,936	(387,439)	(177,950)	-	(563,453)	-	(563,453)
Total adjustments	(452,767)	(1,619,181)	687,982	36,155	(1,347,811)	-	(1,347,811)
Net cash provided by (used in) operating activities	$ (1,329,234)	$ (1,435,114)	$ 2,370,796	$ (9,007)	(402,559)	$ -	$ (402,559)
Supplemental schedule of non-cash investing activities:							
Change in fair value of investments	$ 493,110	$ 414,585	$ 365,248	$ 30,930	$ 1,303,873	$ -	$ 1,303,873

Midwest Public Risk
Combining Schedule of Cash Flows
For the Year Ended June 30, 2009

	Employee Benefits	Workers' Compensation	Property and Liability	Total	Eliminations	Combined
Cash flows from operating activities:						
Contributions collected	$ 33,937,434	$ 5,250,525	$ 5,554,508	$ 44,742,467	$ -	$ 44,742,467
Losses and loss adjustment expenses paid	(30,972,275)	(2,902,521)	(3,684,426)	(37,559,222)	-	(37,559,222)
Insurance premiums paid	(479,716)	(239,380)	(1,275,503)	(1,994,599)	-	(1,994,599)
Contribution taxes paid	(33,086)	(198,591)	-	(231,677)	-	(231,677)
Claims administration fees paid	(1,567,088)	(326,402)	(122,515)	(2,016,005)	-	(2,016,005)
Loss prevention	-	(235,889)	(612,569)	(848,458)	-	(848,458)
General and administrative expenses paid	(2,130,522)	(161,525)	(93,274)	(2,385,321)	-	(2,385,321)
Payments to employees for services	(485,126)	(149,534)	(208,821)	(843,481)	-	(843,481)
Refunds of contributions	-	(901,155)	-	(901,155)	-	(901,155)
Net cash provided by (used in) operating activities	(1,730,379)	135,528	(442,600)	(2,037,451)	-	(2,037,451)
Cash flows from noncapital financing activities:						
Withdrawal penalty	-	-	157,308	157,308	-	157,308
Advance from other funds	-	255,133	-	255,133	(255,133)	-
Net cash provided by noncapital financing activities	-	255,133	157,308	412,441	(255,133)	157,308
Cash flows from capital activities:						
Acquisition of capital assets	-	(826,156)	(273,227)	(1,099,383)	-	(1,099,383)
Net cash used in capital activities	-	(826,156)	(273,227)	(1,099,383)	-	(1,099,383)
Cash flows from investing activities:						
Proceeds from sales or maturities of investments	1,986,044	6,295,317	6,080,637	14,361,998	-	14,361,998
Purchase of investments	(2,305,640)	(7,357,480)	(7,064,220)	(16,727,340)	-	(16,727,340)
Interest received	381,478	378,853	334,210	1,094,541	-	1,094,541
Advance to other funds	-	-	(255,133)	(255,133)	255,133	-
Net cash provided by (used in) investing activities	61,882	(683,310)	(904,506)	(1,525,934)	255,133	(1,270,801)
Net change in cash and cash equivalents	(1,668,497)	(1,118,805)	(1,463,025)	(4,250,327)	-	(4,250,327)
Cash and cash equivalents, beginning of year	2,629,467	3,464,099	4,447,075	10,540,641	-	10,540,641
Cash and cash equivalents, end of year	$ 960,970	$ 2,345,294	$ 2,984,050	$ 6,290,314	$ -	$ 6,290,314

Midwest Public Risk
Combining Schedule of Cash Flows, Continued
For the Year Ended June 30, 2009

	Employee Benefits	Workers' Compensation	Property and Liability	Total	Eliminations	Combined
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (2,172,125)	$ (354,139)	$ 1,453,142	$ (1,073,122)	$ -	$ (1,073,122)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	-	-	25,976	25,976	-	25,976
Accrued refunds of contributions	-	(753,749)	-	(753,749)	-	(753,749)
Accrued PTO expense	-	-	20,920	20,920	-	20,920
(Increase) decrease in contributions receivable	(167,789)	(78,149)	450	(245,488)	-	(245,488)
(Increase) decrease in excess insurance recoverable	(121,394)	(358,421)	766,035	286,220	-	286,220
(Increase) decrease in deductible receivable	-	-	(29,550)	(29,550)	-	(29,550)
(Increase) decrease in due from other funds-operating	-	-	(397,616)	(397,616)	397,616	-
(Increase) decrease in other receivables	22,006	(2,496)	5,330	24,840	-	24,840
(Increase) decrease in prepaid expenses	37,484	-	8,725	46,209	-	46,209
Change in claim reserves and unallocated loss adjustment expenses	683,463	709,215	(2,698,340)	(1,305,662)	-	(1,305,662)
Increase (decrease) in accounts payable	(31,725)	(26,117)	(36,487)	(94,329)	-	(94,329)
Increase (decrease) in loss control/wellness credit program liability	40,260	73,218	(3,068)	110,410	-	110,410
Increase (decrease) in due to other funds	(26,477)	424,093	-	397,616	(397,616)	-
Increase (decrease) in unearned contributions	5,918	502,073	441,883	949,874	-	949,874
Total adjustments	441,746	489,667	(1,895,742)	(964,329)	-	(964,329)
Net cash provided by (used in) operating activities	$ (1,730,379)	$ 135,528	$ (442,600)	$ (2,037,451)	$ -	$ (2,037,451)
Supplemental schedule of noncash investing activities:						
Change in fair value of investments	$ (807,729)	$ (835,579)	$ (744,183)	$ (2,387,491)	$ -	$ (2,387,491)

Midwest Public Risk
Combining Balance Sheet by Legal Entity
As of June 30, 2010

ASSETS	MPR of Missouri	MPR of Kansas	MPR	Total	Eliminations	Combined
Current Assets:						
Cash and cash equivalents	$ 5,978,321	$ 159,497	$ 604,522	$ 6,742,340	$ -	$ 6,742,340
Investments	33,027,244	1,305,343	2,803,890	37,136,477	(3,101,253)	34,035,224
Accrued interest	107,900	5,696	9,902	123,498	-	123,498
Contributions due from members	193,486	124,024	-	317,510	-	317,510
Excess insurance recoverable on paid losses	749,320	130,882	-	880,202	-	880,202
Deductible receivable	196,057	-	-	196,057	-	196,057
Due from other funds	350,851	179,754	7,602	538,207	(538,207)	-
Other receivables	978	85	-	1,063	-	1,063
Prepaid insurance and other expenses	22,068	1,178	-	23,246	-	23,246
Current Portion of notes receivable	194,937	-	-	194,937	(194,937)	-
Total current assets	40,821,162	1,906,459	3,425,916	46,153,537	(3,834,397)	42,319,140
Non-current assets:						
Membership deposits	671,600	23,400	-	695,000	-	695,000
Excess insurance recoverable on unpaid losses	487,796	-	-	487,796	-	487,796
Non-current note receivable (over 1 year)	3,703,810	-	-	3,703,810	(3,703,810)	-
Capital assets, non-depreciable:						
Land and construction in progress	-	-	4,004,211	4,004,211	-	4,004,211
Capital assets, depreciable:						
Property & equipment, net of depreciation	-	-	44,268	44,268	-	44,268
Total non-current assets	4,863,206	23,400	4,048,479	8,935,085	(3,703,810)	5,231,275
Total assets	$ 45,684,368	$ 1,929,859	$ 7,474,395	$ 55,088,622	$ (7,538,207)	$ 47,550,415

Midwest Public Risk
Combining Balance Sheet by Legal Entity, Continued
As of June 30, 2010

LIABILITIES AND FUND EQUITY	MPR of Missouri	MPR of Kansas	MPR	Total	Eliminations	Combined
LIABILITIES						
Current liabilities:						
Claim reserves	$ 3,802,691	$ 819,781	$ -	$ 4,622,472	$ -	$ 4,622,472
Reserve for unallocated loss adjustment expenses	702,843	7,578	-	710,421	-	710,421
Accounts payable	514,461	14,366	399,652	928,479	-	928,479
Due to other funds	402,827	-	135,380	538,207	(538,207)	-
Loss control/wellness credit program liability	1,012,040	15,806	-	1,027,846	-	1,027,846
Unearned contributions	985,677	-	-	985,677	-	985,677
Current notes payable-MPR Campus	-	-	194,937	194,937	(194,937)	-
Total current liabilities	7,420,539	857,531	729,969	9,008,039	(733,144)	8,274,895
Non-current liabilities						
Claim reserves	10,793,554	-	-	10,793,554	-	10,793,554
Non-current notes payable-MPR Campus	-	-	3,703,810	3,703,810	(3,703,810)	-
Total non-current liabilities	10,793,554	-	3,703,810	14,497,364	(3,703,810)	10,793,554
Total liabilities	18,214,093	857,531	4,433,779	23,505,403	(4,436,954)	19,068,449
FUND EQUITY						
Designated for capital assets/capital improvements	7,000,000	122,524	3,101,253	10,223,777	(3,101,253)	7,122,524
Designated for net reserve capital fund	1,850,500	252,341	-	2,102,841	-	2,102,841
Designated for liquidity	18,619,775	697,463	(60,637)	19,256,601	-	19,256,601
Total fund equity	27,470,275	1,072,328	3,040,616	31,583,219	(3,101,253)	28,481,966
Total liabilities and fund equity	$ 45,684,368	$ 1,929,859	$ 7,474,395	$ 55,088,622	$ (7,538,207)	$ 47,550,415

Midwest Public Risk
Combining Schedule of Revenues, Expenses and Changes in Fund Equity by Legal Entity
For the year ended June 30, 2010

OPERATING REVENUES	MPR of Missouri	MPR of Kansas	MPR	Eliminations	Combined
Contributions earned	$ 44,735,148	$ 5,461,756	$ -	$ -	$ 50,196,904
OPERATING EXPENSES					
Losses and loss adjustment expenses:					
Paid	35,381,291	4,161,773	-	-	39,543,064
Change in reserves	(763,045)	688,899	-	-	(74,146)
Excess insurance premiums	1,741,116	72,011	-	-	1,813,127
Other insurance premiums	461,899	5,466	-	-	467,365
Contribution taxes	215,163	9,196	-	-	224,359
Claims administration fees	3,201,337	359,211	-	-	3,560,548
Loss prevention	616,442	20,972	-	-	637,414
General and administrative	2,771,287	263,472	6,353	-	3,041,112
Depreciation	-	-	38,809	-	38,809
Total operating expenses	43,625,490	5,581,000	45,162	-	49,251,652
Operating income (loss)	1,109,658	(119,244)	(45,162)	-	945,252
NON-OPERATING REVENUES (EXPENSES)					
Interest income	918,529	39,108	32,003	(78,408)	911,232
Net increase in fair value of investments	1,205,791	67,152	30,930	-	1,303,873
Interest expense	-	-	(78,408)	78,408	-
Total non-operating revenues (expenses)	2,124,320	106,260	(15,475)	-	2,215,105
Increase (decrease) in fund equity	3,233,978	(12,984)	(60,637)	-	3,160,357
Fund equity, beginning of year	25,321,609	-	-		25,321,609
Fund equity transfers	(1,085,312)	1,085,312	3,101,253	(3,101,253)	-
Fund equity, end of year	$ 27,470,275	$ 1,072,328	$ 3,040,616	$ (3,101,253)	$ 28,481,966