ALAMEDA COUNTY SCHOOLS INSURANCE GROUP

AUDIT REPORT

JUNE 30, 2018 AND 2017

San Diego

Los Angeles

San Francisco
Bay Area

christy white associates
A PROFESSIONAL
ACCOUNTANCY CORPORATION

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

FINANCIAL SECTION

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

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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, 2018 and 2017, 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.

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, 2018 and 2017, 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 11. 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 24, 2018 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 solely 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 the effectiveness of the Alameda County Schools Insurance Group's 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 24, 2018

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, 2017, and 2018. 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.

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.

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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.

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 had 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. Effective June 30, 2017, the deficit has been eliminated and the deficit recoupment plan has been completed.

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 2017/2018, ACSIG's net position improved by $6.2 million. This group moved from a deficit position, to an equity position of $7.7 million in 2015/2016. In 2016/2017, ACSIG's net position improved by $7.9 million. In 2017/2018, this equity position has increased to $12.8 million, as of 06/30/2018. All programs (below) are in an equity position.

By Program:

Workers' Compensation

In 2017/2018 the Worker's Compensation program added $5 million to their equity position. In 2016/2017 the Worker's Compensation program moved from a deficit to an equity net position of $6 million. As of 06/30/2018, equity in the program is $11 million.

In 2017/2018, assets increased by $4.6 million and liabilities decreased by $350 thousand. Operating income is $5 million in excess of expenses.

Based upon the annual actuarial report performed in 2017/2018, the re-estimation of the ultimate cost for the self-insured claims prior the 07/01/2009 decreased by $250 thousand. This decrease in actuarial liability was offset by a $900 thousand increase related to the Castlepoint Reinsurance Insolvency.

Claim liabilities are discounted. As claims are paid, discount is applied to a decreasing cash reserve amount, in 2017/2018 the discount factor was revised from 1.5% to 1.75%, increasing the discount available for claim liabilities. All claim liabilities are fully funded.

Property/Liability

In 2017/2018, the net equity position increased by $6 thousand, as of 06/30/2018 and an ending net position of $208 thousand. All liabilities are fully reserved in this program.

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.

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 06/30/2016, 06/30/2017, and 06/30/2018 showing total assets versus total liabilities, with a percentage of change between program years.

	As of		2016/2017			2017/2018	
	06/30/16	06/30/17	Variance	%	06/30/18	Variance	%
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 14,330,091	$ 18,524,908	$ 4,194,817	29.27 %	$ 24,562,309	$ 6,037,401	32.59 %
Investments, current	1,701,027	2,032,238	331,211	19.47	2,639,124	606,886	29.86
Accounts Receivable	7,965,408	7,827,985	(137,423)	(1.73)	8,024,200	196,215	2.51
Prepaid Expense	- -	9,948	9,948	- -	7,685	(2,263)	- -
Total Current Assets	23,996,526	28,395,079	4,398,553	18.33	35,233,318	6,838,239	24.08
Noncurrent							
Investments	14,370,020	14,018,468	(351,552)	(2.45)	13,351,978	(666,490)	(4.75)
Capital assets, net	3,555	2,963	(592)	(16.65)	2,371	(592)	(19.98)
Total Noncurrent Assets	14,373,575	14,021,431	(352,144)	(2.45)	13,354,349	(667,082)	(4.76)
Total Assets	38,370,101	42,416,510	4,046,409	10.55	48,587,667	6,171,157	14.55
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow of resources - pension	44,203	217,668	173,465	- -	546,377	328,709	151.01
LIABILITIES							
Current Liabilities							
Accounts payable	5,414,640	3,053,398	(2,361,242)	(43.61)	3,446,835	393,437	12.89
Prefunding deposits	3,418,159	3,817,300	399,141	11.68	4,030,577	213,277	5.59
Current portion of unpaid claims and claim adjustment expenses	3,542,657	3,832,965	290,308	8.19	4,901,822	1,068,857	27.89
Total current Liabilities	12,375,456	10,703,663	(1,671,793)	(13.51)	12,379,234	1,675,571	15.65
Noncurrent Liabilities	17,720,610	15,610,948	(2,109,662)	(11.91)	14,184,757	(1,426,191)	(9.14)
Total noncurrent Liabilities	17,720,610	15,610,948	(2,109,662)	(11.91)	14,184,757	(1,426,191)	(9.14)
Net pension liabilities	525,511	586,196	60,685	- -	732,827	146,631	- -
Total Liabilities	30,621,577	26,900,807	(3,720,770)	(12.15)	27,296,818	396,011	1.47
DEFERRED INFLOW OF RESOURCES							
Deferred inflow of resources - pension	63,483	128,507	65,024	- -	65,612	(62,895)	(48.94)
NET POSITION	$ 7,729,244	$ 15,604,864	$ 7,875,620	101.89 %	$ 21,771,614	$ 6,166,750	39.52 %

Basic Financial Statements (continued):

Assets:

In 2017/2018, the assets of ACSIG increased by $6.2 million or 14.55%, 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, pg 15, of this report.

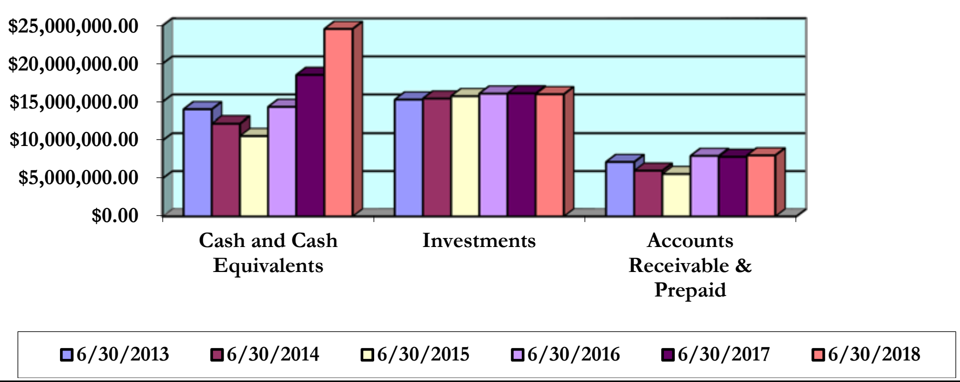
Cash variances are mainly attributed to receipt of member contributions, and deficit assessments, which are less or greater than, claim payments, insurance premiums, and other operating expense. Investment income also increases cash and investments.

Liabilities:

In 2017/2018, the liabilities of ACSIG decreased by $396 thousand or 1.47%.

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.

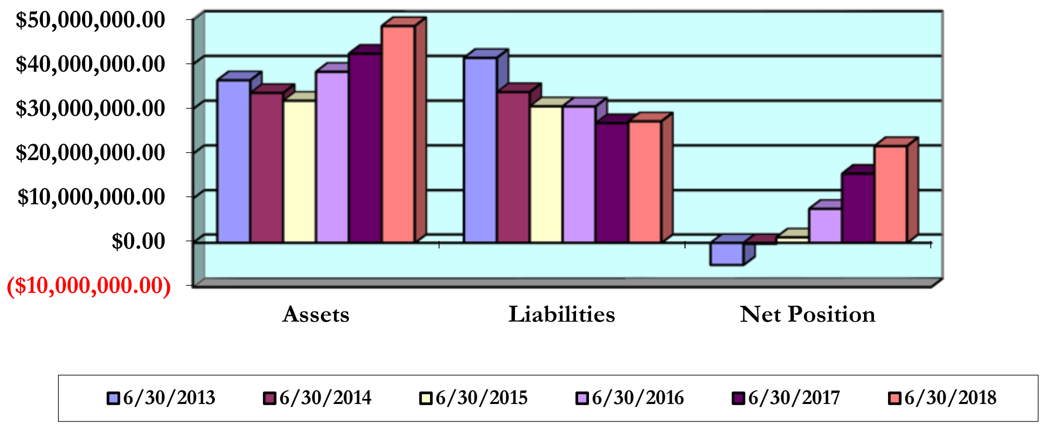


Net Position:

In 2017/2018, as of 06/30/2018, ACSIG's ending Net Position is $21.8 million. An increase in net position of $6.2 million, from 07/01/2017 – 06/30/2018 is due to the following factors.

1) Increase in net assets from net operating income, greater than operating expenditures of $6 million
2) Increase in net assets from non-operating investment income of $200 thousand.

Statement of Net Position year variances can be seen below.



Statements of Revenues, Expenses and Change in Net Position:

In 2017/2018, revenues exceeded expenses by $6.2 million, resulting in an increase to the Net Position. Details of these changes are shown below, in the Condensed Statements of Revenues, Expenses, and Changes in Net Position.

	Fiscal Year Ended		Increase/ (Decrease) 2016/2017		Fiscal Year Ended	Increase/ (Decrease) 2017/2018	
	06/30/16	06/30/17	Variance	Percentage	06/30/18	Variance	Percentage
Operating Revenue:							
Member Contributions	$ 151,865,101	$ 158,165,112	$ 6,300,011	4.15 %	$ 164,546,182	$ 6,381,070	4.03 %
Other	5,798	247	(5,551)	- -	- -	(247)	- -
Total Operating Revenue	151,870,899	158,165,359	6,294,460	4.14	164,546,182	6,380,823	4.03
Operating Expenses:							
Claims and Claims Adj Expense	122,619,880	125,732,817	3,112,937	2.54	135,016,333	9,283,516	7.38
Insurance Expense	20,932,781	22,798,133	1,865,352	8.91	21,790,454	(1,007,679)	(4.42)
Services and other operating	1,316,044	1,463,432	147,388	11.20	1,547,096	83,664	5.72
Salaries and benefits	521,616	311,162	(210,454)	(40.35)	178,912	(132,250)	(42.50)
Supplies	2,896	3,621	725	25.03	5,161	1,540	42.53
Depreciation	592	592	- -	- -	592	- -	- -
Total Operating Expenses	145,393,809	150,309,757	4,915,948	3.38	158,538,548	8,228,791	5.47
Net Operating Income/(loss)	6,477,090	7,855,602	1,378,512	21.28	6,007,634	(1,847,968)	(23.52)
Non Operating Income/(Expense)	380,236	20,018	(360,218)	(94.74)	159,116	139,098	694.86
Change in Net Position	6,857,326	7,875,620	1,018,294	14.85	6,166,750	(1,708,870)	(21.70)
Cumulative effect of GASB 68	(385,314)	- -	385,314	- -	- -	- -	- -
Beginning Net Position	1,257,232	7,729,244	6,472,012	514.78	15,604,864	7,875,620	101.89
Ending Net Position	$ 7,729,244	$ 15,604,864	$ 7,490,306	101.89 %	$ 21,771,614	$ 6,166,750	39.52 %

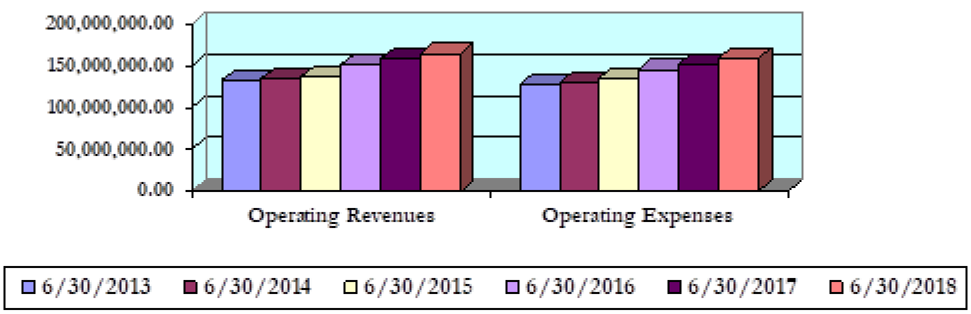
Statements of Revenues, Expenses and Change in Net Position (continued):

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

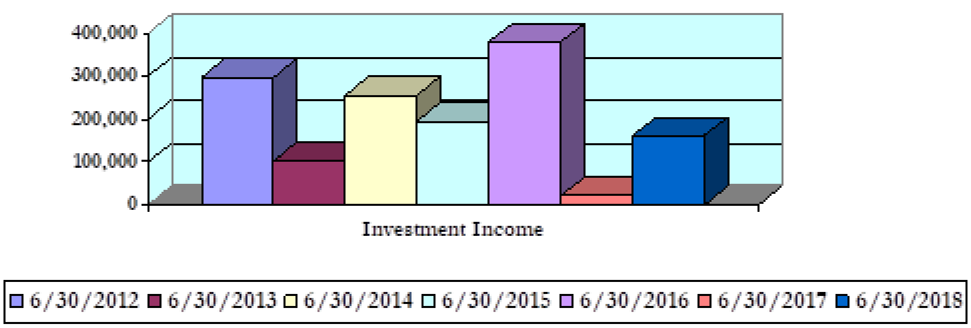
In 2017/2018, operating revenue increased by $6.4 million, or 4.03%.

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

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, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 24,562,309	$ 18,524,908
Investments, current	2,639,124	2,032,238
Accounts receivable	8,024,200	7,827,985
Prepaid expenses	7,685	9,948
Total Current Assets	35,233,318	28,395,079
Noncurrent Assets		
Investments	13,351,978	14,018,468
Capital assets, net of depreciation	2,371	2,963
Total Noncurrent Assets	13,354,349	14,021,431
Total Assets	48,587,667	42,416,510
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflow of resources - pension	546,377	217,668
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	3,446,835	3,053,398
Prefunding deposits	4,030,577	3,817,300
Current portion of unpaid claims and claim adjustment expenses	4,901,822	3,832,965
Total Current Liabilities	12,379,234	10,703,663
Noncurrent Liabilities		
Unpaid claims and claim adjustment expenses less current portion	14,184,757	15,610,948
Net pension liability	732,827	586,196
Total Liabilities	27,296,818	26,900,807
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources - pension	65,612	128,507
NET POSITION		
Unrestricted	21,769,243	15,601,901
Net investment in capital assets	2,371	2,963
Total Net Position	21,771,614	15,604,864
Total Liabilities and Net Position	$ 49,134,044	$ 42,634,178

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, 2018 AND 2017

	2018	2017
OPERATING REVENUE		
Member contributions	$ 164,546,182	$ 158,165,112
Other income	-	247
Total Operating Revenues	164,546,182	158,165,359
OPERATING EXPENSES		
Claims and claims adjustment expense	135,016,333	125,732,817
Insurance expense	21,790,454	22,798,133
Services and other operating	1,547,096	1,463,432
Salaries and benefits	178,912	311,162
Supplies	5,161	3,621
Depreciation	592	592
Total Operating Expense	158,538,548	150,309,757
Net Operating Income/(Loss)	6,007,634	7,855,602
NON-OPERATING REVENUE:		
Investment income	159,116	20,018
CHANGE IN NET POSITION	6,166,750	7,875,620
Net Position - Beginning	15,604,864	7,729,244
Net Position - Ending	$ 21,771,614	$ 15,604,864

See accompanying notes to the financial statements.

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Cash received from members and others	$ 164,563,244	$ 158,701,923
Cash payments for claims	(135,373,667)	(127,552,171)
Cash payments for insurance	(21,788,191)	(22,808,081)
Cash payments to suppliers for goods and services	(1,158,820)	(3,828,295)
Cash payments for employee salaries and benefits	(423,885)	(358,918)
Net cash provided by (used in) operating activities	5,818,681	4,154,458
Cash flows from investing activities		
Purchase of investments	(281,018)	(297,873)
Interest income received	499,738	338,232
Net cash provided by (used in) investing activities	218,720	40,359
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	6,037,401	4,194,817
CASH AND CASH EQUIVALENTS		
Beginning of year	18,524,908	14,330,091
End of year	$ 24,562,309	$ 18,524,908
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income (loss)	$ 6,007,634	$ 7,855,602
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	592	592
(Increase) decrease in:		
Accounts receivable	(196,215)	137,423
Prepaid expenses	2,263	(9,948)
Deferred outflows	(328,709)	(173,465)
Increase (decrease) in:		
Accounts payable	393,437	(2,361,242)
Prefunding deposits	213,277	399,141
Unpaid claims and claim adjustment expenses	(357,334)	(1,819,354)
Deferred inflows	(62,895)	65,024
Net pension liability	146,631	60,685
Net cash provided by (used in) operating activities	$ 5,818,681	$ 4,154,458

See accompanying notes to the financial statements.

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 Groups. Participating members now include various school Groups 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 Groups considers the Group to be a "Special Group."

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.

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 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, 2018 and 2017 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.

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 Group.

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.

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, 2016 (the beginning of the measurement period ended June 30, 2017).

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.

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, 2018 and 2017 are reported at fair value and consisted of the following:

	Fiscal Year Ended 2018	Fiscal Year Ended 2017
Cash and cash equivalents		
Cash in bank	$ 6,432,215	$ 3,464,272
Cash in county treasury	14,878,247	11,826,787
Local agency investment fund	3,214,911	3,177,362
Money market accounts	36,936	56,487
Total cash and cash equivalents	$ 24,562,309	$ 18,524,908

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, 2018, the carrying amount of the Group's interest-bearing and noninterest-bearing accounts were $24,180,974 and $381,335, and the bank balances were $24,090,387 and $471,922, respectively, of which $1,396,921 was insured. At June 30, 2017, the carrying amount of the Group's interest-bearing and noninterest-bearing accounts were $18,176,597 and $348,311, and the bank balances were $17,684,188 and $372,029, respectively, of which $1,355,406 was insured.

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, 2018, 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 hour 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, 2018, 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.

NOTE 3 – INVESTMENTS

At June 30, 2018 and 2017, investments are reported at fair value and consisted of the following:

		2018		2017
Investments				
Corporate Bonds	$	4,442,483	$	4,634,404
Federal Agency Bonds and Notes		6,216,838		7,357,381
U.S. Treasury Notes		5,331,781		4,058,921
Total investments	$	15,991,102	$	16,050,706
Investments maturing within one year		2,639,124		2,032,238
Long-term investments	$	13,351,978	$	14,018,468

Maturities of investments held at June 30, 2018 consist of the following:

			Maturity	
	Rating	Fair Value	Less Than One Year	One Year through Five Years
Investment maturities:				
Corporate Bonds	A-	$ 4,442,483	$ 996,366	$ 3,446,117
Federal Agency				
Bonds and Notes:				
FHLMC	AA+	3,192,446	1,642,758	1,549,688
FNMA	AA+	2,139,335	-	2,139,335
U.S. Treasury Notes	TSY	6,216,838	-	6,216,838
		$ 15,991,102	$ 2,639,124	$ 13,351,978

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

<u>**Investment Credit Risk**</u>: 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, 2018, 100% of the portfolio was invested in "A-"rated obligations, or better. All credit ratings presented in this paragraph are Standard & Poor's ratings.

<u>**Concentration of Investment Credit Risk**</u>: At June 30, 2018, the Group has the following investments that represent more than five percent of the Group's net investments:

Corporate Bonds 28%
U.S. Treasury Notes 39%
FNMA 13%
FHLMC 20%

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, 2018 were as follows:

	Quoted Prices Level 1	Uncategorized	Total
Cash in county treasury	$ -	$ 14,878,247	$ 14,878,247
Local agency investment fund	-	3,214,911	3,214,911
Money market accounts	-	36,936	36,936
Corporate Bonds	4,442,483	-	4,442,483
Federal Agency Bonds and Notes	5,331,781	-	5,331,781
U.S. Treasury Notes	6,216,838	-	6,216,838
Total fair market value of investments	$ 15,991,102	$ 18,130,094	$ 34,121,196

NOTE 4 – ACCOUNTS RECEIVABLE

The balance of $8,024,200 as of June 30, 2018 and $7,827,985 as of June 30, 2017 consisted of premiums due from members.

NOTE 5 – CAPITAL ASSETS

The following is a summary as of June 30, 2018 and 2017 of furniture and equipment, net of accumulated depreciation:

	2018	2017
Capital Assets		
Furniture and equipment	$ 5,923	$ 5,923
Less accumulated depreciation	3,552	2,960
Total capital assets, net	$ 2,371	$ 2,963

Activity for furniture and equipment for the years ended June 30, 2018 and 2017 included the following:

Furniture and Equipment Activity	2018	2017
Furniture and equipment, net, beginning of year	$ 2,963	$ 3,555
Current year depreciation	592	592
Furniture and equipment, net, end of year	$ 2,371	$ 2,963

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, 2018 and 2017:

	2018	2017
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 19,443,913	$ 21,263,267
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	126,510,219	117,074,535
Change in provision for covered events of prior years	635,068	(910,489)
Total incurred claims and claim adjustment expenses	$ 127,145,287	$ 116,164,046
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	124,251,439	114,824,398
Claims and claim adjustment expenses attributable to covered events of prior years	3,251,182	3,159,002
Total payments:	127,502,621	117,983,400
Total unpaid claims and claim adjustment expenses, end of year	$ 19,086,579	$ 19,443,913

The components of the unpaid claims and claim adjustment expenses as of June 30, 2018 and 2017 were as follows:

	2018	2017
Unpaid claims and claim adjustment expenses, end of year		
Claim reserves	$ 6,259,812	$ 6,944,071
Claims incurred but not reported (IBNR)	11,448,929	11,134,004
Unallocated loss adjustment expenses (ULAE)	1,377,838	1,365,838
Total unpaid claims and claim adjustment expenses, end of year	$ 19,086,579	$ 19,443,913

The current and long-term portions were $4,901,822 and $14,184,757, respectively, as of June 30, 2018 and were $3,832,965 and $15,610,948, respectively, as of June 30, 2017. 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 $21,273,855 and $21,476,929 at June 30, 2018 and 2017, respectively.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEM

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, 2017 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

The Group is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 13.888% of annual payroll. Contributions to the plan from the Group were $53,799 for the year ended June 30, 2018.

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, 2018, the Group reported a liability of $732,827 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, and rolling forward the total pension liability to June 30, 2016. 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. At June 30, 2017, the Group's proportion was 0.019 percent, which was a decrease of 0.01376 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Group recognized pension expense of $191,173. At June 30, 2018, the Group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ -
Differences between expected and actual experience	472,608	516
Changes in assumptions	-	21,308
Changes in proportion and differences between Group contributions and proportionate share of contributions	19,969	43,788
Group contributions subsequent to the measurement date	53,800	-
	$ 546,377	$ 65,612

The $53,800 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 216,076	$ 13,795
2020	216,076	13,795
2021	60,425	38,022
2022	-	-
	$ 492,577	$ 65,612

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, 2016, and rolling forward the total pension liability to June 30, 2017 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, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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.

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.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Years 11+**
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 Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period
** An expected inflation of 3.0% used for this period

Discount rate

The discount rate used to measure the total pension liability was 7.65 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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Group's proportionate share of the net pension liability	$ 1,142,370	$ 732,827	$ 393,636

Pension plan fiduciary net position

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

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, 2018 and 2017 was $83,240 and $81,140 respectively. The future minimum rental commitments on the non-cancelable operating lease ending in October 2019 as follows:

Year Ended June 30,	Minimum Rental Commitment	
2019	$	85,340
2020		28,680
Total	$	114,020

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, 2017 (most recent information available) are as follows:

	NCRLF		PIPS	
Total Assets	$	75,820,380	$	129,260,118
Total Liabilities		59,774,301		111,815,654
Total Net Position	$	16,046,079	$	17,444,464
Revenues	$	53,157,908	$	301,089,853
Expenses		(52,877,526)		(296,996,362)
Change in Net Position	$	280,382	$	4,093,491

NOTE 10 – NET POSITION

Net Position is composed of the following elements as of June 30, 2018 and 2017

	2018	2017
NET POSITION		
Unrestricted	$ 21,769,243	$ 15,601,901
Net investment in capital assets	2,371	2,963
Total Net Position	$ 21,771,614	$ 15,604,864

NOTE 11 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
WORKERS' COMPENSATION PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 17,128,957	$ 19,340,255
Incurred claims and claim adjustment expenses:		
Change in provision for covered events of prior years	622,927	(930,791)
Total incurred claims and claim adjustment expenses	622,927	(930,791)
Payments:		
Claims and claim adjustment expenses attributable to covered events of prior years	1,001,753	1,280,507
Total payments:	1,001,753	1,280,507
Total unpaid claims and claim adjustment expenses, end of year	$ 16,750,131	$ 17,128,957

	2018	2017
Unpaid claims and claim adjustment expenses, end of year		
Claim reserves	$ 6,164,170	$ 6,877,723
Claims incurred but not reported (IBNR)	9,245,961	8,923,234
Unallocated loss adjustment expenses (ULAE)	1,340,000	1,328,000
Total unpaid claims and claim adjustment expenses, end of year	$ 16,750,131	$ 17,128,957

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
PROPERTY/LIABILITY PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 115,956	$ 72,012
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	63,000	51,137
Change in provision for covered events of prior years	12,141	20,302
Total incurred claims and claim adjustment expenses	75,141	71,439
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	3,220	-
Claims and claim adjustment expenses attributable to covered events of prior years	50,429	27,495
Total payments:	53,649	27,495
Total unpaid claims and claim adjustment expenses, end of year	$ 137,448	$ 115,956

	2018	2017
Unpaid claims and claim adjustment expenses, end of year		
Claim reserves	$ 95,642	$ 66,348
Claims incurred but not reported (IBNR)	3,968	11,770
Unallocated loss adjustment expenses (ULAE)	37,838	37,838
Total unpaid claims and claim adjustment expenses, end of year	$ 137,448	$ 115,956

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
VISION PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 300,000	$ 142,000
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	3,680,488	3,185,838
Total incurred claims and claim adjustment expenses	3,680,488	3,185,838
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	$ 3,380,488	$ 2,885,838
Claims and claim adjustment expenses attributable to covered events of prior years	300,000	142,000
Total payments:	3,680,488	3,027,838
Total unpaid claims and claim adjustment expenses, end of year	$ 300,000	$ 300,000

	2018	2017
Unpaid claims and claim adjustment expenses, end of year		
Claims incurred but not reported (IBNR)	$ 300,000	$ 300,000
Total unpaid claims and claim adjustment expenses, end of year	$ 300,000	$ 300,000

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
DENTAL PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Unpaid claims and claim adjustment expenses, beginning of fiscal year	$ 1,899,000	$ 1,709,000
Incurred claims and claim adjustment expenses:		
Provision for covered events of the current year	122,766,731	113,837,560
Total incurred claims and claim adjustment expenses	122,766,731	113,837,560
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	120,867,731	111,938,560
Claims and claim adjustment expenses attributable to covered events of prior years	1,899,000	1,709,000
Total payments:	122,766,731	113,647,560
Total unpaid claims and claim adjustment expenses, end of year	1,899,000	1,899,000

Unpaid claims and claim adjustment expenses, end of year		
Claims reserves	$ -	$ -
Claims incurred but not reported (IBNR)	1,899,000	1,899,000
Total unpaid claims and claim adjustment expenses, end of year	$ 1,899,000	$ 1,899,000

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
SCHEDULE OF THE GROUP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Group's proportion of the net pension liability	0.019%	0.017%	0.022%	0.019%
Group's proportionate share of the net pension liability	$ 732,827	$ 586,196	$ 525,511	$ 385,314
Group's covered-employee payroll	$ 286,178	$ 237,143	$ 210,454	$ 211,975
Group's proportionate share of the net pension liability as a percentage of its covered-employee payroll	256.1%	247.2%	249.7%	181.8%
Plan fiduciary net position as a percentage of the total pension liability.	75.4%	74.1%	78.4%	83.4%

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
SCHEDULE OF GROUP CONTRIBUTIONS - CALPERS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 53,800	$ 51,863	$ 40,592	$ 49,298
Contributions in relation to the contractually required contribution	(53,800)	(51,863)	(40,592)	(49,298)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Group's covered-employee payroll	$ 286,178	$ 237,143	$ 210,454	$ 211,975
Contributions as a percentage of covered-employee payroll	18.80%	21.87%	19.29%	23.26%

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-payroll, the Group's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered- 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 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 payroll.

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, 2018 AND 2017

	For Policy Years Ended June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 Required contribution and investment revenue											
Earned	$ 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	$ 28,207,535	$ 26,869,027
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)	(20,534,560)	(20,131,630)	(19,857,950)
Net earned	$ 14,064,000	$ 14,815,502	$ 1,589,447	$ 2,526,145	$ 4,247,946	$ 2,704,999	$ 1,596,474	$ 309,411	$ 4,220,013	$ 8,075,905	$ 7,011,077
2 Unallocated expenses	$ 786,000	$ 3,120,092	$ 1,052,191	$ 170,715	$ 319,437	$ 488,659	$ 453,830	$ 427,285	$ 588,457	$ 574,917	$ 663,711
3 Estimated losses and exenses, end of fiscal year:											
Incurred	$ 6,117,000	$ 8,012,622	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ceded	-	-	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -
Net incurred	$ 6,117,000	$ 8,012,622	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4 Net paid (cumulative) as of:											
End of fiscal year	$ 1,473,000	$ 2,015,223	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
One year later	$ 4,228,134	$ 4,135,775	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Two years later	$ 5,634,001	$ 5,638,846	$ -	$ -	$ -	$ -	$ -	$ -			
Three years later	$ 6,605,109	$ 6,715,196	$ -	$ -	$ -	$ -	$ -				
Four years later	$ 6,992,411	$ 7,600,911	$ -	$ -	$ -	$ -					
Five years later	$ 7,454,482	$ 7,880,731	$ -	$ -	$ -						
Six years later	$ 7,819,727	$ 8,515,703	$ -	$ -							
Seven years later	$ 8,322,517	$ 8,661,620	$ -								
Eight years later	$ 8,370,296	$ 8,861,911									
Nine years later	$ 8,423,537										
Ten years later											
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated net incurred losses and expenses:											
End of fiscal year	$ 6,117,000	$ 8,012,622	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
One year later	$ 10,474,925	$ 10,768,305	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Two years later	$ 11,525,318	$ 10,770,204	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
Three years later	$ 10,929,748	$ 11,378,258	$ -	$ -	$ -	$ -	$ -	$ -			
Four years later	$ 10,833,352	$ 10,501,500	$ -	$ -	$ -	$ -	$ -				
Five years later	$ 10,141,142	$ 10,585,137	$ -	$ -	$ -	$ -					
Six years later	$ 10,362,281	$ 10,469,961	$ -	$ -	$ -						
Seven years later	$ 9,859,233	$ 10,101,017	$ -	$ -							
Eight years later	$ 9,639,692	$ 9,943,375	$ -								
Nine years later	$ 9,520,490	$ 9,593,861									
Ten years later	$ 9,475,767										
7 Increase in estimated net incurred losses and expenses from end of fiscal year	$ 3,358,767	$ 1,581,239	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
PROPERTY/LIABILITY PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

For Policy Years Ended June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 Required contribution and investment revenue											
Earned	390,000	544,363	552,093	559,195	630,698	675,900	774,613	935,595	1,130,013	1,329,483	1,296,072
Ceded	(7,000)	(541,854)	(559,419)	(545,530)	(560,273)	(611,537)	(663,484)	(831,111)	(1,032,437)	(1,202,982)	(1,170,873)
Net earned	383,000	2,509	(7,326)	13,665	70,425	64,363	111,129	104,484	97,576	126,501	125,199
2 Unallocated expenses	4,000	18,183	32,828	8,069	9,016	21,810	18,376	20,128	56,023	45,597	63,426
3 Estimated losses and expenses, end of fiscal year:											
Incurred	147,000	307,207	54,796	82,548	75,212	108,036	110,941	32,843	25,000	54,069	63,000
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net incurred	147,000	307,207	54,796	82,548	75,212	108,036	110,941	32,843	25,000	54,069	63,000
4 Net paid (cumulative) as of:											
End of fiscal year	27,000	84,499	10,931	18,839	1,683	22,371	-	-	6,681	-	3,221
One year later	273,370	111,503	42,740	20,496	16,543	89,764	20,000	6,771	26,438	20,000	
Two years later	83,044	131,676	28,438	33,140	76,543	113,117	20,000	18,078	52,777		
Three years later	83,044	107,846	48,738	33,141	96,543	125,045	20,000	18,078			
Four years later	60,441	117,507	48,738	33,141	96,543	125,045	20,000				
Five years later	60,441	117,507	48,738	33,141	96,543	125,045					
Six years later	60,411	117,507	48,738	33,141	96,543						
Seven years later	60,411	117,507	48,738	33,141							
Eight years later	60,411	117,507	48,738								
Nine years later	60,411	117,507									
Ten years later	60,411										
5 Reestimated ceded losses and expenses	-	-	-	-	-	-	-	-	-	-	-
6 Reestimated net incurred losses and expenses:											
End of fiscal year	147,000	307,207	54,796	82,548	75,212	101,000	111,900	32,843	25,000	54,069	63,000
One year later	401,609	121,183	79,867	78,773	112,560	148,539	20,863	7,843	51,345	40,968	
Two years later	83,044	144,849	62,351	60,496	100,792	126,562	20,863	18,078	72,777		
Three years later	83,044	117,275	48,738	37,639	96,543	126,562	20,863	18,078			
Four years later	60,441	117,507	49,777	33,141	96,543	126,562	20,863				
Five years later	60,441	117,507	48,738	33,141	96,543	126,562					
Six years later	60,441	117,507	48,738	33,141	96,543	126,562					
Seven years later	60,441	117,507	48,738	33,141	96,543						
Eight years later	60,441	117,507	48,738	33,141							
Nine years later	60,441	117,507	48,738								
Ten years later	60,441										
7 Increase in estimated net incurred losses and expenses from end of fiscal year	(86,559)	(189,700)	(6,058)	(49,407)	21,331	25,562	(91,037)	(14,765)	47,777	(13,101)	-

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
VISION PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For Policy Years Ended June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 Required contribution and investment revenue											
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	$ 3,803,259	$ 4,367,442
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net 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	$ 3,803,259	$ 4,367,442
2 Unallocated expenses	$ -	$ -	$ 14,493	$ 96,930	$ 140,236	$ 153,671	$ -	$ -	$ 61,866	$ 49,023	$ 50,678
3 Estimated losses and expenses, end of fiscal year:											
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	$ 3,835,689	$ 4,066,933
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net 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	$ 3,835,689	$ 4,066,933
4 Net paid (cumulative) as of:											
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	$ 3,185,838	$ 3,380,488
One year later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127	$ 1,704,628	$ 2,067,215	$ 2,173,883	2,940,029	3,485,838	
Two years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127	$ 1,704,628	$ 2,067,215	$ 2,173,883	2,940,029		
Three years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127	$ 1,704,628	$ 2,067,215	2,173,883			
Four years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127	$ 1,704,628	2,067,215				
Five years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127	1,704,628					
Six years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,634,127						
Seven years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209							
Eight years later	$ -	$ 1,357,704	$ 1,466,642								
Nine years later	$ -	$ 1,357,704									
Ten years later	$ -										
5 Reestimated ceded losses and expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6 Reestimated net incurred losses and expenses:											
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	$ 3,835,689	$ 4,066,933
One year later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127	$ 1,959,342	$ 2,238,178	$ 2,473,429	$ 3,248,723	$ 3,835,689	
Two years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127	$ 1,959,342	$ 2,238,178	$ 2,473,429	$ 3,248,723		
Three years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127	$ 1,959,342	$ 2,238,178	$ 2,473,429			
Four years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127	$ 1,959,342	$ 2,238,178				
Five years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127	$ 1,959,342					
Six years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209	$ 1,684,127						
Seven years later	$ -	$ 1,357,704	$ 1,466,642	$ 1,628,209							
Eight years later	$ -	$ 1,357,704	$ 1,466,642								
Nine years later	$ -	$ 1,357,704									
Ten years later	$ -										
7 Increase in estimated net incurred losses and expenses from end of fiscal year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
CLAIMS DEVELOPMENT INFORMATION
DENTAL PROGRAM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For Policy Years Ended June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 Required contribution and investment revenue											
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	3,803,259	4,367,442
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net 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	3,803,259	4,367,442
2 Unallocated expenses	-	-	14,493	96,930	140,236	153,671	-	-	61,866	49,023	50,678
3 Estimated losses and expenses, end of fiscal year:											
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	3,835,689	4,066,933
Ceded	-	-	-	-	-	-	-	-	-	-	-
Net 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	3,835,689	4,066,933
4 Net paid (cumulative) as of:											
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	3,185,838	3,380,488
One year later	-	1,357,704	1,466,642	1,628,209	1,634,127	1,704,628	2,067,215	2,173,883	2,940,029	3,485,838	
Two years later	-	1,357,704	1,466,642	1,628,209	1,634,127	1,704,628	2,067,215	2,173,883	2,940,029		
Three years later	-	1,357,704	1,466,642	1,628,209	1,634,127	1,704,628	2,067,215	2,173,883			
Four years later	-	1,357,704	1,466,642	1,628,209	1,634,127	1,704,628	2,067,215				
Five years later	-	1,357,704	1,466,642	1,628,209	1,634,127	1,704,628					
Six years later	-	1,357,704	1,466,642	1,628,209	1,634,127						
Seven years later	-	1,357,704	1,466,642	1,628,209							
Eight years later	-	1,357,704	1,466,642								
Nine years later	-	1,357,704									
Ten years later	-										
5 Reestimated ceded losses and expenses	-	-	-	-	-	-	-	-	-	-	-
6 Reestimated net incurred losses and expenses:											
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	3,835,689	4,066,933
One year later	-	1,357,704	1,466,642	1,628,209	1,684,127	1,959,342	2,238,178	2,473,429	3,248,723	3,835,689	
Two years later	-	1,357,704	1,466,642	1,628,209	1,684,127	1,959,342	2,238,178	2,473,429	3,248,723		
Three years later	-	1,357,704	1,466,642	1,628,209	1,684,127	1,959,342	2,238,178	2,473,429			
Four years later	-	1,357,704	1,466,642	1,628,209	1,684,127	1,959,342	2,238,178				
Five years later	-	1,357,704	1,466,642	1,628,209	1,684,127	1,959,342					
Six years later	-	1,357,704	1,466,642	1,628,209	1,684,127						
Seven years later	-	1,357,704	1,466,642	1,628,209							
Eight years later	-	1,357,704	1,466,642								
Nine years later	-	1,357,704									
Ten years later	-										
7 Increase in estimated net incurred losses and expenses from end of fiscal year	-	-	-	-	-	-	-	-	-	-	-

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2018 Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 101,261	$ 18,534,707	$ 1,317,946	$ 1,323,726	$ 3,284,669	$ 24,562,309
Investments, Current	-	2,639,124	-	-	-	2,639,124
Accounts Receivable	-	117,644	6,384	424,964	7,475,208	8,024,200
Prepaid Expenses	7,685	-	-	-	-	7,685
Interfund Receivable/(Payable)	(90,137)	(187,299)	(946,826)	248,440	975,822	-
Total Current Assets	18,809	21,104,176	377,504	1,997,130	11,735,699	35,233,318
Noncurrent Assets						
Investments	-	6,752,521	-	1,068,536	5,530,921	13,351,978
Capital Assets, Net of Depreciation	2,371	-	-	-	-	2,371
Total Assets	$ 21,180	$ 27,856,697	$ 377,504	$ 3,065,666	$ 17,266,620	$ 48,587,667
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflow of resources - pension	$ -	$ 146,899	$ 47,241	$ 52,417	$ 299,820	$ 546,377
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Expenses	$ 24,140	$ -	$ 1,644	$ 308,403	$ 3,112,648	$ 3,446,835
Prefunding Deposits	-	-	-	132,923	3,897,654	4,030,577
Current Portion of Unpaid Claims and Claim Adj. Expenses	-	2,648,036	54,786	300,000	1,899,000	4,901,822
Total Current Liabilities	24,140	2,648,036	56,430	741,326	8,909,302	12,379,234
Noncurrent Liabilities						
Unpaid Claims and Claim Adjustment Expenses Less Current Portion	-	12,762,095	44,824	-	-	12,806,919
Unallocated Loss Adjustment Expense (ULAE)	-	1,340,000	37,838	-	-	1,377,838
Net Pension Liability	-	212,258	69,984	72,292	378,293	732,827
Total Noncurrent Liabilities	-	14,314,353	152,646	72,292	378,293	14,917,584
Total Liabilities	24,140	16,962,389	209,076	813,618	9,287,595	27,296,818
DEFERRED INFLOW OF RESOURCES						
Deferred inflow of resources - pension	$ -	$ 22,939	$ 7,977	$ 6,987	$ 27,709	$ 65,612
NET POSITION						
Unrestricted	(5,331)	11,018,268	207,692	2,297,478	8,251,136	21,769,243
Net Investment in Capital Assets	2,371	-	-	-	-	2,371
Total Net Position	(2,960)	11,018,268	207,692	2,297,478	8,251,136	21,771,614
Total Liabilities and Net Position	$ 21,180	$ 27,980,657	$ 416,768	$ 3,111,096	$ 17,538,731	$ 49,068,432

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF NET POSITION, continued
JUNE 30, 2017

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2017 Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 238,251	$ 13,726,737	$ 1,234,912	$ 1,251,024	$ 2,073,984	$ 18,524,908
Investments, Current	-	2,032,238	-	-	-	2,032,238
Accounts Receivable	9,409	188,678	15,001	156,508	7,458,388	7,827,984
Prepaid Expenses	9,948	-	-	-	-	9,948
Interfund Receivable/(Payable)	(241,484)	(68,669)	(877,223)	299,118	888,258	-
Total Current Assets	16,124	15,878,984	372,690	1,706,650	10,420,630	28,395,078
Noncurrent Assets						
Investments	-	7,386,420	-	1,073,813	5,558,235	14,018,468
Capital Assets, Net of Depreciation	2,963	-	-	-	-	2,963
Total Assets	$ 19,087	$ 23,265,404	$ 372,690	$ 2,780,463	$ 15,978,865	$ 42,416,509
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflow of resources - pension	$ -	$ 65,300	$ 21,767	$ 21,767	$ 108,834	$ 217,668
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Expenses	$ 21,455	$ 5,073	$ 4,953	$ 281,884	$ 2,740,033	$ 3,053,398
Prefunding Deposits	-	-	-	124,070	3,693,230	3,817,300
Current Portion of Unpaid Claims and Claim Adj. Expenses	-	1,591,000	42,965	300,000	1,899,000	3,832,965
Total Current Liabilities	21,455	1,596,073	47,918	705,954	8,332,263	10,703,663
Noncurrent Liabilities						
Unpaid Claims and Claim Adjustment Expenses Less Current Portion	-	14,209,957	35,153	-	-	14,245,110
Unallocated Loss Adjustment Expense (ULAE)	-	1,328,000	37,838	-	-	1,365,838
Net Pension Liability	-	175,858	58,620	58,620	293,098	586,196
Total Noncurrent Liabilities	-	15,713,815	131,611	58,620	293,098	16,197,144
Total Liabilities	21,455	17,309,888	179,529	764,574	8,625,361	26,900,807
DEFERRED INFLOW OF RESOURCES						
Deferred inflow of resources - pension	$ -	$ 38,552	$ 12,851	$ 12,851	$ 64,253	$ 128,507
NET POSITION						
Unrestricted	(4,739)	5,982,264	202,077	2,024,805	7,398,085	15,602,492
Net Investment in Capital Assets	2,371	-	-	-	-	2,371
Total Net Position	(2,368)	5,982,264	202,077	2,024,805	7,398,085	15,604,863
Total Liabilities and Net Position	$ 19,087	$ 23,292,152	$ 381,606	$ 2,789,379	$ 16,023,446	$ 42,505,670

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2017 Total
OPERATING REVENUE						
Member contributions	$ -	$ 28,264,266	$ 1,326,743	$ 3,800,407	$ 124,773,696	$ 158,165,112
Other	-	247	-	-	-	247
Total Operating Revenues	-	28,264,513	1,326,743	3,800,407	124,773,696	158,165,359
OPERATING EXPENSES						
Provision for claims and claims adjustment expense	-	(930,791)	71,439	3,835,689	122,756,480	125,732,817
Insurance premiums	-	21,595,151	1,202,982	-	-	22,798,133
Services and other operating expenses	-	486,582	18,336	11,255	946,258	1,462,431
Salaries and benefits	-	86,791	27,079	32,633	164,659	311,162
Supplies	-	544	183	360	2,534	3,621
Depreciation	592	-	-	-	-	592
Total Operating Expense	592	21,238,277	1,320,019	3,879,937	123,869,931	150,308,756
Net Operating Income/(Loss)	(592)	7,026,236	6,724	(79,530)	903,765	7,856,603
NON-OPERATING REVENUE:						
Investment income/ (loss)	-	(57,978)	2,740	2,785	71,469	19,016
Total Non-Operating Revenues	-	(57,978)	2,740	2,785	71,469	19,016
CHANGE IN NET POSITION	(592)	6,968,258	9,464	(76,745)	975,234	7,875,619
Beginning Net Position	(1,776)	(985,994)	192,613	2,101,550	6,422,851	7,729,244
Ending Net Position	$ (2,368)	$ 5,982,264	$ 202,077	$ 2,024,805	$ 7,398,085	$ 15,604,863

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued
FOR THE YEAR ENDED JUNE 30, 2018

	Administrative Fund	Workers' Compensation	Property and Liability	Vision	Dental	2018 Total
OPERATING REVENUE						
Member contributions	$ -	$ 26,712,774	$ 1,289,628	$ 4,356,498	$ 132,187,282	$ 164,546,182
Other	-	-	-	-	-	-
Total Operating Revenues	-	26,712,774	1,289,628	4,356,498	132,187,282	164,546,182
OPERATING EXPENSES						
Provision for claims and claims adjustment expense	-	-	1,170,873	3,835,689	130,009,771	135,016,333
Insurance premiums	-	21,608,889	-	-	181,565	21,790,454
Services and other operating expenses	-	178,946	105,459	241,882	1,020,809	1,547,096
Salaries and benefits	-	44,413	13,866	16,682	103,951	178,912
Supplies	-	774	259	516	3,612	5,161
Depreciation	592	-	-	-	-	592
Total Operating Expense	592	21,833,022	1,290,457	4,094,769	131,319,708	158,538,548
Net Operating Income/(Loss)	(592)	4,879,752	(829)	261,729	867,574	6,007,634
NON-OPERATING REVENUE:						
Investment income/ (loss)	-	156,252	6,444	10,944	(14,524)	159,116
Total Non-Operating Revenues	-	156,252	6,444	10,944	(14,524)	159,116
CHANGE IN NET POSITION	(592)	5,036,004	5,615	272,673	853,050	6,166,750
Beginning Net Position	(2,368)	5,982,264	202,077	2,024,805	7,398,086	15,604,864
Ending Net Position	$ (2,960)	$ 11,018,268	$ 207,692	$ 2,297,478	$ 8,251,136	$ 21,771,614

OTHER INDEPENDENT AUDITORS' REPORTS

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California State Board of Accountancy

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, 2018 and 2017, 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 24, 2018.

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.

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 from 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 24, 2018aa