

**ALAMEDA COUNTY SCHOOLS  
INSURANCE GROUP**

**AUDIT REPORT**

**JUNE 30, 2016 AND 2015**

**San Diego**

**Los Angeles**

**San Francisco  
Bay Area**

**christywhite**  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
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**JUNE 30, 2016 AND 2015**

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## **FINANCIAL SECTION**

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Members  
Alameda County Schools Insurance Group  
Dublin, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Alameda County Schools Insurance Group, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Alameda County Schools Insurance Group's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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State Board of Accountancy*

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alameda County Schools Insurance Group, as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 12. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda County Schools Insurance Group's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2016 on our consideration of Alameda County Schools Insurance Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Alameda County Schools Insurance Group's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
October 19, 2016

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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The following report reflects on the financial condition of Alameda County Schools Insurance Group ("ACSIG") as of and for the fiscal years ended June 30, 2015, and 2016. It is provided in order to enhance the information in the independent financial audit, basic financial statements, and notes to the basic financial statements included in the financial audit report. Please read it in conjunction with the Group's financial statements, which immediately follow this section.

**Introduction and Background:**

Since July 1, 1978, the Alameda County Schools Insurance Group, a self-insurance pool, has provided coverage to local educational agencies in California. ACSIG operates programs for property/liability, dental and vision, and workers' compensation. In addition to its programs, ACSIG provides claims administration and loss control training to members.

ACSIG is governed by a 19-member Board of Directors, which is comprised of representatives from each member Group. From its members, the Board of Directors elects a President, Vice President, and Secretary as part of seven-member executive committee.

ACSIG's day-to-day operations are administered by an Executive Director who serves as the Chief Executive Officer. The Executive Director is responsible for the administration of policies as set forth by the pool's organizational documents, Bylaws, and the Board of Directors.

ACSIG's Dental, Vision, Workers' Compensation, and Property/Liability programs are comprised of Members from K-12 Schools Districts, Community Colleges, and Other Organizations, throughout the State of California. Membership varies by program.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**Dental:**

Effective in 1988, ACSIG expanded its program offerings to include dental coverage to agencies in Alameda County. In 1996, the program was expanded statewide. In partnership with Alliant Insurance Services and Preferred Benefits, the EDGE coalition was formed. The coalition is administered through ACSIG. ACSIG is fully self-insured with Delta Dental for this program. ACSIG contracts with Alliant Insurance Services for all outreach and underwriting services. ACSIG contracts with Preferred Benefit for all eligibility and billing services.

ACSIG offers its members 3 options when joining the EDGE program:

- Fully Insured – pay a monthly rate per employee determined by underwriting based on their specific plan design and program offerings.
- Self-Insured Monthly – pay the actual amount of services rendered and a Delta administration fee and an ACSIG administration fee. The total amount of claims and fees is billed monthly in arrears.
- Self-Insured Weekly – Due to the large membership in some agencies, if another JPA joins ACSIG as a self-insured member, they are required to pay the actual claims and Delta administration fee on a weekly basis. The ACSIG administration fee is billed on the last weekly invoice of the month. ACSIG pays Delta Dental the weekly claims and Delta admin fee each week.

**Vision:**

Beginning October 1, 1988 ACSIG partnered with VSP to begin a vision coverage program. ACSIG is 100% self-insured through VSP for this program. Members can join as a fully-insured member or a self-insured member.

- Fully Insured – pay a monthly rate per employee determined by underwriting based on their specific plan design and program offerings.
- Self-Insured – pay the actual amount of services rendered and a VSP administration fee and an ACSIG administration fee. The total amount of claims and fees is billed monthly in arrears.

**Workers' Compensation:**

On July 1, 2009, ACSIG became a member of Protected Insurance Program for Schools Joint Powers Authority (PIPS). PIPS is a workers' compensation self-insurance pool. Premium is paid to PIPS on an annual basis for payment of claim liabilities, claims administration, and risk management services. Its members are permissibly self-insured public agencies and as such may buy insurance or reinsurance to transfer some or all of the risks of the program. On an annual basis, the PIPS Board of Directors reviews various options for retaining or transferring some or all of the risks of each year's program and selects from these the one best suited to meet the goals of the program.

Prior to July 1, 2009, ACSIG self-insured the first layer of Workers' Compensation coverage. ACSIG varied its use of excess insurance over the years ranging from no excess coverage (100% self-insured) to securing excess coverage at \$250K.



**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**Workers' Compensation (continued):**

Prior to July 1, 2007, ACSIG self-administered its Workers' Compensation claims. After self-review and difficult decision making, ACSIG partnered with Keenan & Associates for all claims administration services.

ACSIG has not adequately funded for their loss development for self-insured program years prior to 07/01/2009. Historically, the premium level for agencies was adjusted by a discount factor. As no validation existed for the application of a discount to rates, this practice was discontinued in 2007/2008. Beginning in 2008/09, experience modification factors used to determine each agency's fees were modified so that in three years, all experience modification factors will be adjusted to 1.0. Also, in 2008/2009, all agencies experience modification factors were determined by an independent actuary. The effect of the change will improve the funds financial information and funding capability toward the IBNR.

The Board, recognizing without additional funding, there would not be a substantial reduction in the deficit, implemented, effective in the 2011/2012 a deficit recoupment plan, increasing the base rate by \$0.35/per \$100 of payroll.

**Property and Liability:**

Beginning on July 1, 1980, ACSIG expanded its program offerings to include property and liability coverage. ACSIG self-insured at 100% the claim until 1993.

From 1993-2008, joined Bay Area Schools Insurance Cooperation (BASIC), ACSIG self-insured the first \$150K and purchased reinsurance for the excess coverage.

In 2008, ACSIG joined Northern California Regional Liability Excess Fund (Nor Cal ReLiEF). Coverage limits, per occurrence, are, property \$250,000,000; liability \$50,000,000. ACSIG self-insures, per occurrence, first party claims at \$25K, and third party claim liabilities at \$25K. Each member has a retention/deductible of \$5K per occurrence.

**Financial Highlights:**

In 2015/2016, ACSIG's net position improved by \$6.5 million. This group moved from a deficit position, as of 06/30/2015 to an equity position, as of 06/30/2016.

**By Program:**

**Workers' Compensation**

The Worker's Compensation program continues to experience a significant reduction to their deficit net position. In 2015/2016, the deficit decreased by \$5.4 million, from \$6.3 million, as of 06/30/2015, to \$986 thousand, as of 06/30/2016. Until the deficit is collected, a portion of the liabilities will remain underfunded.

In 2015/2016, assets increased by \$2 million and liabilities decreased by \$3.4 million. Operating income was in excess of expense by \$5.4 million.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**Financial Highlights (continued):**

**By Program:**

**Workers' Compensation (continued)**

Based upon the annual actuarial report performed in 2015/2016, the re-estimation of the ultimate cost for the self-insured claims prior the 07/01/2009 decreased by \$3.2 million. This was offset by an increase in liability of \$680 thousand related to the discount factor of 1.5%. As claims are paid, discount is applied to a decreasing cash reserve amount, reducing the discount available for claim liabilities.

In 2015/2016, the Members funded, \$0.35/per \$100 of payroll towards reduction of the deficit.

New in 2015/2016, Workers' Compensation received an expense allocation for net pension liability of \$545 thousand based upon the implementation of GASB Stmt #68.

**Property/Liability**

In 2015/2016, the deficit net position remained stable. Deficit net position remained at \$193 thousand, as of 06/30/2015 and 06/30/2016.

New in 2015/2016, Property/Liability received an expense allocation for net pension liability of \$54 thousand based upon the implementation of GASB Stmt #68.

**Dental**

In 2015/2016, the net position increased by \$1.1 million, as of 06/30/2016, net assets remain is excess of liabilities by \$6.4 million. All liabilities are fully reserved in this program.

New in 2015/2016, Dental received an expense allocation for net pension liability of \$272 thousand based upon the implementation of GASB Stmt #68.

**Vision**

The net position increased by \$7 thousand in 2015/2016, as of 06/30/2016, net assets remain is excess of liabilities by \$2.1 million. All liabilities are fully reserved in this program.

New in 2015/2016, Vision received an expense allocation for net pension liability of \$54 thousand based upon the implementation of GASB Stmt #68.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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**Financial Management and Control:**

ACSIG is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Executive Director provides financial oversight and cash management. This includes budgeting, accounts receivable, accounts payable, and, at a minimum, quarterly financial updates.

ACSIG has contracted with Keenan & Associates for Worker's Compensation and Property Liability Claim administrative responsibilities, which include ensuring that ACSIG meets its commitment to its Members, for both operational efficiency and organizational integrity, and implements policies established by the Board of Directors and Executive Director, as set forth in organizational documents and bylaws.

ACSIG's Dental Program is with Delta Dental of California and their Vision with Vision Service Plan. Alliant Insurance Services provides underwriting and administrative support for both programs.

ACSIG also contracts with Preferred Benefit Insurance Administrators to manage all eligibility and billing services for the program.

Service Enhancement Technologies (SETECH) a Division of Keenan & Associates provides financial management and reporting to the Board. SETECH maintains the detailed transaction register for all programs and cash accounts. Detailed financial statements include budget-to-actual comparisons and are provided to the Executive Director and the ACSIG Board.

ACSIG has also contracted an independent actuarial to review their programs. These studies confirm the adequacy and reasonableness of the liabilities recorded as outstanding claim reserves for all program years. Bay Actuarial Consultants review the Worker's Compensation and Property Liability programs. Healthcare Actuaries provides a review of the Dental and Vision programs.

Christy White Associates, A Professional Accountancy Corporation, is contracted to perform the annual independent audit examination of the financial statements in accordance with generally accepted auditing principles (GAAP).

Morgan Stanley Smith Barney LLC, is contracted for some of the investments for ACSIG. In 2010/2011, based upon Board action and review of long term liabilities and investment goals ACSIG invested \$10 million with Morgan Stanley. In 2011/2012, an additional \$5 million was added to this portfolio, increasing the transferred funds to \$15 million. These funds are invested in compliance with Government Code and the internal investment policy of ACSIG. Invested funds are shown at Fair Market Value on the financial statements in compliance with GASB Stmt #31.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**Basic Financial Statements:**

ACSIG's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and necessarily include amounts based upon reliable estimates and judgments. The Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and the Statements of Cash Flows are included.

The Statement of Net Position provides information on ACSIG's program assets and liabilities, with the difference reported as Net Position. The Statement of Revenues, Expenses and Change in Net Position presents information showing total operating revenues versus operating expenses and the resulting effect on Net Position. The Statement of Cash Flows is presented to reflect the operation based on inflows and outflows of cash. Statement of Net Position:

Below is a consolidated summary of the Statement of Net Position as of 06/30/2014, 06/30/2015, and 06/30/2016, showing total assets versus total liabilities, with a percentage of change between program years.

	As of		2014/2015		06/30/16	2015/2016	
	06/30/14	06/30/15	Variance	%		Variance	%
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 12,191,557	\$ 10,579,149	\$ (1,612,408)	(13.23) %	\$ 14,330,091	\$ 3,750,942	35.46
Investments, current	761,402	608,107	(153,295)	(20.13)	1,701,027	1,092,920	179.72
Accounts Receivable	6,023,869	5,582,053	(441,816)	(7.33)	7,965,408	2,383,355	42.70
Prepaid Expense	--	--	--	--	--	--	--
Total Current Assets	18,976,828	16,769,309	(2,207,519)	(11.63)	23,996,526	7,227,217	43.10
<b>Noncurrent</b>							
Investments	14,664,893	15,133,468	468,575	3.20	14,370,020	(763,448)	(5.04)
Capital assets, net	4,739	4,147	(592)	(12.49)	3,555	(592)	(14.28)
Total Noncurrent Assets	14,669,632	15,137,615	467,983	3.19	14,373,575	(764,040)	(5.05)
Total Assets	33,646,460	31,906,924	(1,739,536)	(5.17)	38,370,101	6,463,177	20.26
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Deferred outflow of resources - pen	--	--	--	--	44,203	44,203	--
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts payable	2,526,347	2,721,576	195,229	7.73	5,414,640	2,693,064	98.95
Prefunding deposits	3,116,431	3,116,431	--	0.00	3,418,159	301,728	9.68
Current portion of unpaid claims and claim adjustment expenses	4,080,459	3,665,741	(414,718)	(10.16)	3,542,657	(123,084)	(3.36)
Total current Liabilities	9,723,237	9,503,748	(219,489)	(2.26)	12,375,456	2,871,708	30.22
Noncurrent Liabilities	24,115,893	21,145,944	(2,969,949)	(12.32)	17,720,610	(3,425,334)	(16.20)
Total noncurrent Liabilities	24,115,893	21,145,944	(2,969,949)	(12.32)	17,720,610	(3,425,334)	(16.20)
Net pension liabilities	--	--	--	--	525,511	525,511	--
Total Liabilities	33,839,130	30,649,692	(3,189,438)	(9.43)	30,621,577	(28,115)	(0.09)
<b>DEFERRED INFLOW OF RESOURCES</b>							
Deferred inflow of resources - pensi	--	--	--	--	63,483	63,483	--
<b>NET POSITION</b>	\$ (192,670)	\$ 1,257,232	\$ 1,449,902	(752.53) %	\$ 7,729,244	\$ 6,472,012	514.78

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

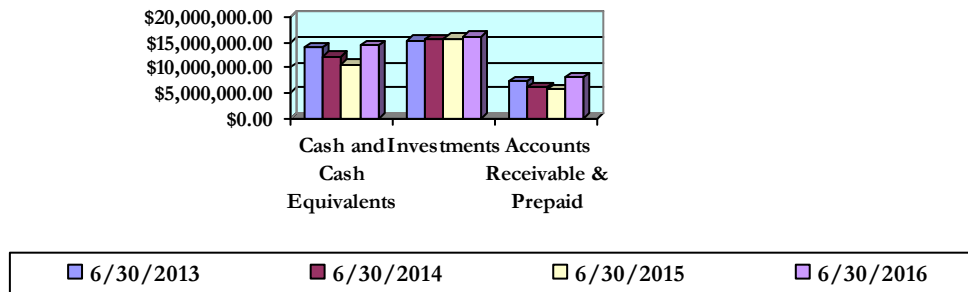
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**Assets:**

In 2015/2016, the assets of ACSIG increased by \$6.5 million or 20.26%, as seen above, primarily attributed to an increase of cash. The major factors in this year's increase of cash can be seen on the cash flow statement.

Cash variances are mainly attributed to receipt of member contributions, and deficit assessments, which are less or greater than, claim payments, insurance premiums, and other operating expense. Investment income also increases cash and investments.

Annually variance in assets can be seen below.

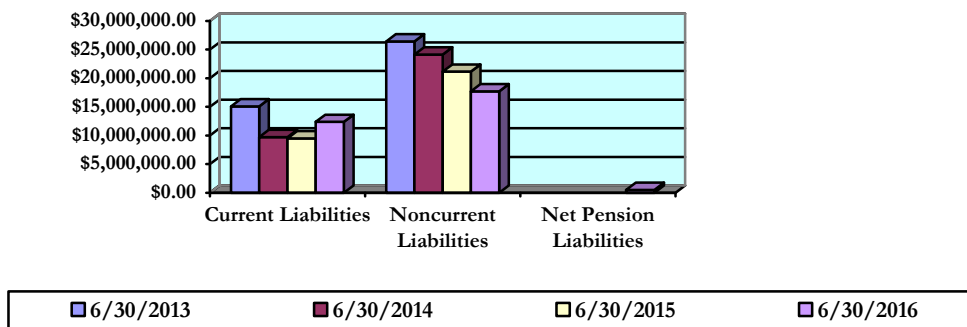


**Liabilities:**

In 2015/2016, the liabilities of ACSIG decreased by \$28 thousand or .09%.

This variance is mainly attributed to fluctuations in claim liabilities. Annually, program claims experience is evaluated by an independent actuary, claim liabilities are updated based upon these evaluations. Because the Workers' Compensation program represents over 90% of the consolidated program liabilities. The annual actuarial review and re-estimate of the Workers' Compensation ultimate claim cost, for the self-insured retained program years prior to July 1, 2009, is an integral factor in keeping the financials relevant.

The annual variance in liabilities can be seen below.



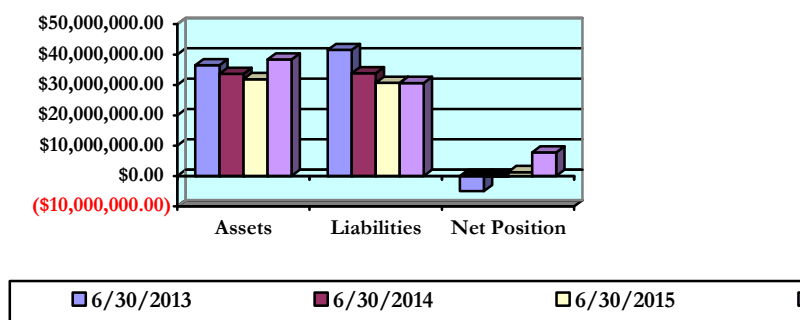
**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**Net Position:**

In 2015/2016, as of 06/30/2016, ACSIG's ending Net Position is \$7.8 million. A change in net position of \$6.5 million, from 07/01/2015 – 06/30/2016 is due to the following factors.

- 1) Increase in net assets from net operating income, greater than operating expenditures of \$6.5 million
- 2) Increase in net assets from non operating investment income of \$380 thousand, offset by an expense for the prior year cumulative effect of GASB Stmt #68 for \$385 thousand.

Statement of Net Position year variances can be seen below.



**Statements of Revenues, Expenses and Change in Net Position:**

In 2015/2016, revenues exceeded expenses by \$6.5 million, resulting in an increase to the net position, and elimination of the deficit. Details of these changes are shown below, in the Condensed Statements of Revenues, Expenses, and Changes in Net Position.

	Fiscal Year Ended		Increase/ (Decrease) 2014/2015		Fiscal Year Ended		Increase/ (Decrease) 2015/2016	
	06/30/14	06/30/15	Variance	Percentage	06/30/16	Variance	Percentage	
Operating Revenue:								
Member Contributions	\$ 135,004,993	\$ 136,200,959	\$ 1,195,966	0.89 %	\$ 151,865,101	\$ 15,664,142	11.50 %	
Other	--	--	--	--	5,798	5,798	--	
Total Operating Revenue	135,004,993	136,200,959	1,195,966	0.89	151,870,899	15,669,940	11.51	
Operating Expenses:								
Claims and Claims Adj Expense	110,879,049	113,161,917	2,282,868	2.06	122,619,880	9,457,963	8.36	
Insurance Expense	17,928,123	20,185,197	2,257,074	12.59	20,932,781	747,584	3.70	
Services and other operating	1,305,658	1,258,578	(47,080)	(3.61)	1,316,044	57,466	4.57	
Salaries and benefits	329,290	333,061	3,771	1.15	521,616	188,555	56.61	
Supplies	11,594	7,426	(4,168)	(35.95)	2,896	(4,530)	(61.00)	
Depreciation	592	592	--	--	592	--	--	
Total Operating Expenses	130,454,306	134,946,771	4,492,465	3.44	145,393,809	10,447,038	7.74	
Net Operating Income/(loss)	4,550,687	1,254,188	(3,296,499)	(72.44)	6,477,090	5,222,902	416.44	
Non Operating Income/(Expense)	256,449	195,714	(60,735)	(23.68)	380,236	184,522	94.28	
Change in Net Position	4,807,136	1,449,902	(3,357,234)	(69.84)	6,857,326	5,407,424	372.95	
Cumulative effect of GASB 68	--	--	--	--	(385,314)	(385,314)	--	
Beginning Net Position	(4,999,806)	(192,670)	4,807,136	(96.15)	1,257,232	1,449,902	(752.53)	
Ending Net Position	\$ (192,670)	\$ 1,257,232	\$ 1,449,902	(752.53) %	\$ 7,729,244	\$ 6,857,326	514.78 %	

Operating revenue consists of contributions received from the members to offset budgeted operating expenses.

In 2015/2016, operating revenue increased by \$15.7 million, or 11.51%.

In 2015/2016, operating expense increased by \$10.4 million or 7.74%.

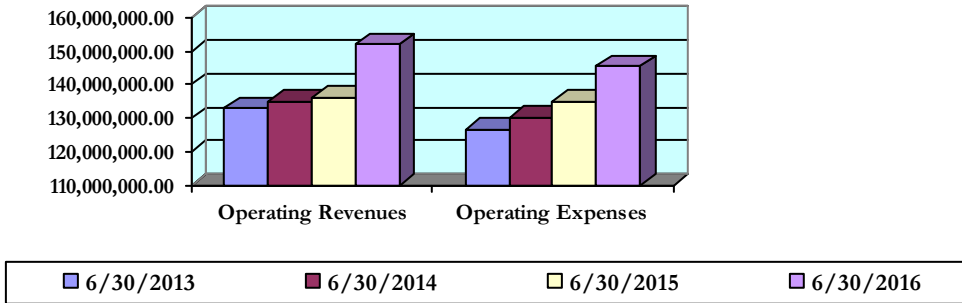
Operating revenue and expense increased primarily due to new membership in the Dental and Vision programs.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

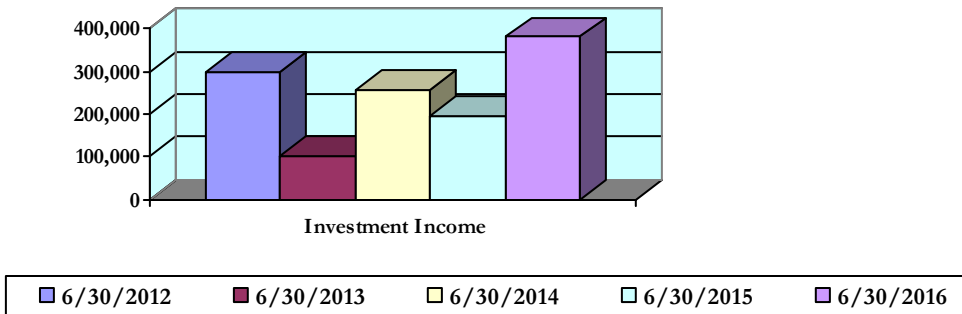
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**Statements of Revenues, Expenses and Change in Net Position (continued):**

Below is a graph showing historical variances in the operating income and expense.



Below is a graph showing historical variances in the Investment Income.



**Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations:**

At present there are no known facts or conditions that are expected to have a significant effect on the financial position or results of operations for ACSIG.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 14,330,091	\$ 10,579,149
Investments, current	1,701,027	608,107
Accounts receivable	7,965,408	5,582,053
<b>Total Current Assets</b>	<b>23,996,526</b>	<b>16,769,309</b>
Noncurrent Assets		
Investments	14,370,020	15,133,468
Capital assets, net of depreciation	3,555	4,147
<b>Total Noncurrent Assets</b>	<b>14,373,575</b>	<b>15,137,615</b>
<b>Total Assets</b>	<b>38,370,101</b>	<b>31,906,924</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflow of resources - pension	44,203	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	5,414,640	2,721,576
Prefunding deposits	3,418,159	3,116,431
Current portion of unpaid claims and claim adjustment expenses	3,542,657	3,665,741
<b>Total Current Liabilities</b>	<b>12,375,456</b>	<b>9,503,748</b>
Noncurrent Liabilities		
Unpaid claims and claim adjustment expenses less current portion	17,720,610	21,145,944
Net pension liability	525,511	-
<b>Total Liabilities</b>	<b>30,621,577</b>	<b>30,649,692</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow of resources - pension	63,483	-
<b>NET POSITION</b>		
Unrestricted	7,725,689	1,253,085
Net investment in capital assets	3,555	4,147
<b>Total Net Position</b>	<b>7,729,244</b>	<b>1,257,232</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 38,414,304</b>	<b>\$ 31,906,924</b>

See accompanying notes to the financial statements.



**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUE</b>		
Member contributions	\$ 151,865,101	\$ 136,200,959
Other income	5,798	-
<b>Total Operating Revenues</b>	<u>151,870,899</u>	<u>136,200,959</u>
<b>OPERATING EXPENSES</b>		
Claims and claims adjustment expense	122,619,880	113,161,917
Insurance expense	20,932,781	20,185,197
Services and other operating	1,316,044	1,258,578
Salaries and benefits	521,616	333,061
Supplies	2,896	7,426
Depreciation	592	592
<b>Total Operating Expense</b>	<u>145,393,809</u>	<u>134,946,771</u>
 <b>Net Operating Income/(Loss)</b>	 <u>6,477,090</u>	 <u>1,254,188</u>
 <b>NON-OPERATING REVENUE:</b>		
Investment income	380,236	195,714
 <b>CHANGE IN NET POSITION</b>	 <u>6,857,326</u>	 <u>1,449,902</u>
<b>Net Position - Beginning</b>	1,257,232	(192,670)
<b>Cumulative effect of GASB 68</b>	(385,314)	-
<b>Net Position - Beginning, as restated</b>	871,918	-
<b>Net Position - Ending</b>	<u>\$ 7,729,244</u>	<u>\$ 1,257,232</u>

See accompanying notes to the financial statements.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Cash received from members and others	\$ 149,789,272	\$ 136,642,775
Cash payments for claims	(126,168,298)	(116,546,584)
Cash payments for insurance	(20,932,781)	(20,185,197)
Cash payments to suppliers for goods and services	1,374,124	(1,070,775)
Cash payments for employee salaries and benefits	(362,139)	(333,061)
<b>Net cash provided by (used in) operating activities</b>	<b>3,700,178</b>	<b>(1,492,842)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(225,530)	(400,593)
Interest income received	276,294	281,027
<b>Net cash provided by (used in) investing activities</b>	<b>50,764</b>	<b>(119,566)</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>3,750,942</b>	<b>(1,612,408)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	10,579,149	12,191,557
End of year	<b>\$ 14,330,091</b>	<b>\$ 10,579,149</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 6,477,090	\$ 1,254,188
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	592	592
(Increase) decrease in:		
Accounts receivable	(2,383,355)	441,816
Deferred outflows	(44,203)	-
Increase (decrease) in:		
Accounts payable	2,693,064	195,229
Prefunding deposits	301,728	-
Unpaid claims and claim adjustment expenses	(3,548,418)	(3,384,667)
Deferred inflows	63,483	-
Net pension liability	140,197	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,700,178</b>	<b>\$ (1,492,842)</b>

See accompanying notes to the financial statements.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General:** Alameda County Schools Insurance Group (the “Group”) was established by a Joint Powers Agreement on July 1, 1978, in accordance with Title I, Division 7, Chapter 5, Article I Sections 6500, et. seq., of the California Government Code. The purpose is for the operation of a common risk management and insurance program for members related to workers’ compensation, property/liability, vision and dental benefits for member governmental agencies. The Group also purchases excess insurance and provides risk management services. The Group was formed by a joint powers agreement among member Alameda County school districts. Participating members now include various school districts and other government entities.

The Group is a California public entity as provided in Internal Revenue Code Section 115, it is tax exempt. The California Office of the Controller, Division of Local Government Fiscal Affairs, for the purpose of filing an Annual Report of Financial Transactions of Special Districts considers the Group to be a “Special District.”

**Admission and Withdrawal of Members:** Entities applying for membership must be approved by a two-thirds vote of the full Board, upon the recommendation of the Executive Committee. Entities shall pay a quotation fee and the current premium contribution as determined by the Joint Powers Board, upon the recommendation of the Executive Committee.

Entities may withdraw from any program after having completed three consecutive years as members upon written notification to the Executive Committee by the dates specified in the bylaws. The effect of withdrawal (or termination) from the pooling programs does not terminate the responsibility of the entity to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation.

**Reporting Entity:** The reporting entity includes all activities considered to be part of the Group. This includes financial activity relating to all of the membership years of the Group. In determining the reporting entity, the Group considered all governmental units that were members of the Group since inception. The criterion does not require the inclusion of these entities in the Group’s financial statements principally because of the Group does not exercise oversight responsibility over any members.

**Basis of Accounting:** The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liability are recognized when the obligation is incurred. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in the Group’s financial statements.

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2016 AND 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Fund Accounting:** The accounts of the Group are organized on the basis of funds, each of which is considered to be a separate accounting entity. These Proprietary funds have been combined for the presentation of the basic financial statements. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net position, revenues and expenses. The general and administrative accounts of the Group are allocated to each program on a pro-rata basis. The five types of funds include:

1. **Administrative Fund:** The Administrative Fund accounts for revenues and expenses for general administrative purposes.
2. **Workers' Compensation Fund:** The Workers' Compensation Fund was established to account for the payment of workers' compensation claims and administrative costs. Funding is based on contributions established by the Executive Committee on behalf of the Joint Powers Board.
3. **Property/Liability Fund:** The self-insured Property/Liability Fund was established to account for the payment of property and liability claims and administrative costs. Funding is based on contributions established by the Executive Committee on behalf of the Joint Powers Board.
4. **Vision Fund:** The Vision Fund was established to administer the vision program for member agencies. Funding is accomplished through contributions established by the consultant based upon claims experience as approved by the Executive Committee.
5. **Dental Fund:** The Dental Fund was established to administer the dental program for member agencies. Funding is accomplished through contributions established by the consultant based upon claims experience as approved by the Executive Committee. Some members' claims are covered by the Group, while others are self-funded within the dental program.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, the Group considers all highly liquid assets with a maturity of three months or less when purchased to be cash and cash equivalents.

**Receivables:** Receivables consist of fees charged for claims to the various participants. The Group believes its receivables to be fully collectable and, accordingly, no allowance for doubtful accounts is required.

**Investments and Investment Pools:** The Group records its cash in Local Agency Investment Fund (LAIF) and its other investments at fair value. Changes in Fair value are reported as non-operating revenue in the statement of revenues, expenses and changes in net position. The effect of recording investments and LAIF at fair value for the years ended June 30, 2016 and 2015 is reflected as investment income on the statement of revenues, expenses and change in net position.

Fair value of investments and LAIF has been determined by the sponsoring government based on quoted market prices. The Group's investment in LAIF has been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2016 AND 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital Assets:** Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost. Depreciation is computed on the straight-line method with useful lives of three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred.

**Accrued Vacation:** The Group's vacation policy provides for the accumulation of earned vacation leave with such leave being fully vested upon completion of six consecutive months of employment. A liability for accrued vacation has been computed and recorded based on unused vacation hours at the current rate of pay.

The Group's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Group has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Prefunding Deposits:** The prefund deposit account was established for the dental members who are self-funded within the Group's dental program. Because these agencies do not pay for claims until they occur, their accounts are always in arrears. To accommodate for the cash flow problem created by arrear payments, all self-insured dental members within the dental program are required to deposit a dollar amount equal to one and half months of initial premiums with the Group. Should this agency wish to withdraw from the Group's dental program, this deposit can be used to fund final claims or be refunded to the member district.

**Provision for Unpaid Claims and Claim adjustments Expenses:** The Group's policy is to establish a provision for unpaid claims and claim adjustment expenses (claim reserves and IBNR) based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. The Group increases the liability for allocated and unallocated claims adjustments expenses. Because actual claims costs depend on such complex factors as inflation, changes in doctrine of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made. The current portion of unpaid claims is based on current year payments and known claim information at the end of the period.

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2016 AND 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

**Deferred Outflows/Inflows of Resources:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The JPA has two items that qualify for reporting in this category. The first item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability. The second item is a deferred outflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2014 (the beginning of the measurement period ended June 30, 2015).

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. That item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

**Excess Insurance:** The Group enters into reinsurance agreements whereby it cedes various amounts of risk to other insurance companies. The Group and its member entities retain the first \$25,000 of liability and property risk per incident. Effective July 1, 2009, the Group joined Protected Insurance Program for Schools and Colleges (PIPS) for Workers Compensation. Prior to July 1, 2009, the Group's self-insured retention for property, liability and workers compensation was \$100,000, \$150,000 and \$250,000, respectively. The Group does not report excess insured risk as a liability unless it is probable that a risk will not be covered by excess insurers. Settlements have not exceeded insurance coverage in each of the past three years.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition:** Contributions are recognized as revenue when earned based upon the coverage period of the related insurance. To the extent that allocated losses exceed contributions previously paid, interest and other income, the Group can assess its members’ additional contributions. Supplemental assessments are recognized as income in the period assessed. Operating revenues and expenses include all activities necessary to achieve the objectives of the Group. Non-operating revenues and expenses include investment income.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

**Income Taxes:** The Group is exempt from Federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accruing to a state political subdivision. As a public agency, the Group is also exempt from California state taxes. Accordingly, no provision for Federal or state income taxes has been made in the accompanying financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash, cash equivalents and investments as of June 30, 2016 and 2015 are reported at fair value and consisted of the following:

	<b>Fiscal Year Ended</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash and cash equivalents</b>		
Cash in bank	\$ 2,458,736	\$ 3,001,862
Cash in County Treasury	8,607,851	4,327,052
Local Agency Investment Fund	3,156,805	3,145,491
Money market accounts	106,699	104,744
<b>Total cash and cash equivalents</b>	<b>\$ 14,330,091</b>	<b>\$ 10,579,149</b>

**Custodial Credit Risk:** The Group limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Interest-bearing cash balances held in banks are insured up to \$250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2016, the carrying amount of the Group’s interest-bearing and noninterest-bearing accounts were \$13,688,565 and \$661,526, and the bank balances were \$13,684,188 and \$751,324, respectively, of which \$1,297,313 was insured. At June 30, 2015, the carrying amount of the Group’s interest-bearing and noninterest-bearing accounts were \$6,835,169 and \$493,745, and the bank balances were \$6,903,114 and \$881,103, respectively, of which \$1,465,337 was insured.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

**Cash in County Treasury:** The Group maintains substantially all of its cash in the Alameda County Treasury. The County pools these funds with those of other public agencies in the County and invests the cash. These pooled funds are carried at cost which approximates fair value.

Because the Group's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Group's share of the pool does not consist of specific, identifiable investment securities owned by the Group, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with authorized investment laws, the Alameda County Treasurer may invest in derivative securities to enhance the yield on the portfolio. However, at June 30, 2016, the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

**Local Agency Investment Fund:** Alameda County Schools Insurance Group places certain funds with the State of California's Local Agency Fund (LAIF). The Group is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the Group's investment in this pool is reported in the accompanying financial statements based upon the Group's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. As of June 30, 2016, this fund was yielding approximately 0.55% interest annually.

LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.



ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2016 AND 2015

NOTE 3 – INVESTMENTS

At June 30, 2016 and 2015, investments are reported at fair value and consisted of the following:

	2016	2015
<b>Investments</b>		
Corporate Bonds	\$ 4,677,692	\$ 4,539,974
Federal Agency Bonds and Notes	7,176,828	7,105,012
U.S. Treasury Notes	4,216,527	4,096,589
<b>Total investments</b>	<b>\$ 16,071,047</b>	<b>\$ 15,741,575</b>
Investments maturing within one year	1,701,027	608,107
Long-term investments	<b>\$ 14,370,020</b>	<b>\$ 15,133,468</b>

Maturities of investments held at June 30, 2016 consist of the following:

	Rating	Fair Value	Maturity	
			Less Than One Year	One Year through Five Years
<b>Investment maturities:</b>				
Corporate Bonds	A-	\$ 4,677,692	\$ 457,063	\$ 4,220,629
Federal Agency Bonds and Notes:				
FHLMC	AA+	2,390,892	-	2,390,892
FNMA	AA+	4,785,936	-	4,785,936
U.S. Treasury Notes	TSY	4,216,527	1,243,964	2,972,563
		<b>\$ 16,071,047</b>	<b>\$ 1,701,027</b>	<b>\$ 14,370,020</b>

The Group's investment policy limits investment choices to such securities allowed by Section 53601 of the California Government Code.

**Investment Credit Risk:** The Group's investment policy limits investment maturities to 5 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2016, 100% of the portfolio was invested in "A-" rated obligations, or better. All credit ratings presented in this paragraph are Standard & Poor's ratings.

**Concentration of Investment Credit Risk:** At June 30, 2016, the Group has the following investments that represent more than five percent of the Group's net investments:

Corporate Bonds 29%

U.S. Treasury Notes 25%

FNMA 25%

FHLMC 20%

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 3 – INVESTMENTS (continued)**

**Fair Value:** The Group categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Group's own data. The Group should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Group are not available to other market participants.

Uncategorized - Investments in the Alameda County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the Group's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Group's fair value measurements at June 30, 2016 were as follows:

	<b>Fair Market Value of Investments</b>		
	<b>Quoted Prices</b>		
	<b>Level 1</b>	<b>Uncategorized</b>	<b>Total</b>
Investment in county treasury	\$ -	\$ 8,607,851	\$ 8,607,851
Local Agency Investment Fund	-	3,156,805	3,156,805
Money Market	-	106,699	106,699
Corporate Bonds	4,677,692	-	4,677,692
Federal Bonds & Notes	7,176,828	-	7,176,828
U.S. Treasury Notes	4,216,527	-	4,216,527
<b>Total fair market value of investments</b>	<b>\$ 16,071,047</b>	<b>\$ 11,871,355</b>	<b>\$ 27,942,402</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 4 – ACCOUNTS RECEIVABLE**

The balance of \$7,965,408 as of June 30, 2016 and \$5,582,053 as of June 30, 2015 consisted of premiums due from members.

**NOTE 5 – CAPITAL ASSETS**

The following is a summary as of June 30, 2016 and 2015 of furniture and equipment, net of accumulated depreciation.

	<b>Fiscal Year Ended</b>	
	<b>2016</b>	<b>2015</b>
<b>Capital Assets</b>		
Furniture and equipment	\$ 5,923	\$ 5,923
Less accumulated depreciation	2,368	1,776
<b>Total Capital Assets, net</b>	<b>\$ 3,555</b>	<b>\$ 4,147</b>

Activity for furniture and equipment for the years ended June 30, 2016 and 2015 included the following:

	<b>2016</b>	<b>2015</b>
<b>Furniture and Equipment Activity</b>		
Furniture and equipment, net, beginning of year	\$ 4,147	\$ 5,331
Current year depreciation	592	592
<b>Furniture and equipment, net, end of year</b>	<b>\$ 3,555</b>	<b>\$ 4,739</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 6 – UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES**

As discussed in Note 1, the Group establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustments expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities during the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<b>Unpaid claims and claim adjustment expenses, beginning of fiscal year</b>	\$ 24,811,685	\$ 28,196,352
<b>Incurred claims and claim adjustment expenses:</b>		
Provision for covered events of the current year	116,496,198	113,151,124
Change in provision for covered events of prior years	(1,232,035)	(205,896)
<b>Total incurred claims and claim adjustment expenses</b>	<u>\$ 115,264,163</u>	<u>\$ 112,945,228</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to covered events of the current year	114,620,714	111,273,001
Claims and claim adjustment expenses attributable to covered events of prior years	4,191,867	5,056,894
<b>Total payments:</b>	<u>118,812,581</u>	<u>116,329,895</u>
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 21,263,267</u>	<u>\$ 24,811,685</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
<b>Unpaid claims and claim adjustment expenses, end of year</b>		
Claim reserves	\$ 8,097,538	\$ 8,751,275
Claims incurred but not reported (IBNR)	11,594,910	14,500,591
Unallocated loss adjustment expenses (ULAE)	1,570,819	1,559,819
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 21,263,267</u>	<u>\$ 24,811,685</u>

The current and long-term portions were \$3,542,657 and \$17,720,610, respectively, as of June 30, 2016 and were \$3,665,741 and \$21,145,944, respectively, as of June 30, 2015. These liabilities were reported at their present value using an expected future investment yield assumption of 1.5% Workers' Compensation and .05% Property Liability in the prior year. The undiscounted liabilities were \$23,619,458 and \$27,855,348 at June 30, 2016 and 2015, respectively.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT SYSTEM**

**California Public Employees’ Retirement System (CalPERS)**

Qualified employees are covered under an agent multi-employer defined benefit pension plan maintained by an agency of the State of California. The Group’s employees are members of the California Public Employees’ Retirement Systems (CalPERS). The Group’s defined benefit pension plan (the “Plan”) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investments and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual financial report.

The Group’s plan had less than 100 active members as of the June 30, 2012 actuarial valuation. As a result, the Group’s members are required to participate in a larger risk pool Miscellaneous 2.5% at 55 Risk Pool. Unfunded liabilities are amortized as level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan accrued liability exceeds the actuarial value of plan assets, then the amortization payment of the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

**Plan Description**

All qualified employees are eligible to participate in the Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information may be obtained from the CalPERS Executive Office at 400 P Street; Sacramento, California 95814.

**Benefits Provided**

The benefits for the defined benefit plan is based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions**

For the year ended June 30, 2016, the Group’s annual pension cost was \$49,248 and the Group contributed \$49,248. The required contribution was determined as part of the June 30, 2012 actuarial valuation.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (continued)**

**California Public Employees’ Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Group reported a liability of \$525,511 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The Group’s proportion of the net pension liability was based on a projection of the Group’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school Groups, actuarially determined.

For the year ended June 30, 2016, the Group recognized pension expense of \$159,477. At June 30, 2016, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 17,128
Differences between expected and actual experience	3,611	-
Changes in assumptions	-	34,166
Changes in proportion and differences between Group contributions and proportionate share of contributions	-	12,189
Group contributions subsequent to the measurement date	40,592	-
	<u>\$ 44,203</u>	<u>\$ 63,483</u>

The \$40,592 reported as deferred outflows of resources related to pensions resulting from Group contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 1,204	\$ 15,871
2018	1,204	15,871
2019	1,203	15,871
2020	-	15,870
	<u>\$ 3,611</u>	<u>\$ 63,483</u>

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2016 AND 2015

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NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.50%
Wage Inflation	Varies by Entry Age and Service

\* Net of investment expenses, but gross of administrative expenses.

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2007.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2016 AND 2015

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

**Actuarial assumptions (continued)**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Fc	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	<u>100%</u>		

**Discount rate**

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**Sensitivity of the Group’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the Group’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Group’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 917,315	\$ 525,511	\$ 200,352

**Pension plan fiduciary net position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.



**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 8 – OPERATING LEASES**

The Group has entered into an operating lease for office space and pays rent monthly. Total rent paid for the years ended June 30, 2016 and 2015 was \$79,040 and \$79,040 respectively. The future minimum rental commitments on the non-cancelable operating lease end in October 2019 as follows:

<b>Year Ended</b>	<b>Minimum Rental</b>
<b>June 30,</b>	<b>Commitment</b>
2017	\$ 81,140
2018	83,240
2019	85,340
2020	28,680
<b>Total</b>	<b>\$ 278,400</b>

The Group has a commercial sub-lease for office space to Keenan & Associates. The term of the sub-lease will end on June 30, 2017. Keenan & Associates agrees to pay rent of \$3,904 per month or \$46,848 per year.

**NOTE 9 – JOINT POWERS AGREEMENTS**

Alameda County Schools Insurance Group participates in two joint ventures under a joint powers agreement with Northern California Regional Liability Excess Fund (NCRLF) and Protected Insurance Program for Schools and Community Colleges (PIPS). The relationship between the Group and the JPAs is such that the JPAs are not component units of the Group for financial reporting purposes.

NCRLF arranges for and provides excess property and liability coverage in excess of \$25,000. PIPS arranges for and provides workers' compensation coverage from \$0 to \$200,000,000. The JPAs are each governed by a board consisting of a representative from each of their respective member Groups. Those boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member Groups beyond their representation on the board. Each member pays a contribution commensurate with the level of coverage requested.

Condensed financial information for NCRLF and PIPS for the fiscal year ended June 30, 2015 (most recent information available) are as follows:

	<b>NCRLF</b>	<b>PIPS</b>
Total Assets	\$ 66,435,645	\$ 109,911,317
Total Liabilities	59,236,261	99,473,185
Total Net Position	<b>\$ 7,199,384</b>	<b>\$ 10,438,132</b>
Revenues	\$ 47,112,458	\$ 236,319,886
Expenses	(46,105,651)	(237,952,641)
Change in Net Position	<b>\$ 1,006,807</b>	<b>\$ (1,632,755)</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016 AND 2015**

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**NOTE 10 – NET POSITION**

Net Position is composed of the following elements as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
<b>NET POSITION</b>		
Unrestricted	\$ 7,725,689	\$ 1,253,085
Net investment in capital assets	3,555	4,147
<b>Total Net Position</b>	<u>\$ 7,729,244</u>	<u>\$ 1,257,232</u>

**NOTE 11 – NEGATIVE NET POSITION**

The Group did not adequately fund their loss development for self-insured-program years prior to 07/01/2009. Historically, the premium level for agencies was adjusted by a discount factor. As no validation existed for the application of a discount to rates, this practice was discontinued in 2007/2008. Beginning in 2008/09, experience modification factors used to determine each agency’s fees were modified so that in three years, all experience modification factors will be adjusted to 1.0. Also, in 2008/2009, all agencies experience modification factors were determined by an independent actuary. The effect of the change will improve the funds financial information and funding capability toward the IBNR.

The Board, recognizing that without additional funding there would not be a substantial reduction in the deficit, implemented, effective in the 2011/2012 fiscal year, a deficit recoupment plan, increasing the base rate by \$0.35/per \$100 of payroll.

**NOTE 12 – CONTINGENCIES**

The Group is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Group.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT  
WORKERS' COMPENSATION PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	2016	2015
<b>Unpaid claims and claim adjustment expenses, beginning of fiscal year</b>	\$ 22,868,518	\$ 29,770,901
<b>Incurred claims and claim adjustment expenses:</b>		
Change in provision for covered events of prior years	(1,211,428)	(79,550)
<b>Total incurred claims and claim adjustment expenses</b>	<b>(1,211,428)</b>	<b>(79,550)</b>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to covered events of prior years	2,316,835	3,447,448
<b>Total payments:</b>	<b>2,316,835</b>	<b>3,447,448</b>
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<b>\$ 19,340,255</b>	<b>\$ 26,243,903</b>
<b>Unpaid claims and claim adjustment expenses, end of year</b>		
Claim reserves	\$ 8,098,115	\$ 8,467,150
Claims incurred but not reported (IBNR)	9,722,140	12,892,368
Unallocated loss adjustment expenses (ULAE)	1,520,000	1,509,000
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<b>\$ 19,340,255</b>	<b>\$ 22,868,518</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT  
PROPERTY/LIABILITY PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>Unpaid claims and claim adjustment expenses, beginning of fiscal year</b>	\$ 92,167	\$ 289,307
<b>Incurred claims and claim adjustment expenses:</b>		
Provision for covered events of the current year	24,484	27,123
Change in provision for covered events of prior years	(20,607)	(126,346)
<b>Total incurred claims and claim adjustment expenses</b>	<u>3,877</u>	<u>(99,223)</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to covered events of prior years	24,032	58,446
<b>Total payments:</b>	<u>24,032</u>	<u>58,446</u>
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 72,012</u>	<u>\$ 131,638</u>
 <b>Unpaid claims and claim adjustment expenses, end of year</b>		
Claim reserves	\$ (577)	\$ 6,125
Claims incurred but not reported (IBNR)	21,770	35,223
Unallocated loss adjustment expenses (ULAE)	50,819	50,819
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 72,012</u>	<u>\$ 92,167</u>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT  
VISION PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>Unpaid claims and claim adjustment expenses, beginning of fiscal year</b>	\$ 142,000	\$ 120,000
<b>Incurred claims and claim adjustment expenses:</b>		
Provision for covered events of the current year	2,798,029	2,473,429
<b>Total incurred claims and claim adjustment expenses</b>	<u>2,798,029</u>	<u>2,473,429</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to covered events of the current year	\$ 2,656,029	\$ 2,331,429
Claims and claim adjustment expenses attributable to covered events of prior years	142,000	120,000
<b>Total payments:</b>	<u>2,798,029</u>	<u>2,451,429</u>
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 142,000</u>	<u>\$ 142,000</u>
 <b>Unpaid claims and claim adjustment expenses, end of year</b>		
Claims incurred but not reported (IBNR)	\$ 142,000	\$ 142,000
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 142,000</u>	<u>\$ 142,000</u>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT  
DENTAL PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>Unpaid claims and claim adjustment expenses, beginning of fiscal year</b>	\$ 1,709,000	\$ 1,431,000
<b>Incurred claims and claim adjustment expenses:</b>		
Provision for covered events of the current year	113,673,685	110,650,572
<b>Total incurred claims and claim adjustment expenses</b>	<u>113,673,685</u>	<u>110,650,572</u>
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to covered events of the current year	111,964,685	108,941,572
Claims and claim adjustment expenses attributable to covered events of prior years	1,709,000	1,431,000
<b>Total payments:</b>	<u>113,673,685</u>	<u>110,372,572</u>
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>1,709,000</u>	<u>1,709,000</u>
 <b>Unpaid claims and claim adjustment expenses, end of year</b>		
Claims reserves	\$ -	\$ 278,000
Claims incurred but not reported (IBNR)	1,709,000	1,431,000
<b>Total unpaid claims and claim adjustment expenses, end of year</b>	<u>\$ 1,709,000</u>	<u>\$ 1,709,000</u>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**  
**CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Group's proportion of the net pension liability	0.019%	0.019%
Group's proportionate share of the net pension liability	\$ 525,511	\$ 385,314
Group's covered-employee payroll	\$ 210,454	\$ 211,975
Group's proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.7%	181.8%
Plan fiduciary net position as a percentage of the total pension liability.	76.9%	76.9%

See accompanying note to required supplementary information.



**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
SCHEDULE OF GROUP CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 46,857	\$ 49,298
Contributions in relation to the contractually required contribution	(46,857)	(49,298)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Group's covered-employee payroll	\$ 210,454	\$ 211,975
Contributions as a percentage of covered-employee payroll	22.26%	23.26%

See accompanying note to required supplementary information.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of the Group’s Proportionate Share of the Net Pension Liability**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Group’s proportion (percentage) of the collective net pension liability, the Group’s proportionate share (amount) of the collective net pension liability, the Group’s covered-employee payroll, the Group’s proportionate share (amount) of the collective net pension liability as a percentage of the employer’s covered-employee payroll, and the pension plan’s fiduciary net position as a percentage of the total pension liability.

**Schedule of Group Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the Group’s statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the Group’s covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the Group’s covered-employee payroll.

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
CLAIMS DEVELOPMENT INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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The tables that follow illustrate how the Group's earned revenues (net of excess insurance) and investment income compared to related costs of loss and other expenses assumed by the Group as of the end of the previous ten years. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned deposit and reported investments revenue, amounts of excess insurance premiums paid and reported premiums (net of reinsurance) and reported investment revenue.
2. Each fiscal year's other operating costs of the program, including overhead and loss adjustment expense not allocable to individual claims.
3. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by excess insurers, and net incurred losses and loss adjustments expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called fiscal year).
4. Cumulative net amounts paid as of the end of successive years for each fiscal year.
5. Latest reestimated amount of losses assumed by the excess insurers for each fiscal year.
6. Each fiscal year's net incurred losses increases or decreases as of the end of successive years. This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.
7. Compares the latest estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual fiscal years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature fiscal years.

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

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
CLAIMS DEVELOPMENT INFORMATION  
WORKERS' COMPENSATION PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>1 Required contribution and investment revenue</b>											
Earned	\$ 4,031,000	\$ 7,325,000	\$ 17,374,000	\$ 17,002,915	\$ 17,891,871	\$ 18,552,720	\$ 20,034,030	\$ 19,217,218	\$ 19,670,032	\$ 20,284,500	\$ 24,754,573
Ceded	-	-	(3,310,000)	(2,187,413)	(16,302,424)	(16,026,575)	(15,786,084)	(16,512,219)	(18,073,558)	(19,975,089)	(18,321,853)
<b>Net earned</b>	<b>\$ 4,031,000</b>	<b>\$ 7,325,000</b>	<b>\$ 14,064,000</b>	<b>\$ 14,815,502</b>	<b>\$ 1,589,447</b>	<b>\$ 2,526,145</b>	<b>\$ 4,247,946</b>	<b>\$ 2,704,999</b>	<b>\$ 1,596,474</b>	<b>\$ 309,411</b>	<b>\$ 6,432,720</b>
<b>2 Unallocated expenses</b>	\$ 982,000	\$ 1,154,000	\$ 786,000	\$ 3,120,092	\$ 1,052,191	\$ 170,715	\$ 319,437	\$ 488,659	\$ 453,830	\$ 427,285	\$ 540,614
<b>3 Estimated losses and expenses, end of fiscal year:</b>											
Incurred	\$ 1,943,000	\$ 3,498,000	\$ 6,117,000	\$ 8,012,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ceded	-	-	-	-	-	-	-	-	-	-	-
<b>Net incurred</b>	<b>\$ 1,943,000</b>	<b>\$ 3,498,000</b>	<b>\$ 6,117,000</b>	<b>\$ 8,012,622</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>4 Net paid (cumulative) as of:</b>											
End of fiscal year	\$ 958,000	\$ 1,193,000	\$ 1,473,000	\$ 2,015,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
One year later	\$ 2,378,000	\$ 2,998,000	\$ 4,228,134	\$ 4,135,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Two years later	\$ 3,447,000	\$ 4,538,126	\$ 5,634,001	\$ 5,638,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Three years later	\$ 4,320,685	\$ 5,627,580	\$ 6,605,109	\$ 6,715,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Four years later	\$ 4,906,486	\$ 6,431,869	\$ 6,992,411	\$ 7,600,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 5,817,563	\$ 6,836,694	\$ 7,454,482	\$ 7,880,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 6,208,667	\$ 7,302,122	\$ 7,819,727	\$ 9,049,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 6,590,230	\$ 7,522,166	\$ 8,843,385	\$ 9,049,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eight years later	\$ 7,101,798	\$ 8,850,630	\$ 8,843,385								
Nine years later	\$ 9,417,691	\$ 8,850,630									
Ten years later	\$ 9,417,691										
<b>5 Reestimated ceded losses and expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>6 Reestimated net incurred losses and expenses:</b>											
End of fiscal year	\$ 1,943,000	\$ 3,498,000	\$ 6,117,000	\$ 8,012,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
One year later	\$ 3,727,000	\$ 6,867,000	\$ 10,474,925	\$ 10,768,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Two years later	\$ 6,673,000	\$ 9,209,624	\$ 11,525,318	\$ 10,770,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Three years later	\$ 8,380,255	\$ 9,705,395	\$ 10,929,748	\$ 11,378,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Four years later	\$ 8,159,431	\$ 9,956,828	\$ 10,833,352	\$ 10,501,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Five years later	\$ 9,276,212	\$ 10,061,847	\$ 10,141,142	\$ 10,585,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Six years later	\$ 9,113,232	\$ 9,522,890	\$ 10,362,281	\$ 10,469,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seven years later	\$ 8,435,497	\$ 9,772,238	\$ 9,859,233	\$ 10,101,017							
Eight years later	\$ 10,203,448	\$ 9,539,023	\$ 9,639,692								
Nine years later	\$ 10,347,509	\$ 9,216,061									
Ten years later	\$ 10,366,713										
<b>7 Increase in estimated net incurred losses and expenses from end of fiscal year</b>	<b>\$ 8,423,713</b>	<b>\$ 5,718,061</b>	<b>\$ 3,522,692</b>	<b>\$ 2,088,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
CLAIMS DEVELOPMENT INFORMATION  
PROPERTY/LIABILITY PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>1 Required contribution and investment revenue</b>											
Earned	\$ 604,000	\$ 414,000	\$ 390,000	\$ 544,363	\$ 552,093	\$ 559,195	\$ 630,698	\$ 675,900	\$ 744,613	\$ 935,595	\$ 1,130,013
Ceded	\$ -	\$ -	\$ (7,000)	\$ (541,854)	\$ (559,419)	\$ (545,530)	\$ (560,273)	\$ (611,537)	\$ (663,484)	\$ (831,111)	\$ (1,032,437)
<b>Net earned</b>	<b>\$ 604,000</b>	<b>\$ 414,000</b>	<b>\$ 383,000</b>	<b>\$ 2,509</b>	<b>\$ (7,326)</b>	<b>\$ 13,665</b>	<b>\$ 70,425</b>	<b>\$ 64,363</b>	<b>\$ 81,129</b>	<b>\$ 104,484</b>	<b>\$ 97,576</b>
<b>2 Unallocated expenses</b>	<b>\$ 44,000</b>	<b>\$ 13,000</b>	<b>\$ 4,000</b>	<b>\$ 18,183</b>	<b>\$ 32,828</b>	<b>\$ 8,069</b>	<b>\$ 9,016</b>	<b>\$ 21,810</b>	<b>\$ 453,830</b>	<b>\$ 20,129</b>	<b>\$ 40,075</b>
<b>3 Estimated losses and expenses, end of fiscal year:</b>											
Incurred	\$ -	\$ 22,000	\$ 147,000	\$ 307,207	\$ 54,796	\$ 82,548	\$ 75,212	\$ 108,036	\$ 110,941	\$ 32,843	\$ 25,000
Ceded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net incurred</b>	<b>\$ -</b>	<b>\$ 22,000</b>	<b>\$ 147,000</b>	<b>\$ 307,207</b>	<b>\$ 54,796</b>	<b>\$ 82,548</b>	<b>\$ 75,212</b>	<b>\$ 108,036</b>	<b>\$ 110,941</b>	<b>\$ 32,843</b>	<b>\$ 25,000</b>
<b>4 Net paid (cumulative) as of:</b>											
End of fiscal year	\$ -	\$ -	\$ 27,000	\$ 84,499	\$ 10,931	\$ 18,839	\$ 1,683	\$ 22,371	\$ -	\$ -	\$ 6,681
One year later	\$ 16,000	\$ 17,000	\$ 273,370	\$ 111,503	\$ 42,740	\$ 20,496	\$ 16,543	\$ 89,764	\$ 20,000	\$ 6,771	
Two years later	\$ 34,000	\$ 80,674	\$ 83,044	\$ 131,676	\$ 28,438	\$ 33,140	\$ 76,543	\$ 113,117	\$ 20,000		
Three years later	\$ 34,000	\$ 65,794	\$ 83,044	\$ 107,846	\$ 48,738	\$ 33,141	\$ 96,543	\$ 125,045			
Four years later	\$ 34,000	\$ 65,794	\$ 60,441	\$ 117,507	\$ 48,738	\$ 33,141					
Five years later	\$ 34,000	\$ 47,530	\$ 60,441	\$ 117,507	\$ 48,738	\$ 33,141					
Six years later	\$ 34,000	\$ 47,530	\$ 60,411	\$ 117,507	\$ 48,738						
Seven years later	\$ 34,000	\$ 47,530	\$ 60,411	\$ 117,507							
Eight years later	\$ 34,000	\$ 47,530	\$ 60,411								
Nine years later	\$ 34,000	\$ 47,530									
Ten years later	\$ 34,000										
<b>5 Reestimated ceded losses and expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>6 Reestimated net incurred losses and expenses:</b>											
End of fiscal year	\$ -	\$ 22,000	\$ 147,000	\$ 307,207	\$ 54,796	\$ 82,548	\$ 75,212	\$ 101,000	\$ 111,900	\$ 32,843	\$ 25,000
One year later	\$ 21,000	\$ 60,000	\$ 401,609	\$ 121,183	\$ 79,867	\$ 78,773	\$ 112,560	\$ 148,539	\$ 20,863	\$ 7,843	
Two years later	\$ 39,000	\$ 81,110	\$ 83,044	\$ 144,849	\$ 62,351	\$ 60,496	\$ 100,792	\$ 126,562	\$ 20,863		
Three years later	\$ 34,000	\$ 65,794	\$ 83,044	\$ 117,275	\$ 48,738	\$ 37,639	\$ 96,543	\$ 126,562			
Four years later	\$ 34,000	\$ 65,794	\$ 60,441	\$ 117,507	\$ 49,777	\$ 33,141	\$ 96,543				
Five years later	\$ 34,000	\$ 47,530	\$ 60,441	\$ 117,507	\$ 48,738	\$ 33,141					
Six years later	\$ 34,000	\$ 47,530	\$ 60,441	\$ 117,507	\$ 48,738						
Seven years later	\$ 34,000	\$ 47,530	\$ 60,441	\$ 117,507							
Eight years later	\$ 34,000	\$ 47,530	\$ 60,441								
Nine years later	\$ 34,000	\$ 47,530									
Ten years later	\$ 34,000										
<b>7 Increase in estimated net incurred losses and expenses from end of fiscal year</b>	<b>\$ 34,000</b>	<b>\$ 25,530</b>	<b>\$ (86,559)</b>	<b>\$ (189,700)</b>	<b>\$ (6,058)</b>	<b>\$ (49,407)</b>	<b>\$ 21,331</b>	<b>\$ 25,562</b>	<b>\$ (91,037)</b>	<b>\$ (25,000)</b>	<b>\$ (25,000)</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
CLAIMS DEVELOPMENT INFORMATION  
VISION PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>1 Required contribution and investment revenue</b>											
Earned	\$ -	\$ -	\$ -	\$ 1,455,085	\$ 1,639,207	\$ 1,936,629	\$ 1,958,654	\$ 2,291,645	\$ 2,496,329	\$ 2,774,589	\$ 3,356,374
Ceded	-	-	-	-	-	-	-	-	-	-	-
<b>Net earned</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,455,085</b>	<b>\$ 1,639,207</b>	<b>\$ 1,936,629</b>	<b>\$ 1,958,654</b>	<b>\$ 2,291,645</b>	<b>\$ 2,496,329</b>	<b>\$ 2,774,589</b>	<b>\$ 3,356,374</b>
<b>2 Unallocated expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ 14,493	\$ 96,930	\$ 140,236	\$ 153,671	\$ -	\$ -	\$ 45,919
<b>3 Estimated losses and expenses, end of fiscal year:</b>											
Incurred	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127	\$ 1,959,342	\$ 2,238,178	\$ 2,473,429	\$ 3,248,723
Ceded	-	-	-	-	-	-	-	-	-	-	-
<b>Net incurred</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,357,704</b>	<b>\$ 1,466,642</b>	<b>\$ 1,628,209</b>	<b>\$ 1,684,127</b>	<b>\$ 1,959,342</b>	<b>\$ 2,238,178</b>	<b>\$ 2,473,429</b>	<b>\$ 3,248,723</b>
<b>4 Net paid (cumulative) as of:</b>											
End of fiscal year	\$ -	\$ -	\$ -	\$ 1,307,704	\$ 1,416,642	\$ 1,578,209	\$ 1,634,127	\$ 1,704,628	\$ 1,947,215	\$ 2,031,883	\$ 2,798,029
One year later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,634,127	\$ 1,704,628	\$ 2,067,215	\$ 2,173,883	
Two years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,634,127	\$ 1,704,628	\$ 2,067,215		
Three years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,634,127	\$ 1,704,628			
Four years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,634,127				
Five years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209					
Six years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642						
Seven years later	\$ -	\$ -	\$ -	\$ 1,357,704							
Eight years later	\$ -	\$ -	\$ -								
Nine years later	\$ -	\$ -									
Ten years later	\$ -										
<b>5 Reestimated ceded losses and expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>6 Reestimated net incurred losses and expenses:</b>											
End of fiscal year	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127	\$ 1,959,342	\$ 2,238,178	\$ 2,473,429	\$ 3,248,723
One year later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127	\$ 1,959,342	\$ 2,238,178	\$ 2,473,429	
Two years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127	\$ 1,959,342	\$ 2,238,178		
Three years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127	\$ 1,959,342			
Four years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209	\$ 1,684,127				
Five years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642	\$ 1,628,209					
Six years later	\$ -	\$ -	\$ -	\$ 1,357,704	\$ 1,466,642						
Seven years later	\$ -	\$ -	\$ -	\$ 1,357,704							
Eight years later	\$ -	\$ -	\$ -								
Nine years later	\$ -	\$ -									
Ten years later	\$ -										
<b>7 Increase in estimated net incurred losses and expenses from end of fiscal year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,248,723

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP  
CLAIMS DEVELOPMENT INFORMATION  
DENTAL PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>1 Required contribution and investment revenue</b>											
Earned	\$ -	\$ -	\$ -	\$ 105,167,664	\$ 107,350,873	\$ 110,178,187	\$ 109,681,105	\$ 110,795,612	\$ 112,320,469	\$ 112,401,984	\$ 123,010,177
Ceded	-	-	-	-	-	-	-	-	-	-	-
<b>Net earned</b>	\$ -	\$ -	\$ -	\$ 105,167,664	\$ 107,350,873	\$ 110,178,187	\$ 109,681,105	\$ 110,795,612	\$ 112,320,469	\$ 112,401,984	\$ 123,010,177
<b>2 Unallocated expenses</b>	\$ -	\$ -	\$ -	\$ 1,146,804	\$ 957,079	\$ 949,743	\$ 1,029,464	\$ 1,445,739	\$ 1,390,347	\$ 1,368,341	\$ 1,298,208
<b>3 Estimated losses and expenses, end of fiscal year:</b>											
Incurred	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853	\$ 108,725,325	\$ 110,650,572	\$ 120,334,972
Ceded	-	-	-	-	-	-	-	-	-	-	-
<b>Net incurred</b>	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853	\$ 108,725,325	\$ 110,650,572	\$ 120,334,972
<b>4 Net paid (cumulative) as of:</b>											
End of fiscal year	\$ -	\$ -	\$ -	\$ 103,285,514	\$ 104,144,349	\$ 106,317,825	\$ 105,924,157	\$ 101,578,890	\$ 101,723,414	\$ 103,154,414	\$ 111,964,685
One year later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 105,924,157	\$ 101,578,890	\$ 103,154,414	\$ 104,863,414	
Two years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 105,924,157	\$ 101,578,890	\$ 103,154,414		
Three years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 105,924,157	\$ 101,578,890			
Four years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 105,924,157				
Five years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825					
Six years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349						
Seven years later	\$ -	\$ -	\$ -	\$ 104,364,662							
Eight years later	\$ -	\$ -	\$ -								
Nine years later	\$ -	\$ -									
Ten years later	\$ -										
<b>5 Reestimated ceded losses and expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>6 Reestimated net incurred losses and expenses:</b>											
End of fiscal year	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853	\$ 108,725,325	\$ 110,650,572	\$ 120,334,972
One year later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853	\$ 108,725,325	\$ 110,650,572	
Two years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853	\$ 108,725,325		
Three years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157	\$ 108,570,853			
Four years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825	\$ 107,551,157				
Five years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349	\$ 107,944,825					
Six years later	\$ -	\$ -	\$ -	\$ 104,364,662	\$ 106,367,349						
Seven years later	\$ -	\$ -	\$ -	\$ 104,364,662							
Eight years later	\$ -	\$ -	\$ -								
Nine years later	\$ -	\$ -									
Ten years later	\$ -										
<b>7 Increase in estimated net incurred losses and expenses from end of fiscal year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,334,972

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**SUPPLEMENTARY  
INFORMATION**

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**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**COMBINING STATEMENTS OF NET POSITION**  
**JUNE 30, 2016**

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2016 Total
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$ 169,423	\$ 8,758,964	\$ 1,206,795	\$ 1,175,897	\$ 3,019,012	\$ 14,330,091
Investments, Current	-	1,701,027	-	-	-	1,701,027
Accounts Receivable	-	240,872	-	140,151	7,584,385	7,965,408
Interfund Receivable/(Payable)	(148,653)	(997,048)	(887,464)	252,984	1,780,181	-
<b>Total Current Assets</b>	<b>20,770</b>	<b>9,703,815</b>	<b>319,331</b>	<b>1,569,032</b>	<b>12,383,578</b>	<b>23,996,526</b>
Noncurrent Assets						
Investments	-	8,815,661	-	1,078,516	4,475,843	14,370,020
Capital Assets, Net of Depreciation	3,555	-	-	-	-	3,555
<b>Total Assets</b>	<b>\$ 24,325</b>	<b>\$ 18,519,476</b>	<b>\$ 319,331</b>	<b>\$ 2,647,548</b>	<b>\$ 16,859,421</b>	<b>\$ 38,370,101</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred outflow of resources - pension	\$ -	\$ 13,261	\$ 4,420	\$ 4,420	\$ 22,102	\$ 44,203
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable and Accrued Expenses	\$ 26,101	\$ 1,778	\$ 227	\$ 268,949	\$ 5,117,585	\$ 5,414,640
Prefunding Deposits	-	-	-	80,570	3,337,589	3,418,159
Current Portion of Unpaid Claims and Claim Adj. Expenses	-	1,680,000	11,657	142,000	1,709,000	3,542,657
<b>Total Current Liabilities</b>	<b>26,101</b>	<b>1,681,778</b>	<b>11,884</b>	<b>491,519</b>	<b>10,164,174</b>	<b>12,375,456</b>
Noncurrent Liabilities						
Unpaid Claims and Claim Adjustment Expenses Less Current Portion	-	16,140,255	9,536	-	-	16,149,791
Unallocated Loss Adjustment Expense (ULAE)	-	1,520,000	50,819	-	-	1,570,819
Net Pension Liability	-	157,653	52,551	52,551	262,756	525,511
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>17,817,908</b>	<b>112,906</b>	<b>52,551</b>	<b>262,756</b>	<b>18,246,121</b>
<b>Total Liabilities</b>	<b>26,101</b>	<b>19,499,686</b>	<b>124,790</b>	<b>544,070</b>	<b>10,426,930</b>	<b>30,621,577</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred inflow of resources - pension	\$ -	\$ 19,045	\$ 6,348	\$ 6,348	\$ 31,742	\$ 63,483
<b>NET POSITION</b>						
Unrestricted	(5,331)	(985,994)	192,613	2,101,550	6,422,851	7,725,689
Net Investment in Capital Assets	3,555	-	-	-	-	3,555
<b>Total Net Position</b>	<b>(1,776)</b>	<b>(985,994)</b>	<b>192,613</b>	<b>2,101,550</b>	<b>6,422,851</b>	<b>7,729,244</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 24,325</b>	<b>\$ 18,513,692</b>	<b>\$ 317,403</b>	<b>\$ 2,645,620</b>	<b>\$ 16,849,781</b>	<b>\$ 38,350,821</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**COMBINING STATEMENTS OF NET POSITION, continued**  
**JUNE 30, 2016**

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2015 Total
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$ 289,482	\$ 5,329,735	\$ 1,135,222	\$ 1,228,583	\$ 2,596,127	\$ 10,579,149
Investments, Current	-	608,107	-	-	-	608,107
Accounts Receivable	-	98,001	5,145	41,467	5,437,440	5,582,053
Interfund Receivable/(Payable)	(277,498)	(895,283)	(854,442)	154,235	1,872,988	-
<b>Total Current Assets</b>	<b>11,984</b>	<b>5,140,560</b>	<b>285,925</b>	<b>1,424,285</b>	<b>9,906,555</b>	<b>16,769,309</b>
Noncurrent Assets						
Investments	-	11,383,173	-	1,056,421	2,693,874	15,133,468
Capital Assets, Net of Depreciation	4,147	-	-	-	-	4,147
<b>Total Assets</b>	<b>\$ 16,131</b>	<b>\$ 16,523,733</b>	<b>\$ 285,925</b>	<b>\$ 2,480,706</b>	<b>\$ 12,600,429</b>	<b>\$ 31,906,924</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable and Accrued Expenses	\$ 17,315	\$ 2,815	\$ 290	\$ 213,567	\$ 2,487,589	\$ 2,721,576
Prefunding Deposits	-	-	-	30,842	3,085,589	3,116,431
Current Portion of Unpaid Claims and Claim Adj. Expenses	-	1,792,000	22,741	142,000	1,709,000	3,665,741
<b>Total Current Liabilities</b>	<b>17,315</b>	<b>1,794,815</b>	<b>23,031</b>	<b>386,409</b>	<b>7,282,178</b>	<b>9,503,748</b>
Noncurrent Liabilities						
Unpaid Claims and Claim Adjustment Expenses Less Current Portion	-	19,567,518	18,607	-	-	19,586,125
Unallocated Loss Adjustment Expense (ULAE)	-	1,509,000	50,819	-	-	1,559,819
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>21,076,518</b>	<b>69,426</b>	<b>-</b>	<b>-</b>	<b>21,145,944</b>
<b>Total Liabilities</b>	<b>17,315</b>	<b>22,871,333</b>	<b>92,457</b>	<b>386,409</b>	<b>7,282,178</b>	<b>30,649,692</b>
<b>NET POSITION</b>						
Unrestricted	(4,739)	(6,347,600)	193,468	2,094,297	5,318,251	1,253,677
Net Investment in Capital Assets	3,555	-	-	-	-	3,555
<b>Total Net Position</b>	<b>(1,184)</b>	<b>(6,347,600)</b>	<b>193,468</b>	<b>2,094,297</b>	<b>5,318,251</b>	<b>1,257,232</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 16,131</b>	<b>\$ 16,523,733</b>	<b>\$ 285,925</b>	<b>\$ 2,480,706</b>	<b>\$ 12,600,429</b>	<b>\$ 31,906,924</b>

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2016 Total
<b>OPERATING REVENUE</b>						
Member contributions	\$ -	\$ 24,592,229	\$ 1,128,579	\$ 3,329,392	\$ 122,814,901	\$ 151,865,101
Other	-	5,798	-	-	-	5,798
<b>Total Operating Revenues</b>	-	24,598,027	1,128,579	3,329,392	122,814,901	151,870,899
<b>OPERATING EXPENSES</b>						
Provision for claims and claims adjustment expense	-	(1,180,646)	3,877	3,248,723	120,547,926	122,619,880
Insurance premiums	-	19,900,344	1,032,437	-	-	20,932,781
Services and other operating expenses	-	417,335	11,825	9,780	956,843	1,395,783
Salaries and benefits	-	139,905	44,054	51,796	206,123	441,878
Supplies	-	435	144	289	2,028	2,896
Depreciation	592	-	-	-	-	592
<b>Total Operating Expense</b>	592	19,277,373	1,092,337	3,310,588	121,712,920	145,393,810
<b>Net Operating Income/(Loss)</b>	(592)	5,320,654	36,242	18,804	1,101,981	6,477,089
<b>NON-OPERATING REVENUE:</b>						
Investment income	-	156,546	1,434	26,980	195,276	380,236
Cumulative effect of net pension liability expense	-	(115,594)	(38,531)	(38,531)	(192,657)	(385,313)
<b>Total Non-Operating Revenues</b>	-	40,952	(37,097)	(11,551)	2,619	(5,077)
<b>CHANGE IN NET POSITION</b>	(592)	5,361,606	(855)	7,253	1,104,600	6,472,012
<b>Beginning Net Position</b>	(1,184)	(6,347,600)	193,468	2,094,297	5,318,251	1,257,232
<b>Ending Net Position</b>	\$ (1,776)	\$ (985,994)	\$ 192,613	\$ 2,101,550	\$ 6,422,851	\$ 7,729,244

**ALAMEDA COUNTY SCHOOLS INSURANCE GROUP**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2015 Total
<b>OPERATING REVENUE</b>						
Member contributions	\$ -	\$ 20,019,868	\$ 933,900	\$ 2,760,330	\$ 112,486,861	\$ 136,200,959
<b>Total Operating Revenues</b>	-	20,019,868	933,900	2,760,330	112,486,861	136,200,959
<b>OPERATING EXPENSES</b>						
Provision for claims and claims adjustment expense	-	(68,315)	(46,450)	2,451,429	110,825,253	113,161,917
Insurance premiums	-	19,354,086	831,111	-	-	20,185,197
Services and other operating expenses	-	416,050	(32,645)	22,000	853,173	1,258,578
Salaries and benefits	-	-	-	-	333,061	333,061
Supplies	-	-	-	-	7,426	7,426
Depreciation	592	-	-	-	-	592
<b>Total Operating Expense</b>	592	19,701,821	752,016	2,473,429	112,018,913	134,946,771
<b>Net Operating Income/(Loss)</b>	(592)	318,047	181,884	286,901	467,948	1,254,188
<b>NON-OPERATING REVENUE:</b>						
Investment income	-	264,635	1,697	21,597	69,465	357,394
Interfund transfer	-	2,450,000	50,000	-	-	2,500,000
<b>Total Non-Operating Revenues</b>	-	2,714,635	51,697	21,597	69,465	2,857,394
<b>NON-OPERATING EXPENSE:</b>						
Investment expense	-	-	-	7,338	154,342	161,680
Interfund transfer	-	-	-	-	2,500,000	2,500,000
<b>Total Non-Operating Expense</b>	-	-	-	7,338	2,654,342	2,661,680
<b>CHANGE IN NET POSITION</b>	(592)	3,032,682	233,581	301,160	(2,116,929)	1,449,902
<b>Beginning Net Position</b>	(592)	(9,380,282)	(40,113)	1,793,137	7,435,180	(192,670)
<b>Ending Net Position</b>	\$ (1,184)	\$ (6,347,600)	\$ 193,468	\$ 2,094,297	\$ 5,318,251	\$ 1,257,232

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Independent Auditors' Report

Board of Directors and Members  
Alameda County Schools Insurance Group  
Dublin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alameda County Schools Insurance Group, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Alameda County Schools Insurance Group's basic financial statements, and have issued our report thereon dated October 19, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alameda County Schools Insurance Group's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alameda County Schools Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda County Schools Insurance Group's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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State Board of Accountancy*

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Alameda County Schools Insurance Group's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
October 19, 2016