



NOTICE

**MEETING OF THE ANNUAL MEMBERS MEETING
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Wednesday, September 14, 2022, 11:00 a.m. CT/10:00 a.m. MT**

PLEASE TAKE NOTICE that on **Wednesday, September 14, 2022, at 11:00 a.m. CT/10:00 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Annual Members 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, Suite 200, 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/84514132602?pwd=NkpJSXE2V2lkOTNIY0pVV3hQNzlxQT09> or 1-833-548-0282. The Meeting ID is 845 1413 2602 and the passcode is 297056.

On September 7, 2022, 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, Suite 200, 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
ANNUAL MEMBERS' MEETING
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Wednesday, September 14, 2022, 11:00 a.m. CT/ 10:00 a.m. MT
Cornhusker Marriott Hotel - Grand Ballroom B and C
333 South 13th Street, Lincoln NE

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 this meeting and at www.larmpool.org for examination.

You may also join the meeting by Zoom via Computer, Smart Device or Telephone <https://us06web.zoom.us/j/84514132602?pwd=NkpJSXE2V2lkOTNlY0pVV3hQNzlxQT09> or 1-833-548-0282. The Meeting ID is 845 1413 2602 and the passcode is 297056.

Officials of LARM members and members of the public may comment on agenda items or listen to the meeting.

1. Call meeting to order:

- a. 11:00 a.m. CT/ 10:00 a.m. MT – Hickman Mayor Doug Hanson, Chair of the LARM Board of Directors, will call the meeting to order.
- b. Roll call of members present.
- c. Indicate that on September 7, 2022, notice of this meeting with the agenda and other materials were 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 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 posted and accessible to members of the public and at www.larmpool.org along with at least one copy of all reproducible written material 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 to approve the Minutes of the Annual Members Meeting of the League of Association of Risk Management (LARM) held on September 22, 2021

Please see pages 1-13

3. Consider a motion to accept the recommendations of the Nominating Committee and elect the slate of nominees to the LARM Board of Directors.

Please see pages 14-15

· *Lynn Rex, LARM Administrator*

a. Pursuant to Article I, Section 2 of LARM's Bylaws and Section 8.1.4.1 of LARM's Interlocal Agreement, the Nominating Committee of the LARM Board of Directors has recommended a slate of five candidates (listed below) to serve a three-year term.

Josh Moenning, Mayor of the City of Norfolk

LeAnn Brown, Clerk/Treasurer of the City of Oshkosh

Tony Kaufman, Mayor of the City of Gering

Chris Rector, City Administrator of the City of Holdrege

Joey Spellerberg, Mayor of the City of Fremont

Moenning and Brown were elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term which ends Dec. 31, 2022. At the February 25, 2020, LARM Board meeting, Tony Kaufman was appointed to replace Nathan Johnson, former Mayor of the City of Scottsbluff, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term. At the March 21, 2022, LARM Board meeting, Rector was appointed to replace Teresa Youngquist, former Clerk of the Village of Beaver City, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term. At the March 26, 2021, LARM Board meeting, Spellerberg was appointed to replace Scott Getzschman, former Mayor of Fremont, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term.

b. Pursuant to Article I, Section 2.1 of LARM's Bylaws and Section 8.1.4.1 of LARM's Interlocal Agreement, additional nominations shall be requested from participating members at the meeting.

4. Consider a motion to accept a report on LARM's Annual Audited Financial Statement and Actuarial Opinion.

Please see pages 16-44

· *Lyndee Black, CPA, Thomas, Kunc and Black*

· *Jeremy Fox, CPA, Thomas, Kunc and Black*

· *Mark Weaver, Sedgwick*

5. Consider a motion to adjourn.

MINUTES
ANNUAL MEMBERS' MEETING
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Cornhusker Marriott Hotel – Grand Ballroom B & C
333 South 13th Street, Lincoln NE
Wednesday, Sept. 22, 2021, at 10:15 a.m. CT/9:15 a.m. MT

The Annual Members' Meeting of LARM was held September 22, 2021 at 10:15 a.m. CT/9:15 a.m. MT at the Cornhusker Marriott Hotel in Lincoln. This meeting was held in conjunction with the League of Nebraska Municipalities Annual Conference.

On September 17, 2021, notice of this meeting with the agenda and other materials were sent to all LARM members and the LARM Board. Notice of this meeting with the agenda and other materials was 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, and a link to the current Open Meetings Act on LARM's website- larmpool.org and Facebook page- www.facebook.com/larmne.

(AGENDA ITEM #1) Call meeting to order. LARM Board Chair Doug Hanson, Mayor of Hickman, called the meeting to order. He stated that in accordance with 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 was available to the public at this meeting for examination and copying. Chair Doug Hanson informed the public about the location of the Open Meetings Act posted in the meeting room.

Present (18):

Village of Ansley, Lanette Doane

City of Chadron, John Sutherland

City of Crete, Tom Ourada

City of Fremont, Joey Spellerberg

City of Gibbon, Mayor Deb VanMatre

City of Hickman, Mayor Doug Hanson and Kelly Oelke

City of Imperial, Jo Leyland

City of Neligh, Dana Klabenes

City of Norfolk, Mayor Josh Moenning

City of North Platte, Brandon Kelliher

City of Oshkosh, LeAnn Brown

City of Ralston, Mayor Don Groesser

City of St. Paul, Connie Jo Beck

St. Paul Rural Fire District, Connie Jo Beck

SID #29 – Sarpy County, Pamela Buethe

City of Syracuse, Jessica Meyer

City of Wahoo, Melissa Harrell

Village of Winnebago, Ronald Whitebear and Alicia Whitebear

Not present (146):

City of Ainsworth

Village of Alda

Village of Allen

Village of Anselmo

City of Arapahoe

Village of Arlington

Village of Ashton

City of Atkinson

City of Auburn

Auburn Board of Public
Works

Village of Bancroft

City of Bassett

City of Bayard

City of Beaver City

Village of Beaver
Crossing

Village of Benedict

City of Benkelman

Village of Berwyn

Village of Broadwater

Village of Brock

Village of Brownville

Village of Brule

Village of Burr

Village of Butte

Village of Callaway

Village of Cedar Bluffs

Village of Cedar Creek

Central Rural Fire
Protection District

Village of Chester

City of Clarkson

City of Clay Center

City of Columbus

Village of Comstock

Village of Cook

Village of Cotesfield

City of Curtis

Village of Dalton

Village of Dannebrog

City of David City

Village of DeWeese

City of Edgar

Village of Edison

Village of Elba

Village of Elyria

Village of Emerson

Village of Eustis

Fairfield Rural Fire
Protection District

Village of Firth

Village of Funk

City of Genoa

City of Gering

Village of Glenvil

Village of Greeley

Village of Guide Rock

Guide Rock RFD

Village of Gurley

Village of Haigler

Village of Halsey

City of Harvard &
Harvard RFD

Village of Hazard

Village of Hemingford

City of Henderson

Village of Hendley

Village of Henry

Village of Herman

Village of Hershey

Village of Holbrook

City of Holdrege

Village of Hoskins

Hoskins RFD

Village of Howells

City of Humboldt

Humboldt Fire & RFD

City of Indianola,
Indianola RFD &
VFD

Village of Inglewood

Village of Jansen

Village of Johnstown

Village of Julian

KBR Solid Waste
Committee

Village of Lawrence

Village of Leigh

Village of Lewellen

Village of Litchfield

Village of Lodgepole

City of Louisville

Loup Central Landfill

Lower Republican NRD

Madison County RTSD

Village of Malcolm	Village of Otoe	Village of Shickley
Village of Malmo	Village of Oxford	Village of Silver Creek
Village of Marquette	City of Pawnee City	Solid Waste Agency of
Village of Martinsburg	Village of Pilger	Northwest Nebraska
Village of Mason City	Village of Platte Center	(SWANN)
Village of Maxwell	City of Randolph	Springbank Township
Village of McGrew	Village of Roca	Village of Stamford
Village of Meadow	SID #1 - Butler County	Village of Stapleton
Grove	SID #6 - Dodge County	Village of Sumner
Village of Merna	SID #7 - Platte County	Village of Sutherland
Village of Miller	SID #23 - Sarpy County	Village of Table Rock
Village of Monroe	SID #48 - Sarpy County	Village of Taylor
Village of Moorefield	SID #79 - Sarpy County	City of Terrytown
Village of Morrill	SID#158 - Sarpy County	Village of Trenton
Village of Mullen	SID #237 - Sarpy	Village of Uehling
Village of Murray	County	Village of Union
City of Nelson	SID #299 - Sarpy	Village of Utica
Nelson Rural Fire	County	City of Valentine
District	SID #331 - Sarpy	Victoria Township
Village of Newcastle	County	Village of Walthill
Village of North Loup	SID #333 - Sarpy	Village of Wausa
North Platte NRD	County	City of Waverly
Northeast Nebraska	City of Sargent	Village of Wilcox
Economic	Sargent RFD	City of Wisner
Development District	Village of Scotia	Village of Wolbach
Northeast Nebraska	City of Scottsbluff	Village of Wood Lake
Solid Waste	Sheep Creek & Farmers	City of Wymore
Coalition	RFD	
City of Oakland	Village of Shelton	

LARM Board Member Teresa Youngquist of **City of Beaver City** attended the meeting by Zoom and therefore could not vote on agenda items. The following also attended the meeting: **LARM Staff** – Dave Bos, Tracy Juranek, Diane Becker, Elizabeth Becker, Fred Wiebelhaus, Nate Fox, Clint Simmons; **Sedgwick** – Chris Cadwell, Mark Weaver, Kristin Smolek; **Cline Williams** – Andy Barry, Trent Sidders; **LONM Staff** – Shirley Riley and **LARM Administrator** – L. Lynn Rex.

After roll call was taken, the Pledge of Allegiance was recited.

(AGENDA ITEM #2) Consider a motion to approve the Minutes of the “Special Members’ Meeting” of the League Association of Risk Management (LARM) held on December 22, 2020. Lanette Doane of the Village of Ansley moved, seconded by Pamela Buethe of SID #29 – Sarpy County to approve the Minutes of the “Special Members’ Meeting” of the League Association of Risk Management (LARM) held on December 22, 2020. Chair Doug Hanson asked if there was any discussion; there was none.

Roll call vote.

Ayes (18):

Village of Ansley, City of Chadron, City of Crete, City of Fremont, City of Gibbon, City of Hickman, City of Imperial, City of Neligh, City of Norfolk, City of North Platte, City of Oshkosh, City of Ralston, City of St. Paul, St. Paul RFD, SID #29 Sarpy County, City of Syracuse, City of Wahoo and Village of Winnebago.

Nays (0)

Abstentions (0)

Not present (160):

City of Ainsworth	City of Clay Center	City of Henderson
Village of Alda	City of Columbus	Village of Hendley
Village of Allen	Village of Comstock	Village of Henry
Village of Anselmo	Village of Cook	Village of Herman
City of Arapahoe	Village of Cotesfield	Village of Hershey
Village of Arlington	City of Curtis	Village of Holbrook
Village of Ashton	Village of Dalton	City of Holdrege
City of Atkinson	Village of Dannebrog	Village of Hoskins
City of Auburn	City of David City	Hoskins RFD
Auburn Board of Public Works	Village of DeWeese	Village of Howells
Village of Bancroft	City of Edgar	City of Humboldt
City of Bassett	Village of Edison	Humboldt Fire & RFD
City of Bayard	Village of Elba	City of Indianola,
City of Beaver City	Village of Elyria	Indianola RFD & VFD
Village of Beaver Crossing	Village of Emerson	Village of Inglewood
Village of Benedict	Village of Eustis	Village of Jansen
City of Benkelman	Fairfield Rural Fire Protection District	Village of Johnstown
Village of Berwyn	Village of Firth	Village of Julian
Village of Broadwater	Village of Funk	KBR Solid Waste Committee
Village of Brock	City of Genoa	Village of Lawrence
Village of Brownville	City of Gering	Village of Leigh
Village of Brule	Village of Glenvil	Village of Lewellen
Village of Burr	Village of Greeley	Village of Litchfield
Village of Butte	Village of Guide Rock	Village of Lodgepole
Village of Callaway	Guide Rock RFD	City of Louisville
Village of Cedar Bluffs	Village of Gurley	Loup Central Landfill
Village of Cedar Creek	Village of Haigler	Lower Republican NRD
Central Rural Fire Protection District	Village of Halsey	Madison County RTSD
Village of Chester	City of Harvard & Harvard RFD	Village of Malcolm
City of Clarkson	Village of Hazard	Village of Malmö
	Village of Hemingford	Village of Marquette
		Village of Martinsburg

Village of Mason City
Village of Maxwell
Village of McGrew
Village of Meadow Grove
Village of Merna
Village of Miller
Village of Monroe
Village of Moorefield
Village of Morrill
Village of Mullen
Village of Murray
City of Nelson
Nelson Rural Fire District
Village of Newcastle
Village of North Loup
North Platte NRD
Northeast Nebraska Economic Development District
Northeast Nebraska Solid Waste Coalition
City of Oakland
Village of Otoe
Village of Oxford
City of Pawnee City

Village of Pilger
Village of Platte Center
City of Randolph
Village of Roca
SID #1 - Butler County
SID #6 - Dodge County
SID #7 - Platte County
SID #23 - Sarpy County
SID #48 - Sarpy County
SID #79 - Sarpy County
SID#158 - Sarpy County
SID #237 - Sarpy County
County
SID #299 - Sarpy County
County
SID #331 - Sarpy County
County
SID #333 - Sarpy County
County
City of Sargent
Sargent RFD
Village of Scotia
City of Scottsbluff
Sheep Creek & Farmers RFD
Village of Shelton
Village of Shickley

Village of Silver Creek
Solid Waste Agency of Northwest Nebraska (SWANN)
Springbank Township
Village of Stamford
Village of Stapleton
Village of Sumner
Village of Sutherland
Village of Table Rock
Village of Taylor
City of Terrytown
Village of Trenton
Village of Uehling
Village of Union
Village of Utica
City of Valentine
Victoria Township
Village of Walthill
Village of Wausa
City of Waverly
Village of Wilcox
City of Wisner
Village of Wolbach
Village of Wood Lake
City of Wymore

Motion carried: 18 ayes, 0 nays, 0 abstentions and 160 not present

(AGENDA ITEM #3) Consider a motion to accept the recommendations of the Nominating Committee and elect the slate of nominees to the LARM Board of Directors.

- a. Pursuant to Section 8.1.4.1 of LARM's Interlocal Agreement, the Nominating Committee of the LARM Board met on September 9, 2021, and nominated a slate of five candidates (listed below) to serve a three-year term. The first four officials listed below were elected on March 21, 2018, to a one-year term and then on September 19, 2018, to a three-year term which ends Dec. 31, 2021.

Tom Ourada, Administrator of the City of Crete

Sandra Schendt, Clerk/Treasurer of the City of Nelson

Deb VanMatre, Mayor of the City of Gibbon

Pamela Buethe, Board Member of the Sarpy County SID #29

***Connie Jo Beck**, Clerk of the City of St. Paul, is nominated to serve her first three-year term.

** (Pursuant to Article I, Section 1 of LARM's Bylaws and Section 8.1. of LARM's Interlocal Agreement, L. Lynn Rex, LARM's Administrator, will recommend Connie Jo Beck, Clerk of the City of St. Paul, to the LARM Board of Directors at its meeting on Sept. 22, 2021, to immediately fill the vacancy created by the resignation of Doug Schultz, Former Administrator/Clerk/Treasurer of the City of Curtis, whose term of office would have expired on Dec. 31, 2021.)*

- b. Pursuant to Article I, Section 2.1 of LARM's Bylaws and Section 8.1.4.1 of LARM's Interlocal Agreement, additional nominations shall be requested from participating members at the meeting.

Chair Doug Hanson asked if there were any additional nominations from participating members; there were none. LeAnn Brown of the City of Oshkosh moved, seconded by Mayor Don Groesser of the City of Ralston to elect the slate of nominees recommended by LARM's Nominating Committee.

Roll call vote.

Ayes (18):

Village of Ansley, City of Chadron, City of Crete, City of Fremont, City of Gibbon, City of Hickman, City of Imperial, City of Neligh, City of Norfolk, City of North Platte, City of Oshkosh, City of Ralston, City of St. Paul, St. Paul RFD, SID #29 Sarpy County, City of Syracuse, City of Wahoo and Village of Winnebago.

Nays (0)

Abstentions (0)

Not Present (160):

City of Ainsworth
Village of Alda
Village of Allen
Village of Anselmo
City of Arapahoe
Village of Arlington
Village of Ashton
City of Atkinson
City of Auburn
Auburn Board of Public Works
Village of Bancroft
City of Bassett
City of Bayard
City of Beaver City
Village of Beaver Crossing
Village of Benedict
City of Benkelman
Village of Berwyn
Village of Broadwater
Village of Brock
Village of Brownville
Village of Brule
Village of Burr
Village of Butte
Village of Callaway
Village of Cedar Bluffs
Village of Cedar Creek
Central Rural Fire Protection District
Village of Chester
City of Clarkson
City of Clay Center
City of Columbus
Village of Comstock
Village of Cook
Village of Cotesfield
City of Curtis
Village of Dalton
Village of Dannebrog
City of David City
Village of DeWeese
City of Edgar

Village of Edison
Village of Elba
Village of Elyria
Village of Emerson
Village of Eustis
Fairfield Rural Fire Protection District
Village of Firth
Village of Funk
City of Genoa
City of Gering
Village of Glenvil
Village of Greeley
Village of Guide Rock
Guide Rock RFD
Village of Gurley
Village of Haigler
Village of Halsey
City of Harvard & Harvard RFD
Village of Hazard
Village of Hemingford
City of Henderson
Village of Hendley
Village of Henry
Village of Herman
Village of Hershey
Village of Holbrook
City of Holdrege
Village of Hoskins
Hoskins RFD
Village of Howells
City of Humboldt
Humboldt Fire & RFD
City of Indianola, Indianola RFD & VFD
Village of Inglewood
Village of Jansen
Village of Johnstown
Village of Julian
KBR Solid Waste Committee
Village of Lawrence

Village of Leigh
Village of Lewellen
Village of Litchfield
Village of Lodgepole
City of Louisville
Loup Central Landfill
Lower Republican NRD
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Village of Malcolm
Village of Malmo
Village of Marquette
Village of Martinsburg
Village of Mason City
Village of Maxwell
Village of McGrew
Village of Meadow Grove
Village of Merna
Village of Miller
Village of Monroe
Village of Moorefield
Village of Morrill
Village of Mullen
Village of Murray
City of Nelson
Nelson Rural Fire District
Village of Newcastle
Village of North Loup
North Platte NRD
Northeast Nebraska Economic Development District
Northeast Nebraska Solid Waste Coalition
City of Oakland
Village of Otoe
Village of Oxford
City of Pawnee City
Village of Pilger
Village of Platte Center
City of Randolph
Village of Roca

SID #1 - Butler County	Village of Scotia	City of Terrytown
SID #6 - Dodge County	City of Scottsbluff	Village of Trenton
SID #7 - Platte County	Sheep Creek & Farmers RFD	Village of Uehling
SID #23 - Sarpy County	Village of Shelton	Village of Union
SID #48 - Sarpy County	Village of Shickley	Village of Utica
SID #79 - Sarpy County	Village of Silver Creek	City of Valentine
SID#158 - Sarpy County	Solid Waste Agency of Northwest Nebraska (SWANN)	Victoria Township
SID #237 - Sarpy County	Springbank Township	Village of Walthill
SID #299 - Sarpy County	Village of Stamford	Village of Wausa
SID #331 - Sarpy County	Village of Stapleton	City of Waverly
SID #333 - Sarpy County	Village of Sumner	Village of Wilcox
City of Sargent	Village of Sutherland	City of Wisner
Sargent RFD	Village of Table Rock	Village of Wolbach
	Village of Taylor	Village of Wood Lake
		City of Wymore

Motion carried: 18 ayes, 0 nays, 0 abstentions and 160 not present

(AGENDA ITEM #4) Consider a motion to accept a report by Lyndee Black, CPA, Thomas, Kunc and Black, LARM’s Auditor, concerning LARM’s Annual Audited Financial Statement and Actuarial Opinion. Mayor Josh Moenning of the City of Norfolk moved, seconded by Melissa Harrell of the City of Wahoo to accept the report by Lyndee Black concerning LARM’s Annual Audited Financial Statement and Actuarial Opinion. Chair Doug Hanson asked if there was any discussion, there was none.

Roll call vote.

Ayes (18): Village of Ansley, City of Chadron, City of Crete, City of Fremont, City of Gibbon, City of Hickman, City of Imperial, City of Neligh, City of Norfolk, City of North Platte, City of Oshkosh, City of Ralston, City of St. Paul, St. Paul RFD, SID #29 Sarpy County, City of Syracuse, City of Wahoo and Village of Winnebago.

Nays (0)

Abstentions (0)

Not Present (160):

City of Ainsworth	Village of Ashton	City of Bassett
Village of Alda	City of Atkinson	City of Bayard
Village of Allen	City of Auburn	City of Beaver City
Village of Anselmo	Auburn Board of Public Works	Village of Beaver Crossing
City of Arapahoe	Village of Bancroft	Village of Benedict
Village of Arlington		

City of Benkelman
Village of Berwyn
Village of Broadwater
Village of Brock
Village of Brownville
Village of Brule
Village of Burr
Village of Butte
Village of Callaway
Village of Cedar Bluffs
Village of Cedar Creek
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Protection District
Village of Chester
City of Clarkson
City of Clay Center
City of Columbus
Village of Comstock
Village of Cook
Village of Cotesfield
City of Curtis
Village of Dalton
Village of Dannebrog
City of David City
Village of DeWeese
City of Edgar
Village of Edison
Village of Elba
Village of Elyria
Village of Emerson
Village of Eustis
Fairfield Rural Fire
Protection District
Village of Firth
Village of Funk
City of Genoa
City of Gering
Village of Glenvil
Village of Greeley
Village of Guide Rock
Guide Rock RFD
Village of Gurley
Village of Haigler
Village of Halsey
City of Harvard &
Harvard RFD

Village of Hazard
Village of Hemingford
City of Henderson
Village of Hendley
Village of Henry
Village of Herman
Village of Hershey
Village of Holbrook
City of Holdrege
Village of Hoskins
Hoskins RFD
Village of Howells
City of Humboldt
Humboldt Fire & RFD
City of Indianola,
Indianola RFD &
VFD
Village of Inglewood
Village of Jansen
Village of Johnstown
Village of Julian
KBR Solid Waste
Committee
Village of Lawrence
Village of Leigh
Village of Lewellen
Village of Litchfield
Village of Lodgepole
City of Louisville
Loup Central Landfill
Lower Republican NRD
Madison County RTSD
Village of Malcolm
Village of Malmo
Village of Marquette
Village of Martinsburg
Village of Mason City
Village of Maxwell
Village of McGrew
Village of Meadow
Grove
Village of Merna
Village of Miller
Village of Monroe
Village of Moorefield
Village of Morrill

Village of Mullen
Village of Murray
City of Nelson
Nelson Rural Fire
District
Village of Newcastle
Village of North Loup
North Platte NRD
Northeast Nebraska
Economic
Development District
Northeast Nebraska
Solid Waste
Coalition
City of Oakland
Village of Otoe
Village of Oxford
City of Pawnee City
Village of Pilger
Village of Platte Center
City of Randolph
Village of Roca
SID #1 - Butler County
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SID #299 - Sarpy
County
SID #331 - Sarpy
County
SID #333 - Sarpy
County
City of Sargent
Sargent RFD
Village of Scotia
City of Scottsbluff
Sheep Creek & Farmers
RFD
Village of Shelton
Village of Shickley
Village of Silver Creek

Solid Waste Agency of
Northwest Nebraska
(SWANN)
Springbank Township
Village of Stamford
Village of Stapleton
Village of Sumner
Village of Sutherland
Village of Table Rock

Village of Taylor
City of Terrytown
Village of Trenton
Village of Uehling
Village of Union
Village of Utica
City of Valentine
Victoria Township
Village of Walthill

Village of Wausa
City of Waverly
Village of Wilcox
City of Wisner
Village of Wolbach
Village of Wood Lake
City of Wymore

(AGENDA ITEM #5) Motion to adjourn. At 10:42 a.m., Mayor Don Groesser of City of Ralston moved, seconded by Mayor Josh Moenning of City of Norfolk, to adjourn.

Roll call vote.

Ayes (18): Village of Ansley, City of Chadron, City of Crete, City of Fremont, City of Gibbon, City of Hickman, City of Imperial, City of Neligh, City of Norfolk, City of North Platte, City of Oshkosh, City of Ralston, City of St. Paul, St. Paul RFD, SID #29 Sarpy County, City of Syracuse, City of Wahoo and Village of Winnebago.

Nays (0)

Abstentions (0)

Not present (160):

City of Ainsworth
Village of Alda
Village of Allen
Village of Anselmo
City of Arapahoe
Village of Arlington
Village of Ashton
City of Atkinson
City of Auburn
Auburn Board of Public
Works
Village of Bancroft
City of Bassett
City of Bayard
City of Beaver City
Village of Beaver
Crossing
Village of Benedict
City of Benkelman
Village of Berwyn

Village of Broadwater
Village of Brock
Village of Brownville
Village of Brule
Village of Burr
Village of Butte
Village of Callaway
Village of Cedar Bluffs
Village of Cedar Creek
Central Rural Fire
Protection District
Village of Chester
City of Clarkson
City of Clay Center
City of Columbus
Village of Comstock
Village of Cook
Village of Cotesfield
City of Curtis
Village of Dalton

Village of Dannebrog
City of David City
Village of DeWeese
City of Edgar
Village of Edison
Village of Elba
Village of Elyria
Village of Emerson
Village of Eustis
Fairfield Rural Fire
Protection District
Village of Firth
Village of Funk
City of Genoa
City of Gering
Village of Glenvil
Village of Greeley
Village of Guide Rock
Guide Rock RFD
Village of Gurley

Village of Haigler
Village of Halsey
City of Harvard &
Harvard RFD
Village of Hazard
Village of Hemingford
City of Henderson
Village of Hendley
Village of Henry
Village of Herman
Village of Hershey
Village of Holbrook
City of Holdrege
Village of Hoskins
Hoskins RFD
Village of Howells
City of Humboldt
Humboldt Fire & RFD
City of Indianola,
Indianola RFD &
VFD
Village of Inglewood
Village of Jansen
Village of Johnstown
Village of Julian
KBR Solid Waste
Committee
Village of Lawrence
Village of Leigh
Village of Lewellen
Village of Litchfield
Village of Lodgepole
City of Louisville
Loup Central Landfill
Lower Republican NRD
Madison County RTSD
Village of Malcolm
Village of Malmo
Village of Marquette
Village of Martinsburg
Village of Mason City

Village of Maxwell
Village of McGrew
Village of Meadow
Grove
Village of Merna
Village of Miller
Village of Monroe
Village of Moorefield
Village of Morrill
Village of Mullen
Village of Murray
City of Nelson
Nelson Rural Fire
District
Village of Newcastle
Village of North Loup
North Platte NRD
Northeast Nebraska
Economic
Development District
Northeast Nebraska
Solid Waste
Coalition
City of Oakland
Village of Otoe
Village of Oxford
City of Pawnee City
Village of Pilger
Village of Platte Center
City of Randolph
Village of Roca
SID #1 - Butler County
SID #6 - Dodge County
SID #7 - Platte County
SID #23 - Sarpy County
SID #48 - Sarpy County
SID #79 - Sarpy County
SID#158 - Sarpy County
SID #237 - Sarpy
County

SID #299 - Sarpy
County
SID #331 - Sarpy
County
SID #333 - Sarpy
County
City of Sargent
Sargent RFD
Village of Scotia
City of Scottsbluff
Sheep Creek & Farmers
RFD
Village of Shelton
Village of Shickley
Village of Silver Creek
Solid Waste Agency of
Northwest Nebraska
(SWANN)
Springbank Township
Village of Stamford
Village of Stapleton
Village of Sumner
Village of Sutherland
Village of Table Rock
Village of Taylor
City of Terrytown
Village of Trenton
Village of Uehling
Village of Union
Village of Utica
City of Valentine
Victoria Township
Village of Walthill
Village of Wausa
City of Waverly
Village of Wilcox
City of Wisner
Village of Wolbach
Village of Wood Lake
City of Wymore

Motion carried: 18 ayes, 0 nays, 0 abstentions and 160 not present.

Chair Doug Hanson thanked all the members for taking the time to participate in the Annual Members' Meeting and vote on these important agenda items.

Approved on:

ATTEST:

Elizabeth Becker
Customer Service Representative
League Association of Risk Management

L. Lynn Rex
Ex-Officio, Non-Voting Board Member and Administrator of LARM
Executive Director of the League of Nebraska Municipalities



NOTICE

MEETING OF THE ANNUAL MEMBERS MEETING OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM) Wednesday, September 22, 2021, 10:15 a.m. CT/9:15 a.m. MT

PLEASE TAKE NOTICE that on **Wednesday, September 22, 2021, at 10:15 a.m. CT/9:15 a.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Annual Members 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/89057406260?pwd=eEo0LzhoUGhLTWFNNHYveXhJQTR6QT09> or 1-346-248-7799. The Meeting ID is 890 5740 6260 and the passcode is 887398.

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.

MINUTES

Nominating Committee of the LARM Board

Telephone Conference Call September 7, 2022; 10:00 a.m. CT

(Section 8.1.4.1 of the Interlocal Agreement provides: “A nominating committee shall recommend candidates for the Board to the members. The nominating committee shall consist of the chairperson of the Board, an individual from a participating member selected by the Board and the Administrator. Additional nominations shall be requested from participating members at the meeting.”)

Nominating Committee Members Present on Conference Call:

Hickman Mayor Doug Hanson, Chair of the LARM Board

Ansley Clerk/Treasurer Lanette Doane, Vice Chair of the LARM Board

League Executive Director L. Lynn Rex, ex-officio member and Administrator of LARM pursuant to the Interlocal Agreement

Others Present on Conference Call:

Dave Bos, LARM Executive Director

The meeting was called to order at 10:04 a.m. CT to discuss nominations for the FY 22-23 LARM Board.

1. (AGENDA ITEM #1) Consider a motion for the Nominating Committee to recommend at the LARM Members Meeting on Sept. 14 a slate of five candidates (listed below) to serve a three-year term.

Pursuant to Article I, Section 2 of LARM’s Bylaws and Section 8.1.4.1 of LARM’s Interlocal Agreement, the Nominating Committee of the LARM Board of Directors has recommended a slate of five candidates (listed below) to serve a three-year term.

- **Josh Moenning**, Mayor of the City of Norfolk
- **LeAnn Brown**, Clerk/Treasurer of the City of Oshkosh
- **Tony Kaufman**, Mayor of the City of Gering
- **Chris Rector**, City Administrator of the City of Holdrege
- **Joey Spellerberg**, Mayor of the City of Fremont

Moenning and **Brown** were elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term which ends Dec. 31, 2022. At the February 25, 2020, LARM Board meeting, **Kaufman** was appointed to replace Nathan Johnson, former Mayor of the City of Scottsbluff, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term. At the March 21, 2022, LARM Board meeting, **Rector** was appointed to replace Teresa Youngquist, former Clerk of the Village of Beaver City, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term. At the March 26, 2021, LARM Board meeting, **Spellerberg** was appointed to replace Scott Getzschman, former Mayor of Fremont, who had been elected on March 21, 2018, to a one-year term and then on September 18, 2019, to a three-year term.

Lanette Doane moved, seconded by **Mayor Doug Hanson** to recommend at the LARM Members' Meeting on September 14 the following slate of five candidates: **Josh Moenning**, Mayor of the City of Norfolk; **LeAnn Brown**, Clerk/Treasurer of the City of Oshkosh; **Tony Kaufman**, Mayor of the City of Gering; **Joey Spellerberg**, Mayor of the City of Fremont; and **Chris Rector**, City Administrator of the City of Holdrege; to another three-year term of office on the LARM Board of Directors (effective January 1, 2023).

Roll Call Vote. Ayes: Doane, Hanson and Rex. Nays: None. Abstentions: None. Absent: None. Motion carried: 3 ayes, 0 nays and 0 abstentions.

(AGENDA ITEM #2) Motion to adjourn.

At 10:04 a.m. CT, **Mayor Doug Hanson** moved, seconded by **Lanette Doane** to adjourn.

Roll Call Vote. Ayes: Hanson, Doane and Rex. Nays: None. Abstentions: None. Absent: None. Motion carried: 3 ayes, 0 nays and 0 abstentions.

Approved on: September 7, 2022

ATTEST:



Dave Bos
Executive Director
League Association of Risk Management



L. Lynn Rex
Ex-Officio, Non-Voting, Board Member and Administrator of LARM
Executive Director of the League of Nebraska Municipalities

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Independent Auditor's Report

Financial Statements - Statutory Basis

September 30, 2021 and 2020

ANNUAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 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:

Connie Jo Beck
LeAnn Brown
Pamela Buethe
Don Groesser
Melissa Harrell
Tony Kaufman
Jo Leyland
Josh Moenning
Tom Ourada
Sandra Schendt
Joey Spellerberg
Deb VanMatre
Teresa Youngquist
Paul Lambert – Ex-officio

LEAGUE ASSOCIATION OF RISK MANAGEMENT

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Thomas, Kunc & Black, LLP

Independent Auditor's Report

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

We have audited the accompanying financial statements of League Association of Risk Management, which comprise the balance sheets – statutory basis as of September 30, 2021 and 2020, and the related statutory statements of income, changes in surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, these financial statements were prepared in conformity with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

To the Board of Directors
League Association of Risk Management
Lincoln, Nebraska 68508

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of League Association of Risk Management as of September 30, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the balance sheets-statutory basis and the related statutory statements of income, changes in surplus and cash flows of League Association of Risk Management as of September 30, 2021 and 2020, for the years then ended, in accordance with the basis of accounting described in Note 1.

Lincoln, Nebraska
November 30, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Balance Sheets - Statutory Basis

September 30, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Cash:		
Cash on deposit	\$ 1,942,698	873,504
Short-term investments	-	5,248,706
Total cash	<u>1,942,698</u>	<u>6,122,210</u>
Long-term investments	13,242,300	7,251,105
Accounts receivable	15,411	10,232
Premiums receivable	9,713,737	9,463,267
Interest receivable	15,485	27,181
Reinsurance recoverable on paid losses	<u>780,964</u>	<u>1,899,306</u>
Total assets	<u>\$ 25,710,595</u>	<u>24,773,301</u>

	<u>Liabilities and Surplus</u>	
Loss reserves	\$ 4,693,666	4,266,416
Loss adjustment expenses	2,552,549	1,937,233
Unearned premium	9,328,559	8,781,678
Taxes payable	97,488	89,761
Other liabilities	143,408	293,143
Funds held under reinsurance treaties	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>16,840,670</u>	<u>15,393,231</u>
Surplus	<u>8,869,925</u>	<u>9,380,070</u>
Total liabilities and surplus	<u>\$ 25,710,595</u>	<u>24,773,301</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Income - Statutory Basis

For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Premiums earned, direct	\$ 9,889,689	8,886,960
Premiums earned, transferred by excess	<u>(2,874,577)</u>	<u>(2,407,442)</u>
Net premiums	7,015,112	6,479,518
Investment income	56,947	245,812
Miscellaneous income	<u>106,370</u>	<u>3,318</u>
Total revenues	<u>7,178,429</u>	<u>6,728,648</u>
Expenses:		
Losses incurred, direct	3,635,453	6,353,220
Losses incurred, transferred by excess	<u>(477,631)</u>	<u>(3,269,162)</u>
Net losses	3,157,822	3,084,058
Loss expenses incurred	1,775,726	1,378,197
Other underwriting expenses incurred	<u>2,755,026</u>	<u>2,755,882</u>
Total expenses	<u>7,688,574</u>	<u>7,218,137</u>
Net income/(loss) - statutory basis	<u>\$ (510,145)</u>	<u>(489,489)</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT
 Statements of Changes in Surplus - Statutory Basis
 For the years ended September 30, 2021 and 2020

	2021	2020
Surplus, beginning of period	\$ 9,380,070	9,869,559
Net income/(loss) - statutory basis	(510,145)	(489,489)
Unrealized capital gain	397,674	241,968
Change in non-admitted assets	(397,674)	(241,968)
Dividends	-	-
Surplus, end of period	\$ 8,869,925	9,380,070

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Statements of Cash Flows - Statutory Basis

For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Premiums collected, net of excess insurance	\$ 7,306,272	6,364,696
Loss and loss adjustment expenses paid	(2,772,640)	(5,069,090)
Underwriting expenses paid	<u>(2,897,034)</u>	<u>(2,598,609)</u>
Cash from underwriting	1,636,598	(1,303,003)
Investment income	466,317	520,924
Other income/(expense)	<u>106,370</u>	<u>3,318</u>
Net cash from operations	2,209,285	(778,761)
Transfers in:		
Other sources	-	3,347,286
Transfers out:		
Other applications	<u>(6,388,797)</u>	<u>(201,643)</u>
Net change in cash and short-term investments	(4,179,512)	2,366,882
Cash and short-term investments, beginning of period	<u>6,122,210</u>	<u>3,755,328</u>
Cash and short-term investments, end of period	<u>\$ 1,942,698</u>	<u>6,122,210</u>

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

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements

September 30, 2021 and 2020

(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 auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

(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 (September 30, 2021) and \$0 (September 30, 2020). The total member surplus reflected on NLC's financials for LARM were \$2,664,703 (September 30, 2021) 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 auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

- (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 September 30, 2021			
Cash on deposit	\$ 250,000	1,821,297	2,071,297
Short-term investments	-	-	-
Long-term investments	13,242,300	-	13,242,300
	<u>\$ 13,492,300</u>	<u>1,821,297</u>	<u>15,313,597</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 auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

(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.

		September 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	\$	-	-	1,533,288	2,649	1,533,288	2,649
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions		-	-	11,416,055	76,748	11,416,055	76,748
Industrial and miscellaneous unaffiliated		-	-	-	-	-	-
Total bonds		-	-	12,949,343	79,397	12,949,343	79,397
Total temporarily impaired securities	\$	-	-	12,949,343	79,397	12,949,343	79,397

The amortized cost and estimated statutory fair value of bonds at September 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	9,994,027	9,973,825
Due after five years through ten years	2,998,657	2,975,518
Due after ten years	-	-
	\$ <u>12,992,684</u>	<u>12,949,343</u>

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

(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 September 30, 2021 and 2020 are temporary and are presented on the following page.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

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

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

September 30, 2021				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	\$ 12,992,684	36,056	79,397	12,949,343
Total	\$ 12,992,684	36,056	79,397	12,949,343

September 30, 2020				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. Government sponsored enterprises	\$ 11,999,811	60,550	5,888	12,054,473
Total	\$ 11,999,811	60,550	5,888	12,054,473

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

						September 30, 2021			
		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3			
Financial assets:									
Bonds	\$	12,992,683	12,949,343	-	12,949,343	-			
Cash on deposit (including certificates of deposit)		2,192,315	2,189,995	1,942,315	247,680	-			
Investment income due and accrued		15,485	15,485	15,485	-	-			
Total	\$	15,200,483	15,154,823	1,957,800	13,197,023	-			

						September 30, 2020			
		Statement Value	Estimated Fair Value	Level 1	Level 2	Level 3			
Financial assets:									
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	-			

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

(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 \$91,149 (September 30, 2021) and \$180,995 (September 30, 2020). The total amount of payables to the League of Nebraska Municipalities was \$2,541 (September 30, 2021) 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.

	2021	2020
Contributions:		
Direct	\$ 9,889,689	8,886,960
Ceded	(2,874,577)	(2,407,442)
Net contributions earned	<u>\$ 7,015,112</u>	<u>6,479,518</u>
Losses:		
Direct	\$ 3,635,453	6,353,220
Ceded	(477,631)	(3,269,162)
Net losses incurred	<u>\$ 3,157,822</u>	<u>3,084,058</u>

The Pool has recorded reinsurance recoverables on paid losses from reinsurance companies of \$780,964 (September 30, 2021) and \$1,899,306 (September 30, 2020).

The Pool has recorded reinsurance recoverables on unpaid loss and loss adjustment expenses payable of \$4,673,899 (September 30, 2021) 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 September 30, 2021 and 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 current 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.

See independent auditor's report.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

- (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 years ended September 30, 2021 and 2020.

- (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:

	<u>2021</u>	<u>2020</u>
Non-admitted assets:		
Accounts receivable over 90 days past due	\$ -	-
Agents balances receivable over 90 days past due	-	-
Investment in NLC	2,664,703	2,267,029
	<u>\$ 2,664,703</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 September 30, 2020 have been restated in some instances to conform with current statement presentation.
- (11) Subsequent events:
 The Pool evaluated subsequent events through November 30, 2021. There were no subsequent events that require disclosure and/or adjustments.

See independent auditor's report.

SUPPLEMENTAL INFORMATION



Thomas, Kunc & Black, LLP

**Independent Auditor's Report
on Supplemental Information**

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

We have audited the basic statutory-basis financial statements of League Association of Risk Management as of and for the years ended September 30, 2021 and 2020 and our report thereon dated November 30, 2021, which contained an unmodified opinion on the basic statutory-basis financial statements prepared in conformity with the financial reporting practices prescribed or permitted by the Insurance Department of the State of Nebraska. Our audit was performed for the purpose of forming an opinion on the basic statutory-basis financial statements taken as a whole. The reconciliation of unpaid claim liabilities and Schedule P information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information included in the schedules referred to above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic statutory-basis financial statements taken as a whole.

Lincoln, Nebraska
November 30, 2021

Thomas, Kunc and Black, LLP

LEAGUE ASSOCIATION OF RISK MANAGEMENT
Reconciliation of Unpaid Claim Liabilities
For the years ended September 30, 2021 and 2020

	2021	2020
Unpaid claims and claims adjustment expenses at beginning of period	\$ 6,203,649	5,759,407
Incurred claims and claims adjustment expenses:		
Provision for insured events of current policy year	5,044,642	3,209,110
Increase/(decrease) in provision in insured events of prior policy years	(111,094)	1,253,145
Total incurred claims and claims adjustment expenses	4,933,548	4,462,255
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current policy year	1,313,253	906,267
Claims and claims adjustment expenses attributable to insured events of prior policy years	2,577,729	3,111,746
Total payments	3,890,982	4,018,013
Total unpaid claims and claims adjustment expenses at end of period	\$ 7,246,215	6,203,649

See independent auditor's report on supplemental information.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Loss Development Information

September 30, 2021

The following tables illustrate how the Pool's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the last twelve years. The rows of the tables are defined as follows:

1. Total of each fiscal year's earned contribution revenues and investment revenues.
2. Fiscal year's other operating costs of the Pool including overhead and claims expense not allocable to individual claims.
3. The Pool's fiscal year incurred losses and allocated loss adjustment expenses (both paid and accrued).
4. Cumulative amounts paid (net of reinsurance recoveries received) as of the end of successive years for each plan year.
5. Incurred losses, by plan year, increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
6. Comparison of the latest reestimated incurred losses amount to the amount originally established (Line 3) and examines whether the latest estimate of claims cost is greater or less than originally booked.

As data for individual plan years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature plan years. The columns of the tables show data for successive plan years.

See independent auditor's report on supplemental information.

LEAGUE ASSOCIATION OF RISK MANAGEMENT

Loss Development Information (Continued)

September 30, 2021

	Fiscal and Plan Year Ended			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
1. Required contribution and investment revenues - fiscal year:				
Written and earned	\$ 9,889,689	8,886,960	8,328,448	8,264,076
Ceded	2,874,577	2,407,442	2,169,795	2,168,798
Net earned	7,015,112	6,479,518	6,158,653	6,095,278
Interest income	84,550	259,723	278,865	225,153
2. Unallocated expenses - fiscal year:				
Operating expenses	2,755,026	2,755,882	3,030,036	3,049,925
3. Incurred losses and loss adjustment expenses - fiscal year:				
Incurred	5,411,179	7,731,417	7,149,445	5,553,950
Ceded	477,631	3,269,162	2,634,394	1,867,399
Net incurred	4,933,548	4,462,255	4,515,051	3,686,551
4. Cumulative amounts paid as of:				
End of plan year	1,313,254	906,266	1,110,321	2,291,545
One year later	-	1,884,332	2,789,578	3,122,284
Two years later	-	-	3,601,967	3,429,481
Three years later	-	-	-	3,428,793
Four years later	-	-	-	-
Five years later	-	-	-	-
Six years later	-	-	-	-
Seven years later	-	-	-	-
Eight years later	-	-	-	-
Nine years later	-	-	-	-
Ten years later	-	-	-	-
5. Reestimated incurred losses and loss adjustment expenses:				
End of plan year	4,152,253	2,999,762	4,265,659	3,900,160
One year later	-	3,471,618	4,264,115	3,963,779
Two years later	-	-	4,143,738	3,880,697
Three years later	-	-	-	3,864,996
Four years later	-	-	-	-
Five years later	-	-	-	-
Six years later	-	-	-	-
Seven years later	-	-	-	-
Eight years later	-	-	-	-
Nine years later	-	-	-	-
Ten years later	-	-	-	-
6. Increase (decrease) in estimated incurred losses and loss adjustment expenses from end of plan year	4,152,253	471,856	(121,921)	(35,164)

See independent auditor's report on supplemental information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
8,526,373	7,688,166	6,926,492	8,213,781	6,830,821	6,769,582	7,225,912	7,029,485
2,185,673	2,260,774	2,026,062	2,276,721	2,013,347	1,607,784	1,418,610	1,338,560
6,340,700	5,427,392	4,900,430	5,937,060	4,817,474	5,161,798	5,807,302	5,690,925
163,887	111,568	59,286	68,728	56,360	91,754	133,834	200,551
2,551,999	2,443,815	2,419,847	2,479,946	2,403,301	2,187,851	2,426,068	2,253,799
1,595,503	3,345,355	(74,061)	7,867,921	3,305,167	5,859,212	5,869,860	3,875,393
(210,709)	955,861	(156,580)	4,334,998	(882,880)	2,979,727	4,211,222	402,229
1,806,212	2,389,494	82,519	3,532,923	4,188,047	2,879,485	1,658,638	3,473,164
1,143,890	921,577	795,609	1,706,079	1,048,881	1,389,248	1,353,918	1,261,030
1,778,779	1,358,090	1,580,076	2,676,826	1,755,657	1,977,865	1,707,898	2,142,664
2,243,856	1,564,121	1,745,523	2,801,904	1,940,919	2,345,151	2,127,938	2,374,044
2,884,726	1,581,574	1,851,741	3,013,831	2,106,487	2,485,185	2,487,370	2,443,641
3,356,764	1,717,666	1,887,545	3,124,621	2,186,653	2,619,590	2,655,195	2,677,504
-	1,806,886	1,908,684	3,269,178	2,299,406	2,874,960	2,862,428	2,750,535
-	-	1,908,684	3,409,044	2,384,787	2,982,354	2,918,258	2,885,651
-	-	-	3,409,453	2,389,626	3,118,093	2,998,845	2,923,866
-	-	-	-	2,422,148	3,144,134	3,034,344	2,942,561
-	-	-	-	-	3,245,148	3,076,307	2,944,492
-	-	-	-	-	-	3,114,901	2,944,799
2,639,834	2,479,490	2,379,269	4,492,832	3,515,009	3,511,465	3,594,938	3,511,381
2,568,626	1,919,104	2,188,723	3,494,212	2,775,472	3,147,845	3,332,643	3,309,533
2,673,308	1,750,286	2,029,208	3,250,628	2,541,586	2,962,289	3,485,696	3,228,323
3,235,014	1,721,670	1,988,621	3,353,043	2,531,140	2,887,596	3,339,530	3,165,708
3,447,598	2,128,559	1,967,292	3,284,009	2,551,752	2,996,381	2,985,782	3,232,134
-	2,167,918	1,913,143	3,587,970	2,510,282	3,084,560	3,134,757	3,033,999
-	-	1,913,143	3,437,724	2,443,204	3,103,599	3,034,244	3,145,609
-	-	-	3,409,454	2,443,204	3,192,726	3,089,464	3,043,347
-	-	-	-	2,591,018	3,230,862	3,124,968	3,043,376
-	-	-	-	-	3,261,712	3,113,807	3,043,376
-	-	-	-	-	-	3,114,901	3,043,376
807,764	(311,572)	(466,126)	(1,083,378)	(923,991)	(249,753)	(480,037)	(468,005)

By The Numbers
Actuarial 
Consulting, Inc.

STATEMENT OF ACTUARIAL OPINION
for the League Association of Risk Management
as of 9/30/21

IDENTIFICATION

I, Elizabeth Long, Principal and Consulting Actuary, am associated with the firm, By the Numbers Actuarial Consulting, Inc. I am a Member of the American Academy of Actuaries and meet its qualification standards for issuing Statements of Actuarial Opinion included with Property and Casualty Annual Statements. I am an Associate of the Casualty Actuarial Society. I was appointed by the Board of Directors of the League Association of Risk Management on April 24, 2019 to render this opinion.

The loss and loss adjustment expense reserves are the responsibility of the Association's management. My responsibility is to express an opinion on those reserves based on my review.

SCOPE

I have examined the actuarial assumptions and methods used in determining the reserves listed in Exhibit A, as shown in the Financial Statement of the Association as prepared for filing with state regulatory officials, as of September 30, 2021 and reviewed information provided to me through October 15, 2021. The items in the scope, on which I am expressing an opinion, reflect the Loss Reserve Disclosure items in Exhibit B.

My examination of the loss and loss adjustment expense reserves was based upon data and related information prepared by the Association. In this regard, I relied on Ms. Kathy Manuel of Sedgwick (Third Party Administrator of the Association) as to the accuracy and completeness of the data. I evaluated the data used directly in my analysis for reasonableness and consistency. My evaluation did not reveal any data points materially affecting my analysis that fell outside the range of reasonable possibilities. In performing this evaluation, I have assumed that the Association and its service providers used their best efforts to supply accurate and complete data and did not knowingly provide any inaccurate data. I also reconciled the paid loss and allocated loss adjustment expense amounts and estimated ultimate incurred loss amounts as of September 30, 2021 used in my analysis against the Financial Statements. In other respects, my examination included the use of such actuarial assumptions and methods and such tests of the calculations as I considered necessary.

My review was limited to items 1) through 6) in Exhibit A, and did not include an analysis of any income statement items or other balance sheet items. My opinion on the reserves is based upon the assumption that all reserves are backed by valid assets, which have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

OPINION

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

- A) Meet the requirements of the insurance laws of Nebraska.
- B) Are computed in accordance with accepted actuarial standards and principles.
- C) Make a reasonable provision for all unpaid loss and loss expense obligations of the Association under the terms of its contracts and agreements.

This opinion is made in accordance with the category “Determination of Reasonable Provision,” as contained in the 2020 Property and Casualty Annual Statement Instructions regarding Statements of Actuarial Opinion.

RELEVANT COMMENTS

Risk of Material Adverse Deviation

The Association writes workers compensation, general liability, automobile liability, automobile physical damage, property, inland marine, boiler and machinery, wind/storm/vandalism, public officials E&O, and police professional liability in the State of Nebraska. I believe there is no significant risk of material adverse deviation. The absence of risk factors from this listing does not imply that any risk factors will not be identified in the future as having been a significant influence on the Association’s reserves.

In making this determination, I have considered a material adverse deviation to be one in which the actual net outstanding losses and loss adjustment expenses exceed the total of 1) and 2) of Exhibit A, by an amount greater than 15% of the Association’s statutory surplus shown on the Balance Sheets of the Financial Statements (i.e. a reserve deviation greater than \$1,330,489).

My selection of the materiality standard (15% of statutory surplus) was driven by the historical variability in the estimated ultimate incurred losses. Other measures of materiality might be used for reserves that are being evaluated in a different context.

With respect to the net reserves, the materiality of adverse deviation as it relates to the Association’s surplus will depend on the Association’s reinsurance protection. If the Association’s reinsurance protection does not respond to adverse reserve deviation, such deviation could materially affect the Association’s surplus.

Statement of Actuarial Opinion

November 24, 2021

Page Three

Uncertainty

In evaluating whether the reserves make a reasonable provision for unpaid losses and loss expenses, it is necessary to project future loss and loss adjustment expense payments. It is certain that actual future losses and loss adjustment expenses will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, my projections make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in the Association's historical database or that are not yet quantifiable.

Reinsurance

Based on discussions with Association management and its description of the Association's ceded and assumed reinsurance, I am not aware of any reinsurance transaction that either has been or should have been accounted for as retroactive reinsurance or financial reinsurance (defined as contractual arrangements that do not include transfer of both timing and underwriting risk).

Reinsurance recoverable of \$4,673,899 is in the 10/1/97-98, 10/1/99-00, 10/1/06-07, 10/1/11-12, 10/1/13-14, 10/1/16-17, 10/1/17-18, 10/1/18-19 and 10/1/20-21 policy periods. The reinsurers are Star Insurance Company for 10/1/97-98 and 10/1/99-00; Midwest Employers Casualty Company for 10/1/06-07, 10/1/11-12, and 10/1/17-18; Public Entity Property Insurance Program for 10/1/13-14; JLT Re for 10/1/16-17, 10/1/17-18 and 10/1/18-19; and NLC Mutual for 10/1/20-21. The reinsurance that is in place has been collected to date and is believed to be collectable in the future.

Methods and Assumptions

There have not been any significant changes in the actuarial methods from those employed last year. The data is grouped this year into three major categories; workers compensation, other liability, and property. The data is combined in order to increase the credibility of the data.

Other Disclosures

Salvage and Subrogation

The data underlying my review, and the resulting estimates, are net of subrogation and salvage. The Association does not reduce reserves to reflect anticipated subrogation and salvage recoveries.

Discounting

I evaluated the loss and loss adjustment expense reserves on both an undiscounted and discounted basis with regard to the time value of money. The amounts shown in Exhibit A are undiscounted with regard to the time value of money.

Underwriting Pools and Associations

Reserve exposure with respect to pools and associations is considered to be immaterial.

Statement of Actuarial Opinion
November 24, 2021
Page Four

Asbestos and Environmental Exposure

I have reviewed the Association's exposure to asbestos and environmental claims. In my opinion, there is a remote chance of material liability due to the fact that the Association's policies have excluded coverage.

Extended Loss and Expense Reserves

I am not aware of any claims made extended loss and loss expense reserves.

Accident and Health Long Duration Contracts

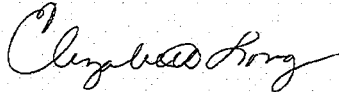
The Company writes no Accident and Health long duration contracts with coverage periods of thirteen months or greater that require contract reserves.

SUPPORTING DOCUMENTS AND USAGE

This is the third opinion I have rendered for the Association and the eleventh opinion by By the Numbers Actuarial Consulting, Inc. An actuarial report and underlying work papers supporting the findings expressed in this Statement of Actuarial Opinion have been provided to the Association to be retained for a period of seven years at its administrative offices and available for regulatory examination.

This statement of opinion is solely for the use of, and only to be relied upon by, the Association and the various state departments with which it files its Annual Statement.

Sincerely,



Elizabeth Long, ACAS, MAAA
Principal and Consulting Actuary
By the Numbers Actuarial Consulting, Inc.
9 Forrest Blend Drive
Titusville, NJ 08560
(609) 474-0508
elong@bynac.com

November 24, 2021

Exhibit A: SCOPE

Loss Reserves:

	<u>Amount</u>
1. Reserve for Unpaid Losses (Liabilities, Surplus and Other Funds page, Col 1, Line 1)	\$ <u>4,693,666</u>
2. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Col 1, Line 3)	\$ <u>2,552,549</u>
3. Reserve for Unpaid Losses - Direct and Assumed (Should equal Schedule P, Part 1, Totals from Cols. 13 and 15, Line 12 * 1000)	\$ <u>9,271,653</u>
4. Reserve for Unpaid Loss Adjustment Expenses - Direct and Assumed (Should equal Schedule P, Part 1, Totals from Cols. 17, 19 and 21, Line 12 * 1000)	\$ <u>2,648,461</u>
5. The Page 3 write-in item reserves, "Retroactive Reinsurance Reserve Assumed"	\$ <u>0</u>
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$ <u>0</u>

Premium Reserves:

	<u>Amount</u>
7. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	\$ <u>0</u>
8. Reserve for Net Unearned Premiums for Long Duration Contracts	\$ <u>0</u>
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$ <u>0</u>

Exhibit B: DISCLOSURES

- | | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------|
| 1. | Name of the Appointed Actuary | Long | Elizabeth |
| 2. | The Appointed Actuary's Relationship to the Company
Enter E or C based upon the following:
E if an Employee of the Company or Group
C if a Consultant | | C |
| 3. | The Appointed Actuary has the following designation
(indicated by the letter code):
F if a Fellow of the Casualty Actuarial Society (FCAS)
A if an Associate of the Casualty Actuarial Society (ACAS)
M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter.
O for Other | | A |
| 4. | Type of Opinion, as identified in the OPINION paragraph.
Enter R, I, E, Q, or N based upon the following:
R if Reasonable
I if Inadequate or Deficient Provision
E if Excessive or Redundant Provision
Q if Qualified. Use Q when part of the OPINION is Qualified.
N if No Opinion | | R |
| 5. | Materiality Standard expressed in US dollars (Used to Answer Question #6) | \$ | <u>1,330,489</u> |
| 6. | Are there significant risks that could result in Material Adverse Deviation? | Yes [] | No [X] N/A [] |
| 7. | Statutory Surplus (Liabilities, Col 1, Line 37) | \$ | <u>8,869,925</u> |
| 8. | Anticipated net salvage and subrogation included as a reduction to loss reserves as reported in Schedule P (should equal Part 1 Summary, Col 23, Line 12 * 1000) | \$ | <u>0</u> |
| 9. | Discount included as a reduction to loss reserves and loss expense reserves as reported in Schedule P | | |
| | 9.1 Nontabular Discount [Notes, Line 32B23, Amounts 1, 2, 3 & 4], Electronic Filing Cols 1, 2, 3, & 4. | \$ | <u>0</u> |
| | 9.2 Tabular Discount [Notes, Line 32A23 (Amounts 1 & 2)], Electronic Filing Cols 1 & 2. | \$ | <u>0</u> |
| 10. | The net reserves for losses and expenses for the company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and expenses that are included in reserves shown on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expense lines. | \$ | <u>0</u> |
| 11. | The net reserves for losses and loss adjustment expenses that the company carries for the following liabilities included on the Liabilities, Surplus and Other Funds page, Losses and Loss Adjustment Expenses lines. * | | |
| | 11.1 Asbestos, as disclosed in the Notes to Financial Statements (Notes, Line 33A03D, ending net asbestos reserves for current year) Electronic Filing Col 5 | \$ | <u>0</u> |
| | 11.2 Environmental, as disclosed in the Notes to Financial Statements (Notes, Line 33D03D, ending net environmental reserves for current year), Electronic Filing Col 5 | \$ | <u>0</u> |
| 12. | The total claims made extended loss and expense reserve (Greater than or equal to Schedule P Interrogatories). | | |
| | 12.1 Amount reported as loss reserves | \$ | <u>0</u> |
| | 12.2 Amount reported as unearned premium reserves | \$ | <u>0</u> |
| 13. | The net reserves for the A&H Long Duration Contracts that the Company carries on the following lines on the Liabilities, Surplus and Other Funds page: | | |
| | 13.1 Losses | \$ | <u>0</u> |
| | 13.2 Loss Adjustment Expenses | \$ | <u>0</u> |
| | 13.3 Unearned Premium | \$ | <u>0</u> |
| | 13.4 Write-in (list separately, adding additional lines as needed, and identify (e.g., "Premium Deficiency Reserves", "Contract Reserves other than Premium Deficiency Reserves" or "AG 51 Reserves")) | \$ | <u>0</u> |
| 14. | Other items on which the Appointed Actuary is providing relevant comment (list separately, adding additional lines as needed) | \$ | <u>0</u> |

* The reserves disclosed in item 11 above, should exclude amounts relating to contracts specifically written to cover asbestos and environmental exposures. Contracts specifically written to cover these exposures include Environmental Impairment Liability (post 1986), Asbestos Abatement, Pollution Legal Liability, Contractor's Pollution Liability, Consultant's Environmental Liability, and Pollution and Remediation Legal Liability.