ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Authority)

JUNE 30, 2015

EXECUTIVE COMMITTEE

REPRESENTATIVE	OFFICE HELD
Ms. Corinne Kelsch	President
Mr. John Vinke	Vice President
Mr. Kristinn Olafsson	Treasurer
Ms. Lydia Cano	Member
Mr. John Didion	Member
Mr. Michael Johnston	Member
Ms. Angela Jones	Member
Ms. Janece Maez	Member
Mr. Vahe Markarian	Member
Ms. Kathy Everhart	Member
Dr. Nancy C. Nien	Member
Ms. Ann Sparks	Member
Mr. Fred Williams	Member
Mr. Luis Camarena	Alternate
Mr. Michael Clear	Alternate
Ms. Theresa Dreyfuss	Alternate
Mr. Phil Hillman	Alternate
Ms. Susan Hume	Alternate
Dr. Stefanie P. Phillips	Alternate
Ms. Karen Kimmel	Alternate
Mr. Jeff Starr	Alternate
Ms. Thuy Nguyen	Alternate
Ms. Barbara Ott	Alternate
Ms. Andrea Reynolds	Alternate
Ms. Joanne Schultz	Alternate
Ms. Irene Sumida	Alternate

ADMINISTRATION

Mr. Fritz Heirich	Chief Executive Officer

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Authority)

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Alliance of Schools for Cooperative Insurance Programs (ASCIP)
(A Joint Powers Authority)
Cerritos, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alliance of Schools for Cooperative Insurance Programs (ASCIP) and subsidiaries (the Agency) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency'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 an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's *Minimum Audit Requirements for California Special Districts*, 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 Agency'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 Agency'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.

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ASCIP as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 and Note 13 to the financial statements, in 2015, the Agency adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, and claims development information, other postemployment benefit information, Agency's proportionate share of the net pension liability, and Agency contributions on pages 46 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a 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 an 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 audit 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ASCIP's basic financial statements. The accompanying combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining statements are 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 December 4, 2015, on our consideration of the ASCIP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ASCIP's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2015

ASCIP
Alliance of Schools for Cooperative Insurance Programs
A California Public Agency
16550 Bloomfield Avenue
Cerritos, CA 90703
PH: (562) 404-8029
FAX: (562) 404-8038
www.ascip.org
Fritz J. Heirich
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alliance of Schools for Cooperative Insurance Programs (ASCIP) is a public agency joint powers authority (JPA) which provides property/liability, workers' compensation, and health benefits insurance coverage to public educational institutions including school districts and community colleges in the State of California. Formed in 1980, as a joint purchase pool ASCIP became a self-funded risk sharing pool in 1985.

In addition to providing coverage in the three major programs, ASCIP also offers an extensive array of services in risk management, safety and loss control, health and wellness, and claims and litigation management, to support and mitigate losses, all inclusive in the program costs. A variety of insurance products, including the owner-controlled insurance program (OCIP) for school construction; the booster/auxiliary club insurance; underground storage tank insurance; and a host of customized insurance products to meet our members' needs are also offered.

At the September 30, 2004 meeting, the Executive Committee approved the formation of a captive insurance company to support ASCIP's owner-controlled insurance program. On February 1, 2005, ASCIP formally established Captive Insurance for Public Agencies (CIPA) in the State of Hawaii and began to operate the Owner-Controlled Insurance Program (OCIP) through the use of CIPA.

At the April 2006 Strategic Planning meeting, the Executive Committee recommended that ASCIP offer a health benefits program to its membership and approved the merger of LARISA JPA and ASCIP effective July 1, 2006. ASCIP offered the self-funded dental and vision programs to its membership beginning July 2006. As a result of the success of the dental and vision programs, in October 2008, ASCIP launched its self-funded PPO medical program.

ASCIP's Executive Committee consists of thirteen members and thirteen alternates who represent the risk category of Community College districts, K-12 districts, K8 districts, Charter Schools, and subsidiary JPA school districts. Committee members are elected by risk and ADA categories and serve staggered terms of three years duration. The Executive Committee is responsible for providing overall leadership to the JPA, and it develops long-range goals and supporting policies to guide the direction of the organization and its staff.

ASCIP's day-to-day operations are administered by an in-house staff of twenty-nine, including a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Sr. Director of Health Benefits, Sr. Director of Member Services, Sr. Director of Litigation, Director of Property/Liability Program, Director of Workers' Compensation Program, Director of Risk Control Services, Director of Training and Administration Services, Information Technology Manager, three Risk Services Consultants, two Benefits Services Consultants, four Accountants, and nine administrative/technical support staff.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

ASCIP's financial statements are prepared in conformity with generally accepted accounting principles in the United States of America. Statement of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows are included along with Notes to Financial Statements to clarify accounting policies and financial information. *The Statement of Net Position* provides information on all ASCIP's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of ASCIP is improving or deteriorating. *The Statement of Revenues, Expenses and Changes in Net Position* provides information on total revenues, total expenses and how ASCIP's net position changed during the most recent fiscal year. *The Statement of Cash Flows* is presented on the direct method to reflect the operations of ASCIP based on the inflow and outflow of cash.

ASCIP's financial activities are reported in four separate funds: Property/Liability Fund, Workers' Compensation Fund, Health Benefits Fund, and CIPA-OCIP Fund. The Property/Liability Fund consists of revenues and expenditures relating to the core coverage programs (property and liability) and ancillary programs. The Workers' Compensation Fund consists of revenues and expenditures relating to the workers' compensation program. The Health Benefits Fund consists of revenues and expenditures relating to all fully-insured and self-insured medical, dental, and vision plans, and other miscellaneous plans such as life insurance, income protection, and long term care plan. The CIPA-OCIP Fund consists of revenues and expenditures relating to the Owner-Controlled Insurance Program. The assets, liabilities, revenues and expenses for four funds are reported on a full accrual basis.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

CONDENSED FINANCIAL INFORMATION
STATEMENT OF NET POSITION
JUNE 30, 2014 AND 2015

	2014 as restated	2015
ASSETS		
Current assets	$ 170,142,708	$ 152,782,708
Noncurrent assets	163,331,374	211,968,473
Capital assets, net	5,450,477	5,153,250
Total Assets	338,924,559	369,904,431
DEFERRED OUTFLOWS OF RESOURCES		
Current year pension contribution	303,450	354,308
LIABILITIES		
Current liabilities	77,241,609	96,069,409
Unpaid claims and claims adjustment expense, net of current portion	115,286,697	114,927,304
Net pension liability	1,634,504	1,250,951
Total Liabilities	194,162,810	212,247,664
DEFERRED INFLOWS OF RESOURCES		
Difference between actual and expected rate of investment return	-	443,374
NET POSITION		
Net investment in capital assets	5,450,477	5,153,250
Restricted	5,016,563	5,002,750
Unrestricted	134,598,159	147,411,701
Total Net Position	$ 145,065,199	$ 157,567,701

CONDENSED FINANCIAL INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2015

	2014 as restated	2015
Operating Revenue:		
Member contributions	$ 207,462,974	$ 226,111,139
Operating Expenses:		
Provision for claims and claim adjustment expense	95,982,348	112,881,923
Provision for unallocated loss adjustment expense	6,077,345	1,236,251
Commercial excess/reinsurance premiums	18,226,080	18,601,600
Insurance premiums	58,172,974	63,244,131
Contract services/administrative expenses	18,342,677	19,878,594
Premium rebate	3,016,177	2,245,825
Pension expense	1,331,054	363,273
Total Operating Expenses	201,148,655	218,451,597
Non-operating Revenue:		
Interest and dividend income	1,815,228	3,592,134
Net increase (decrease) in fair value of investments	1,246,485	354,790
Other income	944,409	896,036
Total Non-operating Revenue	4,006,122	4,842,960
Change in Net Position	10,320,441	12,502,502
Total Net Position, Beginning of Year, as Restated	134,744,758	145,065,199
Total Net Position, End of Year	$ 145,065,199	$ 157,567,701

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

ASCIP's total assets increased approximately $30,980,000 from $338,924,000 as of June 30, 2014 to $369,904,000 as of June 30, 2015. The increase in investments contributed to the majority of the increase in total assets. ASCIP invests those funds not immediately necessary for claims payments in long-term securities in order to optimize the rate of return. The total assets consist of $179,661,000 from the property/liability fund, $146,145,000 from the workers' compensation fund, $37,153,000 from the health benefits fund, and $6,946,000 from the CIPA-OCIP fund. As of June 30, 2015, all programs experienced an increase in net position. The property/liability and the workers' compensation programs' net position increased by $3,469,000 and $2,448,000, primarily due to favorable claims experience and increase in investment income. The health benefits program experienced an increase in net position of $6,528,000 primarily due to favorable claims experience in the self-funded dental program. Fiscal year 2014-2015 is the eleventh year ASCIP has been operating the OCIP program through CIPA. At June 30, 2015, the OCIP program experienced an increase in net position of $57,000.

Total liabilities increased by approximately $19,719,000, primarily due to the increase in provision for claims and claims adjustment expense in the workers' compensation and health benefits programs. The outstanding claims liability in the property/liability program decreased by approximately $722,000 from $100,245,000 as of June 30, 2014 to $99,523,000 as of June 30, 2015. The claims liability in the workers' compensation program increased by $15,643,000, from $38,849,000 as of June 30, 2014 to $54,492,000 as of June 30, 2015. The health benefits program incurred a total outstanding claims liability of $4,246,000, an increase of $1,242,000 from the prior year. As of June 30, 2015, the outstanding claims liability for the OCIP program increased by $196,000 to $3,502,000. The outstanding claims liabilities for all programs were recorded at undiscounted. Unallocated claims adjustment expense (ULAE) increased by $1,254,000 mostly due to the increase in ULAE in the workers' compensation program. The increase in total liabilities was also driven by the increase in accounts payable. These were expenses that were incurred but not paid during the year.

In fiscal year 2014-2015, ASCIP collected a total of $226,111,000 in premiums from all programs, an increase of $18,648,000 from the prior year. The total premium revenues in the property/liability program decreased by $231,000 from the prior year to $53,611,000, mainly due to a small decline in membership. Total premium contributions in the workers' compensation program increased by $4,692,000 primarily due to the increase in membership and payroll. During fiscal year 2014-2015, ASCIP collected $15,034,000 more in health benefits premiums compared to the prior year. The increase in member participation in the Kaiser and self-funded Blue Cross/Blue Shield plans contributed to most of the increase in health benefits premium contributions. For the fiscal year ended June 30, 2015, the OCIP program enrolled one new construction project with a total premium of $582,000. Since inception, the OCIP program has enrolled a total of 73 projects with a total premium of $27,974,000.

ASCIP incurred a total expense of $216,206,000 in fiscal year 2014-2015, increased by $19,404,000. The increase in total expense was predominantly due to the increase in claims expense in the workers' compensation and health benefits programs and insurance premiums paid to Kaiser as a result of adding one large member in the plan. In general, other operating expenses held constant from the 2013-2014 fiscal year to 2014-2015 fiscal year. The overall increase in net position for the year ended June 30, 2015 was $12,503,000 to an ending net position of approximately $157,568,000.

ANALYSIS OF BALANCES AND TRANSACTION OF INDIVIDUAL FUNDS

Property/Liability Program

The total assets in the property/liability fund increased by $3,285,000 to $179,661,000 as of June 30, 2015. The increase was mainly attributable to the increase in investments, offsetting by the decrease cash. Total cash balance decreased from $64,722,000 as of June 30, 2014 to $34,790,000 at the end of fiscal year 2014-2015. During the fiscal year, the property/liability program transferred $30,000,000 from the funds in LA County pool to the investment portfolio. To maximize ASCIP's investment income and to ensure that ASCIP's investments are in compliance with the California Government Code, Section 53601 and ASCIP's investment policy, ASCIP utilizes Public Financial Management, Inc. as an investment advisor to manage ASCIP's investment portfolio. ASCIP's investments are bifurcated into two separate portfolios. One for the property/liability program and one for the workers' compensation program. As a result of the funds transfer, the property/liability investment portfolio balance rose to $138,222,000 as of June 30, 2015. The increase in the property/liability portfolio balance included $1,333,000 in interest income and $312,000 in realized gain that was reinvested in the portfolio and an unrealized loss in investment market value of $101,000.

The total liabilities in the property/liability fund increased by $396,000 to $125,338,000 as of June 30, 2015, primarily due to the recognition of net pension liability. Fiscal year 2014-2015 is the first year ASCIP adopted GASB No. 68, *Accounting and Financial Reporting for Pensions*. ASCIP recognized a net pension liability of $1,251,000 of which $585,000 was allocated to the property/liability program. The pool's total claims liability decreased from $100,245,000 as of June 30, 2014 to $99,523,000 as of June 30, 2015. This outstanding claims liability for unpaid losses was recorded undiscounted as actuarially determined. The reduction in outstanding claims liability was mainly due to the decrease in liability case reserves. Since last year's valuation, liability case reserves have decreased from $38.9 million to $34.3 million.

Net position in the property/liability fund increased by $3,469,000 to an ending balance of $54,280,000 as of June 30, 2015.

Total premium revenues in the property/liability fund decreased by $231,000 from the prior year to $53,611,000 primarily due to a slight decline in membership. In 2014-2015, the property/liability program lost two big school district members and gained one small school district member and one charter school member. During fiscal year 2014-2015, the property/liability program earned a total of $1,958,000 in interest income and recognized a net increase in investment fair value of $211,000.

The total expenses in the property/liability fund decreased by $1,476,000, largely due to the decrease in claims expense. For the year, the property/liability program claims expense decreased by $1,609,000. The decrease was largely driven by the decrease in case reserves in the liability program. To avoid incurring a catastrophic or severe loss in any one program year, ASCIP purchased excess and/or reinsurance in each of its programs. In fiscal year 2014-2015, the total excess/reinsurance premiums decreased slightly, mainly due to the decrease in the liability reinsurance rate. This year, ASCIP maintained the same reinsurance structure in the liability program as it was in prior year. ASCIP purchased reinsurance for the $4 million in excess of $1 million with a $4.5 million annual aggregate deductible in the $1 million in excess of $1 million layer. The $3 million in excess of $2 million layer had no aggregate deductible; however, ASCIP took a 20 percent quota share of loss with four other reinsurers in this layer. In the property program, ASCIP continued to carry a $1 million deductible as it was in the previous years. Risk control expenses incurred in 2014-2015 were higher than the previous year by $537,000, primarily due to an increase in utilization of services. All other operating expenses in the property/liability program held constant from fiscal year 2013-2014 to fiscal year 2014-2015.

Workers' Compensation Program

The workers' compensation fund ended the fiscal year 2014-2015 with the total assets of $146,145,000, an increase of $19,476,000 from the prior year. The total assets included $53,797,000 in cash and cash equivalents, $1,482,000 in accounts receivable, and $90,865,000 in investments. During the fiscal year, the workers' compensation program transferred $26,000,000 from the funds in LA County pool to the investment portfolio; therefore, the workers' compensation portfolio balance rose $90,865,000 as of June 30, 2015. For the year, the workers' compensation program earned a total of $1,436,000 in interest income that was re-invested in the portfolio and recognized a net increase in investment fair value of $144,000.

The total liabilities in the workers' compensation fund increased by $17,286,000 to $72,033,000 at the end of fiscal year. The increase was mainly driven by the increase in outstanding claims liability and unallocated claims adjustment expense. The outstanding claims liability for unpaid losses increased by $15,643,000 to $54,492,000. This increase was primarily due the increase in projected ultimate losses incurred prior to June 30, 2014 and addition of the projected ultimate losses for the current fiscal year. This year, the unallocated claims adjustment expense increased by $907,000 to $7,672,000. ASCIP handles all claims for the SIR program participants and for the 1st Dollar Program participants even when the losses are 100% ceded, as was the case between 2009-2010 and 2010-2011. The actuary estimated that ASCIP spends 12.6 cents on ULAE for every $1.00 that it spends in gross loss and ALAE. The total liabilities also included a dividend payable. Due to the substantial equity in the program, this year ASCIP's Board declared a total retrospective rebate of $2,246,000. Over the last nine years, the workers' compensation program has returned a total of $20,020,000 back to its members. This year, for the first time, the workers compensation also recognized a net pension liability of $259,000.

Despite a considerable increase in the provision for loss and loss adjustment expense and a large rebate, the workers' compensation fund closed the fiscal year with an increase in net position of $2,448,000, which brought the ending net position to $74,096,000 as of June 30, 2015. This increase was mainly attributable to favorable loss experience and an overall well-managed program.

Member contributions in the workers' compensation program increased by $4,692,000 to $35,435,000 for the year ended June 30, 2015 as a result of the increase in membership and payroll. The 2014-2015 composite renewal rate was flat from the prior year. In program year 2014-2015, the workers' compensation program added one new member, which increased the total number of members to forty-seven. Total program payroll increased by over $227 million to a total payroll of $2.3 billion.

Total expenses in the workers' compensation program increased by $7,853,000 from the prior year, primarily due to the increase in claims expense. The change in provision for IBNR and case reserves increased significantly as compared to the previous year. Last year, the provision for IBNR and case reserves increased by $6,712,000, compared to $15,643,000 increase in this year. ASCIP executed a very significant change in case reserving policy during 2014-2015. Last year, on June 30, 2014, the average case reserve on an open indemnity claim was $17,210. This year the average had risen to $30,992. Higher case reserves translated into lower projected IBNR liability. The excess insurance premium increased slightly from last year mostly due to the increase in payroll. The general operating expenses were allocated to the workers' compensation fund based on a portion of estimated staff time dedicated to this program. For the fiscal year 2014-2015, 20% of the total general administrative expenses were allocated to the worker's compensation fund.

Health Benefits Programs

Effective July 1, 2006, ASCIP began offering health benefits programs to its membership. In addition to the core health benefits programs such as medical, dental and vision, ASCIP also offers several other ancillary programs including life insurance, income protection plan, long-term care, and social security alternative plan.

As of June 30, 2015, the health benefits fund had total assets of $37,153,000, an increase of $9,169,000 from prior year. The total assets included $34,495,000 in cash and cash equivalents, $1,925,000 in prepaid deposits, and $733,000 in accounts receivable.

The total liabilities in the health benefits fund were $9,772,000 including $4,717,000 in accounts payable, $4,246,000 in outstanding claims liability, $333,000 in unallocated claims adjustment expense, $68,000 in OPEB liability and unearned premium income. As of June 30, 2015, the health benefits program's outstanding claims liability increased by $1,242,000. This increase was largely driven by the increase in the IBNR reserves in the self-funded medical and dental plans. The medical plan reserves went up this year reflecting higher census count driven by the addition of one large member, Simi Valley USD. The dental plan reserves also went up due to a slightly smaller completion factor. The increase in the IBNR reserves also drove up the provision for claims adjustment expense, increased by $111,000.

For the year ended June 30, 2015, member contributions in the health benefits programs totaled $135,437,000 including $89,259,000 from the medical and miscellaneous plans, $42,207,000 from the dental plans, and $3,971,000 from the vision plans. Total member contributions for fiscal year 2014-2015 was $15,034,000 higher compared to the prior year mainly due to the increase in rates and the addition of one large member in the Kaiser and self-funded Blue Cross/Shield plan.

During fiscal year 2014-2015, the health benefits program incurred a total expense of $129,085,000, which included $63,244,000 in insurance premiums paid for the fully-insured plans, $55,346,000 in claims payment made for the self-funded plans, $1,242,000 increase in provision for IBNR and case reserves, $3,158,000 in claims administration, $3,120,000 in excess insurance, and $2,975,000 in other general administrative expenses. Total expense for fiscal year 2014-2015 was $14,047,000 higher than the previous year primarily due to the increase in insurance premiums paid to the Kaiser and claims payments in the self-funded Blue Cross/Shield plan driven by the addition of Simi Valley USD.

For the year, the health benefits program ended with a total of $6,528,000 increase in net position, which increased the ending net position to $27,352,000 as of June 30, 2015.

Captive Insurance for Public Agencies, Ltd. (CIPA) – Owner-Controller Insurance Program (OCIP)

The OCIP program used to be comprised of funds held in the Hawaii captive insurance company (CIPA) and funds held at ASCIP to pay excess insurance and OCIP administration fees. Effective July 1, 2014, ASCIP transferred its portion of OCIP funds to CIPA and CIPA now administers both portions of funds in the Hawaii captive. The financial statements for the OCIP program in this report reflect the consolidated year-end result of the OCIP program.

In fiscal year 2014-2015, the OCIP program added one new construction project with a total premium of $582,000 bringing the total number of projects to 73 projects and a total premium of $27,974,000 from the inception of CIPA in 2005.

In compliance with Generally Accepted Accounting Principles (GAAP), the OCIP program recognized revenues over the life of the projects. For fiscal year 2014-2015, the OCIP program earned a total premium of $1,628,000 including $116,000 on projects enrolled during this fiscal year, and $1,512,000 on projects enrolled in previous fiscal years. Collected but unearned revenue of $1,183,000 will be recognized in future fiscal years.

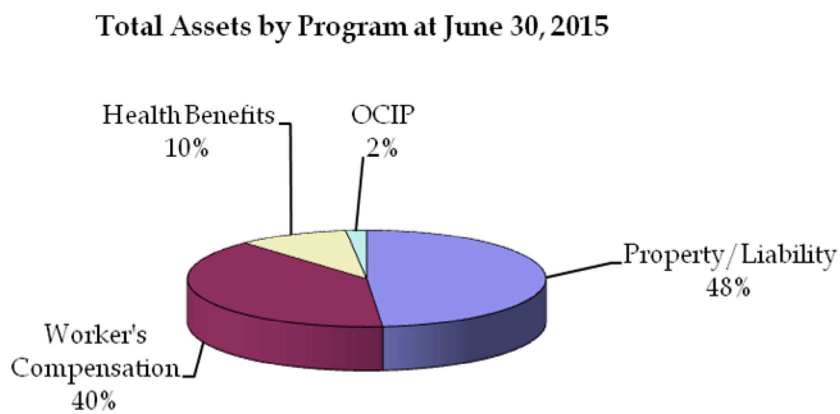
Total expenses for the fiscal year 2014-2015 were $1,596,000. Included in the total expenses were excess insurance premium of $251,000, IBNR adjustment of $196,000, loss payment of $590,000, OCIP administrator and broker's fees of $254,000, and general administrative expenses of $305,000.

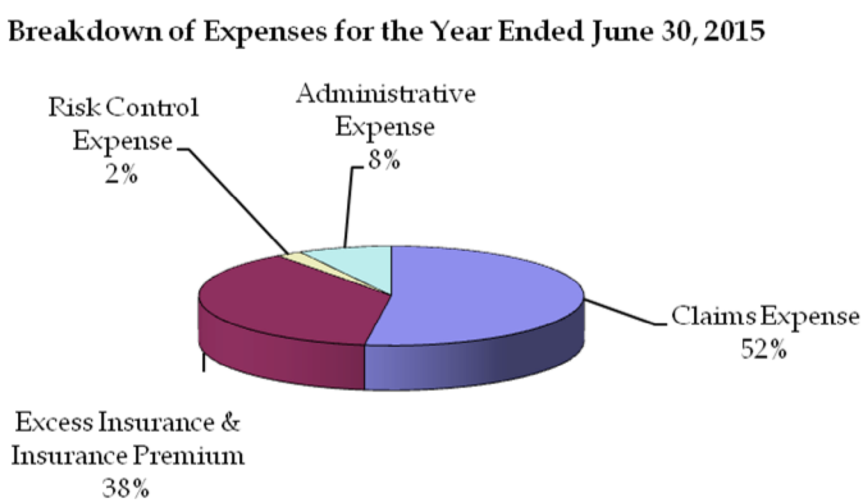
For the year, the OCIP program had an increase in net position of $57,000. At June 30, 2015, the OCIP program's total assets were $6,946,000 and liabilities were $5,106,000, resulting in a cumulative net position of $1,840,000. The total assets included $5,123,000 investments in various types of fix-income securities. In order to maximize investment returns, CIPA also utilizes Public Financial Management, Inc. as its investment advisor to manage its investment portfolio.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

GRAPHICAL PRESENTATION OF ASSETS AND EXPENSES





ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Cash and cash equivalents	$ 123,964,666
Restricted assets - cash and cash equivalents	15,418
Receivables	3,664,659
Investments maturing within one year	17,238,746
Restricted assets - investments maturing within one year	5,002,750
Prepaid expenses and deposits	2,896,469
Total Current Assets	152,782,708
Investments, net of amount maturing within one year	211,968,473
Capital assets	7,488,371
Less: Accumulated depreciation	(2,335,121)
Net capital assets	5,153,250
Total Non-Current Assets	217,121,723
Total Assets	369,904,431
DEFERRED OUTLFOWS OF RESOURCES	
Current year pension contribution	354,308
LIABILITIES	
Accounts payable	9,259,800
Advance SIR and excess insurance payments	2,886,888
Unearned premium income	1,187,615
Current portion of unpaid claims	46,835,770
Unallocated claims adjustment expenses (ULAE)	12,801,555
Retrospective premium payable	2,245,825
OPEB liability	179,494
Licensing agreement obligation	33,250
Risk management deposit fund	19,417,744
Safety credit payable	1,021,158
SELF rate stabilization fund	200,310
Total Current Liabilities	96,069,409
Unpaid claims and claims adjustment expenses, net of current portion	114,927,304
Net pension liability	1,250,951
Total Long-Term Liabilities	116,178,255
Total Liabilities	212,247,664
DEFERRED INLFOWS OF RESOURCES	
Difference between actual and expected rate of investment	443,374
NET POSITION	
Net investment in capital assets	5,153,250
Restricted	5,002,750
Unrestricted	147,411,701
Total Net Position	$ 157,567,701

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

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	
Premium deposits from members	$ 226,111,139
Less: Retrospective premium deposit ratings adjustment	(2,245,825)
	223,865,314
Other income	896,036
Total Operating Revenues	224,761,350
EXPENSES	
Claims expense, net of reimbursements of $12,319,804	96,522,746
Provision for IBNR and case reserves	16,359,177
Excess/reinsurance premiums	18,347,445
Insurance premiums	63,244,131
Contract services:	
Claims administration	7,261,658
Provision for ULAE reserves	1,236,251
Broker's fees	729,989
General counsel services	166,532
Captive management	64,136
OCIP program marketing/sales	27,541
Rating and actuarial services	536,473
Accounting and audit services	136,475
Investment advisory service	237,098
Salaries and benefits	3,681,169
Property appraisal	334,232
Other contract services	180,165
Loss control and risk management	4,721,746
Pension expense	363,273
Other operating expenses	1,513,061
Interest	202,708
Depreciation	339,766
Total Operating Expenses	216,205,772
Operating Income	8,555,578
NON-OPERATING REVENUES (EXPENSE)	
Interest and dividend income	3,592,134
Net realized gains	527,447
Net unrealized gains	(172,657)
Total Non-Operating Income	3,946,924
CHANGE IN NET POSITION	12,502,502
NET POSITION, BEGINNING OF YEAR, AS RESTATED	145,065,199
NET POSITION, END OF YEAR	$ 157,567,701

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

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for premium contributions and other income	$ 223,528,742
Claims paid	(96,504,770)
Cash paid to employees	(3,681,169)
Cash paid for benefits, insurance, and other expenses	(95,904,304)
Cash paid for pension plan	(354,311)
Net Cash Provided by Operating Activities	27,084,188
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(42,359)
Net Cash Used by Capital and Related Financing Activities	(42,359)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividend income received	3,592,135
Net realized losses from investing securities	(527,447)
Net unrealized gains from investment securities	172,657
Purchase of investing securities	(302,244,779)
Proceeds from sale of investing securities	244,280,031
Net Cash Used by Investing Activities	(54,727,403)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,685,574)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	151,665,658
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 123,980,084
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 8,555,578
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	339,766
Increase in accounts receivable	(206,058)
Increase in prepaids and deposits	(82,467)
Increase in deferred outflow of resources	(50,857)
Increase in accounts payable and other liabilities	1,988,699
Decrease in unearned revenue	(944,083)
Increase in unpaid claims and adjustments	17,613,404
Decrease in risk management deposit fund	(189,613)
Decrease in net pension liability	(383,555)
Increase in deferred inflow of resources	443,374
Net Cash Provided by Operating Activities	$ 27,084,188

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Alliance of Schools for Cooperative Insurance Programs (ASCIP) was formed in October 1985, under a joint powers agreement (JPA) between participating school districts located within Los Angeles and Orange Counties, pursuant to Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the *California Government Code*. Subsequently, ASCIP expanded to a Statewide charter effective 1994. The purpose of ASCIP is to provide a more viable and economical insurance program to its members than individual members might otherwise be able to obtain operating on their own. During the fiscal year ended June 30, 2015, there were 143 participants in the ASCIP programs. Members may withdraw from ASCIP at the end of any fiscal year by notifying the Executive Committee in writing at least 90 days prior to the close of the insurance coverage year.

The annual deposit premium for each member is calculated based upon factors normally used to calculate annual insurance premiums. Prior years' premiums will be recalculated and adjusted until all claims are closed or until the Executive Committee determines that sufficient facts are known so that no additional calculations should be made.

In the event of the dissolution of ASCIP, the participating school districts would receive a pro-rata share of any fund equity or be liable for a pro-rata share of any debts and liabilities based upon the premiums and claims of such school districts.

ASCIP includes all funds that are controlled by or dependent on ASCIP's governing board for financial reporting purposes. ASCIP has considered all potential component units in determining how to define the reporting entity, using criteria set forth in accounting principles generally accepted in the United States of America.

Component units are legally separate organizations for which ASCIP is financially accountable. Component units may include organizations that are fiscally dependent on ASCIP in that ASCIP approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which ASCIP is not financially accountable but the nature and significance of the organization's relationship with ASCIP is such that exclusion would cause ASCIP's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below is reported in ASCIP's financial statements because of their relationship with ASCIP. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if they were part of ASCIP's operations because the governing board of the component unit is essentially the same as the governing board of ASCIP and because their purpose is to provide insurance coverage for the benefit of ASCIP, as described below.

The Captive Insurance for Public Agencies, Ltd. (CIPA) was incorporated on January 25, 2005, in the State of Hawaii, and is authorized to transact the business of a captive insurance company. CIPA is a wholly owned subsidiary of ASCIP.

Effective February 1, 2005, CIPA insures ASCIP's retained portion of its Owner Controlled Insurance Program (OCIP) for construction projects. The OCIP insures new construction and renovation projects undertaken by participating districts, and covers contractors and all subcontractors on any work at or emanating from the project site. Coverage includes workers' compensation and employer's liability, general liability, pollution liability, and builders risk exposures.

CIPA's fiscal year end is June 30. ASCIP retains a local captive manager and program administrator of CIPA's insurance program. CIPA issues separate financial statements which are maintained by ASCIP.

Basis of Presentation

The accompanying financial statements are presented as proprietary funds on the accrual basis of accounting in accordance with governmental generally accepted accounting principles. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses and related liabilities are recognized when the obligation is incurred. Operating revenues include member contributions net of any applicable rate credits. Operating expenses include the provision for claims and claims adjustment expenses, insurance premiums, premium rebates, and general and administrative expenses. All other revenues and expenses are considered non-operating. ASCIP has elected not to apply Financial Accounting Standards Board (FASB) pronouncements after November 30, 1989.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. ASCIP applies all Government Accounting Standards Board (GASB) pronouncements, as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. ASCIP has four enterprise funds and no internal service funds.

Property Liability Fund

Members participate in the following programs:

Liability Insurance:

A self-funded liability insurance plan covering claims up to $5,000,000 per occurrence, with reinsurance support as follows:

A fully reinsured liability insurance program covering claims between $1,000,001 and $2,000,000 after a $4,500,000 aggregate deductible has been met and a reinsured liability insurance program covering claims between $2,000,001 and $5,000,000 in which ASCIP takes a 20 percent quota share position.

Property Insurance:

A self-funded property insurance plan covering claims up to $1,000,000 per occurrence.

A fully reinsured property insurance program covering claims beyond the $1,000,000, up to $500,000,000 per occurrence.

Crime Insurance:

A self-funded crime insurance plan covering claims above each school district's $500 deductible with the following limits:

Employee faithful performance, depositor's forgery, and wire fund transfer:

A self-funded insurance plan covering claims up to $250,000.

A fully insured insurance plan covering claims between $250,000 and $5,000,000.

Theft, disappearance, and destruction coverage form and robbery and safe burglary coverage form:

A self-funded insurance plan covering claims up to $250,000.

A fully insured insurance plan covering claims between $250,000 and $300,000.

Auto Physical Damage Insurance:

A self-funded auto physical insurance plan covering the replacement cost value of the damaged vehicle above each school district's $1,500 deductible.

Workers' Compensation Fund

Members participate in the following programs:

A self-funded Workers' Compensation Plan covering claims up to $1,000,000 per occurrence for workers' compensation and employer liability benefit.

A fully insured excess program covering claims excess of $1,000,000 per occurrence to statutory limits for workers' compensation.

Health Benefit Programs

Members participate in the following programs:

Medical:

A fully-insured Health Maintenance Organization (HMO) program administered through United Healthcare and Kaiser Permanente covering medical benefits with various plan options.

A fully-insured Preferred Provider Organization (PPO) program administered through United Healthcare covering medical benefits with various plan options.

A self-funded Blue Cross/Blue Shield Preferred Provider Organization (PPO) and a flex funded Health Maintenance Organization (HMO) program up to $150,000 per individual per year, administered through the Self-Insured Schools of California (SISC).

Dental:

A self-funded PPO dental program administered through Delta Dental of California covering benefits with various plan designs.

A fully-insured dental HMO program administered through DeltaCare USA covering benefits with various plan designs.

Vision:

A self-funded PPO vision program administered through Vision Service Plan covering benefits with various plan designs.

A fully-insured vision program administered through DeltaCare Vision covering benefits with various plan designs.

Ancillary Programs:

A fully-insured Income Protection program administered through Voya Financial covering short-term and long-term disability.

A fully-insured Long-Term Care Program administered through Unum Provident covering benefits for assistance in daily living activities or cognitive impairment.

A fully-insured Life Insurance Program administered through Voya Financial covering Life and Accidental Death and Dismemberment (AD&D) with various coverage limits.

A defined contribution alternative plan offered in lieu of social security for part-time, seasonal, and temporary employees administered through MetLife.

Owner-Controlled Insurance Program (OCIP)

Members participate in the following programs:

A self-funded Owner-Controlled Insurance Program (OCIP) that provides public school construction and covers workers' compensation, general liability, and pollution liability for the districts and their construction contractors and subcontractors up to $500,000 per occurrence.

A fully-reinsured OCIP program between $500,000 to statutory limit for workers' compensation benefits, between $500,000 to $17,000,000 for general liability, and between $500,000 to $5,000,000 for pollution liability.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, ASCIP considers investments in the County Treasurer, investment in the State Investment Pool, and money market mutual funds to be cash equivalents.

Investment and Investment Pools

ASCIP records its investments at fair value and cash in Local Agency Investment Fund and County Treasury (investment pools) at cost which approximates fair value. Changes in fair value are reported as revenue in the *Statement of Revenues, Expenses, and Changes in Net Position*. The effect of recording investments and investment pools at fair value is reflected as a net change in the fair value of investments on the *Statement of Revenues, Expenses, and Changes in Net Position*.

Fair value of investments has been determined based on quoted market prices. ASCIP's investments in investment pools have been valued based on the relative fair value of the entire external pools to the external pool's respective amortized cost.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The CIPA OCIP program requires that certain investments be set aside as collateral for the self-insured retention. These are classified as restricted assets-investments because their use is limited.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services.

Capital Assets

Equipment acquired by enterprise funds is capitalized. Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheet. Depreciation has been provided over the estimated useful lives ranging from three to ten years using the straight-line method of depreciation. Depreciation expense amounted to $339,766 for the year ended June 30, 2015.

Unearned Revenue (Premium Income)

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by ASCIP prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when ASCIP has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Unpaid Claims Liabilities

ASCIP establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) 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 and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage's such as general liability. Claims liabilities 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 periods in which they are made.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The Agency reports deferred outflows of resources for the current year pension contributions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Agency reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

Retrospective Premium Deposit Ratings Adjustment

A provision for retrospective premium deposit ratings adjustments is estimated based on ASCIP's historical and current claims experience.

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 at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

Excess Insurance

ASCIP uses excess and reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance permits recovery of a portion of losses from excess insurers, although it does not discharge the primary liability of ASCIP as direct insurer of the risks insured. ASCIP does not report excess insured risks as liabilities unless it is probable that those risks will not be covered by excess insurers.

Income Taxes

ASCIP's income is exempt from Federal income taxes under Internal Revenue Code Section 115 and the corresponding section of the California Revenue and Taxation Code.

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The Agency has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The Agency has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the Agency has restated the beginning net position in the Statement of Revenues, Expenses and Changes in Net Position, effectively decreasing net position as of July 1, 2014 by $1,331,054. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans,* and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported

- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions

- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2015, consists of the following:

Cash in banks	$ 1,619,563
Investments classified as cash equivalents	
Investment in State investment pool	4,035,964
Investment in County treasury	118,324,557
Total Cash and Cash Equivalents	$ 123,980,084

Investments

Investments as of June 30, 2015, are classified as follows:

Investments maturing within one year	
Unrestricted	$ 17,238,746
Restricted	5,002,750
	22,241,496
Investments maturing after one year	
Unrestricted	211,968,473
Total Investments	$ 234,209,969

Policies and Practices

ASCIP is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

ASCIP is a voluntary participant in the Los Angeles County investment pool. The fair value of ASCIP's investment in the pool is reported in the accounting financial statements at amounts based upon ASCIP's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. For additional information visit the Los Angeles County Treasurer's website at: www.ttax.co.la.ca.us.

Investment in the State Investment Pool

ASCIP is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by *California Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of ASCIP's investment in the pool is reported in the accompanying financial statement at amounts based upon ASCIP'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 balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. For additional information visit LAIF's website at: www.treasurer.ca.gov/pmia-laif.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Municipal Securities	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	20%	None
Supranationals	5 years	10%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None*	None
Joint Powers Authority Pools	N/A	None	None

* Maximum of $50 million per investor.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. ASCIP manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of ASCIP's cash equivalents and investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of ASCIP's investment by maturity:

Cash/Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months
County Pool	$ 118,324,557	$ -	$ -	$ 118,324,557
State Investment Pool	4,035,964	4,035,964	-	-
	122,360,521	4,035,964	-	118,324,557
Money Market Mutual Funds	464,284	464,284	-	-
U.S. Treasuries	66,910,776	8,796,228	12,888,864	45,225,684
U.S. Agencies	58,985,131	500,695	27,682,883	30,801,553
Municipal Bonds	8,223,158	5,914,488	1,359,342	949,328
Certificates of Deposit	31,368,390	4,119,870	22,983,864	4,264,656
Commercial Paper	224,388	224,388	-	-
Corporate Bonds	68,033,842	250,161	14,100,459	53,683,222
	234,209,969	20,270,114	79,015,412	134,924,443
Total	$ 356,570,490	$ 24,306,078	$ 79,015,412	$ 253,249,000

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the *California Government Code*, ASCIP's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Cash/Investment Type	Fair Value	Minimum Legal Rating	S & P Rating as of Year End A-1+	A-1	AAA	AA+	AA
U.S. Treasuries	$ 66,910,776	**	$ -	$ -	$ -	$ 66,910,776	$ -
U.S. Agencies	58,985,131	*	-	-	-	58,985,131	-
Municipal Bonds	8,223,158	*	-	-	750,810	-	837,463
Certificates of Deposit	31,368,390	*	250,000	11,965,490	-	-	-
Commercial Paper	224,388	A-1	-	224,388	-	-	-
Corporate Bonds	68,033,842	A-	-	-	5,384,978	9,604,723	11,063,316
Money Market Funds	464,284	*	-	-	-	-	-
County Pool	118,324,557	*	-	-	-	-	-
State Investment Pool	4,035,964	*	-	-	-	-	-
Total	$ 356,570,490		$ 250,000	$ 12,189,878	$ 6,135,788	$ 135,500,630	$ 11,900,779

Cash/Investment Type	Fair Value	Minimum Legal Rating	S & P Rating as of Year End AA-	A+	A	A-	Unrated
U.S. Treasuries	$ 66,910,776	**	$ -	$ -	$ -	$ -	$ -
U.S. Agencies	58,985,131	*	-	-	-	-	-
Municipal Bonds	8,223,158	*	2,510,914	3,174,643	-	-	949,328
Certificates of Deposit	31,368,390	*	12,287,835	3,994,835	2,870,230	-	-
Commercial Paper	224,388	A-1	-	-	-	-	-
Corporate Bonds	68,033,842	A-	10,851,900	15,135,551	4,609,317	11,384,057	-
Money Market Funds	464,284	*	-	-	-	-	464,284
County Pool	118,324,557	*	-	-	-	-	118,324,557
State Investment Pool	4,035,964	*	-	-	-	-	4,035,964
Total	$ 356,570,490		$ 25,650,649	$ 22,305,029	$ 7,479,547	$ 11,384,057	$ 123,774,133

* Not required to be rated

** Exempt from disclosure

Concentration of Credit Risk

The investment policy of ASCIP contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*, other than corporate issuers which is 25 percent (25 percent). At June 30, 2015, investments in any one issuer that represent five percent (5 percent) or more of the total investments included Federal National Mortgage Association, eight percent (8 percent), and Federal Home Loan Banks, six percent (6 percent).

Custodial Credit Risk

Deposits (Banks)

This is the risk that in the event of a bank failure, ASCIP's deposits may not be returned to it. ASCIP does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (the governmental unit may waive collateral for amounts covered by Federal deposit insurance). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, ASCIP's bank balance was insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of ASCIP.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consist of the following:

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
Accrued investment income	$ 575,452	$ 460,696	$ 80,185	$ 18,208	$ 1,134,541
Premium contributions	195	1,005,427	582,039	97,428	1,685,089
Excess insurance recoveries	-	11,748	-	-	11,748
Other accounts receivable	758,493	4,199	70,589	-	833,281
Total	$ 1,334,140	$ 1,482,070	$ 732,813	$ 115,636	$ 3,664,659

NOTE 4 - CAPITAL ASSETS

A summary of fixed assets for the year ended June 30, 2015, consists of the following:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year
Land and buildings	$ 6,310,021	$ -	$ -	$ 6,310,021
Equipment	1,152,744	42,539	(16,933)	1,178,350
Accumulated depreciation	(2,012,288)	(339,766)	16,933	(2,335,121)
Net Capital Assets	$ 5,450,477	$ (297,227)	$ -	$ 5,153,250

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
Salaries and benefits	$ 170,308	$ 67,739	$ 99,307	$ -	$ 337,354
Accrued vacation	116,851	45,425	76,282	-	238,558
Other services and operating expenses	2,601,257	1,442,067	4,541,678	98,886	8,683,888
Total	$ 2,888,416	$ 1,555,231	$ 4,717,267	$ 98,886	$ 9,259,800

NOTE 6 - UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

ASCIP establishes case reserves and incurred but not reported (IBNR) based on estimates of the ultimate cost of claims (including estimated expenses for investigating and settling claims) that have been reported but not settled, and of claims that have been incurred but not reported. ASCIP uses insurance agreements to reduce its exposure to large losses on property coverage. The insurance agreement discharges the primary liability of ASCIP as direct insurer of the risks insured above certain specified retentions.

The liability recorded for incurred losses is based on information obtained from independent actuarial reports. The supporting information provided by ASCIP relies on the continuance of certain historical trends and forecasts of future activities and conditions. Although management believes that the claims payable for losses and loss expenses at June 30, 2015, is adequate, the ultimate settlement of claims and related expenses may vary from the liability recorded.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - RECONCILIATION OF UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

As discussed in Note 6, ASCIP establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related legal expenses. The following represents changes in those aggregate liabilities for ASCIP during the fiscal years ended June 30, 2014 and 2015:

	2014	2015
Unpaid claims at beginning of year	$ 125,427,627	$ 145,403,897
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	109,089,774	104,309,548
Decrease in provision for insured events of prior years	(13,107,426)	8,572,375
Total Incurred Claims and Claim Adjustment Expenses	95,982,348	112,881,923
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	51,845,831	54,551,720
Claims and claim adjustment expenses attributable to insured events of prior years	24,160,247	41,971,026
Total Payments	76,006,078	96,522,746
Total unpaid claims at end of year	145,403,897	161,763,074
Current portion	(30,117,200)	(46,835,770)
Non-current portion	$ 115,286,697	$ 114,927,304

NOTE 8 - RETROSPECTIVE PREMIUM DEPOSIT RATINGS ADJUSTMENT

ASCIP is required by its bylaws to recalculate and adjust prior years' premium deposits (retrospective premium deposit adjustments) when all claims are closed or the Executive Committee determines that sufficient facts are known so that no additional calculations should be made. During the year ended June 30, 2015, retrospective adjustments of $2,245,825 were calculated related to premiums received for the four years ended June 30, 2004, June 30, 2005, June 30, 2006, and June 30, 2007. The impact of any future retrospective premium deposit adjustments related to premiums paid for the years open through 2015 has not been calculated and no provision has been made in the financial statements.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Employees are members of the California Public Employees' Retirement System (CalPERS).

The Agency implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the Agency reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalPERS	$ 1,250,951	$ 354,308	$ 443,374	$ 363,273

Plan Description

Qualified employees are eligible to participate in the Miscellaneous Employer Pool (MEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.250%
Required employer contribution rate	12.801%	6.250%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total Agency contributions were $354,308

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

As of June 30, 2015, the Agency reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,250,951. The net pension liability was measured as of June 30, 2014. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating miscellaneous governmental entities, actuarially determined. At June 30, 2015, the Agency's proportion was 0.0201 percent.

For the year ended June 30, 2015, the Agency recognized pension expense of $363,273. At June 30, 2015, the Agency 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
Pension contributions subsequent to measurement date	$ 354,308	$ -
Net differences between projected and actual earnings on plan investments		443,374
Total	$ 354,308	$ 443,374

The deferred outflow of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 110,843
2017	110,844
2018	110,843
2019	110,844
Total	$ 443,374

Actuarial Methods and Assumptions

Total pension liability for the MEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.71%
Global fixed income	19%	2.43%
Inflation sensitive	12%	3.36%
Private equity	11%	6.95%
Real estate	6%	5.13%
Infrastructure and Forestland	3%	5.09%
Liquidity	2%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Miscellaneous Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the Agency's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.50%)	$ 2,113,993
Current discount rate (7.50%)	$ 1,250,951
1% increase (8.50%)	$ 534,709

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefits Plan (the Plan) is a single-employer defined benefit healthcare plan administered by ASCIP. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of one retiree and beneficiary currently receiving benefits, no terminated Plan members entitled to but not yet receiving benefits, and 29 active Plan members.

Contribution Information

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-2015, ASCIP was not required to contribute to the plan.

Annual OPEB Cost and Net OPEB Obligation

The ASCIP's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of ASCIP's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in ASCIP's net OPEB obligation to the Plan:

Annual required contribution	$ 22,376
Interest on net OPEB obligation	8,135
Adjustment to annual required contribution	(10,329)
Annual OPEB cost (expense)	20,182
Contributions made	(3,397)
Increase in net OPEB obligation	16,785
Net OPEB obligation, beginning of year	162,709
Net OPEB obligation, end of year	$ 179,494

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015 was as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	$ 15,401	$ 3,399	22.07%	$ 149,809
2014	16,279	3,379	20.76%	162,709
2015	20,182	3,397	16.83%	179,494

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2014	$ -	$ 133,472	$ 133,472	0.00%	$ 2,912,480	4.58%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a five percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial eight percent to an ultimate rate of five percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2014, was 23 years. The actuarial value of assets was not determined in this actuarial valuation as there were none.

NOTE 11 - PARTICIPATION IN PUBLIC ENTITY RISK POOL

ASCIP's member agencies are members of the Schools Excess Liability Fund (SELF) public entity risk pool. Member agencies pay an annual premium to SELF for excess insurance coverage for liability claims from $5,000,001 to $25,000,000. The relationship between ASCIP and SELF is such that SELF is not a component unit of ASCIP for financial reporting purposes. The governing board consists of elected representative of the members by region.

SELF has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between SELF and ASCIP are included in these statements. The payments to SELF for the year ended June 30, 2015, were $3,766,636. Audited financial statements are available from SELF at their website, www.selfjpa.org.

NOTE 12 - CONTINGENCIES

ASCIP 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 ASCIP.

NOTE 13 - RESTATEMENT OF PRIOR YEAR NET POSITION

The Agency adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Statement of Net Position	
Net Position - Beginning	$ 146,396,253
Adoption of GASB Statement No. 68	
Inclusion of net pension liability	(1,634,504)
Inclusion of deferred outflows of resources	303,450
Net Position - Beginning as Restated	$ 145,065,199

Required Supplementary Information

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

CLAIMS DEVELOPMENT INFORMATION
JUNE 30, 2015

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

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue, and reported investment revenue.

2. This line shows each fiscal year's other operating costs of ASCIP including overhead and claims expense not allocable to individual claims.

3. This line shows ASCIP's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called *policy year*).

4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.

5. This line shows the latest re-estimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.)

7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly are used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
PROPERTY AND LIABILITY PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (In Thousands)

		June 30,			
		2006	2007	2008	2009
(1)	Required contribution and investment revenue:				
	Earned	$ 42,260	$ 50,449	$ 55,639	$ 59,155
	Ceded	(11,099)	(12,308)	(12,383)	(12,151)
	Net earned	31,161	38,141	43,256	47,004
(2)	Unallocated expenses	6,957	7,439	7,646	8,380
(3)	Estimated claims and expenses, end of policy year:				
	Incurred	23,853	27,470	31,435	32,408
	Ceded	-	-	-	-
	Net incurred	23,853	27,470	31,435	32,408
(4)	Net paid (cumulative) as of:				
	June 30, 2006	2,526	-	-	-
	June 30, 2007	5,916	2,247	-	-
	June 30, 2008	15,320	7,213	3,381	-
	June 30, 2009	21,856	16,593	12,743	3,643
	June 30, 2010	23,646	22,690	22,225	10,652
	June 30, 2011	24,379	23,573	28,860	20,599
	June 30, 2012	24,510	26,704	29,577	27,161
	June 30, 2013	25,612	31,133	33,122	31,263
	June 30, 2014	25,803	31,211	33,595	32,310
	June 30, 2015	25,737	30,619	33,658	31,384
(5)	Re-estimated ceded claims and expenses:	7,878	7,220	11,307	9,304
(6)	Re-estimated net incurred claims and expenses:				
	June 30, 2006	23,853	-	-	-
	June 30, 2007	21,957	27,470	-	-
	June 30, 2008	22,392	24,768	31,435	-
	June 30, 2009	24,706	25,341	32,397	32,408
	June 30, 2010	25,146	26,560	34,227	29,812
	June 30, 2011	25,539	26,021	33,902	30,909
	June 30, 2012	25,918	27,287	32,582	30,669
	June 30, 2013	26,288	31,974	35,707	34,358
	June 30, 2014	26,372	32,216	35,450	35,876
	June 30, 2015	25,737	30,625	35,668	35,198
(7)	(Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ (1,884)	$ (3,155)	$ (4,233)	$ (2,790)

2010	2011	2012	2013	2014	2015
$ 63,051	$ 61,583	$ 59,400	$ 58,514	$ 56,514	$ 56,671
(12,206)	(11,620)	(11,617)	(11,448)	(13,759)	(13,578)
50,845	49,963	47,783	47,066	42,755	43,093
8,673	8,302	8,893	7,749	5,898	8,975
30,240	29,431	31,054	50,221	38,947	31,380
-	-	-	(9,402)	(1,599)	(2)
30,240	29,431	31,054	40,819	37,348	31,378
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,664	-	-	-	-	-
9,007	4,219	-	-	-	-
18,137	10,209	3,415	-	-	-
23,774	28,000	11,646	3,963	-	-
26,602	32,663	16,354	7,493	3,393	-
28,751	32,811	23,286	17,984	7,429	1,586
1,343	3,188	2,948	12,518	3,853	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,240	-	-	-	-	-
31,630	29,431	-	-	-	-
31,136	35,195	31,054	-	-	-
30,076	42,040	33,302	40,819	-	-
31,558	41,600	34,914	33,972	37,348	-
32,957	42,032	33,903	33,611	30,298	31,378
$ (2,717)	$ (12,601)	$ (2,849)	$ 7,208	$ 7,050	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
WORKERS' COMPENSATION PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (In Thousands)

	June 30,			
	2006	2007	2008	2009
(1) Required contribution and investment revenue:				
Earned	$ 19,365	$ 22,037	$ 23,311	$ 19,671
Ceded	(1,136)	(1,409)	(1,478)	(9,146)
Net earned	18,229	20,628	21,833	10,525
(2) Unallocated expenses	1,656	2,248	2,585	3,019
(3) Estimated claims and expenses, end of policy year:				
Incurred	7,877	7,947	9,727	683
Ceded	-	-	-	-
Net incurred	7,877	7,947	9,727	683
(4) Net paid (cumulative) as of:				
June 30, 2006	848	-	-	-
June 30, 2007	2,168	1,058	-	-
June 30, 2008	2,848	2,299	1,233	-
June 30, 2009	3,374	3,055	2,588	-
June 30, 2010	3,758	3,562	3,460	-
June 30, 2011	4,045	3,986	4,276	-
June 30, 2012	4,210	4,397	4,675	-
June 30, 2013	4,346	4,609	5,020	-
June 30, 2014	4,558	4,786	5,311	135
June 30, 2015	4,926	5,075	5,597	210
(5) Re-estimated ceded claims and expenses:	5,439	4,043	4,926	12,675
(6) Re-estimated net incurred claims and expenses:				
June 30, 2006	7,877	-	-	-
June 30, 2007	5,802	7,947	-	-
June 30, 2008	5,897	6,736	9,727	-
June 30, 2009	6,596	7,298	8,714	683
June 30, 2010	6,206	6,701	8,034	795
June 30, 2011	5,891	7,466	7,923	719
June 30, 2012	5,931	6,653	7,785	-
June 30, 2013	5,459	5,977	6,867	-
June 30, 2014	5,766	6,042	6,873	667
June 30, 2015	6,718	6,387	7,138	760
(7) (Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ 1,159	$ 1,560	$ 2,589	$ (77)

***Fully Insured**

2010*	2011*	2012*	2013	2014	2015
$ 24,208	$ 25,343	$ 26,101	$ 27,774	$ 28,903	$ 34,771
(14,688)	(16,721)	(16,787)	(1,321)	(1,397)	(1,399)
9,520	8,622	9,314	26,453	27,506	33,372
3,201	3,619	4,010	5,304	9,853	6,150
-	-	-	25,718	30,055	32,989
-	-	-	(2,385)	(9,296)	(9,957)
-	-	-	23,333	20,759	23,032
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,450	-	-
-	-	-	5,008	2,445	-
			7,085	5,029	2,982
-	-	-	9,194	9,416	9,957
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	23,333	-	-
-	-	-	18,451	20,759	-
-	-	-	19,721	17,685	23,032
$ -	$ -	$ -	$ 3,612	$ 3,074	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
MEDICAL PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (In Thousands)

		2013	2014	2015
(1)	Required contribution and investment revenue:			
	Earned	$ 67,783	$ 75,751	$ 89,307
	Ceded	(1,607)	(2,105)	(3,120)
	Net earned	66,176	73,646	86,187
(2)	Unallocated expenses	1,912	2,080	2,853
(3)	Estimated claims and expenses, end of policy year:			
	Incurred	13,104	13,777	19,030
	Ceded	-	-	-
	Net incurred	13,104	13,777	19,030
(4)	Net paid (cumulative) as of:			
	June 30, 2013	12,188	-	-
	June 30, 2014	13,842	12,962	-
	June 30, 2015	13,842	13,476	17,397
(5)	Re-estimated ceded claims and expenses:	-	-	-
(6)	Re-estimated net incurred claims and expenses:			
	June 30, 2013	13,104		
	June 30, 2014	13,886	13,777	-
	June 30, 2015	13,886	13,482	19,030
(7)	(Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ (782)	$ 295	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
DENTAL PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (in Thousands)

		June 30,		
		2013	2014	2015
(1)	Required contribution and investment revenue:			
	Earned	$ 41,068	$ 40,934	$ 42,324
	Ceded	-	-	-
	Net earned	41,068	40,934	42,324
(2)	Unallocated expenses	2,789	2,667	2,695
(3)	Estimated claims and expenses, end of policy year:			
	Incurred	31,931	31,951	27,370
	Ceded	-	-	-
	Net incurred	31,931	31,951	27,370
(4)	Net paid (cumulative) as of:			
	June 30, 2013	29,808	-	-
	June 30, 2014	34,059	30,152	-
	June 30, 2015	34,059	34,748	29,467
(5)	Re-estimated ceded claims and expenses:	-	-	-
(6)	Re-estimated net incurred claims and expenses:			
	June 30, 2013	31,931	31,951	-
	June 30, 2014	34,059	31,951	-
	June 30, 2015	34,059	34,751	27,370
(7)	(Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ (2,128)	$ (2,800)	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
VISION PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (in Thousands)

		June 30,		
		2013	2014	2015
(1)	Required contribution and investment revenue:			
	Earned	$ 3,927	$ 3,847	$ 3,982
	Ceded	-	-	-
	Net earned	3,927	3,847	3,982
(2)	Unallocated expenses	643	584	627
(3)	Estimated claims and expenses, end of policy year:			
	Incurred	3,250	2,987	2,976
	Ceded	-	-	-
	Net incurred	3,250	2,987	2,976
(4)	Net paid (cumulative) as of:			
	June 30, 2013	3,125	-	-
	June 30, 2014	3,251	2,875	-
	June 30, 2015	3,251	3,298	3,079
(5)	Re-estimated ceded claims and expenses:	-	-	-
(6)	Re-estimated net incurred claims and expenses:			
	June 30, 2013	3,250	2,987	-
	June 30, 2014	3,251	2,987	-
	June 30, 2015	3,251	3,378	2,976
(7)	(Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ (1)	$ (391)	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

CLAIMS DEVELOPMENT INFORMATION
CIPA-OCIP PROGRAM
JUNE 30, 2015

CLAIMS DEVELOPMENT INFORMATION
POLICY YEAR ENDED (in Thousands)

	June 30, 2007	2008	2009	2010
(1) Required contribution and investment revenue:				
Earned	$ 2,656	$ 3,129	$ 3,049	$ 3,130
Ceded	(1,257)	(1,008)	(598)	(1,778)
Net earned	1,399	2,121	2,451	1,352
(2) Unallocated expenses	584	611	714	720
(3) Estimated claims and expenses, end of policy year:				
Incurred	739	484	858	563
Ceded	-	-	-	-
Net incurred	739	484	858	563
(4) Net paid (cumulative) as of:				
June 30, 2007	156	-	-	-
June 30, 2008	270	56	-	-
June 30, 2009	390	64	166	-
June 30, 2010	618	77	351	52
June 30, 2011	676	95	487	179
June 30, 2012	873	87	683	255
June 30, 2013	883	120	834	371
June 30, 2014	959	128	899	515
June 30, 2015	974	137	933	533
(5) Re-estimated ceded claims and expenses:	-	-	-	-
(6) Re-estimated net incurred claims and expenses:				
June 30, 2007	304	-	-	-
June 30, 2008	587	78	-	-
June 30, 2009	681	64	369	-
June 30, 2010	927	106	446	119
June 30, 2011	923	110	604	294
June 30, 2012	882	97	775	375
June 30, 2013	883	157	908	529
June 30, 2014	1,085	128	1,086	660
June 30, 2015	974	137	1,107	684
(7) (Increase) decrease in estimated incurred claims and expenses from the end of the policy year:	$ (235)	$ 347	$ (249)	$ (121)

2011	2012	2013	2014	2015
$ 4,504	$ 3,204	$ 2,113	$ 2,504	$ 1,653
(1,179)	(1,422)	(152)	(965)	(505)
3,325	1,782	1,961	1,539	1,148
1,029	329	686	675	305
1,690	672	408	670	521
-	-	-	-	-
1,690	672	408	670	521
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
233	-	-	-	-
867	108	-	-	-
1,242	377	120	-	-
1,780	411	349	19	-
2,189	459	406	21	39
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,297	-	-	-	-
1,943	290	-	-	-
2,329	432	408	-	-
3,585	758	848	670	-
3,599	1,565	747	372	521
$ (1,909)	$ (893)	$ (339)	$ 298	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
JUNE 30, 2015

	Property/Liability		Workers' Compensation	
	2014	2015	2014	2015
Unpaid claims and claim adjustment expenses at beginning of fiscal year	$ 86,334,181	$ 100,245,050	$ 32,137,400	$ 38,849,345
Incurred claims and claim adjustment expenses:				
Provision for insured events of the current fiscal year	38,946,123	31,380,248	20,758,733	23,031,647
Increases (decreases) in provision for insured events of prior fiscal years	(6,625,416)	(668,967)	(7,538,927)	1,765,025
Total Incurred Claims and Claim Adjustment Expenses	32,320,707	30,711,281	13,219,806	24,796,672
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,393,092	1,586,176	2,444,817	2,982,491
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	15,016,746	29,846,779	4,063,044	6,171,121
Total Payments	18,409,838	31,432,955	6,507,861	9,153,612
Total unpaid claims and claim adjustment expenses at end of fiscal year	$ 100,245,050	$ 99,523,376	$ 38,849,345	$ 54,492,405

Medical Programs		Dental/Vision Programs		CIPA/OCIP Program		Total	
2014	2015	2014	2015	2014	2015	2014	2015
$ 1,021,743	$ 901,347	$ 2,491,118	$ 2,102,317	$ 3,443,185	$ 3,305,838	$ 125,427,627	$ 145,403,897
13,777,031	19,030,471	34,937,754	30,346,270	670,133	520,912	109,089,774	104,309,548
988,884	3,339,132	(238,023)	3,871,948	306,056	265,237	(13,107,426)	8,572,375
14,765,915	22,369,603	34,699,731	34,218,218	976,189	786,149	95,982,348	112,881,923
12,961,987	17,397,371	33,026,841	32,546,361	19,094	39,321	51,845,831	54,551,720
1,924,324	4,059,937	2,061,691	1,342,278	1,094,442	550,911	24,160,247	41,971,026
14,886,311	21,457,308	35,088,532	33,888,639	1,113,536	590,232	76,006,078	96,522,746
$ 901,347	$ 1,813,642	$ 2,102,317	$ 2,431,896	$ 3,305,838	$ 3,501,755	$ 145,403,897	$ 161,763,074

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2012	$ -	$ 112,796	$ 112,796	0.00%	$ 2,284,218	4.94%
July 1, 2013	-	125,297	125,297	0.00%	2,520,781	4.97%
July 1, 2014	-	133,472	133,472	0.00%	2,912,480	4.58%

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2015

	2015
CalPERS	
Agency's proportion of the net pension liability	0.0201%
Agency's proportionate share of the net pension liability	$ 1,250,951
Agency's covered - employee payroll	$ 2,520,782
Agency's proportionate share of the net pension liability as a percentage of its covered - employee payroll	50%
Plan fiduciary net position as a percentage of the total pension liability	81%

Note: In the future, as data become available, ten years of information will be presented.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Authority)

SCHEDULE OF AGENCY CONTRIBUTIONS
JUNE 30, 2015

	2015
CalPERS	
Contractually required contribution	$ 354,308
Contributions in relation to the contractually required contribution	354,308
Contribution deficiency (excess)	$ -
Agency's covered - employee payroll	$ 2,912,480
Contributions as a percentage of covered - employee payroll	12.17%

Note: In the future, as data become available, ten years of information will be presented.

Supplementary Information

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
ASSETS					
Cash and cash equivalents	$ 34,790,340	$ 53,797,307	$ 34,494,817	$ 882,202	$ 123,964,666
Restricted assets - cash and cash equivalents	15,418	-	-	-	$ 15,418
Receivables	1,334,140	1,482,070	732,813	115,636	3,664,659
Investments maturing within one year, net of restricted assets	8,800,659	6,002,421	-	2,435,666	17,238,746
Restricted assets - investments	5,002,750	-	-	-	5,002,750
Prepaid expenses and deposits	145,892	-	1,925,000	825,577	2,896,469
Total Current Assets	50,089,199	61,281,798	37,152,630	4,259,081	152,782,708
Investments, net of amount maturing within one year	124,418,698	84,862,902	-	2,686,873	211,968,473
Capital assets	7,488,371	-	-	-	7,488,371
Less: Accumulated depreciation	(2,335,121)	-	-	-	(2,335,121)
Net capital assets	5,153,250	-	-	-	5,153,250
Total Non-Current Assets	129,571,948	84,862,902	-	2,686,873	217,121,723
Total Assets	179,661,147	146,144,700	37,152,630	6,945,954	369,904,431
DEFERRED OUTFLOWS OF RESOURCES					
Current year pension contribution	174,976	63,583	115,749	-	354,308
LIABILITIES					
Accounts payable	2,888,416	1,555,231	4,717,267	98,886	9,259,800
Advance SIR and excess insurance payments	2,886,888	-	-	-	2,886,888
Unearned premium income	-	-	4,905	1,182,710	1,187,615
Current portion of unpaid claims	32,000,000	10,000,000	4,245,538	590,232	46,835,770
Unallocated claims adjustment expenses	4,473,519	7,672,313	333,425	322,298	12,801,555
Retrospective premium payable	-	2,245,825	-	-	2,245,825
OPEB liability	80,777	35,032	63,685	-	179,494
Licensing agreement obligation	33,250	-	-	-	33,250
Risk management deposit fund	14,076,928	5,340,816	-	-	19,417,744
Safety credit payable	589,580	431,578	-	-	1,021,158
SELF rate stabilization fund	200,310	-	-	-	200,310
Total Current Liabilities	57,229,668	27,280,795	9,364,820	2,194,126	96,069,409
Unpaid claims and claims adjustment expenses, net of current portion	67,523,376	44,492,405	-	2,911,523	114,927,304
Net pension liability	584,614	259,439	406,898	-	1,250,951
Total Long-Term Liabilities	68,107,990	44,751,844	406,898	2,911,523	116,178,255
Total Liabilities	125,337,658	72,032,639	9,771,718	5,105,649	212,247,664

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2015

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
DEFERRED INFLOWS OF RESOURCES					
Difference between actual and expected rate of investment	218,961	79,567	144,846	-	443,374
NET POSITION					
Net investment in capital assets	5,153,250	-	-	-	5,153,250
Restricted	5,002,750	-	-	-	5,002,750
Unrestricted	44,123,504	74,096,077	27,351,815	1,840,305	147,411,701
Total Net Position	$ 54,279,504	$ 74,096,077	$ 27,351,815	$ 1,840,305	$ 157,567,701

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
REVENUES					
Premium deposits from members	$ 53,611,008	$ 35,435,260	$ 135,436,710	$ 1,628,161	$ 226,111,139
Less: Retrospective premium deposit ratings adjustment	-	(2,245,825)	-	-	(2,245,825)
	53,611,008	33,189,435	135,436,710	1,628,161	223,865,314
Other income	891,908	1,633	2,495	-	896,036
Total Operating Revenues	54,502,916	33,191,068	135,439,205	1,628,161	224,761,350
EXPENSES					
Claims expense, net of reimbursements of $12,319,804	31,432,955	9,153,612	55,345,947	590,232	96,522,746
Provision for IBNR and case reserves	(721,674)	15,643,060	1,241,874	195,917	16,359,177
Excess/reinsurance premiums	13,578,020	1,398,926	3,119,679	250,820	18,347,445
Insurance premiums	-	-	63,244,131	-	63,244,131
Contract services					
Claims administration	1,765,398	2,261,331	3,157,929	77,000	7,261,658
Provision for ULAE reserves	218,183	907,209	110,859	-	1,236,251
Broker's fees	338,584	137,250	-	254,155	729,989
General counsel services	166,264	-	-	268	166,532
Captive management	-	-	-	64,136	64,136
OCIP Program Marketing/Sale	-	-	-	27,541	27,541
Rating and actuarial services	150,999	115,974	260,000	9,500	536,473
Accounting and audit services	89,778	20,527	-	26,170	136,475
Investment advisory service	223,380	-	-	13,718	237,098
Salaries and benefits	1,762,701	745,860	1,172,608	-	3,681,169
Property appraisal	334,232	-	-	-	334,232
Other contract services	72,786	71,240	36,139	-	180,165
Loss control and risk management	3,039,523	1,096,796	585,427	-	4,721,746
Pension expense	179,403	65,192	118,678	-	363,273
Other operating	82,887	651,714	691,956	86,504	1,513,061
Interest	148,649	54,059	-	-	202,708
Depreciation	339,766	-	-	-	339,766
Total Operating Expenses	53,201,834	32,322,750	129,085,227	1,595,961	216,205,772
Operating Income	1,301,082	868,318	6,353,978	32,200	8,555,578
NON-OPERATING REVENUES (EXPENSE)					
Interest and dividend income	$ 1,957,532	$ 1,435,795	$ 173,910	$ 24,897	$ 3,592,134
Net realized gains	311,815	212,949	-	2,683	527,447
Net unrealized losses	(101,157)	(69,084)	-	(2,416)	(172,657)
Total Non-Operating Income	2,168,190	1,579,660	173,910	25,164	3,946,924
CHANGE IN NET POSITION	3,469,272	2,447,978	6,527,888	57,364	12,502,502
NET POSITION, BEGINNING OF YEAR, AS RESTATED	50,810,232	71,648,099	20,823,927	1,782,941	145,065,199
NET POSITION, END OF YEAR	$ 54,279,504	$ 74,096,077	$ 27,351,815	$ 1,840,305	$ 157,567,701

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS
(A Joint Powers Entity)

COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2015

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA-OCIP Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for premium contributions and other income	$ 54,637,581	$ 33,104,776	$ 134,900,454	$ 885,931	$ 223,528,742
Claims paid	(31,432,955)	(9,153,612)	(55,345,947)	(572,256)	(96,504,770)
Cash paid to employees	(1,762,701)	(745,860)	(1,172,608)	-	(3,681,169)
Cash paid for benefits, insurance and other expenses	(19,675,616)	(5,332,021)	(69,813,713)	(1,082,954)	(95,904,304)
Cash paid for pension plan	(174,979)	(63,583)	(115,749)	-	(354,311)
Net Cash Provided (Used) by Operating Activities	1,591,330	17,809,700	8,452,437	(769,279)	27,438,499
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(42,359)	-	-	-	(42,359)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividend income received	1,957,532	1,435,795	173,911	24,897	3,592,135
Net realized losses from investing securities	(311,815)	(212,949)	-	(2,683)	(527,447)
Net unrealized gains from investing securities	101,157	69,084	-	2,416	172,657
Purchase of investments	(175,652,029)	(126,518,427)	-	(74,323)	(302,244,779)
Proceeds from sales and maturities of investments	142,440,261	101,839,770	-	-	244,280,031
Net Cash Provided (Used) by Investing Activities	(31,464,894)	(23,386,727)	173,911	(49,693)	(54,727,403)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,915,923)	(5,577,027)	8,626,348	(818,972)	(27,685,574)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	64,721,681	59,374,334	25,868,469	1,701,174	151,665,658
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 34,805,758	$ 53,797,307	$ 34,494,817	$ 882,202	$ 123,980,084
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income	$ 1,301,082	$ 868,318	$ 6,353,978	$ 32,200	$ 8,555,578
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	339,766	-	-	-	339,766
(Increase) Decrease in accounts receivable	139,426	(86,292)	(543,001)	283,809	(206,058)
Increase in prepaids and deposits	(4,761)	-	-	(77,706)	(82,467)
Increase in deferred outflows of resources	(32,678)	(1,159)	(17,020)	-	(50,857)
Increase (Decrease) in accounts payable and other liabilities	467,119	518,541	1,276,181	(273,142)	1,988,699
Increase (Decrease) in unearned revenue	-	-	4,250	(948,333)	(944,083)
Increase (Decrease) in unpaid claims and adjustments	(503,491)	16,550,269	1,352,733	213,893	17,613,404
Increase (Decrease) in risk management deposit fund and OPEB	(152,235)	(42,745)	5,367	-	(189,613)
Decrease in net pension liability	(181,859)	(76,799)	(124,897)	-	(383,555)
Increase in deferred inflows of resources	218,961	79,567	144,846	-	443,374
Net Cash Provided (Used) by Operating Activities	$ 1,591,330	$ 17,809,700	$ 8,452,437	$ (769,279)	$ 27,084,188

Independent Auditor's Report

INDEPENDENT AUDITOR'S 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*

Governing Board
Alliance of Schools for Cooperative Insurance Programs (ASCIP)
(A Joint Powers Authority)
Cerritos, 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 Alliance of Schools for Cooperative Insurance Programs (ASCIP) and subsidiaries (the Agency) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Alliance of Schools for Cooperative Insurance Programs' basic financial statements, and have issued our report thereon dated December 4, 2015.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 and Note 13 to the financial statements, the Agency adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ASCIP'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 ASCIP's internal control. Accordingly, we do not express an opinion on the effectiveness of ASCIP'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 Agency'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.

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

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 ASCIP'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2015