



NOTICE

MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM) Wednesday, September 22, 2021, 4:30 p.m. CT/3:30 p.m. MT

PLEASE TAKE NOTICE that on **Wednesday, September 22, 2021, at 4:30 p.m. CT/3:30 p.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting at the Cornhusker Marriot Hotel, Grand Ballroom, B and C, 333 South 13th Street, Lincoln, Nebraska. An agenda of subjects known at this time is included with this notice, and the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 1335 L Street, Lincoln, Nebraska. A notice of this meeting with the agenda and other materials are available at this location with a copy of the Open Meetings Act posted. The meeting will also be made available by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/84697462938?pwd=UDRrRDZpWGVjSG9jcnNlM0E3UStKQT09> or via phone at-1-346-248-7799. The Meeting ID is 846 9746 2938 and the passcode is 069057.

On September 17, 2021, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials also is available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org and Facebook page- www.facebook.com/larmne.



AGENDA

MEETING OF THE BOARD OF DIRECTORS OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)

Wednesday, September 22, 2021, 4:30 p.m. CT/3:30 p.m. MT

Cornhusker Marriot Hotel - Grand Ballroom, B and C

333 South 13th Street, Lincoln NE

LARM and the League of Nebraska Municipalities will follow CDC guidelines and any other applicable health directives to protect conference delegates and comply with the law.

In accordance with the Open Meetings Act, Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed is available to the public at the meeting and at the links below for examination and copying. The LARM Board may pass motions to go into closed session on agenda items pursuant to the requirements of the Open Meetings Act.

You may also join the meeting by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/84697462938?pwd=UDRrRDZpWGVjSG9jcnNlM0E3UStkQT09> or via phone at-1-346-248-7799. The Meeting ID is 846 9746 2938 and the passcode is 069057.

Officials of LARM members and members of the public may comment on agenda items or listen to the Board Meeting; however, if the Board votes to hold a closed session pursuant to the Open Meetings Act, officials of LARM members and members of the public may not comment or listen during that time.

1. Call meeting to order:

- a. 4:30 p.m. CT/3:30 MT – Hickman Mayor Doug Hanson, Chair of the LARM Board, will call the meeting to order.
- b. Roll call.
- c. Indicate that on September 17, 2021, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials were available for public inspection at 1335 L Street, in Lincoln, Nebraska, and also posted with the following links kept continually current: an electronic copy of the agenda and all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM’s website- larmpool.org and Facebook page- www.facebook.com/larmne
- d. Inform the public about the location of the Open Meetings Act which is accessible to members of the public and at www.larmpool.org along with a copy of all reproducible written materials to be discussed at this meeting.
- e. Pledge of Allegiance to the Flag of the United States of America.
- f. Public comment on any agenda item(s): Pursuant to the Open Meetings Act, the LARM Board Chair reserves the right to limit comments on agenda items. In accordance with the Open Meetings Act, there is no time limit on comments made by members of the LARM Board of Directors.

2. Consider a motion as provided in Article I, Section 1 of LARM’s Bylaws and Section 8.1 of LARM’s Interlocal Agreement to approve LARM Administrator Lynn Rex’s recommendation to appoint Connie Jo Beck, Clerk of the City of St. Paul, to fill the vacancy and serve the unexpired term of Doug Schultz, Former City Administrator/Clerk/Treasurer of the City of Curtis, on the LARM Board of Directors.

· *Lynn Rex, Administrator, LARM*

3. Consider a motion to approve the minutes of the July 19, 2021, Meeting of the LARM Board of Directors.

· *Dave Bos, Executive Director, LARM*

See pages 1-5

4. Consider a motion to accept the quarterly update on LARM investments.

See pages 6-51

· *Michael Maloney, Senior Portfolio Manager, US Bank*

5. Consider a motion to accept the quarterly update on LARM financials.

See pages 52-72

· Mark Weaver, Director of Financial Reporting, Sedgwick Risk Pooling Services

6. Consider a motion to approve the reinsurance update and place the following coverages: a) Excess Workers' Compensation, Effective 10-1-21; b) Excess Liability, Effective 10-1-21.

Please see pages 73-77

· John Brockschmidt, CPCU, ARM, Senior Vice President of Pooling, Sedgwick

· Chris Cadwell, Director of Pool Administration, Sedgwick

· Justin Swarbrick, Senior Vice President, Alliant Insurance Services, Inc.

· Dave Bos, Executive Director, LARM

7. Consider a motion to approve LARM's Proposed Budget for FY 2021-22.

Please see pages 78-84

· Mark Weaver, CPA, Director of Finance, Sedgwick

· Dave Bos, Executive Director, LARM

· Tracy Juranek, Assistant Executive Director, LARM

· Lynn Rex, Administrator, LARM

8. Consider a motion to retain Lamson Dugan & Murray LLP (or another law firm if Lamson Dugan & Murray LLP is not available) for the limited purpose of advising the LARM Board of Directors whether to jointly retain Cline Williams with the League Executive Board to establish new and/or update previously existing agreements between LARM and the League and consent to the joint representation in matters that involve both the League and LARM.

· Andy Barry, Cline Williams

· Trent Sidders, Cline Williams

· Dave Bos, Executive Director, LARM

9. Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.

· Andy Barry, Cline Williams

· Trent Sidders, Cline Williams

· Dave Bos, Executive Director, LARM

· John Baum, Litigation Claims Manager, Sedgwick Risk Pooling Services

10. Discuss the date for the next meeting of the LARM Board of Directors.

- *Lynn Rex, Administrator, LARM*
- *Dave Bos, Executive Director, LARM*

11. Consider a motion to adjourn.



MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
By virtual conferencing as provided in LB83E (2021)
Monday, July 19, 2021, 3:00 P.M. CT/2:00 P.M. MT

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held July 19, 2021, at 3:00 P.M. CT/2:00 P.M. MT by virtual conferencing. The LARM office at 1335 L Street, Lincoln, Nebraska, was open for attendance by the public during the meeting and, as provided in LB83E (2021), LARM Board Member Melissa Harrell was present at the City of Wahoo office at 605 North Broadway, Wahoo, Nebraska, 68066, which also was open to the public for the meeting. A notice of this meeting with the agenda and other materials was available at these locations with a copy of the Open Meetings Act posted.

(AGENDA ITEM #1) **Call meeting to order.** At 3:03 P.M. CT, **LARM Board Chair Mayor Doug Hanson**, City of Hickman, called the meeting to order.

The roll call was read with the following voting Board Members present by virtual conferencing: **LeAnn Brown**, Clerk/Treasurer, City of Oshkosh; **Lanette Doane**, Clerk/Treasurer, Village of Ansley; **Mayor Don Groesser**, City of Ralston; **Mayor Doug Hanson**, City of Hickman; **Melissa Harrell**, Administrator/Treasurer, City of Wahoo; **Jo Leyland**, Administrator/Clerk/Treasurer, City of Imperial; **Tom Ourada**, Administrator, City of Crete; **Sandra Schendt**, Clerk/Treasurer, City of Nelson; **Mayor Joey Spellerberg**, City of Fremont; and **Mayor Deb VanMatre**, City of Gibbon.

*At the time of roll call: 10 voting Board Members were present; 4 were absent (**Pam Buethe**, Board Member, Sarpy County SID #29; **Mayor Tony Kaufman**, City of Gering; **Mayor Josh Moenning**, City of Norfolk; and **Teresa Youngquist**, Clerk/Treasurer, City of Beaver City) and 1 vacancy. **Mayor Tony Kaufman joined the meeting at 3:15 P.M.** Ex-officio (non-voting) Board Member **L. Lynn Rex**, Executive Director of the League of Nebraska Municipalities and "Administrator" of LARM, was present; ex-officio (non-voting) Board Member **Mayor Paul Lambert**, City of Plattsmouth, and President of the League of Nebraska Municipalities, was absent.*

Other participants included: **Cline Williams Law Firm** – representing LARM, Andy Barry and Trent Sidders; **Sedgwick (LARM's third party administrator)** – John Brockschmidt, Kristin Smolek and Chris Cadwell; **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Elizabeth Becker, Fred Wiebelhaus and Nate Fox; **League of Nebraska Municipalities** – Shirley Riley.

Board Chair Mayor Doug Hanson indicated that on July 14, 2021, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials also was made available for public inspection at 1335 L Street, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org and Facebook page- www.facebook.com/larmne.

The Pledge of Allegiance to the Flag of the United States of America was recited.

(AGENDA ITEM #2) **Consider a motion to approve the corrected minutes of the March 26, 2021, Meeting of the LARM Board of Directors.** Lanette Doane moved, seconded by Tom Ourada to approve the corrected minutes of the March 26, 2021, Meeting of the LARM Board of Directors. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Kaufman, Moenning and Youngquist. ***Motion carried: 10 ayes, 0 nays, 0 abstentions, 4 absent and 1 vacancy.***

(AGENDA ITEM #3) **Consider a motion to approve the minutes of the June 3, 2021, Meeting of the LARM Board of Directors.** Mayor Deb VanMatre moved, seconded by LeAnn Brown to approve the minutes of the June 3, 2021, Meeting of the LARM Board of Directors. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Kaufman, Moenning and Youngquist. ***Motion carried: 10 ayes, 0 nays, 0 abstentions, 4 absent and 1 vacancy.***

(AGENDA ITEM #4) **Consider a motion to approve the minutes of the July 7, 2021, Special Meeting of the LARM Board of Directors.** Mayor Don Groesser moved, seconded by Sandra Schendt to approve the minutes of the July 7, 2021, Special Meeting of the LARM Board of Directors. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Kaufman, Moenning and Youngquist. ***Motion carried: 10 ayes, 0 nays, 0 abstentions, 4 absent and 1 vacancy.***

(AGENDA ITEM #5) **Consider a motion to approve the LARM/Sedgwick Administrative Services Agreement.** (Presented by Lynn Rex, Administrator, LARM; John Brockschmidt, CPCU, ARM, Senior Vice-President of Pooling, Sedgwick; Trent

Sidders, Partner, Cline Williams and Dave Bos, Executive Director, LARM.) Lanette Doane moved, seconded by Mayor Deb VanMatre to approve the LARM/Sedgwick Administrative Services Agreement, including the agreement for claims' services. Chair Mayor Doug Hanson asked if there was any other discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Bueth, Moenning and Youngquist. **Motion carried: 11 ayes, 0 nays, 0 abstentions, 3 absent and 1 vacancy.**

(AGENDA ITEM #6) **Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM litigation.** (*Presented by Andy Barry, Cline Williams; Trent Sidders, Cline Williams and Dave Bos, Executive Director, LARM.*) Mayor Deb VanMatre moved, seconded by Jo Leyland to go into closed session to protect the public interest to receive an update regarding open LARM litigation; and also include the following individuals: Andy Barry, Trent Sidders and Josh Winkelmann (Cline Williams) and Dave Bos, Executive Director, LARM. Lynn Rex, Administrator, LARM, stated that she would voluntarily not participate in the closed session. Chair Mayor Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Bueth, Moenning and Youngquist. **Motion carried: 11 ayes, 0 nays, 0 abstentions, 3 absent and 1 vacancy.**

Chair Mayor Doug Hanson repeated the motion again to go into closed session to protect the public interest to receive and update regarding open LARM litigation and also include the following individuals: Andy Barry, Trent Sidders and Josh Winkelmann (Cline Williams) and Dave Bos, Executive Director, LARM. Lynn Rex, Administrator, LARM, stated that she would voluntarily not participate in the closed session. As of 4:01 P.M. the Board was in closed session.

At 4:39 P.M., Chair Mayor Doug Hanson restated the reason the Board went into closed session was to protect the public interest to receive an update regarding open LARM litigation and also include the following individuals: Andy Barry, Trent Sidders and Josh Winkelmann (Cline Williams) and Dave Bos, Executive Director, LARM. Lynn Rex, Administrator, LARM, stated that she would voluntarily not participate in the closed session. Chair Mayor Doug Hanson stated that the Board was back in open session. No action was taken in closed session.

(AGENDA ITEM #7) **Discuss the date for the next meeting of the LARM Board of Directors.** A September 22, 2021 date was discussed for an in-person Board meeting as well as a Member's meeting in conjunction with the League of Nebraska Municipalities Annual Conference. No action was necessary.

(AGENDA ITEM #8) **Motion to adjourn.** At 4:45 P.M., Mayor Tony Kaufman moved, seconded by Mayor Don Groesser to adjourn. Chair Mayor Doug Hanson asked if there was any discussion; there was none. Roll call vote. Ayes: Brown, Doane, Groesser, Hanson, Harrell, Kaufman, Leyland, Ourada, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Buethe, Moenning and Youngquist. **Motion carried: 11 ayes, 0 nays, 0 abstentions, 3 absent and 1 vacancy.**

Approved on:

ATTEST:

Elizabeth Becker

Customer Service Representative
League Association of Risk Management

L. Lynn Rex

LARM Administrator
Ex-Officio, Non-Voting, LARM Board Member
Executive Director of the League of Nebraska Municipalities



NOTICE

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OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
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League Association of Risk Management

September 22, 2021

U.S. Bank Institutional Asset Management

Investment products and services are:

NOT A DEPOSIT	NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
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usbank

CONFIDENTIAL



Your U.S. Bank Team

Michael T. Maloney

Senior Portfolio Manager
Institutional Asset Management
563-663-2640
Michael.Maloney@usbank.com

Craig A. Dana

Vice President
Relationship Manager
Institutional Trust & Custody
515-245-6257
Craig.Dana@usbank.com



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 - Fixed Income Overview
 - Fixed Income Analysis
 - Holdings
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Selected Period Performance

Selected Period Performance

	Market Value	1 Month	3 Months	Year to Date (8 Months)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	14,347,553	-.06	.33	.01	.15	1.63	1.20	1.09
Total Portfolio Net of Fees	14,347,553	-.07	.29	-.09	.02	1.48	1.05	.95
Total Fixed Income	13,611,350	-.05	.34	-.09	-.02	1.78	1.28	1.20
Gov/Agency Bonds	13,363,536	-.05	.36	-.08	-.04	1.82	1.17	
FTSE 1 Year Treasury Benchmark		.01	.03	.12	.20	1.91	1.50	1.21
FTSE 1-3 Year Treasury Index		-.01	.00	.08	.15	2.63	1.67	1.45
Taxable Fixed Other	247,814	-.22	-1.15	-1.06	-.89			
Total Cash and Equivalents	736,203	.00	.00	.01	.03	.80	.65	.49
FTSE 1 Month Treasury Bill Index		.00	.01	.02	.05	1.13	1.07	.81
FTSE 6 Month Treasury Bill Index		.00	.01	.05	.09	1.32	1.23	.95
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

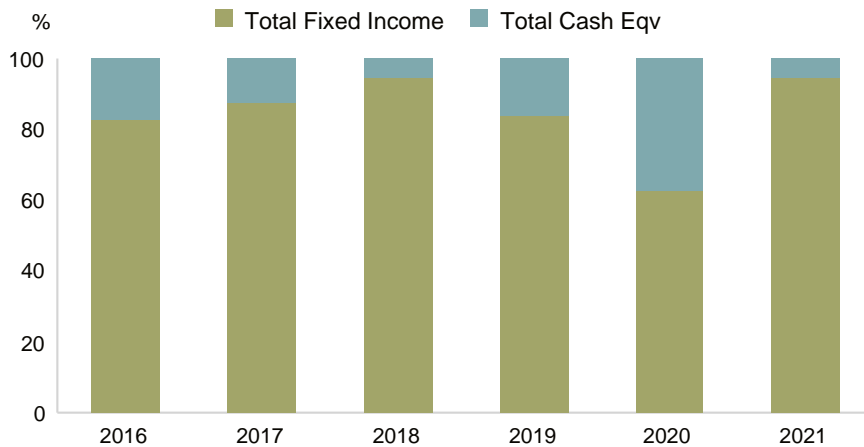
Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

History of Asset Growth Graphs

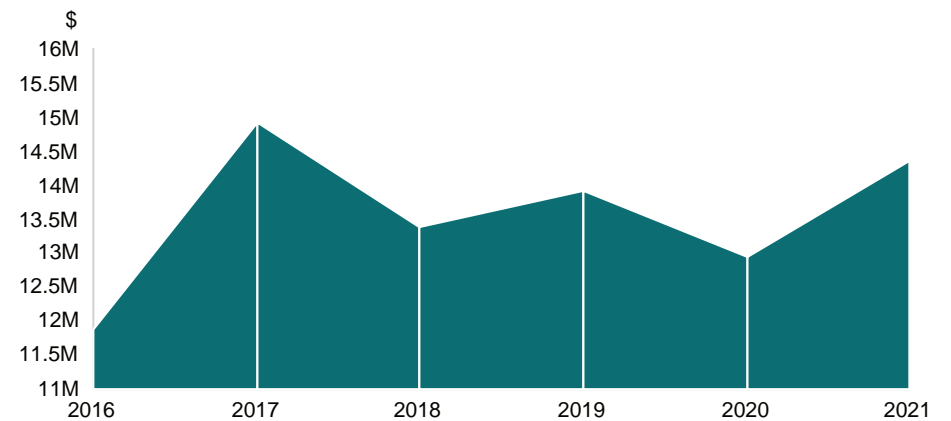
Annual Portfolio Values

	Consolidated	Oct 2015- Sep 2016	Oct 2016- Sep 2017	Oct 2017- Sep 2018	Oct 2018- Sep 2019	Oct 2019- Sep 2020	Oct 2020- Aug 2021
Beginning Portfolio Value	12,561,812	12,561,812	11,853,807	14,923,367	13,380,140	13,922,983	12,945,684
Contributions	32,680,000	5,430,000	6,300,000	4,750,000	4,600,000	3,700,000	7,900,000
Withdrawals	-31,991,006	-6,293,560	-3,274,225	-6,405,776	-4,574,303	-4,921,961	-6,521,183
Income Earned	1,098,045	109,099	162,643	230,600	304,987	209,553	81,163
Gain/Loss	-1,298	46,456	-118,859	-118,051	212,158	35,109	-58,111
Ending Portfolio Value	14,347,553	11,853,807	14,923,367	13,380,140	13,922,983	12,945,684	14,347,553
Total Return	1.18	1.05	.31	.79	3.14	1.52	.21
Principal	.02	.31	-.69	-.64	1.23	.18	-.27
Income	1.16	.74	1.00	1.44	1.89	1.34	.47

Allocation Over Time



Ending Market Values Over Time



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

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Account: XXXXXXXXX9800

Holdings Method: Direct

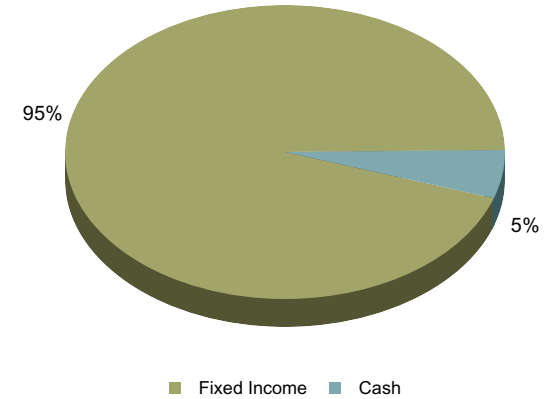
Report Date: 08/31/2021

Portfolio Summary

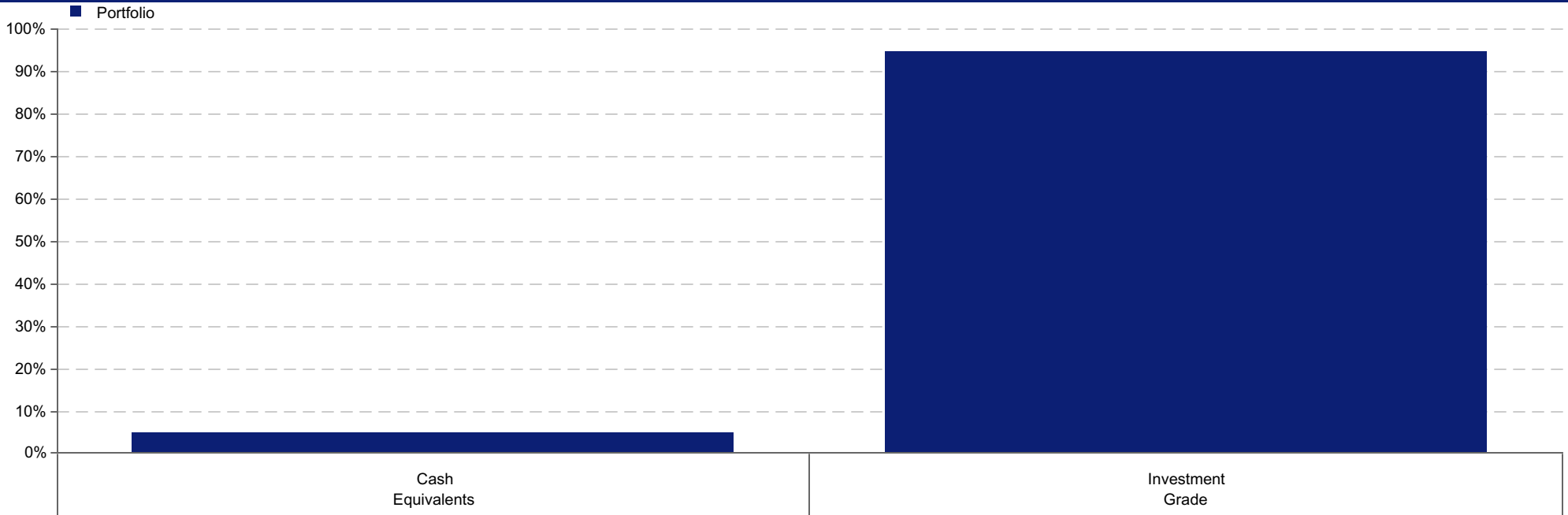
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	\$14,333,818
Net Realized Cap Gains YTD	\$-4,900
Annual Income Projected	\$75,762
Current Yield	.53%
Number of Securities	20
Portfolio Mgr.	Michael T. Maloney

Portfolio Asset Allocation

Fixed Income	\$13,597,617	94.86%
Cash	\$736,201	5.14%
Invested Total	\$14,333,818	100.00%



Portfolio Model Allocation



Account: XXXXXXXXX9800

Holdings Method: Direct

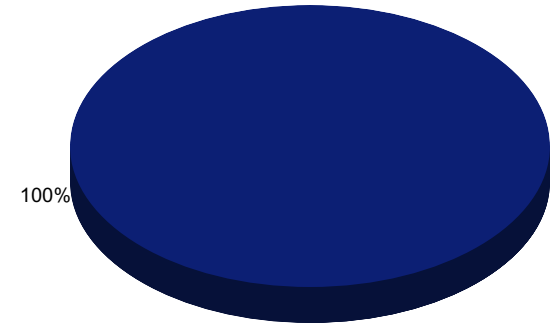
Report Date: 08/31/2021

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	\$13,597,617
Current Yield	.56%
Annual Income Projected	\$75,725
Number of Securities	19
Portfolio Mgr.	Michael T. Maloney

Fixed Income Asset Allocation

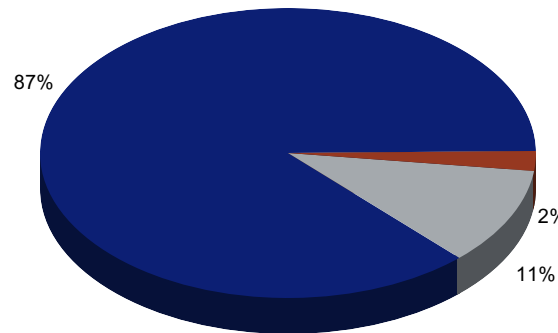
Investment Grade	\$13,597,617	100.00%
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■ Investment Grade

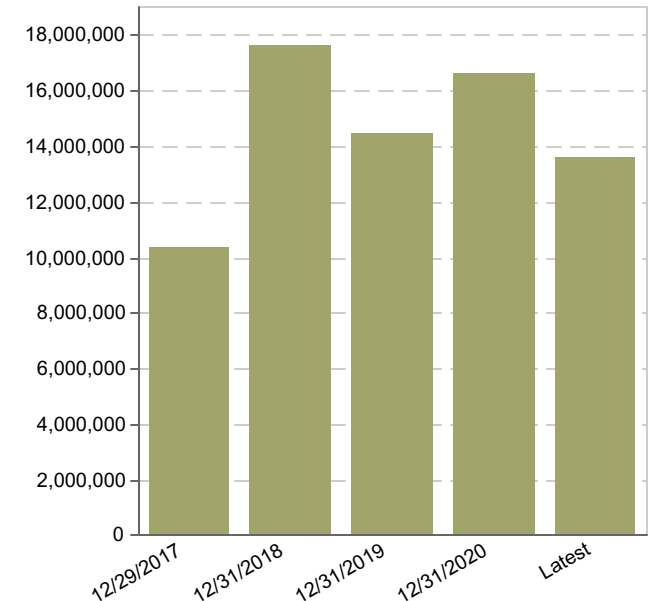
Fixed Income Sector Exposures

Government Agency	\$11,810,712	87.00%
Treasury	\$1,539,405	11.00%
Corporate	\$247,500	2.00%



■ Government Agency ■ Treasury ■ Corporate

Fixed Income Market Value



Account: XXXXXXXXX9800

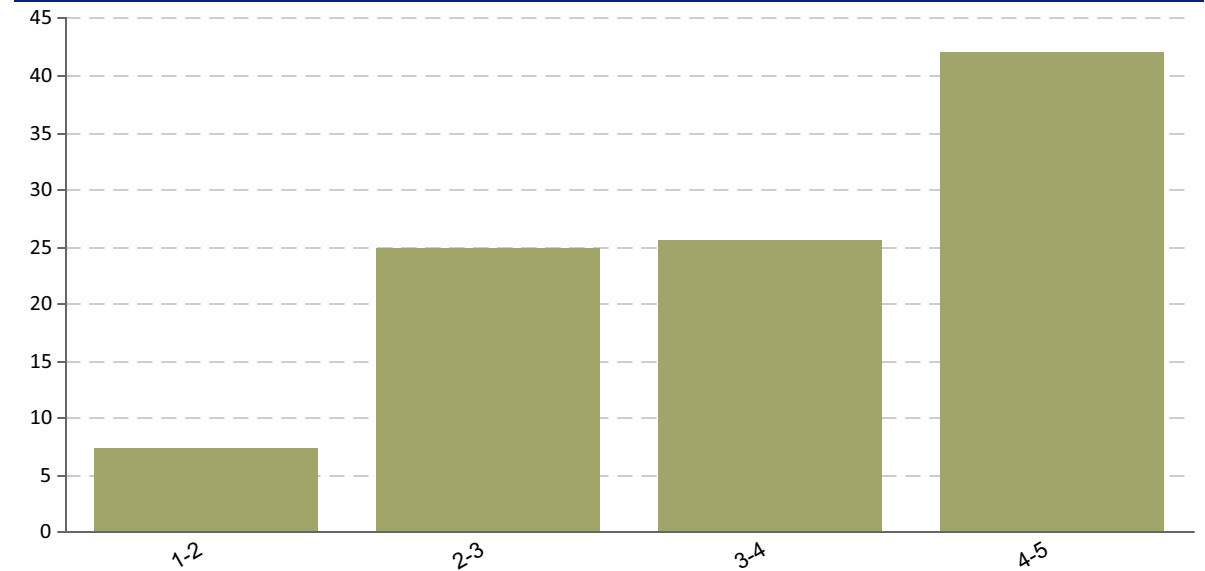
Holdings Method: Direct

Report Date: 08/31/2021

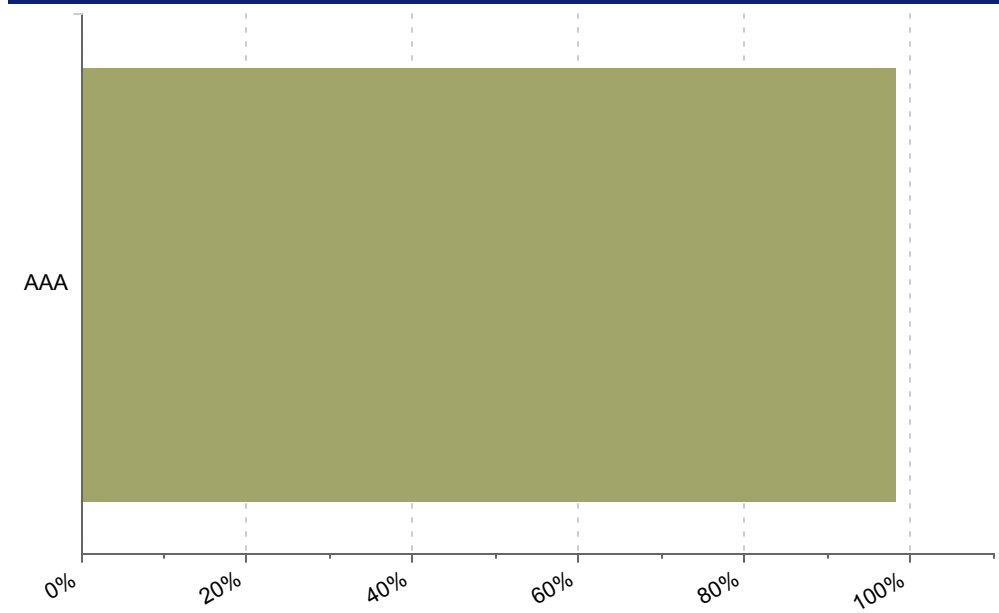
Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	.56	100
Current Yield (%)	.56	100
Yield To Maturity	.52	100
Yield to Call/Worst (%)	.52	100
Eff. Maturity (Yrs)	3.46	100
Effective Duration	2.94	100
Avg. Quality	AAA	95
# of Securities	19	100

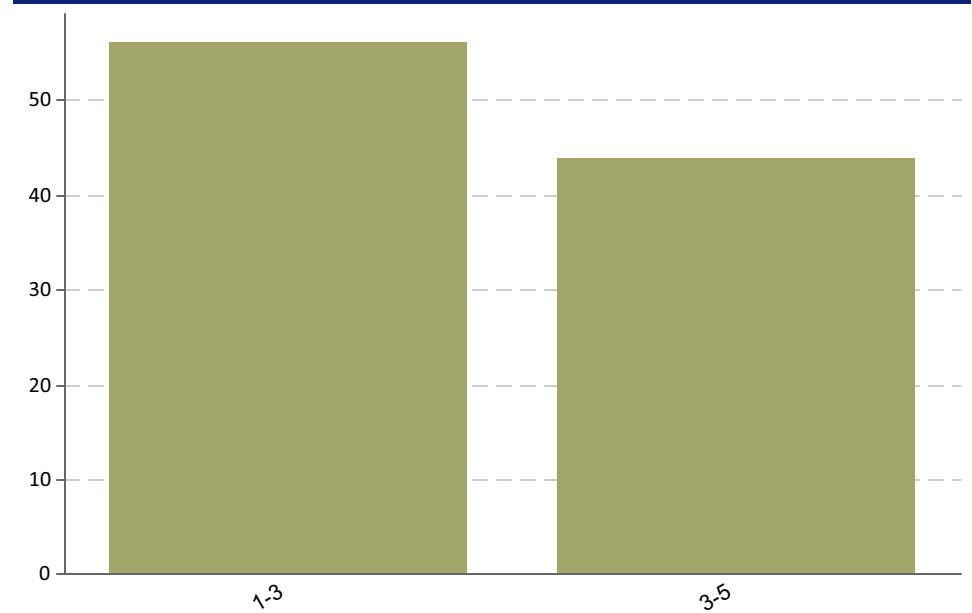
Bond Effective Maturity



Bond Quality Distribution



Bond Duration Distribution





LEAGUE ASSOC OF RISK MANAGEMENT

Portfolio Holdings

Account: XXXXXXXXX9800

Holdings Method: Direct

Report Date: 08/31/2021

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		100.0			14,333,818	14,325,079	8,738	0.53	75,762
Cash		5.14			736,201	736,201	.00	0.00	37
Cash Equivalents		5.14			736,201	736,201	.00	0.00	37
US BANK MONEY MARKET (MMDA) IT&C	991070749	5.14	1.00	736,201	736,201	736,201	.00	0.00	37
Fixed Income		94.86			13,597,617	13,588,878	8,738	0.56	75,725
Investment Grade		94.86			13,597,617	13,588,878	8,738	0.56	75,725
Corporate		1.73			247,500	249,500	-2,000	0.35	875
BMW BK NORTH C D 0.350% 10/23/24	05580AXH2	1.73	99.00	250,000	247,500	249,500	-2,000	0.35	875
Government Agency		82.40			11,810,712	11,839,086	-28,374	0.45	53,287
F H L M C M T N 0.250% 8/24/23	3137EAEV7	6.98	100.04	1,000,000	1,000,350	998,958	1,392	0.25	2,500
F F C B DEB 0.220% 9/08/23	3133EL6J8	6.97	99.94	1,000,000	999,370	998,989	381	0.22	2,200
F H L B DEB 0.125% 12/08/23	3130AKF84	2.44	99.75	350,000	349,139	348,474	665	0.13	438
F H L M C M T N 0.375% 7/29/24	3134GW4X1	5.23	99.88	750,000	749,115	749,775	-660	0.38	2,813
F H L M C M T N 0.420% 9/17/24	3134GWSW7	5.23	99.89	750,000	749,138	750,000	-863	0.42	3,150
F H L B DEB 0.375% 2/25/25	3130ALB52	6.95	99.64	1,000,000	996,380	1,000,000	-3,620	0.38	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	5.21	99.61	750,000	747,038	749,850	-2,813	0.55	4,125
F N M A 0.600% 8/29/25	3136G4X24	5.23	99.95	750,000	749,640	752,138	-2,498	0.60	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	5.18	98.95	750,000	742,118	746,224	-4,106	0.38	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	5.22	99.79	750,000	748,410	749,850	-1,440	0.58	4,350
F N M A 0.500% 11/07/25	3135G06G3	6.93	99.37	1,000,000	993,730	996,440	-2,710	0.50	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	5.21	99.48	750,000	746,100	748,500	-2,400	0.57	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	6.96	99.80	1,000,000	997,980	1,000,000	-2,020	0.60	6,000
F N M A 0.650% 12/10/25	3135G06J7	5.21	99.51	750,000	746,325	749,888	-3,563	0.65	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	3.46	99.18	500,000	495,880	500,000	-4,120	0.50	2,500
Treasury		10.74			1,539,405	1,500,293	39,112	1.40	21,563
U S TREASURY NT 2.375% 2/29/24	9128286G0	5.50	105.16	750,000	788,700	750,059	38,641	2.26	17,813
U S TREASURY NT 0.375% 4/15/24	91282CBV2	3.49	100.10	500,000	500,510	500,801	-291	0.37	1,875
U S TREASURY NT 0.750% 4/30/26	91282CBW0	1.75	100.08	250,000	250,195	249,434	761	0.75	1,875

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Holdings Date: 8/31/2021

LEAGUE ASSOCIATION OF RISK MANAGEMENT

INVESTMENT POLICY

- I. Purpose. The purpose of this document is to establish the investment policy for the League Association of Risk Management, hereafter called LARM, and to provide guidance to the LARM Board, the Investment Committee, the LARM Administrator, and, if utilized, the Investment Manager or Custodian Bank pertaining to investment objectives and guidelines.

- II. Goal. The overall investment goal of LARM is to obtain a high rate of return on its portfolio assets, with a minimal risk, abiding by the appropriate statutes governing the investment of these funds and complying with the responsibility to LARM members.

- III. Priority Listing of Objectives.
 - A. Safety of Principal. Avoidance of financial risk or compromise of the financial integrity of the portfolio.

 - B. Liquidity. Provide sufficient liquidity for the payment of claims and expenses.
This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary and resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds which offer same day liquidity for short term funds.

 - C. Earn a High Rate of Return. Earn the highest rate of return with minimal risk. However, return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

 - D. Diversification of Assets. Diversify assets by both the industry and the issuer in order to avoid undue exposure by any single industry or issuer.

 - E. All investments of LARM shall be in compliance with the Nebraska Insurer's Investment Act at all times.

- IV. Procedure.
 - A. LARM Board. The Board shall:
 1. Review and approve, at least quarterly, all purchases and disposals of investments.

2. Review, at least quarterly, whether all investments have been made in accordance with the Investment Policy.
3. Authorize the Investment Committee, under the general supervision of the LARM Board Chair, to manage the investments of LARM, either independently or through the utilization of the LARM Administrator or an Investment Manager or Custodian Bank.
4. Review the investment policy on an annual basis.

B. Investment Committee. The Investment Committee shall:

1. Receive and review summary reports on the investment portfolio, investment activities, and investment practices in order to determine whether the investment activity is consistent with the Investment Policy.
2. Provide such summary reports at least quarterly to the LARM Board for their review and approval.
3. Review and recommend revision of the Investment Policy to the LARM Board, as appropriate.
4. Review the Investment Manager or Custodian bank's performance and fees at least every 3 years.

C. LARM Administrator. The LARM Administrator shall:

1. Notify the Investment Committee of matters that bear upon the proper investment of the portfolio including pertinent financial, legal, or other information involving the investment of the portfolio and changes in investment objectives.
2. Meet regularly with the Investment Committee to report on progress of the portfolio.

D. Investment Manager or Custodian Bank. If utilized, the Investment Manager or Custodian Bank shall:

1. Meet regularly with the Investment Committee to report on progress of the portfolio.
2. Provide reports monthly to the Investment Committee.
3. Provide information concerning market trends and investment strategies.

V. Investment Guidelines.

A. Regulatory Limitations. The investment guidelines and restrictions as set forth by the Insurers Investment Act (Nebraska Revised Statutes Section 44-5101 et seq.) shall be adhered to at all times by the Board, the Investment Committee, the LARM Administrator, and any Investment Manager or Custodian Bank utilized by the Investment Committee in exercise of their discretion.

B. Prudence. The standard of prudence to be used for managing LARM's investments is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of

their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.”

C. General Strategies.

1. The Investment Committee, or an Investment Manager or Custodial Bank, if utilized, shall determine the appropriate allocation of funds among cash, cash equivalents, and investment grade fixed income securities.
2. Capital gains and losses may be realized when, in the judgment of the Investment Committee or its investment manager or custodian bank, if utilized, consistent with the goals, objectives, and guidelines of this policy, such action is in the best interest of the portfolio and will lead to a greater long-term total rate of return.
3. Securities purchased by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited in general maturity parameters as follows:

The maximum maturity of any security at date of purchase shall not exceed 60 months. The purchase of a security with a maturity longer than 60 months shall be approved by the LARM Board at the next quarterly meeting. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations.

Securities shall not be sold prior to maturity with the following exceptions:

A security with declining credit may be sold early to minimize loss of principal.

Liquidity needs of the portfolio require that the security be sold.

A security swap that would adjust the portfolio (quality, yield, or duration) in a manner that would allow it to better fulfill the investment objectives.

Security purchases and sales shall be made, so that at the time of purchase or sale they do not cause, or exacerbate, non-compliance with the LARM portfolio maturity limitations.

4. Investments made by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited according to the following:

<u>Asset Class</u>	<u>Limitation*</u>
Direct obligations of the United States or obligations for which the full faith and credit of the United States is pledged for the payment of all principal and interest	No Limit
Direct obligations of any agency or instrumentality of the United States or obligations for which the full faith and credit of any agency or instrumentality of the United States is pledged for the payment of all principal and interest	25% per issuer
Other investment grade fixed income securities	5% per issuer
Mutual funds investing in the above classes	<u>5% per issuer, not to exceed 25% in total if the fund is only allowed to invest in U.S. government obligations or U.S. agency or instrumentality obligations; and</u> <u>5% per issuer, not to exceed 10% if invested in other classes.</u>

**Limitations apply to the percentage of admitted assets as shown by the most recent financial statement filed with the Nebraska Department of Insurance.*

- VI. Standard of Performance. Consideration shall be given to the extent to which the investment results are consistent with the goals and objectives as set forth in this policy.

Revised 3-23-2007; 12-16-2009; 3-1-2011; 2-26-2018

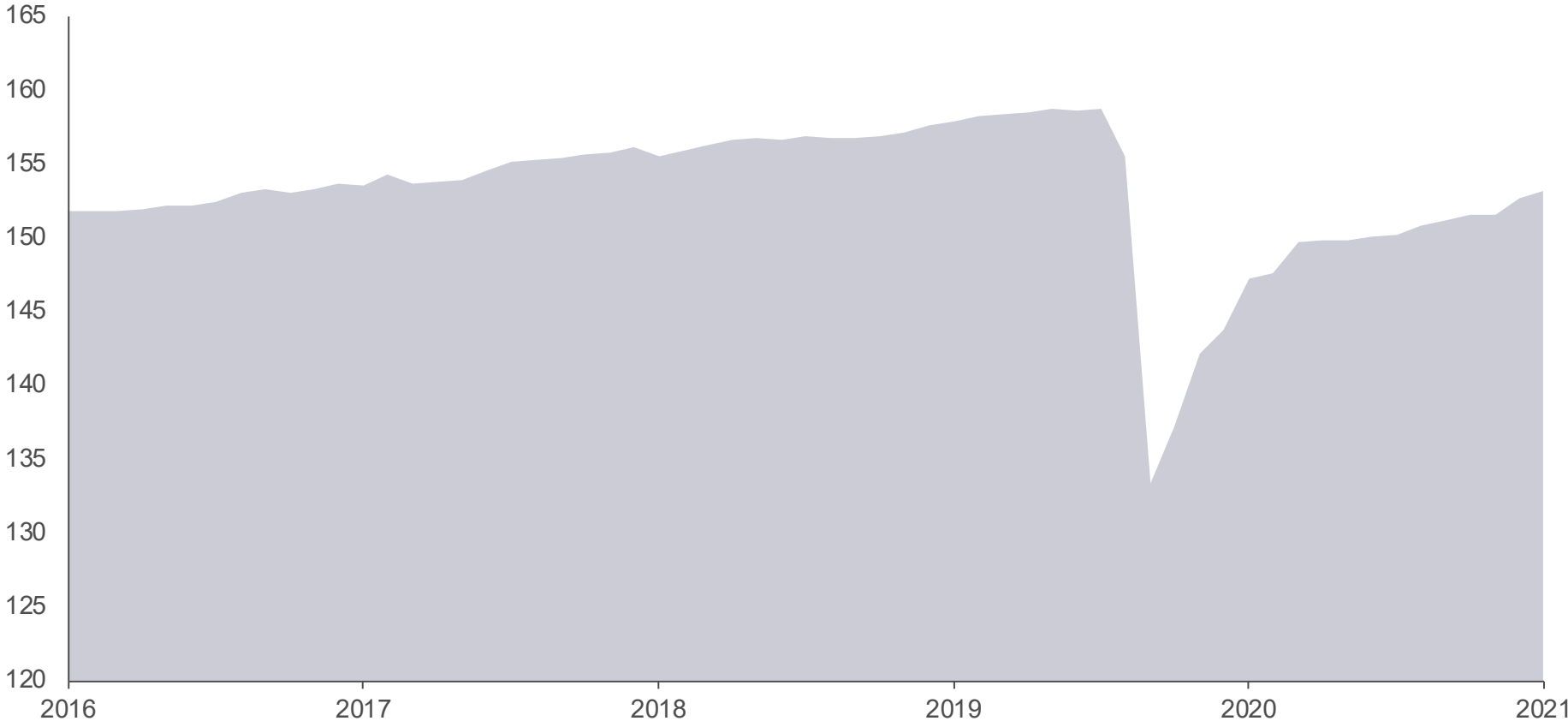


Market views – September 2021

Investment and insurance products and services including annuities are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE •
NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Transitioning from a liquidity-driven market backdrop to a greater focus on fundamentals and corporate earnings

U.S. Employment Total in Labor Force
(Seasonally adjusted, in millions)



Source: U.S. Bank Asset Management Group analysis, Bloomberg. Data period: August 2016 to August 2021.

Please refer to disclosures in the appendix.

Upfront conclusions

We recommend a “glass half-full” portfolio orientation but await transitional signs that could change those views.

Economic activity is improving, but corporate earnings, policymaker decisions given growth and inflation levels, and consumer spending trends are key variables as we transition to the back-to-school / return-to-office period.

We remain focused on two key investment horizons.

The first horizon represents reopening activity around the globe and how steep and long that glidepath may be. The second horizon is the “steady state” that follows and how sustainable growth may be.

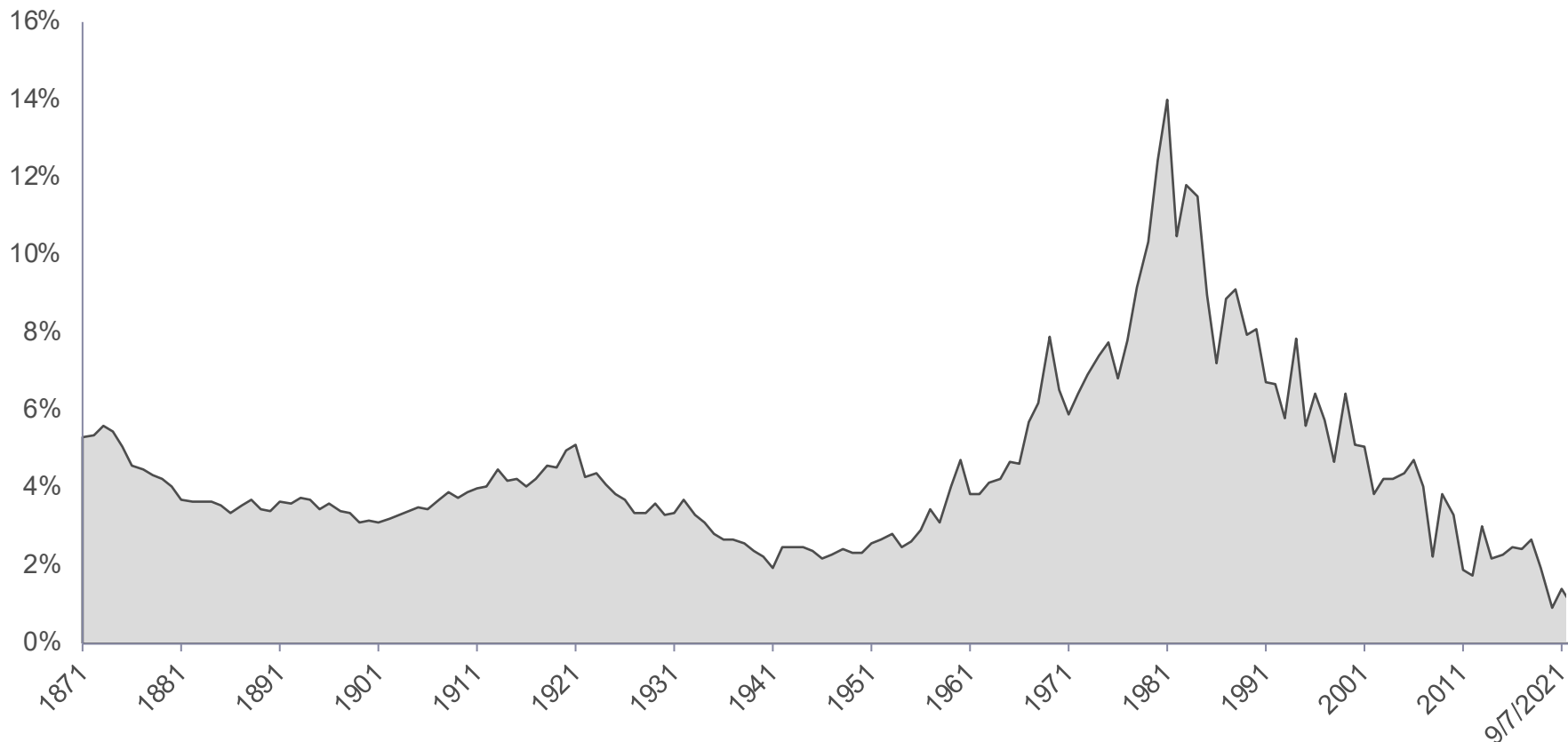
As we move from a liquidity-driven market backdrop to more of a fundamentally-driven environment, labor market health and mobility trends are immediate focal points

With the potential for less bond buying from the U.S. Federal Reserve, a slower pace to European Central Bank bond buying announced September 9, and the end of federal and some state unemployment benefits for 7.5 million people, we are watching employment trends, Delta variant spread risk given back-to-school and colder climates, business travel and commuter data to gauge growth prospects.

Multi-generational lows in yields help fuel borrowing

Borrowers have access to relatively cheap credit at both the consumer and corporate levels. One of the things we are paying close attention to is if borrowing costs go up more, this could impact willingness to borrow and, therefore, economic growth.

U.S. long Treasury yields



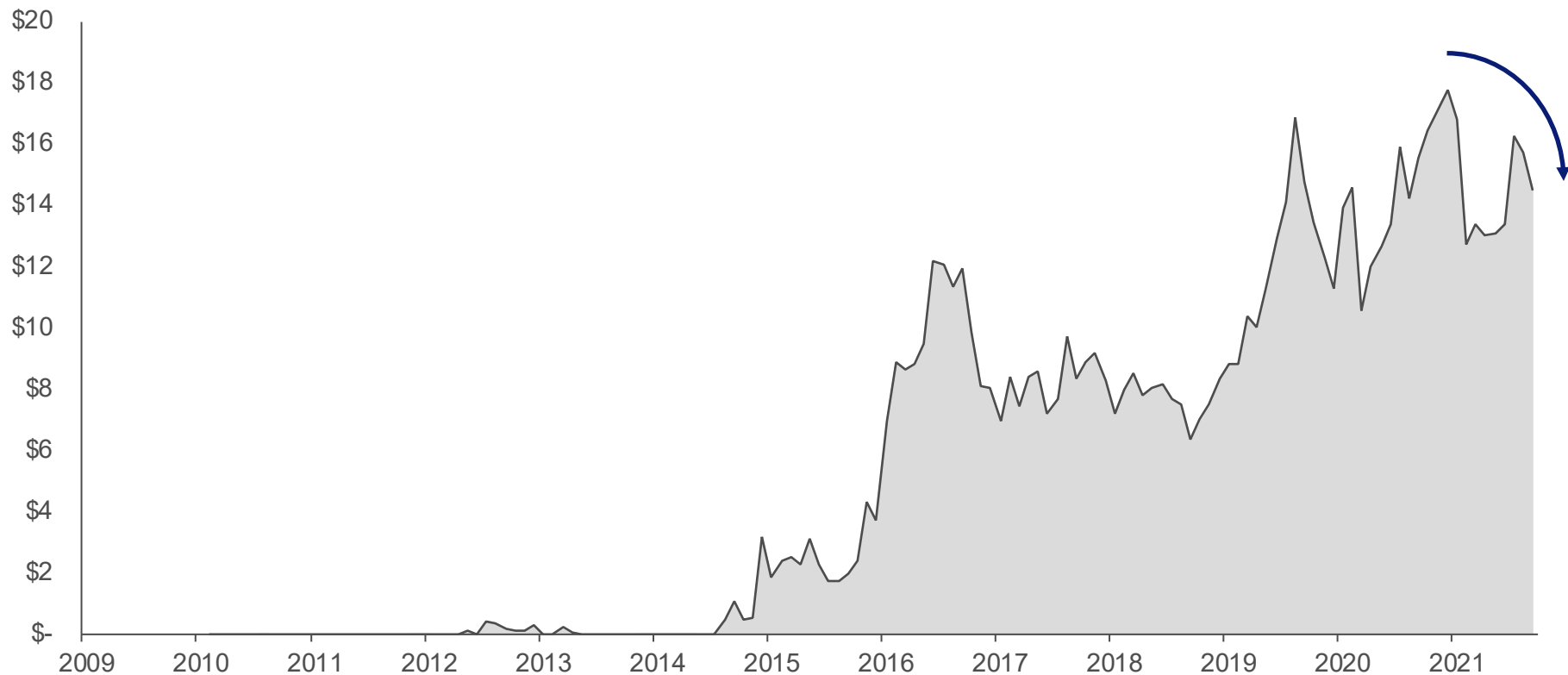
Source: Bloomberg. Data period: December 1871 – September 7, 2021.

Please refer to disclosures in the appendix.

Persistent central bank presence leads to negative interest rates globally

Central banks have aggressively cut interest rates, but investors' forward growth and inflation outlooks have driven some formerly negatively yielding bonds back to positive yields.

Amount of negative-yielding debt, Bloomberg Barclays global aggregate index
(1/1/2009 – 9/7/2021; \$ trillions)



Source: U.S. Bank Asset Management Group, Bloomberg. Data as of September 7, 2021.

Please refer to disclosures in the appendix.

The “real” issue: Real interest rates have not yet ticked meaningfully higher and remain firmly in negative territory

10-Year Treasury real interest rate (in %)
(January 2003 – September 2021)



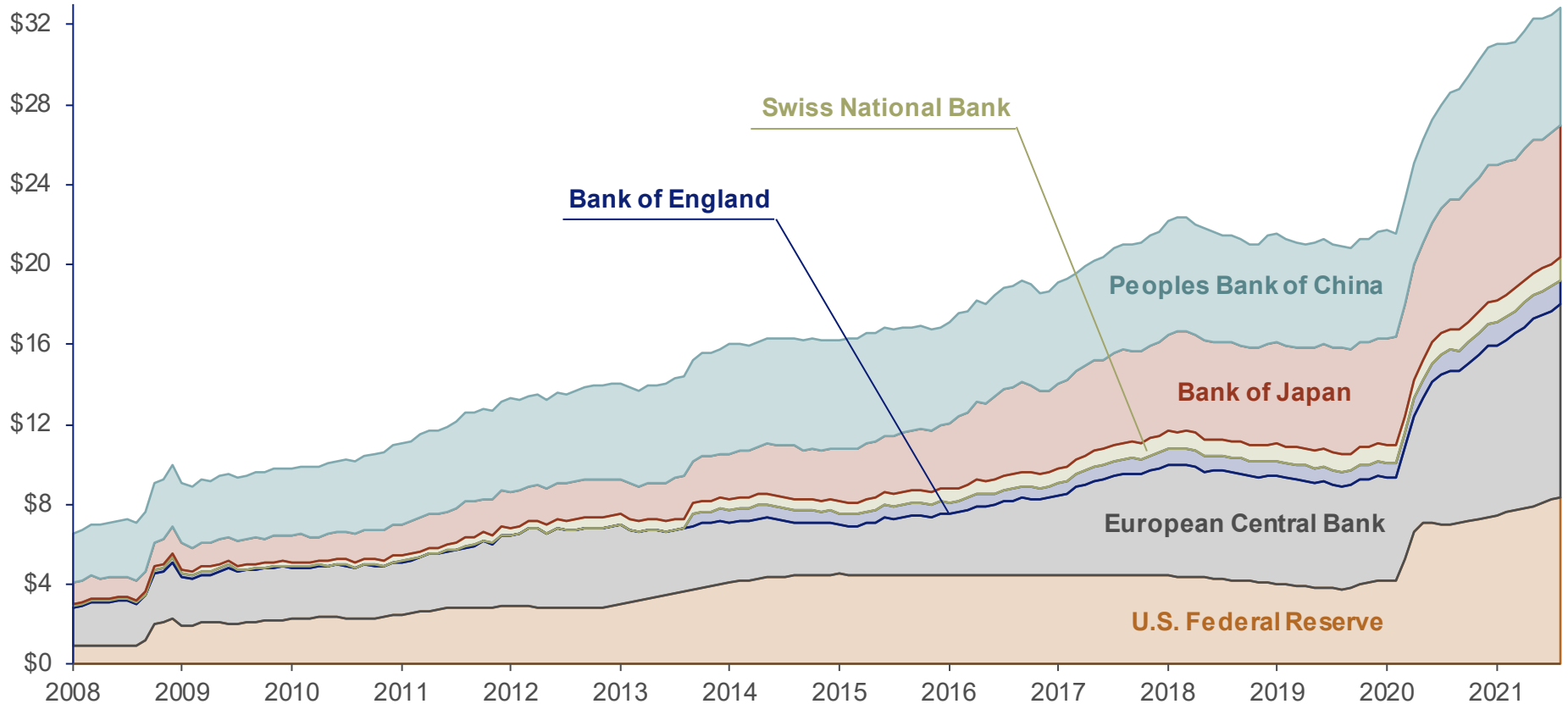
Source: U.S. Bank Asset Management Group analysis, Bloomberg, U.S. Federal Reserve. Data period: January 1, 2003, to September 7, 2021.

Please refer to disclosures in the appendix.

The “wall of money” remains high

Central banks have had a massive capital market presence since 2008, helping to keep interest rates low. Recently, central banks, including the Fed, have added to their balance sheets after trying to shrink them in 2017 and 2018.

Total balance sheet size by major central banks
(\$ trillions)



Sources: U.S. Bank Asset Management Group analysis, Bloomberg. Data period: January 2008 – August 31, 2021.

Please refer to disclosures in the appendix.

A key component of our outlook rests on borrowing costs for riskier companies

High yield credit spreads, which show the premium that riskier borrowers pay to issue debt, improved following the Fed's decisive action in April 2020 and are now more than 2.5 percentage points below their long-term average.

Calculated spread between the Bloomberg Barclays U.S. corporate high yield index yield-to-worst and the U.S. government 10-year yield



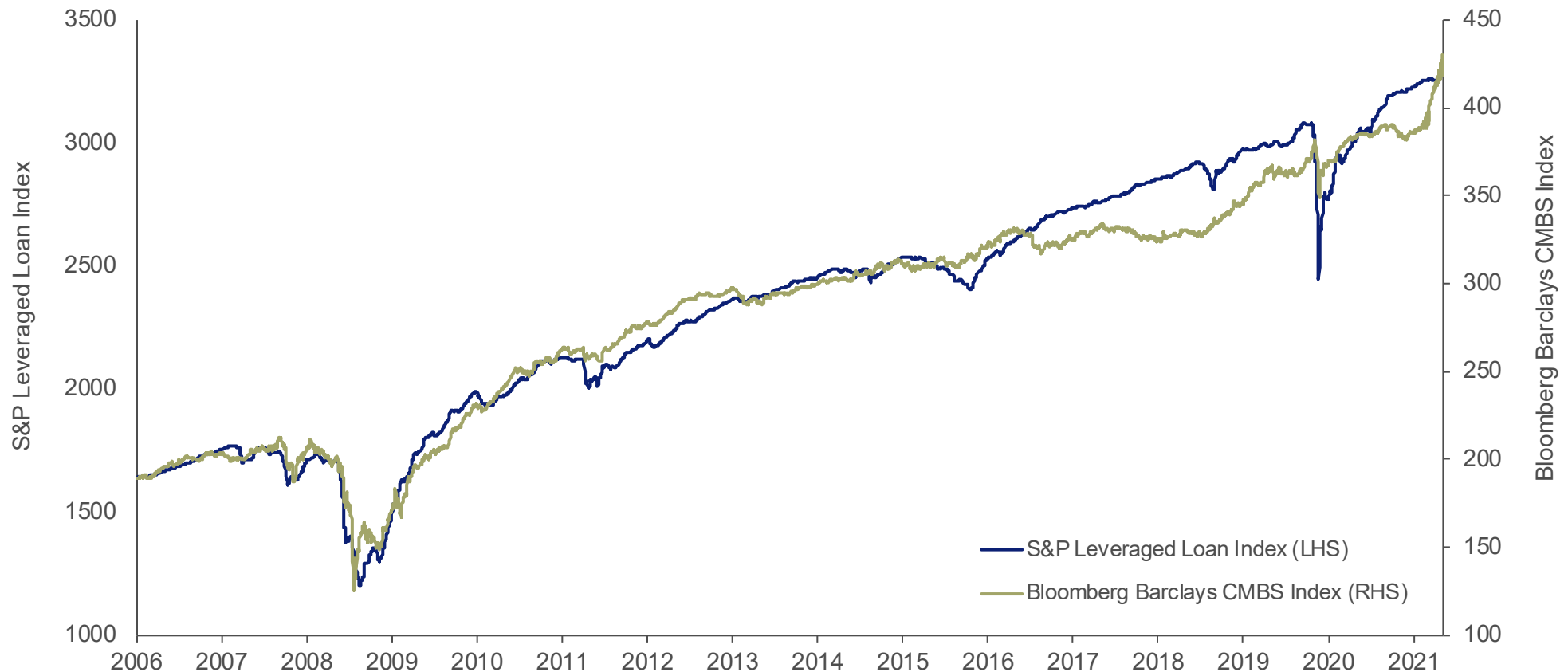
Source: Bloomberg. Data: January 1987 – September 7, 2021. Gray shaded bar areas indicate recessionary periods. Please refer to disclosures in the appendix.

Credit stresses have eased in two key market areas, which have returned to a defined uptrend

Leveraged loans and commercial mortgage-backed securities are two areas we continue to monitor for potential weakness, along with general trends in high yield.

Leveraged loan and commercial mortgage-backed securities indices

(May 2006 – September 7, 2021)



Source: Bloomberg. Data: January 1, 2006 – September 7, 2021. Returns shown represent results of market index and are not from actual investments and are shown for ILLUSTRATIVE PURPOSES ONLY.

Please refer to disclosures in the appendix.

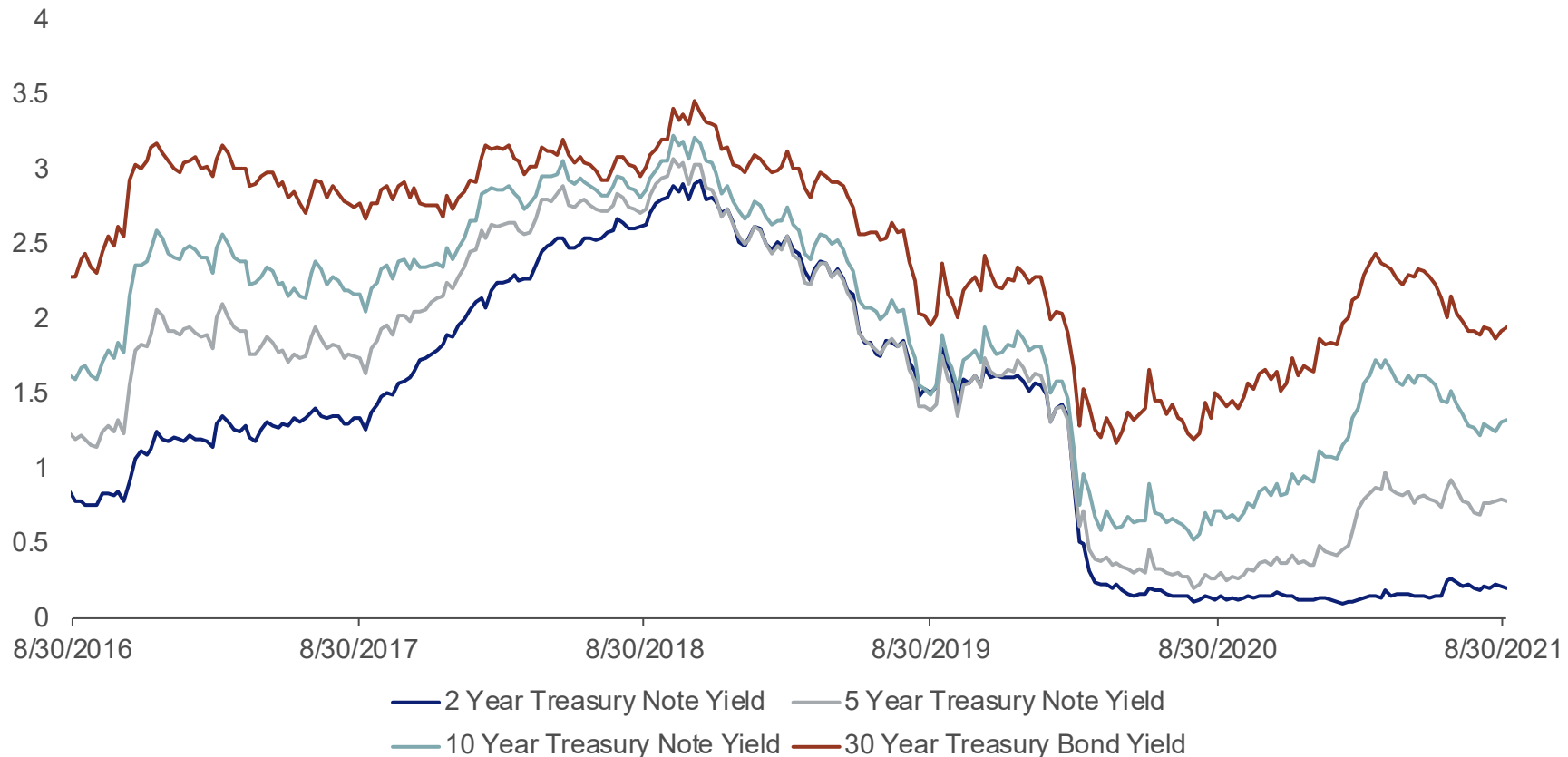
The key capital market relationship

The impact of higher interest rates across asset classes

While interest rates demonstrated volatility in late February that continued into April, in the context of the past five years, movements are material, but interest rate levels remain subdued, especially shorter maturities.

Select U.S. Treasury yields

(April 2016 – September 2021)



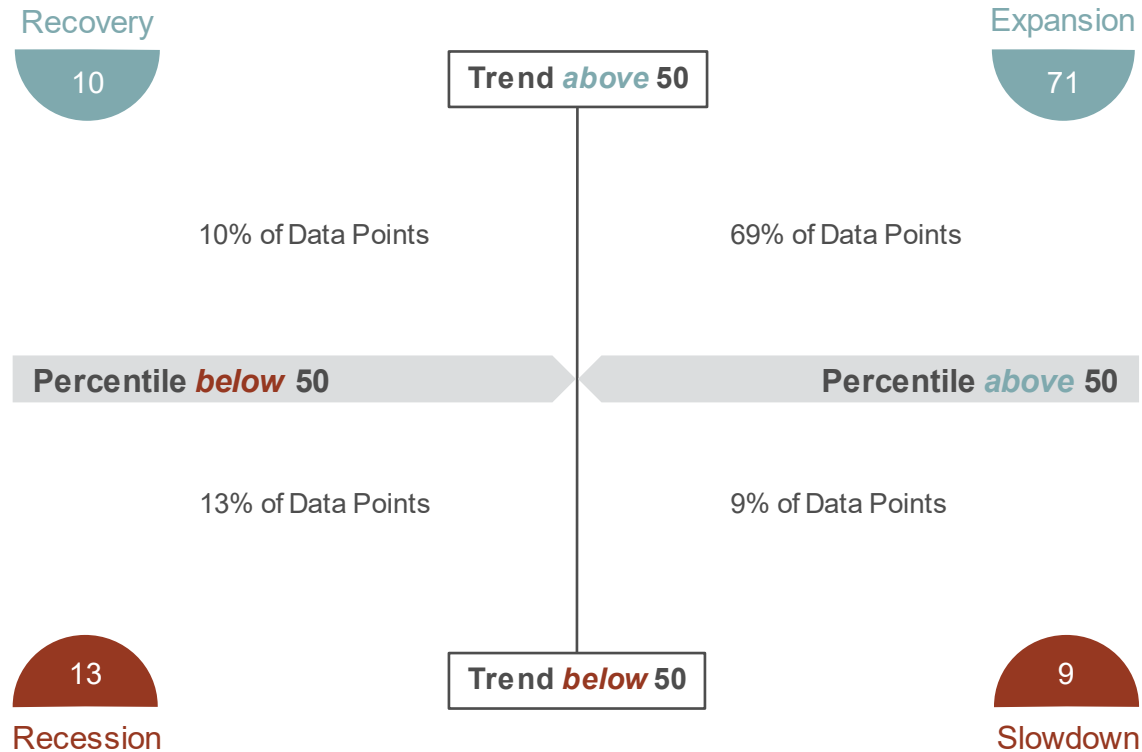
Sources: U.S. Bank Asset Management Group, Bloomberg. Data as of September 7, 2021.

Please refer to disclosures in the appendix.

Financial markets ≠ economics

U.S. Bank economic Health Check: **U.S.** economy

Nearly three-quarters of U.S. data points are in the expansion phase, reflecting the strong reopening trajectory across many indicators.



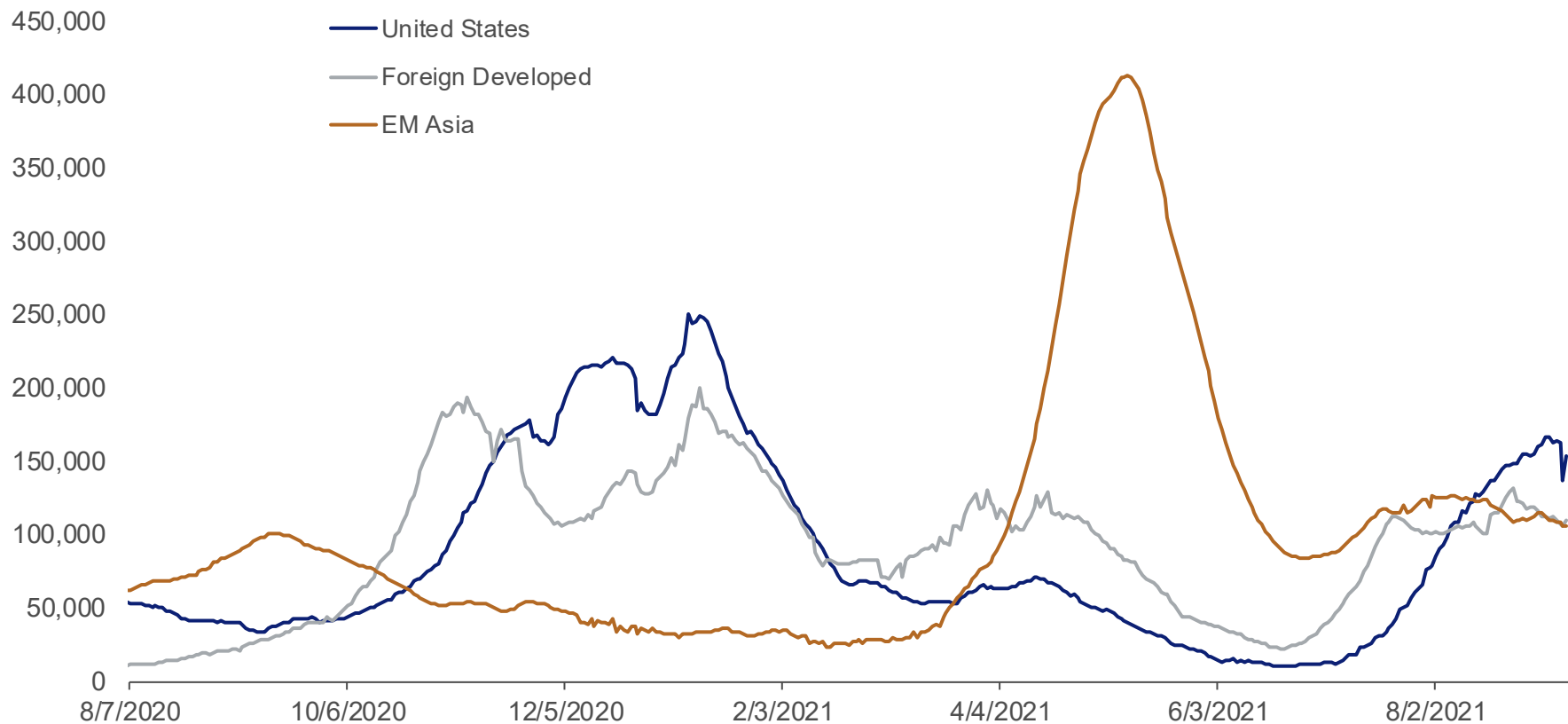
Sources: U.S. Bank Asset Management Group, Bloomberg. Data as of September 7, 2021. Percentages may not equal 100 due to rounding. Please refer to disclosures in the appendix.

COVID-19 case growth by region through September 7, 2021

U.S. COVID-19 case growth has surged higher, commensurate with the Delta variant's spread. Vaccination progress remains key, but policy responses such as activity and mobility restrictions have been uneven across foreign developed and emerging economies.

Confirmed COVID-19 cases

(Daily infection increase by region, seven-day average)

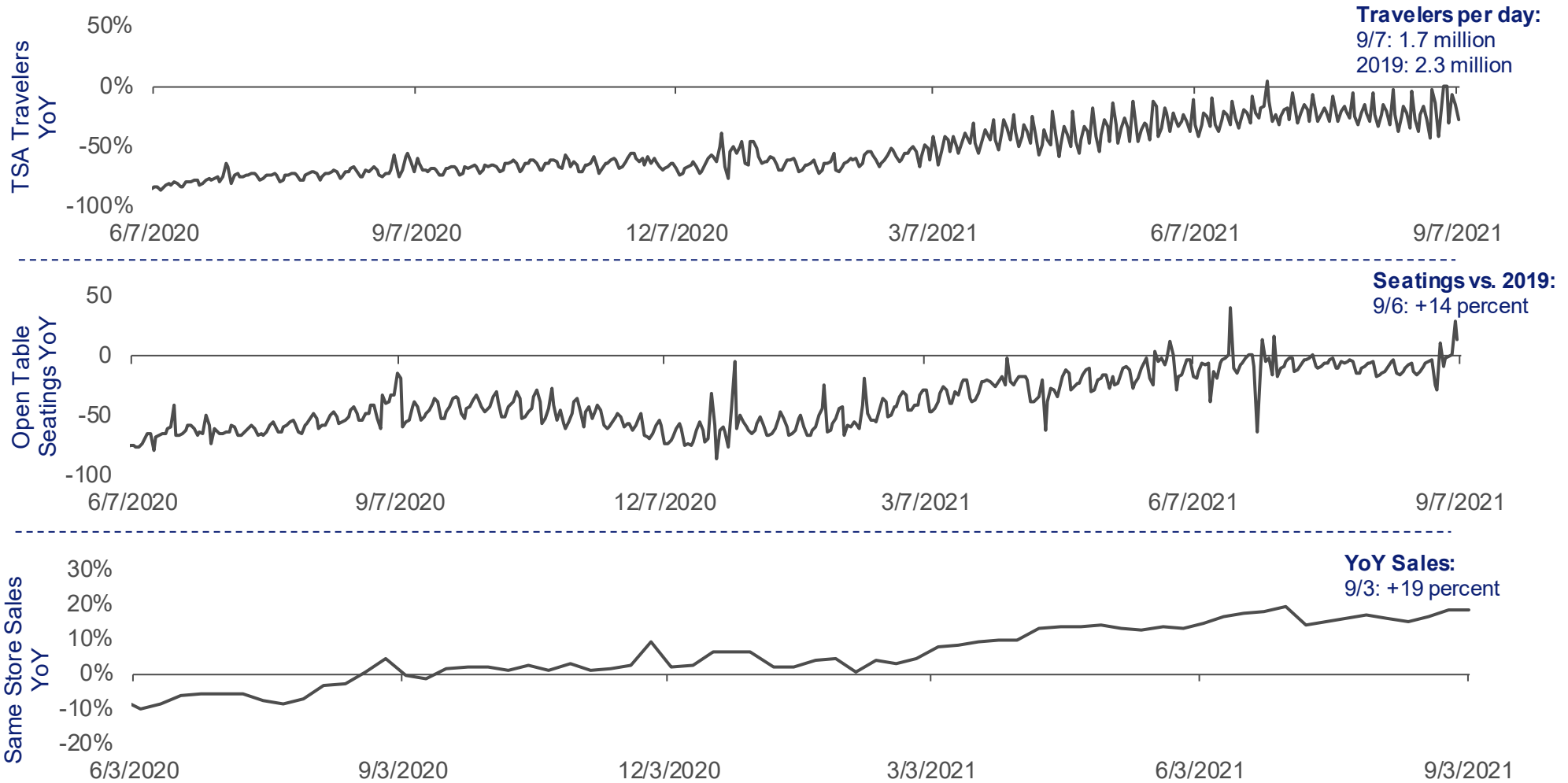


Source: Johns Hopkins CSSE. Data as of September 7, 2021.

Please refer to disclosures in the appendix.

Leading reopening indicators

Consumer spending and some leisure activities have fully recovered from extremely depressed conditions, while air travel remains slightly below pre-COVID levels.



Source: U.S. Federal Reserve Redbook; Transportation Security Administration; and Open Table, Data as of September 7, 2021.

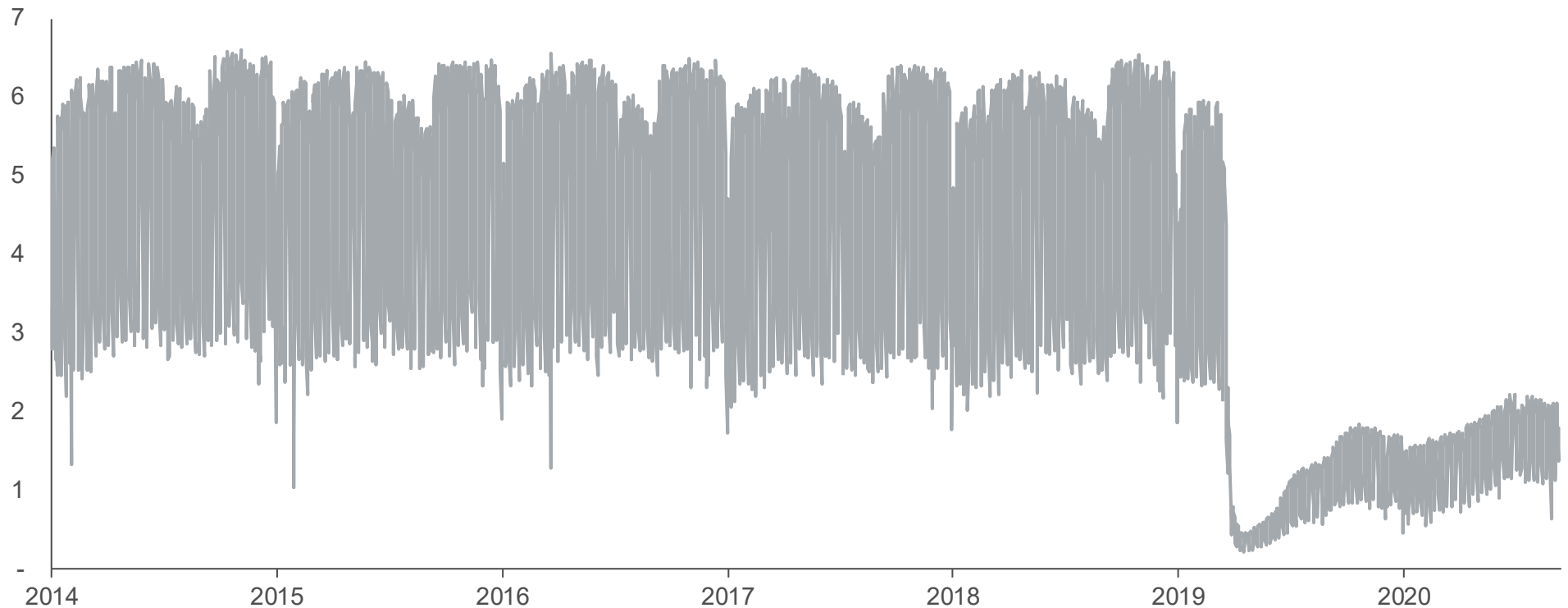
Please refer to disclosures in the appendix.

Leading reopening indicators

New York City's reopening trajectory will be important to gauge using a variety of measures, including data points like commuter activity. Commuter activity remains below pre-pandemic levels, with some firms' work-from-home policies remaining in place while others transition to full or hybrid back-to-work.

New York City Metropolitan Transit Authority daily turnstile entrances

(December 2014 – September 3, 2021; millions)



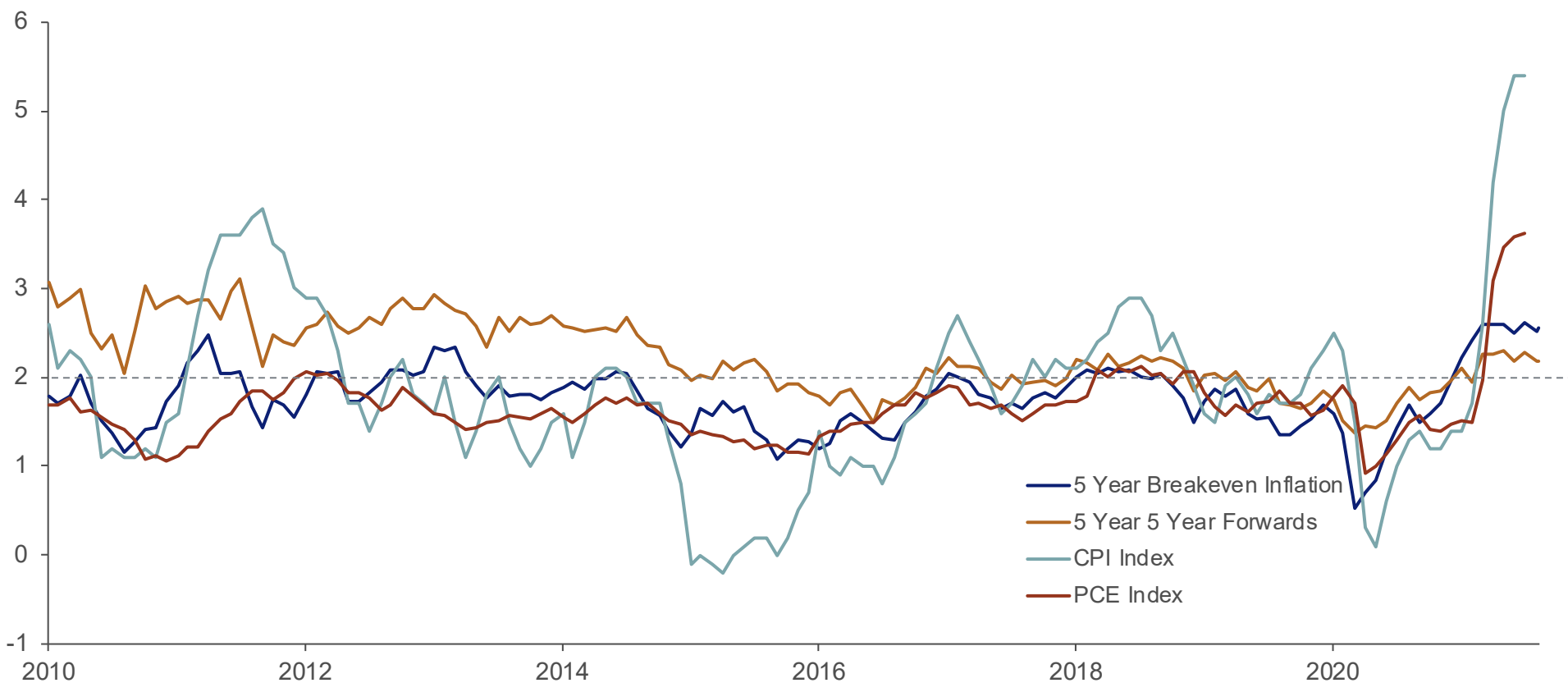
Source: MTA, Bloomberg, U.S. Bank Asset Management Group Research

Please refer to disclosures in the appendix.

Inflation data: The 2% level has had a gravitational pull ...

Both actual and expectations-based inflation measures have surged sharply higher and are above the 2 percent threshold central banks have historically targeted. While mindful of inflation's rise, we continue to view recent price increases as transitory due to comparisons to last year's subdued activity and temporary supply chain challenges.

Comparing various domestic inflation measures



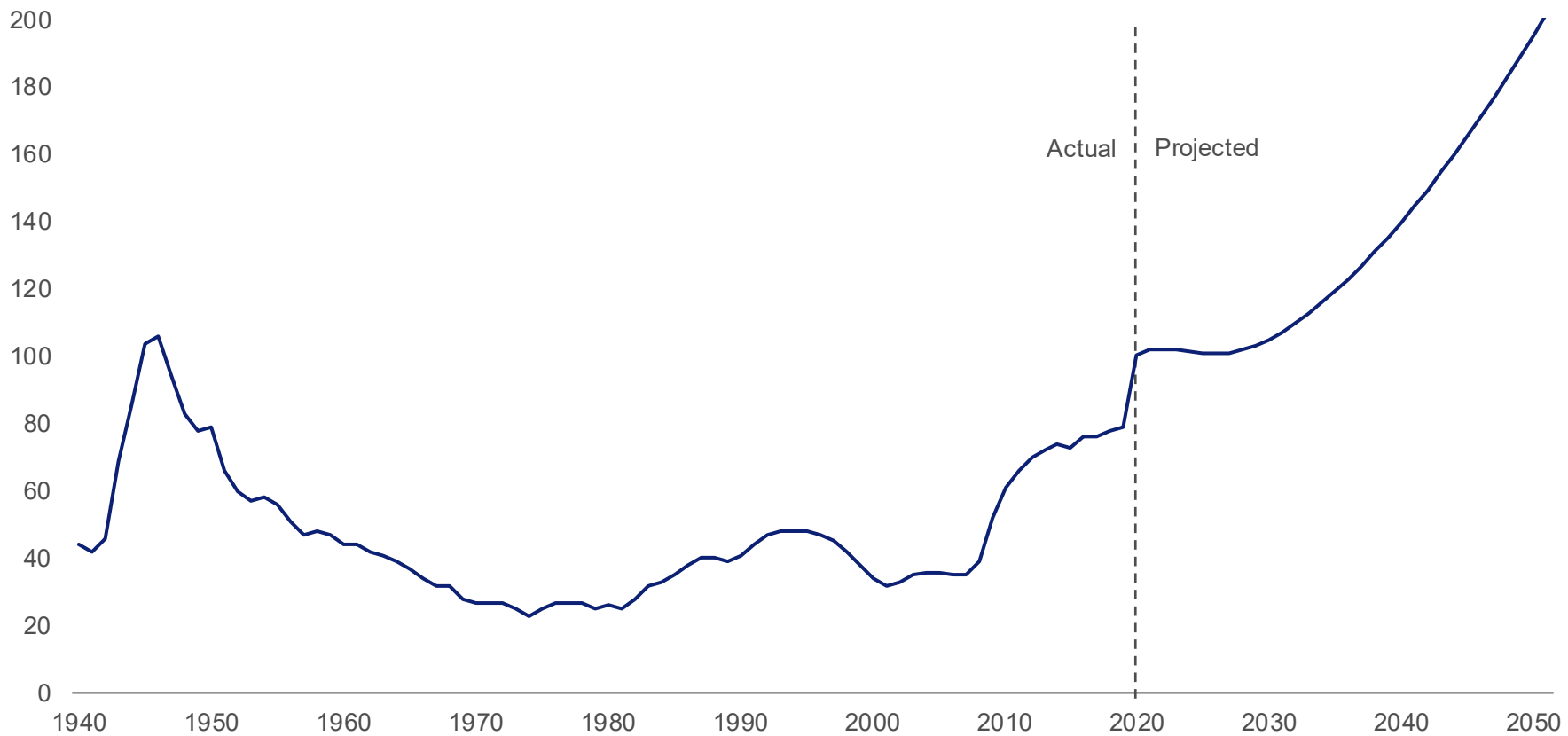
Source: U.S. Bank Asset Management Group analysis, Bloomberg.
Data period: January 2010 – September 7, 2021. Dashed gray line indicates 2% target rate level.
Please refer to disclosures in the appendix.

Deficit outlook: When will the bill come due?

An update to the budget and economic outlook


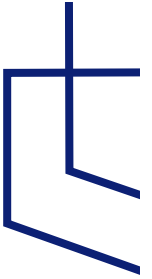
This visual update represents the Congressional Budget Office's (CBO) projections factoring in the COVID-19 stimulus and hit to Treasury's revenues due to the recession. The CBO expects a reduced budget deficit going into the 2030s, at which point entitlements take over and cause the deficit to rise again.

Federal debt held by the public and projected as a percentage of GDP (2020-2051)



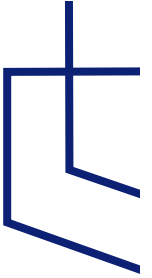
Source: Congressional Budget Office. Data: March 2021.

Please refer to disclosures in the appendix.



Important disclosures, definitions of terms and index descriptions

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact your Portfolio Manager.



Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.



Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

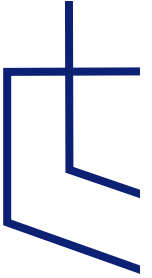
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Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**



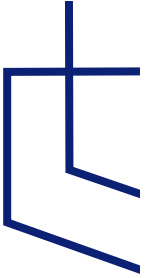
Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

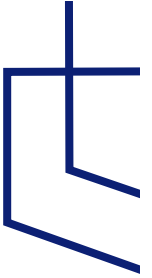


Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

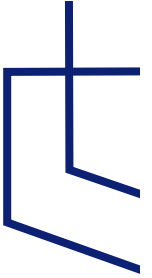
Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.



Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. **Holdings of Nuveen mutual funds:** Firststar Capital Corporation (Firststar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firststar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds:** U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.



Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than \$1 million (excluding primary residence) or an income of more than \$200,000 individually (\$300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

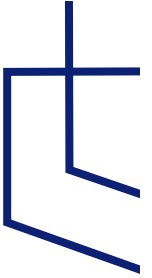
Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.



Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

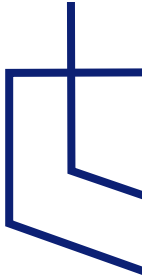
Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicated. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.



Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

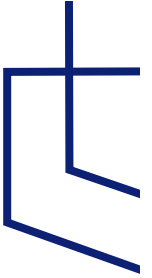
Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least \$5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least \$25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.



Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

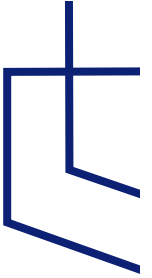
Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.



Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

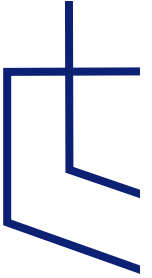
Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.



Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have \$250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least \$50 million, have a maturity value of at least \$5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

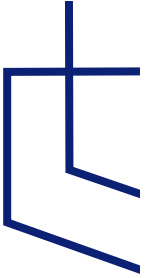
Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.



Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have \$250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

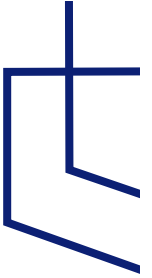
Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.



Frequently used indexes (page 3 of 5)

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of \$50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

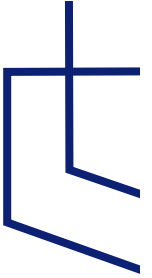
ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.



Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All Country World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

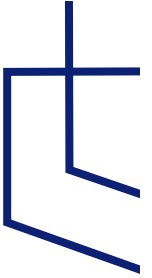
MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.



Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

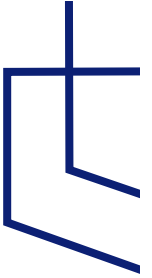
S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.

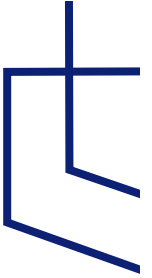


Appendix

This information represents the opinion of U.S. Bank Wealth Management. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. It is not intended to provide specific advice or to be construed as an offering of securities or recommendation to invest. Not for use as a primary basis of investment decisions. Not to be construed to meet the needs of any particular investor. Not a representation or solicitation or an offer to sell/buy any security. Investors should consult with their investment professional for advice concerning their particular situation. The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. U.S. Bank is not affiliated or associated with any organizations mentioned.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. Diversification and asset allocation do not guarantee returns or protect against losses.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses. The **S&P 500 Index** consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market in general. The **MSCI EAFE Index** includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East (EAFE). The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. The **MSCI World Index** tracks equity market performance of developed markets through individual country indices. The **Consumer Price Index (CPI)** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. The **Personal Consumption Expenditures (PCE) Price Index** measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends. The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market. The **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. The **Bloomberg Commodity Index** tracks prices of futures contracts on physical commodities in the commodity markets and is designed to minimize concentration in any one commodity or sector. The **Bloomberg Barclays Global Aggregate Index** measures global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The **Wilshire U.S. REIT Index** is a broad measure of the U.S. real estate securities markets and a subset of the Wilshire Real Estate Securities Index and includes only Real Estate Investment Trusts (REITs). **West Texas Intermediate (WTI)** crude oil is the underlying commodity of the New York Mercantile Exchange's oil futures contracts. The **U.S. Dollar Index (DY)** is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.



Appendix

The **Trade-Weighted Dollar Index** was created by the Federal Reserve to measure the value of the U.S. dollar based on its competitiveness versus trading partners. The **Bloomberg Barclays U.S. Commercial Mortgage-Backed Securities (CMBS) Investment Grade Index** measures the market of conduit and fusion CMBS deals, with a minimum current deal size of \$300 million. The **S&P Global Leveraged Loan Index** is designed to measure the performance of the global senior loan market. This fixed-weight index is 75% weighted in the S&P/LSTA Leveraged Loan Index and 25% weighted in the S&P European Leveraged Loan Index. The **Chicago Board Options Exchange (CBOE) Crude Oil ETF Volatility Index (Oil VIX)** measures the market's expectation of 30-day volatility of crude oil prices. The **ICE BofAML MOVE Index** measures the implied yield volatility of a basket of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. The **Chicago Board Options Exchange (CBOE) Volatility Index (VIX)** measures the market's expectation of 30-day volatility and is a widely used measure of market risk and is often referred to as the "investor fear gauge." The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market. The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 2000 Value Index** measures the performance of those Russell 2000 Index securities with lower price-to-book ratios and lower forecasted growth values and is representative of U.S. securities exhibiting value characteristics. The **NASDAQ Composite Index** is a market-capitalization weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **International investing** involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments. There are special risks associated with investments in **real assets** such as commodities and real estate securities. For commodities, risks may include market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults).

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Accountant's Compilation Report

Financial Statements - Statutory Basis

June 30, 2021 and 2020

and

September 30, 2020

QUARTERLY STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2021
FOR
LEAGUE ASSOCIATION OF RISK MANAGEMENT

Nebraska Company Code: 201675

Employer's ID Number: 47-0791192

Incorporated May 1, 1995 under the Laws of Nebraska

The offices and primary location of books and records are at 1335 "L" Street
Lincoln, Nebraska 68508

The mailing address is 1335 "L" Street
Lincoln, Nebraska, 68508

Telephone Number 402-742-2600

Fax Number 402-476-4089

Contact Person L. Lynn Rex

Officers of the Association:

Chair: Doug Hanson

Vice-Chair: Lanette Doane

Secretary: L. Lynn Rex

Directors or Trustees:

LeAnn Brown

Pamela Buethe

Don Groesser

Melissa Harrell

Tony Kaufman

Jo Leyland

Josh Moenning

Tom Ourada

Sandra Schendt

Douglas Schultz

Deb VanMatre

Teresa Youngquist

Paul Lambert – Ex-officio

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

June 30, 2021 and 2020 Financial Statements

Management is responsible for the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets - statutory basis as of June 30, 2021 and 2020 and the related statutory statements of revenues and expenses, changes in surplus, and cash flows for the periods then ended, and the related notes to the financial statements in the accompanying prescribed form in accordance with the Insurance Department of the State of Nebraska. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of the Insurance Department of the State of Nebraska and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

September 30, 2020 Financial Statements

The accompanying September 30, 2020 financial statements of League Association of Risk Management were audited by us, and we expressed an unqualified opinion on the statutory basis of accounting in our report dated December 11, 2020, but we have not performed any auditing procedures since that date.

Lincoln, Nebraska
August 16, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

June 30, 2021 and 2020 and September 30, 2020

	<u>Assets</u>		
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2020 (Audited)
Cash:			
Cash on deposit	\$ 1,542,721	1,207,690	873,504
Short-term investments	-	9,247,315	5,248,706
Total cash	<u>1,542,721</u>	<u>10,455,005</u>	<u>6,122,210</u>
Long-term investments	16,089,880	4,749,578	7,251,105
Accounts receivable	7,065	7,964	10,232
Premiums receivable	27,423	40,487	9,463,267
Interest receivable	19,106	28,565	27,181
Reinsurance recoverable on paid losses	<u>689,234</u>	<u>2,173,592</u>	<u>1,899,306</u>
Total assets	<u>\$ 18,375,429</u>	<u>17,455,191</u>	<u>24,773,301</u>
	<u>Liabilities and Surplus</u>		
Loss reserves	\$ 4,404,412	3,733,918	4,266,416
Loss adjustment expenses	1,787,460	1,873,118	1,937,233
Unearned premium	2,152,962	1,971,923	8,781,678
Taxes payable	75,163	67,525	89,761
Other liabilities	218,165	72,667	293,143
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>8,663,162</u>	<u>7,744,151</u>	<u>15,393,231</u>
Surplus	<u>9,712,267</u>	<u>9,711,040</u>	<u>9,380,070</u>
Total liabilities and surplus	<u>\$ 18,375,429</u>	<u>17,455,191</u>	<u>24,773,301</u>

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT.

Statements of Income - Statutory Basis

For the periods ended June 30, 2021 and 2020

and for the year ended September 30, 2020

	Nine Months Ended		Year
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	Ended September 30, 2020 (Audited)
Revenues:			
Premiums earned, direct	\$ 7,424,070	6,659,074	8,886,960
Premiums earned, transferred by excess	(1,972,438)	(1,762,278)	(2,407,442)
Net premiums	<u>5,451,632</u>	<u>4,896,796</u>	<u>6,479,518</u>
Investment income	50,967	222,134	245,812
Miscellaneous income	<u>105,506</u>	<u>(861)</u>	<u>3,318</u>
Total revenues	<u>5,608,105</u>	<u>5,118,069</u>	<u>6,728,648</u>
Expenses:			
Losses incurred, direct	2,218,964	6,147,704	6,353,220
Losses incurred, transferred by excess	<u>81,434</u>	<u>(4,046,629)</u>	<u>(3,269,162)</u>
Net losses	<u>2,300,398</u>	<u>2,101,075</u>	<u>3,084,058</u>
Loss expenses incurred	751,687	1,017,775	1,378,197
Other underwriting expenses incurred	<u>2,223,823</u>	<u>2,157,738</u>	<u>2,755,882</u>
Total expenses	<u>5,275,908</u>	<u>5,276,588</u>	<u>7,218,137</u>
Net income/(loss) - statutory basis	<u>\$ 332,197</u>	<u>(158,519)</u>	<u>(489,489)</u>

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Changes in Surplus - Statutory Basis

For the periods ended June 30, 2021 and 2020

and for the year ended September 30, 2020

	Nine Months Ended		Year
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	Ended September 30, 2020 (Audited)
Surplus, beginning of period	\$ 9,380,070	9,869,559	9,869,559
Net income/(loss)- statutory basis	332,197	(158,519)	(489,489)
Unrealized capital gain	-	-	241,968
Change in non-admitted assets	-	-	(241,968)
Dividends	-	-	-
Surplus, end of period	<u>\$ 9,712,267</u>	<u>9,711,040</u>	<u>9,380,070</u>

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the periods ended June 30, 2021 and 2020

and for the year ended September 30, 2020

	Nine Months Ended		Year
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	Ended September 30, 2020 (Audited)
Premiums collected, net of excess insurance	\$ 8,262,111	7,397,103	6,368,014
Loss and loss adjustment expenses paid	(1,853,790)	(4,596,584)	(5,069,090)
Underwriting expenses paid	(2,313,399)	(2,243,177)	(2,598,609)
Cash from underwriting	4,094,922	557,342	(1,299,685)
Investment income	59,042	253,894	520,924
Other income/(expense)	105,506	-	-
Net cash from operations	4,259,470	811,236	(778,761)
Transfers in:			
Other sources	-	5,888,441	3,347,286
Transfers out:			
Other applications	(8,838,959)	-	(201,643)
Net change in cash and short-term investments	(4,579,489)	6,699,677	2,366,882
Cash and short-term investments, beginning of period	6,122,210	3,755,328	3,755,328
Cash and short-term investments, end of period	\$ 1,542,721	10,455,005	6,122,210

See accompanying notes to financial statements and independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(1) Summary of significant accounting policies:

(a) Nature of organization:

The League Association of Risk Management (the Pool) is a risk management pool created under the provisions of the Intergovernmental Risk Management Act and the Interlocal Cooperation Act of the State of Nebraska. The Pool was created for the purpose of Nebraska municipalities to act jointly to provide risk management services and insurance coverage in the form of group self-insurance or standard insurance, including any combination of group self-insurance and standard insurance, to protect members against losses arising from general liability, property damage, destruction or loss, errors and omissions liability, and workers' compensation liability. Any county, city, village, school district, public power district, rural fire district, or other political subdivision of the State of Nebraska, the State of Nebraska, the University of Nebraska, and any corporation whose primary function is to act as an instrumentality or agency of the State of Nebraska is eligible to participate as a member of the pool.

The Pool is financed through the annual and supplemental contributions paid by the participating entities, through income earned from the investment of the Pool's funds, and through any other monies, which may be lawfully received by the Pool and made part of the Pool's assets. The Pool provides group self-insurance coverage for automobile physical damage, comprehensive property - all risk, boiler and machinery, basic crime, general liability, automobile liability, law enforcement liability, public officials liability, employment practices liability, non-monetary relief defense expense, reimbursement of criminal defense expense, workers' compensation, employers' liability, cyber liability, and terrorism.

The Pool is operated by a Board of Directors consisting of elected and appointed officials or employees of the Pool members. The Board has the power to establish the coverage document, ensure that all claims covered by the document are paid, take all necessary precautions to safeguard the assets of the Pool, and make and enter into any and all contracts and agreements necessary to carry out any of the powers granted or duties imposed under the Pool formation agreement, the Pool's bylaws, or any applicable law or regulation.

(b) Basis of presentation:

For purposes of this statement, the Pool uses the statutory basis of accounting as prescribed by the Insurance Department of the State of Nebraska, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the statutory basis of accounting, certain fixed assets and prepaid expenses are not recognized on the balance sheet.

(c) Investment income:

Investment income consists primarily of interest and is recorded as earned.

(d) Contributions:

Contributions are earned over the terms of the related coverage document and reinsurance contracts. All coverage documents coincide with the fiscal year of the Pool. Unearned contribution reserves are established to cover the unexpired portion of contributions written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

(e) Unpaid loss and loss adjustment expenses:

Unpaid loss and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed and any adjustments are reflected in the period determined.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(1) Summary of significant accounting policies: (Continued)

(f) Reinsurance:

In the normal course of operation, the Pool seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy.

(g) Income taxes:

The Pool is exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is required and the Pool is not required to file any returns or reports with the Internal Revenue Service related to income taxes.

(h) Management estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

(i) Risks and uncertainties:

In March 2020, the United States declared a national emergency related to the rapidly spreading coronavirus (COVID-19) outbreak. The Pool invests in various securities as part of its ongoing operations and is exposed to economic and financial market risks. Events that result from the COVID-19 pandemic may have a material impact on the valuation of the Pool's investments. Additionally, financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the members. COVID-19 may have an effect on the financial position of the Pool.

(2) NLC Mutual Insurance Company:

The Pool joined the NLC Mutual Insurance Company (NLC) as of October 1, 2002. NLC is a mutual insurance company, formed with the assistance of the National League of Cities in 1986.

Each entity is charged a capitalization fee based on a percentage of premiums. The Pool contributed a total of \$377,664, which is reflected on NLC's financial statements as member surplus. In addition, NLC allocates a portion of their net income to the member surplus each year. As a mutual company, NLC returns earnings that are not needed to pay claims and the expenses of operations to the members in the form of dividends. NLC paid dividends of \$106,110 (June 30, 2021), \$0 (June 30, 2020) and \$0 (September 30, 2020). The total member surplus reflected on NLC's financials for LARM were \$2,267,029 (June 30, 2021), \$2,025,061 (June 30, 2020) and \$2,267,029 (September 30, 2020).

The Nebraska Department of Insurance classifies this investment as non-admitted as it is not easily liquidated into cash.

(3) Cash on deposit and investments:

Cash on deposit, which includes cash in checking accounts, certificates of deposit with original maturities of one year or less, and money market deposit accounts are carried at cost, which approximates market value. The Pool maintains its cash on deposit in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Long term investments are investments with original maturities of more than one year. Included in long term investments are certificates of deposit and governmental agency bonds. Certificates of deposit are carried at cost, which approximates market value. Statutory accounting principles require that bonds be reported at amortized cost.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

Statutes authorize the Pool to invest in bank certificates of deposit, repurchase agreements collateralized by U.S. government and government-guaranteed obligations, or U.S. agency and instrumentality obligations and mutual funds that invest in these investments.

For purposes of this footnote, the cost basis does not include checks issued and outstanding.

The Pool's cash and investment balances were as follows:

	Cost		
	Insured or Direct U.S. Government	Uninsured	Total
At June 30, 2021			
Cash on deposit	\$ 250,000	1,452,930	1,702,930
Short-term investments	-	-	-
Long-term investments	16,089,880	-	16,089,880
	<u>\$ 16,339,880</u>	<u>1,452,930</u>	<u>17,792,810</u>
At June 30, 2020			
Cash on deposit	\$ 250,000	1,109,963	1,359,963
Short-term investments	9,247,315	-	9,247,315
Long-term investments	4,744,383	5,195	4,749,578
	<u>\$ 14,241,698</u>	<u>1,115,158</u>	<u>15,356,856</u>
At September 30, 2020			
Cash on deposit	\$ 250,000	693,436	943,436
Short-term investments	5,248,706	-	5,248,706
Long-term investments	7,248,332	2,773	7,251,105
	<u>\$ 12,747,038</u>	<u>696,209</u>	<u>13,443,247</u>

The Pool has adopted Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value*. This standard defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Pool considers the primary or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

The Pool classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. SSAP 100 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

- Level 1 – Quoted prices in active markets for *identical* assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly; such as quoted prices for *similar* assets or liabilities, quoted prices in markets that are not active; or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Bonds – Mortgage and Other Asset Backed Bonds: Valued based on Residential Mortgage Backed Securities modeling file provided by FINRA. The prepayment assumptions used for single class and multi-class mortgage backed/asset backed securities were obtained from broker/dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

		June 30, 2021					
		Less Than 12 Months		Greater Than 12 Months		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:							
U.S. Governments	\$	-	-	1,537,670	2,056	1,537,670	2,056
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions		-	-	14,228,107	112,777	14,228,107	112,777
Industrial and miscellaneous unaffiliated		-	-	-	-	-	-
Total bonds		-	-	15,765,777	114,833	15,765,777	114,833
Total temporarily impaired securities	\$	-	-	15,765,777	114,833	15,765,777	114,833

The amortized cost and estimated statutory fair value of bonds at June 30, 2021, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ -	-
Due after one year through five years	12,841,716	12,809,367
Due after five years through ten years	2,998,577	2,956,410
Due after ten years	-	-
	\$ 15,840,293	15,765,777

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

		June 30, 2020					
		Less Than 12 Months		Greater Than 12 Months		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:							
U.S. Governments	\$	5,997,850	51	809,325	-	6,807,175	51
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions		1,508,678	-	3,513,462	242	5,022,140	242
Industrial and miscellaneous unaffiliated		-	-	-	-	-	-
Total bonds		<u>7,506,528</u>	<u>51</u>	<u>4,322,787</u>	<u>242</u>	<u>11,829,315</u>	<u>293</u>
Total temporarily impaired securities	\$	<u>7,506,528</u>	<u>51</u>	<u>4,322,787</u>	<u>242</u>	<u>11,829,315</u>	<u>293</u>

The amortized cost and estimated statutory fair value of bonds at June 30, 2020, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ 7,497,315	7,506,528
Due after one year through five years	4,249,578	4,322,787
Due after five years through ten years	-	-
Due after ten years	-	-
	<u>\$ 11,746,893</u>	<u>11,829,315</u>

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

	September 30, 2020					
	Less Than 12 Months		Greater Than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Bonds:						
U.S. Governments	\$ 4,499,155	2	806,048	-	5,305,203	2
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	753,780	-	5,995,490	5,886	6,749,270	5,886
Industrial and miscellaneous unaffiliated	-	-	-	-	-	-
Total bonds	<u>5,252,935</u>	<u>2</u>	<u>6,801,538</u>	<u>5,886</u>	<u>12,054,473</u>	<u>5,888</u>
Total temporarily impaired securities	\$ <u>5,252,935</u>	<u>2</u>	<u>6,801,538</u>	<u>5,886</u>	<u>12,054,473</u>	<u>5,888</u>

The amortized cost and estimated statutory fair value of bonds at September 30, 2020, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Bonds not due at a single maturity date have been included in the table below in the year of final maturity.

	Amortized Cost	Estimated Statutory Fair Value
Due in one year or less	\$ 5,248,706	5,252,935
Due after one year through five years	6,751,105	6,801,538
Due after five years through ten years	-	-
Due after ten years	-	-
	\$ <u>11,999,811</u>	<u>12,054,473</u>

The Pool regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to 1) the Pool's intentions and ability to hold the investments; 2) the length of time and the magnitude of the unrealized loss; 3) the credit ratings of the issuers of the investments, and 4) other information specific to the issuer, the Pool has concluded that any declines in the fair values of the Pool's investments in bonds at June 30, 2021 and 2020 and September 30, 2020 are temporary and are presented on the following page.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

The cost, gross unrealized gains, gross unrealized losses and estimated fair values are as follows:

June 30, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Total	\$ 15,840,293	40,317	114,833	15,765,777

June 30, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Total	\$ 11,746,893	82,715	293	11,829,315

September 30, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Total	\$ 11,999,811	60,550	5,888	12,054,473

The statement value and estimated fair value of financial instruments at June 30, 2021 and 2020 and September 30, 2020 are as follows:

	June 30, 2021				
	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Bonds	\$ 15,840,380	15,765,777	-	15,765,777	-
Cash on deposit (including certificates of deposit)	1,792,221	2,041,991	1,542,221	499,770	-
Investment income due and accrued	19,106	19,106	19,106	-	-
Total	\$ 17,651,707	17,826,874	1,561,327	16,265,547	-

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(3) Cash on deposit and investments: (Continued)

		June 30, 2020			
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$ 11,746,893	11,829,315	-	11,829,315	-
Common stock	-	-			
Cash on deposit (including certificates of deposit)	3,457,690	3,462,883	1,712,730	1,750,153	-
Investment income due and accrued	28,565	28,565	28,565	-	-
Total	\$ 15,233,148	15,320,763	1,741,295	13,579,468	-

		September 30, 2020			
Financial assets:	Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3
Bonds	\$ 11,999,811	12,054,473	-	12,054,473	-
Cash on deposit (including certificates of deposit)	1,373,504	1,376,277	873,504	502,773	-
Investment income due and accrued	27,181	27,181	27,181	-	-
Total	\$ 13,400,496	13,457,931	900,685	12,557,246	-

(4) Related party transactions:

LARM contracted with the League of Nebraska Municipalities for office space and miscellaneous administrative services. The total amount paid to the League of Nebraska Municipalities was \$79,389 (June 30, 2021), \$154,052 (June 30, 2020), and \$180,995 (September 30, 2020). The total amount of payables to the League of Nebraska Municipalities was \$280 (June 30, 2021), \$12,914 (June 30, 2020), and \$7,081 (September 30, 2020).

(5) Reinsurance recoverables:

Amounts recoverable from reinsurers are estimated based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured coverage document. The Pool's management believes the recoverables are appropriately established. The Pool had reinsurance recoverable amounts from seven third-party reinsurers.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(5) Reinsurance recoverables: (Continued)

	June 30, 2021	June 30, 2020	September 30, 2020
Contributions:			
Direct	\$ 7,424,070	6,659,074	8,886,960
Ceded	(1,972,438)	(1,762,278)	(2,407,442)
Net contributions earned	<u>\$ 5,451,632</u>	<u>4,896,796</u>	<u>6,479,518</u>
Losses:			
Direct	\$ 2,218,964	6,147,704	6,353,220
Ceded	81,434	(4,046,629)	(3,269,162)
Net losses incurred	<u>\$ 2,300,398</u>	<u>2,101,075</u>	<u>3,084,058</u>

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$689,234 (June 30, 2021), \$2,173,592 (June 30, 2020), and \$1,899,306 (September 30, 2020).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$4,897,376 (June 30, 2021), \$6,094,217 (June 30, 2020), and \$5,668,649 (September 30, 2020).

The Pool has entered into quota share, stop loss and per occurrence reinsurance agreements. As part of a reinsurance agreement, the Pool has withheld \$25,000 from the balance payable to a reinsurer. At June 30, 2021 and 2020 and September 30, 2020, the Pool had the funds withheld recorded as a liability.

The accompanying financial statements reflect the financial position and results of operations net of related reinsurance. To the extent that any reinsuring companies are unable to meet their obligations under the reinsurance agreements, the Pool would remain liable.

(6) Self-insured retention:

The Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by the reinsurance contracts and excess insurance contracts.

The per-claim retention limit for the coverage was as follows:

\$ 300,000	per occurrence	General Liability, Auto Liability, Police, Errors and Omissions
\$ 300,000	per occurrence	Public Official's Liability
\$ 100,000	per loss	Property, Auto Physical Damage
\$ 450,000	per occurrence	Wind and Hail Damage
\$ 750,000	per location and loss	Workers' Compensation
\$ 10,000	per occurrence	Boiler and Machinery
\$ 20,000	per occurrence	Cyber
\$ 10,000	per occurrence	Terrorism

From July 1, 2019 to July 1, 2020 the Property, Auto Physical Damage per-claim retention limit was \$200,000 and Wind and Hail Damage per-claim retention limit was \$300,000, plus a \$300,000 corridor deductible.

(7) Retrospective assessments and credits:

Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may recalculate each member's retrospective premium or premium credit for the year.

No dividends were declared for the periods ended June 30, 2021 and 2020.

See independent accountant's compilation report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

June 30, 2021 and 2020 (Unaudited) and September 30, 2020 (Audited)

(8) Surplus:

Assets are reported under statutory accounting on an admitted assets basis. The non-admitted assets are excluded through a charge against surplus.

The portion of surplus represented or reduced by the following items are as follows:

	June 30, 2021	June 30, 2020	September 30, 2020
Non-admitted assets:			
Accounts receivable over 90 days past due	\$ -	-	-
Agents balances receivable over 90 days past due	-	-	-
Investment in NLC	2,267,029	2,025,061	2,267,029
	<u>\$ 2,267,029</u>	<u>2,025,061</u>	<u>2,267,029</u>

(9) Commitments and contingencies:

From time to time, the Pool is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have a material effect on the results of operations, liability, or financial position of the Pool.

(10) Financial statement presentation:

Amounts for June 30, 2020 and September 30, 2020 have been restated in some instances to conform with current statement presentation.

(11) Subsequent events:

The Pool evaluated subsequent events through August 16, 2021. There were no subsequent events that require disclosure and/or adjustments.

See independent accountant's compilation report.

SUPPLEMENTAL INFORMATION



Thomas, Kunc & Black, LLP

Independent Accountant's Compilation Report
on Supplemental Information

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska

The June 30, 2021 and 2020 supplementary information contained in the Reconciliation of Unpaid Claims is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

The September 30, 2020 supplementary information contained in the Reconciliation of Unpaid Claim Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole based upon the statutory basis of accounting. We have not performed any auditing procedures on the supplementary information since December 11, 2020.

Lincoln, Nebraska
August 16, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Reconciliation of Unpaid Claim Liabilities

For the periods ended June 30, 2021 and 2020

and the year ended September 30, 2020

	Nine Months Ended		Year Ended
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2020 (Audited)
Unpaid claims and claims adjustment expenses at beginning of period	\$ 6,203,649	5,759,407	5,759,407
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	2,797,500	2,190,000	3,209,110
Increase/(decrease) in provision in insured events of prior policy years	254,585	928,850	1,253,145
Total incurred claims and claims adjustment expenses	3,052,085	3,118,850	4,462,255
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	930,149	468,576	906,267
Claims and claims adjustment expenses attributable to insured events of prior policy years	2,133,713	2,802,645	3,111,746
Total payments	3,063,862	3,271,221	4,018,013
Total unpaid claims and claims adjustment expenses at end of period	\$ 6,191,872	5,607,036	6,203,649

See independent accountant's compilation report on supplemental information.

LARM

Reinsurance Update

2021-2022 Workers' Compensation & Liability Renewal Programs

Board of Directors Meeting
Lincoln, NE
September 22nd, 2021

Excess WC - 5 year historical

Program Details	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Excess Carrier	MEC*	MEC	MEC	MEC	MEC
Workers' Compensation - Specific Limit: - Retention each accident, each employee for disease:	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000	Statutory \$750,000
Employers Liability - Limit: - Retention:	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000	\$2,000,000 \$750,000
Aggregate Limit	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Exposure Estimated Payroll: YOY +/- Rate Per \$100 Est. Payroll: YOY +/-	\$78,162,739 - 5.4%	\$76,527,521 - 2.1%	\$78,333,071 2.4%	\$86,490,825 10.4%	\$90,221,863 4.3%
	.4701 .43%	.4782 1.7%	.4853 1.5%	.4856 0.1%	.4856 0.0%
Annual Premium YOY +/-	\$372,505 - 3.8%	\$365,955 - 1.8%	\$380,150 - 3.9%	\$419,999 10.5%	\$438,117 4.3%

* Midwest Employers Casualty

Excess Liability - 5 year historical

Program Details	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Excess Carrier	GAIC*	GAIC	GAIC	NLC**	NLC
Retention / Limits					
- Retention:	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
- Per Member:	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000	\$4,700,000
- Per Occurrence Maximum:	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Exposure					
- Estimated NOE:	\$468,280,132	\$434,243,189	\$438,181,163	\$539,225,181	\$544,643,342
YOY +/-	9%	- 7%	1%	23%	8.8%
- Rate Per \$1000 Est. NOE:	1.0506	1.0506	1.0716	1.0873	1.1308
YOY +/-	0%	0%	2%	1.5%	4%
GL Loss Development	(\$187,544)	\$605,847	\$1,384,951	(\$134,414)***	-
Annual Premium	\$491,975	\$456,216	\$468,560	\$586,300	\$615,882
YOY +/-	9.33%	-7.27%	2.71%	25.13%	5.05%

- * Great American Insurance Company
- ** National League of Cities (NLC) Mutual Insurance Company
- *** Through Q3

Liability - key program terms & conditions remain

Communicable Disease

- NLC will continue to pay for any loss or damage arising from, caused by, contributed to or resulting from any pathogen, virus, parasite, mold, fungus or other microorganism which the Insured establishes is a direct result of a Covered Loss not otherwise excluded by the Reinsurance Agreement.
- \$1,000,000 per occurrence / \$1,000,000 Pool aggregate.

Sexual Abuse & Molestation (SAM)

- NLC will continue to provide coverage at \$1,000,000 per occurrence / \$2,000,000 annual aggregate, per Member.
- SAM was previously excluded under LARM's liability coverage form.

LARM - 2021/22 Annual Premiums

\$438,117

Excess Workers' Compensation Annual Premium

\$615,882

Excess Liability Annual Premium

League Association of Risk Management



Budget for 2021-2022 Fiscal Year



LEAGUE ASSOCIATION OF RISK MANAGEMENT
2021/22 Proposed Budget
9/9/2021

REVENUE DETAIL

<u>Code</u>	<u>Description</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>Current vs Prior Budget:</u>	
		<u>Actual</u> <u>Revenues</u>	<u>Projected</u> <u>Revenues</u>	<u>Approved</u> <u>Budget</u>	<u>Proposed</u> <u>Budget</u>	<u>Dollar</u> <u>Incr/(Decr)</u>	<u>Percent</u> <u>Incr/(Decr)</u>
Income							
1	Gross Earned Contribution	8,886,960	9,877,500	9,786,000	11,261,000	1,475,000	15.1%
2	Ceded Premiums	(2,407,442)	(2,925,900)	(2,790,000)	(3,361,000)	(571,000)	20.5%
3	Net Earned Contribution	6,479,518	6,951,600	6,996,000	7,900,000	904,000	12.9%
4	Investment Income (net of fees)	245,812	75,000	150,000	75,000	(75,000)	(50.0%)
5	Other Income	3,318	106,000	5,000	142,000	137,000	2740.0%
Total Revenue		<u>6,728,648</u>	<u>7,132,600</u>	<u>7,151,000</u>	<u>8,117,000</u>	<u>966,000</u>	<u>13.5%</u>

LEAGUE ASSOCIATION OF RISK MANAGEMENT

2021/22 Proposed Budget

EXPENDITURE DETAIL

Code	Description	2019-2020	2020-2021	2020-2021	2021-2022	Current vs Prior Budget:	
		Actual Expenditures	Projected Expenditures	Approved Budget	Proposed Budget	Dollar Incr/(Decr)	Percent Incr/(Decr)
	Claim Losses and Loss Expenses						
6	Losses and Expenses	6,353,220	2,959,000	4,712,000	5,390,000	678,000	14.4%
7	Loss Adjustment Expense	1,378,197	1,002,000	589,000	674,000	85,000	14.4%
8	Ceded Losses	(3,269,162)	109,000	(1,571,000)	(1,797,000)	(226,000)	14.4%
9	Net Losses	<u>4,462,255</u>	<u>4,070,000</u>	<u>3,730,000</u>	<u>4,267,000</u>	<u>537,000</u>	<u>14.4%</u>
	Underwriting Expenses						
10	Actuarial Services	32,000	32,500	32,000	32,000	-	-
11	Legal Services	235,926	150,000	296,000	150,000	(146,000)	(49.3%)
12	Salary & Wages	569,360	621,000	718,000	728,000	10,000	1.4%
13	Employee Benefits	219,955	212,000	251,000	319,000	68,000	27.1%
14	Payroll Taxes	45,528	45,000	57,000	58,000	1,000	1.8%
15	Retirement Plan	55,456	54,000	65,000	66,000	1,000	1.5%
16	Mobile Phone	10,786	12,000	12,000	15,000	3,000	25.0%
17	Car & Field	28,425	53,000	53,000	53,000	-	-
18	Computer	44,758	51,000	51,000	52,000	1,000	2.0%
19	Telecommunication / Network	18,002	12,000	32,000	14,000	(18,000)	(56.3%)
20	Postage	3,606	3,000	2,000	3,000	1,000	50.0%
21	Office Supplies	12,899	15,000	12,000	15,000	3,000	25.0%
22	Dues & Publications	14,294	15,000	15,000	30,000	15,000	100.0%
23	Miscellaneous	157	1,000	1,000	1,000	-	-
24	Conferences & Travel	25,595	20,000	50,000	50,000	-	-
25	Accounting & Financial Audit	39,220	47,000	47,000	47,000	-	-
26	Rent/Leases & Building Costs	38,250	38,000	38,000	38,000	-	-
27	Third Party Administration	770,288	790,000	790,000	757,000	(33,000)	(4.2%)
28	LNM Administrative Fee	-	-	-	-	-	n/a
29	Advertising / Marketing / Printing	23,168	23,000	23,000	23,000	-	-
30	Appraisal Services	39,688	55,000	55,000	56,000	1,000	1.8%
31	Loss Control Services	25,185	59,000	59,000	59,000	-	-
32	Safety Grant Program	46,952	84,000	84,000	87,000	3,000	3.6%
33	Agent Commissions	308,642	423,000	410,000	489,000	79,000	19.3%
34	Brokerage Services/Consulting	-	-	-	-	-	n/a
35	Department of Insurance Audit	-	26,100	14,000	-	(14,000)	n/a
36	Bank Fees	1,530	3,000	2,000	3,000	1,000	50.0%
37	Insurance	56,450	58,000	55,000	58,000	3,000	5.5%
38	Taxes & Licenses	89,762	96,000	96,000	107,000	11,000	11.5%
39	Total Underwriting Expenses	<u>2,755,882</u>	<u>2,998,600</u>	<u>3,320,000</u>	<u>3,310,000</u>	<u>(10,000)</u>	<u>(0.3%)</u>
	Total Expenditures	<u>7,218,137</u>	<u>7,068,600</u>	<u>7,050,000</u>	<u>7,577,000</u>	<u>527,000</u>	<u>7.5%</u>
40	Net Income	<u>(489,489)</u>	<u>64,000</u>	<u>101,000</u>	<u>540,000</u>	<u>439,000</u>	<u>434.7%</u>

LEAGUE ASSOCIATION OF RISK MANAGEMENT
2021/22 Proposed Budget

SURPLUS DETAIL

<u>Code</u>	<u>Description</u>	<u>2019-2020 Actual Surplus</u>	<u>2020-2021 Projected Surplus</u>	<u>2020-2021 Approved Budget</u>	<u>2021-2022 Proposed Budget</u>
	Surplus				
41	Beginning Surplus	9,869,559	9,380,070	9,380,070	9,444,070
42	Earned Surplus	(489,489)	64,000	101,000	540,000
43	Ending Surplus	<u>9,380,070</u>	<u>9,444,070</u>	<u>9,481,070</u>	<u>9,984,070</u>
44	Dividend Program	-	-	-	-
45	Total Surplus	<u><u>9,380,070</u></u>	<u><u>9,444,070</u></u>	<u><u>9,481,070</u></u>	<u><u>9,984,070</u></u>

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
1	Gross Earned Contribution	Estimated amount of contribution to be collected from members. Amount is derived from current year contributions and rate increases of 5% casualty, 7.5% property, and no rate changes for workers comp. Additionally, increases of 10% casualty and 3% property (TIV) are attributed to members' exposure. Also includes \$600K in new business.
2	Ceded Premiums	Estimated premiums paid to reinsurers (including broker fees, if any). Rate increases from P/Y: Casualty 10%, property 30%, and workers comp 5%. Includes \$19K boiler/machinery, \$12K workplace violence, and \$70k cyber policies.
3	Net Earned Contribution	Gross earned contributions less ceded premiums.
4	Investment Income	TPA estimated earnings from funds invested during the fiscal year, net of investment management fees.
5	Other Income	Net income recognized for policies outsourced to reinsurers, less the reinsurer's premium. Flood or crime policies, for example. Also includes a projected dividend receipt of \$137K from NLC Mutual.
6	Claim Losses and Loss Expenses	Total of losses reserved on individual case files. Loss reserves are based on the best estimate of ultimate claim cost. Losses include awards and judgments paid to the plaintiff.
7	Loss Adjustment Expense	Expense associated with losses on Line #6, which includes cost of medical records, expert witness fees, independent medical exams, independent adjuster fees, Sedgwick claim handling fees, and court costs. Due to the vacant position of the Workers Comp Adjuster at LARM, Sedgwick has assumed these duties for an annual fee \$80,000. That cost is included in this line, and the savings are offset in lines 12-15, Payroll, Taxes, and Benefits.
8	Ceded Losses	Loss in excess of self-insured retentions with reinsurers and excess carriers. This amount is expected to be reimbursed to LARM by reinsurers and excess carriers.
9	Net Losses	Losses and expenses, plus loss adjustment expenses, less ceded losses. Actuary estimates of the actual amount of claims to be paid by LARM are obtained from By the Numbers and reviewed by Sedgwick. This is the sum of lines 6 through 8.
10	Actuarial Services	Fees paid to By the Numbers Actuarial Consulting, Inc. for actuarial services provided under contract. Services include the annual actuarial reserves opinion required by the Department of Insurance, assistance with development of the annual independent audit, quarterly reports to the Department of Insurance, rate analysis report, and other projects as assigned.
11	Legal Services	General counsel fees incurred that are not related to a claim. Examples may be advice on management, due process, review of coverage policies, DOI inquiries, employment and tax issues. Prior years have also included Lobbying fees.

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
12	Salary & Wages	Salary and wages for 6 staff members and 1/2 of IT manager, plus 1 new Customer Service Specialist. Also includes 3.5% salary increase for current staff, plus \$10K for Fred's promotion from Field Claims Supervisor/Loss Control Assistant to Loss Control/Claims Manager. Sedgwick is now handling the workers comp claims for an annual fee of \$80,000. (The cost for this is included in Line 7 above, Claim Loss Adjustment Expense.)
13	Employee Benefits	Employee benefits for 7 1/2 staff (1/2 IT manager) including health, HSA funding, dental, life and disability, as well as staff continuing education hours.
14	Payroll Taxes	Payroll taxes for staff, normally estimated to be 8% of salary & wages.
15	Retirement Plan	Retirement plan for staff, estimated at 10% of salary & wages once staff members are vested.
16	Mobile Phone	Cell phone equipment and usage charges for staff.
17	Car & Field	All vehicles and their related fuel and maintenance expenses. Purchase of a used vehicle is budgeted for the new year.
18	Computer	Software/hardware costs, technology service contract, hardware lease, website, etc.
19	Telecommunication / Network	Cost of Internet, cable, land line phones and related equipment.
20	Postage	Postage on all meeting packets, promotional calendars, letters, bills, loss control information, etc.
21	Office Supplies	Office supplies for the LARM office including general office supplies, small equipment, board packet materials, copies, and professional photos for website.
22	Dues & Publications	Membership dues, newspaper renewals, magazine subscriptions, etc. Current budget includes \$15K for a wage and benefit study.
23	Misc.	Cost of special awards, claim ex gratis payments, and any other office expenses that do not fall into another category.
24	Conferences & Travel	Conference and workshops for staff, NLC, AGRIP and PRIMA, including travel, accommodations, meals, etc. Also includes LARM meetings, Board of Directors travel expenses, and staff training.
25	Accounting & Audit	Accounting and auditing of filings required by the Department of Insurance, fees related to the independent audit of LARM's financial statements, and any required reports related to that audit. Also includes payroll service fees.
26	Rent/Leases & Building Costs	Rent for office space, utilities, copier lease, and office maintenance costs.
27	Third Party Administration	Fees paid to Sedgwick for monthly TPA services. Included is a 5% incentive payment on new business. Current budget reflects the elimination of the annual member retention bonus, and the net income bonus.
28	LNM Administrative Fee	Sponsorship fees previously paid to LONM; 0% budgeted.

**League Association of Risk Management
Budget Category Descriptions**

Line #	Category	Description
29	Advertising/Marketing/Printing	Direct advertising costs and enhanced marketing of LARM services to municipalities. Includes ads in trade magazines, design and printing costs for brochures and the LARM calendar, and promotional merchandise.
30	Appraisal Services	Cost of property appraisals and appraisal software. Current budget includes an increase of \$50/month over the prior year.
31	Loss Control Services	Fees related to the police professional training conducted by LLRMI and NIRMA/PATC, Online University, Nebraska Safety Council annual fee, loss control safety marketing materials, membership publications, and claims software.
32	Grant Programs	Includes the "Lean on LARM" safety grant program and the body armor grant. Prior years have also included the COVID-19 relief assistance program.
33	Agent Commissions	Commission paid on agent-produced business.
34	Brokerage Services/Consulting	Consulting fees previously paid to ICRMS. Services discontinued in 2019.
35	Department of Insurance Exam	Department of Insurance Audit. The audit typically occurs every three years, but can occur whenever the Department of Insurance determines. The last audit was for the three years ended 9/30/18 and concluded in the spring of 2021.
36	Bank Fees	Fees for checking account services including general operating account and zero-balance claim accounts.
37	Insurance	Premium paid for public officials liability insurance for the LARM Board of Directors and officers, insurance for LARM vehicles, workers' compensation, general liability, inland marine, commercial umbrella, ERISA bond, employee dishonesty, and cyber policies.
38	Taxes & Licenses	Estimate of premium tax and fees paid to the Nebraska Department of Insurance in compliance with the Intergovernmental Risk Management Act. Current rate is 1% of net contribution (after deduction for ceded premiums) plus 1% of gross workers' comp contributions.
39	Total Underwriting Expenses	Total underwriting and miscellaneous expenses. Sum of lines 10 through 38.
40	Net Income	Total revenue minus total expenditures.
41	Beginning Surplus	Surplus shown on the financial statement at the beginning of the fiscal year.
42	Earned Surplus	Net income reported on financial statement.
43	Ending Surplus	Beginning surplus plus earned surplus.
44	Dividend Program	Potential member distribution program.
45	Total Surplus	Ending surplus minus dividend program.