ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

ASCIP

16550 Bloomfield Avenue
Cerritos, CA 90703

(562) 404-8029
(562) 404-8038 fax

www.ascip.org
info@ascip.org

April 3, 2023

Mr. Andrew Hamilton, CPA
Auditor - Controller
County of Orange
1770 N. Broadway
Santa Ana, CA 92706

Dear Mr. Hamilton:

Enclosed please find a copy of our audited financial statements for the fiscal year ended June 30, 2022, to be filed with your office as required by Government Code Section 26909.

Should you have any questions or need further information, please contact me at (562) 404-8029.

Sincerely,

Alfredo Reyes

Alfredo Reyes
Controller

Enclosure

ALLIANCE OF SCHOOLS
FOR COOPERATIVE
INSURANCE PROGRAMS

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2022

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

JUNE 30, 2022

EXECUTIVE COMMITTEE

REPRESENTATIVE	CATEGORY	OFFICE HELD
Mr. Phil Hillman	K-8 Member Districts	President
Ms. Andrea Reynolds	K-8 Member Districts	Vice President
Ms. Susan Hume	K12, ADA of<15,000	Treasurer
Mr. Cameron Abbott	Community College Districts	Member
Mr. Clark Hampton	K12, ADA of>15,000	Member
Mr. Michael Johnston	K12, ADA of>15,000	Member
Mr. Tien Phan	Joint Powers Authority	Member
Dr. David Riddick	Charter Public Schools	Member
Ms. Lisa Shoemaker	K12, ADA of<15,000	Member
Ms. Cheryl Sullivan	Joint Powers Authority	Member
Ms. Yumi Takahashi	K12, ADA of>15,000	Member
Mr. Dean West	K12, ADA of<15,000	Member
Mr. Fred Williams	Community College Districts	Member
Ms. Christina Aragon	K12, ADA of>15,000	Alternate
Mr. Marc Chaldu	K12, ADA of<15,000	Alternate
Mr. Ryan DiGiulio	Joint Powers Authority	Alternate
Mr. Ruben Frutos	K12, ADA of>15,000	Alternate
Mr. Kevin Jamero	K12, ADA of<15,000	Alternate
Dr. Gretchen Janson	K-8 Member Districts	Alternate
Dr. Jason Johnson	K-8 Member Districts	Alternate
Ms. Karen Kimmel	K12, ADA of<15,000	Alternate
Mr. Anthony Nahale	K12, ADA of>15,000	Alternate
Mr. Anthony Soria	K12, ADA of>15,000	Alternate

ADMINISTRATION

Mr. Fritz J. Heirich	Chief Executive Officer
Mr. Jeffrey Grubbs	Chief Operations & Financial Officer
Mr. Stephan Birgel	Chief Claims Officer, Property & Liability
Ms. Nidra Kumaradas	Executive Director of Workers' Compensation
Mr. Dan Sanger	Executive Director of Health Benefits
Ms. Lynn Truong	Senior Director of Finance
Mr. Reshan Cooray	Senior Director of Member Services
Ms. Martha Espinoza	Senior Director of Risk Services
Ms. Felicia Williams	Board Clerk

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

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JUNE 30, 2022

GILBERT
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INDEPENDENT AUDITOR'S REPORT

Governing Board
Alliance of Schools for Cooperative Insurance Programs
Cerritos, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Alliance of Schools for Cooperative Insurance Programs (ASCIP) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise ASCIP's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of ASCIP as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Captive Insurance for Public Agencies Limited (CIPA), a blended component unit, which represent 4.60 percent, 3.84 percent, and 2.50 percent, respectively, of the assets, net position, and revenues of ASCIP as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CIPA, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of CIPA were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ASCIP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ASCIP's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

2880 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833
Phone 916.646.6464 • Fax 916.929.6836 • GilbertCPA.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 ASCIP's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ASCIP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, reconciliation of claims liabilities by type of contract, claims development information, schedule of changes in ASCIP's total OPEB liability and related ratios, schedule of ASCIP's proportionate share of the net pension liability, and the schedule of ASCIP's contributions on pages 4-19 and 49-57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ASCIP's basic financial statements. The accompanying combining statement of net position; combining statement of revenues, expenses and changes in net position; and combining statement of cash flows (combining financial 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of executives and administration and the "Memo only" column in the basic financial statements but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ASCIP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ASCIP's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 15, 2022

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The following Management's Discussion and Analysis (MD&A) provides an overview of ASCIP's financial position and activities for the fiscal year ended June 30, 2022. The MD&A should be read in conjunction with the financial statements and accompanying notes which follow this section.

Overview of ASCIP

Alliance of Schools for Cooperative Insurance Programs (ASCIP) was formed in 1980 as a public agency Joint Powers Authority (JPA) which provides a number of insurance coverages, including property & liability, workers' compensation, and health benefits, to public educational institutions including school districts and community colleges in the State of California.

In addition to providing insurance coverage, ASCIP also offers an extensive array of risk management services, including safety and loss control, health and wellness, claims and litigation management to prevent and mitigate losses, which are all inclusive in the program costs. ASCIP also offers a host of customized insurance products, including booster/auxiliary club, student accident, and underground storage tank coverages, to meet its members' needs.

In, 2005, ASCIP formally established Captive Insurance for Public Agencies Limited (CIPA) in the State of Hawaii and began to offer an Owner Controlled Insurance Program (OCIP). Later it offered other coverages, including Transit insurance, Student Accident coverage, Workers' Compensation Loss Portfolio Assumptions and Corridor levels of coverage through CIPA.

In 2006 ASCIP established a health benefits program for its membership by approving the merger of Los Angeles Regionalized Insurance Services Authority (LARISA) and ASCIP. Initially ASCIP offered self-funded and fully-insured dental and vision programs to its membership. As a result of the success of these programs, ASCIP launched its self-funded and fully-insured medical program in 2008.

In 2016, ASCIP implemented a program enhancement to its liability program called Student Accident Coverage, designed to provide limited benefits for Pre-K to twelfth-grade students injured at school-supervised and sponsored activities, including interscholastic sports. Covered benefits include reimbursement for medical expenses and additional benefits in the event of accidental injury, death, dismemberment, or paralysis. Coverage is excess of collectible insurance from other sources and is designed to supplement parent or student medical insurance. CIPA provides reinsurance support for this program on a 50% quota-share basis with a fronting carrier.

ASCIP's Executive Committee consists of thirteen members who represent the membership categories of Community College Districts, K-12 Districts, K-8 Districts, Charter Schools, and partner School District JPAs. Committee members for each category are elected by the membership and serve staggered three-year terms. In addition, there are a minimum of thirteen alternates. The Executive Committee appoints alternates and may fill vacancies which occur prior to expiration of a voting member's term. The Executive Committee is responsible for providing overall leadership to the JPA, including the development of long-range goals and policies to guide and direct the organization's staff.

The Executive Committee is supported by the following member-led committees; Finance & Investment Committee, Risk Control Committee, Personnel Committee, Claims & Coverage Committee and the Health Benefits Committee. The day-to-day operations are administered by an in-house staff of approximately fifty professionals.

Description of the Basic Financial Statements

ASCIP's financial statements are prepared in conformity with generally accepted accounting principles in the United States of America, including standards established by the Governmental Accounting Standards Board. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows are included along with the Notes to Financial Statements to clarify accounting policies and financial information. *The Statement of Net Position* provides information on all ASCIP's assets and deferred outflows and liabilities and deferred inflows, with the difference 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 using the direct method to reflect the operations of ASCIP based on the inflow and outflow of cash.

ASCIP's financial activities are reported in three separate funds: Property & Liability Fund, Workers' Compensation Fund, and Health Benefits Fund. The Property & Liability Fund consists of revenues and expenditures relating to the five core coverage programs (property, general liability, child sexual assault, auto liability, auto physical damage, and crime) along with several 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.

The assets, deferred outflows, liabilities, deferred inflows, revenues and expenses for the three funds are reported on a full accrual basis. CIPA's financial statements are included in ASCIP's financial statements as a component unit of ASCIP. CIPA's financial statements reflect the revenues, expenditures, assets and liabilities of the OCIP, Student Accident, Pupil Transportation, Workers' Compensation Loss Portfolio Assumption and Corridor Reinsurance programs. CIPA issues separate financial statements which are maintained by ASCIP.

CONDENSED FINANCIAL INFORMATION

STATEMENT OF NET POSITION

	2020-2021	2021-2022
ASSETS		
Current assets	$ 194,021,715	$ 155,432,951
Noncurrent assets	330,858,048	346,110,826
Capital assets, net	4,268,255	15,582,715
Intangible right-to-use lease asset	-	6,983,903
Total Assets	529,148,018	524,110,395
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources for pension & OPEB	1,367,076	1,355,136
LIABILITIES		
Current liabilities	104,021,612	103,134,102
Unpaid claims and claims adjustment expense, net of current portion	196,588,633	194,837,609
Net OPEB liability	758,570	605,844
Net pension liability	2,407,721	670,975
Lease liability	-	7,002,627
Total Liabilities	303,776,536	306,251,157
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources for pension & OPEB	18,113	772,534
NET POSITION		
Invested in capital assets, net	4,268,255	15,563,991
Net position, restricted	14,547,940	14,348,498
Net position, unrestricted	207,904,250	188,529,351
Total Net Position	$ 226,720,445	$ 218,441,840

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2020-2021	2021-2022
Operating Revenue:		
Member contributions	$ 275,211,387	$ 287,307,997
Other income	2,491,064	145,571
Total Operating Revenue	277,702,451	287,453,568
Operating Expenses:		
Provision for claims and claim adjustment expense	125,529,917	124,784,197
Excess/Reinsurance premiums	29,857,013	31,297,083
Health Benefits Insurance premiums	70,798,756	74,467,505
Contract services	12,048,088	12,169,483
Loss control and risk management	3,915,397	3,534,437
General administrative expenses	10,464,999	9,983,609
Dividend expense	23,880,958	14,445,618
Total Operating Expenses	276,495,128	270,681,932
Nonoperating Revenue:		
Interest and dividend income, net of fees	5,210,334	5,133,476
Net increase (decrease) in fair value of investments	(4,062,925)	(30,183,717)
Total Nonoperating Revenue	1,147,409	(25,050,241)
Change in Net Position	2,354,732	(8,278,605)
Total Net Position, Beginning of Year	224,365,713	226,720,445
Total Net Position, End of Year	$ 226,720,445	$ 218,441,840

ASCIP 2021-22 Operating Budget

Each year, ASCIP's Executive Committee adopts a budget which serves as a blueprint for the Executive Committee to achieve its objective of providing the highest quality products and services to its members. It is designed as a tool for financial planning, control, and evaluation of pool performance in the coming year. The budget incorporates various fiscal and economic assumptions and factors such as insurance market trends, level of reinsurance coverage, claims trends and developments, investment performance and administrative costs.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

ANALYSIS OF SIGNIFICANT VARIATION BETWEEN BUDGET AND ACTUAL

	Budget	Actual	$ Variance	% Variance
Operating Revenues:				
Premium contributions from members	$ 281,600,000	$ 287,307,997	$ 5,707,997	2%
Other income	134,000	145,571	11,571	9%
Total Operating Revenues	281,734,000	287,453,568	5,719,568	**2%**
Operating Expenses:				
Claims expense	156,532,000	124,784,197	(31,747,803)	-20%
Excess/reinsurance premiums	30,056,000	31,297,083	1,241,083	4%
Health benefits insurance premiums	71,400,000	74,467,505	3,067,505	4%
Contract services	11,905,000	12,169,483	264,483	2%
Loss control and risk management services	5,019,000	3,534,437	(1,484,563)	-30%
General and administrative	11,108,000	9,983,609	(1,124,391)	-10%
Premium dividends	-	14,445,618	14,445,618	n/c
Total Operating Expenses	286,020,000	270,681,932	(15,338,068)	**-5%**
Operating income (loss)	**(4,286,000)**	**16,771,636**	**21,057,636**	**-491%**
Non-Operating Revenues (Expenses):				
Interest and dividend income, net of fees	4,286,000	5,133,476	847,476	20%
Net unrealized gain (loss) on investments	-	(30,183,717)	(30,183,717)	n/c
Total Non-Operating Income	4,286,000	(25,050,241)	(29,336,241)	**-684%**
Increase (decrease) in net position	-	(8,278,605)	(8,278,605)	n/c
Net position, beginning of year	226,720,445	226,720,445	-	0%
Net position, end of year	**$ 226,720,445**	**$ 218,441,840**	**$ (8,278,605)**	**-4%**
Capital Outlay	**$ 1,370,000**	**$ 246,325**	**$ (1,123,675)**	**-82%**

Commentary on Budget Variances

Actual premium contributions from members were $5.7 million or 2% higher than the budget mainly due to higher Workers' Compensation program premiums attributed to higher payroll than originally estimated and higher Medical premiums as a result of higher enrollment.

Interest income was 20% higher than the budget due to actual interest rate earned was higher than estimated rate used for the budget as a result of extending the portfolio duration.

Actual claims expense was approximately $32 million or 20% less than budgeted primarily due to lower claim payments in the Workers' Compensation and Health Benefits programs due to the pandemic and significant decrease in IBNR in the Workers' Compensation program.

Excess/reinsurance premiums came in $1.2 million higher than the budget mainly due to the increase in property renewal premium rate as ASCIP changed its renewal date from July 1 to April 1.

Actual Health Benefits premium paid to carriers were $3.1 million higher than the budget primarily due to higher enrollment.

Contract services came in slightly higher than the budget mainly due to the increase in utilization of IT temporary help.

Loss control expense came in approximately $1.5 million lower than budgeted due to low utilization of services during the year.

Actual general and administrative expenses were $1.1 million lower than the budget primarily due to the decrease in benefits resulting from the decrease in pension expense.

Premium dividends were not budgeted but the Board declared a rebate of $9.3 million in the Workers' Compensation program and $5.1 million in the Health Benefits program.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

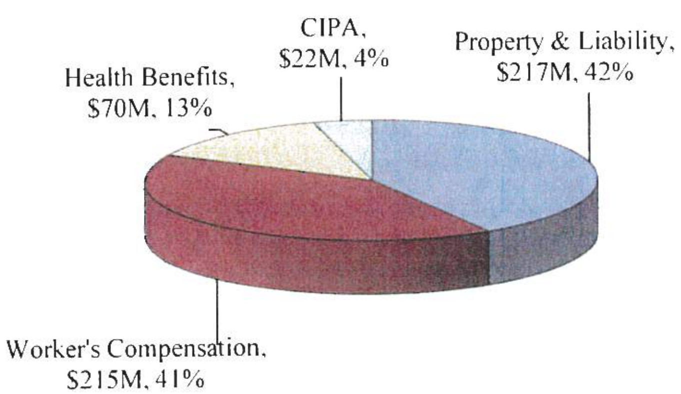
Assets

ASCIP'S total assets consist of mostly cash and investments with a small amount of accounts receivable, prepaid expenses, and capital assets. Total assets decreased by $5 million or 1.0% to $524.1 million at June 30, 2022. The decrease in cash mainly contributed to the decrease in total assets. All other types of assets such as investments, prepaid and capital assets showed an increase from the prior year. ASCIP's capital assets increased by $11.3 million this year due to the purchase of a new building. ASCIP also entered into a land lease agreement with the City of Cerritos for the land under and around where the new building resides. In addition, as a result of having the land lease, ASCIP implemented GASB 87, Lease Accounting. Therefore, ASCIP recorded a new Right-of-Use asset for the Operating Lease in an amount of approximately $7 million.

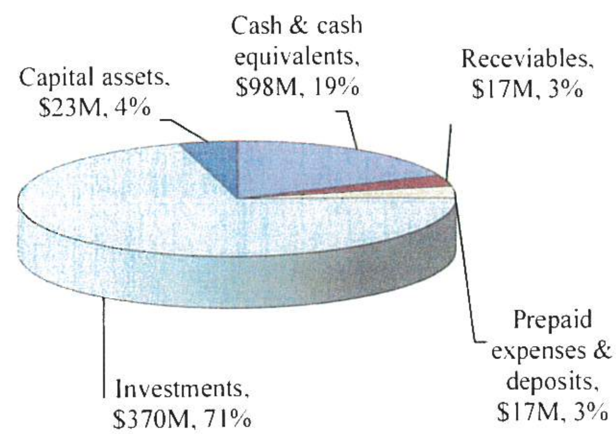
ASCIP invests those funds not immediately necessary for claims payments in long-term securities in order to optimize the rate of return. The managed portfolio consists of fixed income securities purchased and held in accordance with ASCIP's investment policy and the California Government Code. As of June 30, 2022, ASCIP's investments have a total fair market value of $370 million, an increase of $18.5 million from the prior fiscal year. This increase was driven by $5.1 million in interest earnings, $43.6 million in net purchases of investments, net of unrealized market value losses of $30.2 million.

The following graphs depict the total assets by program and type of investment at June 30, 2022:

Total Assets by Program



Total Assets by Investment Type



Liabilities

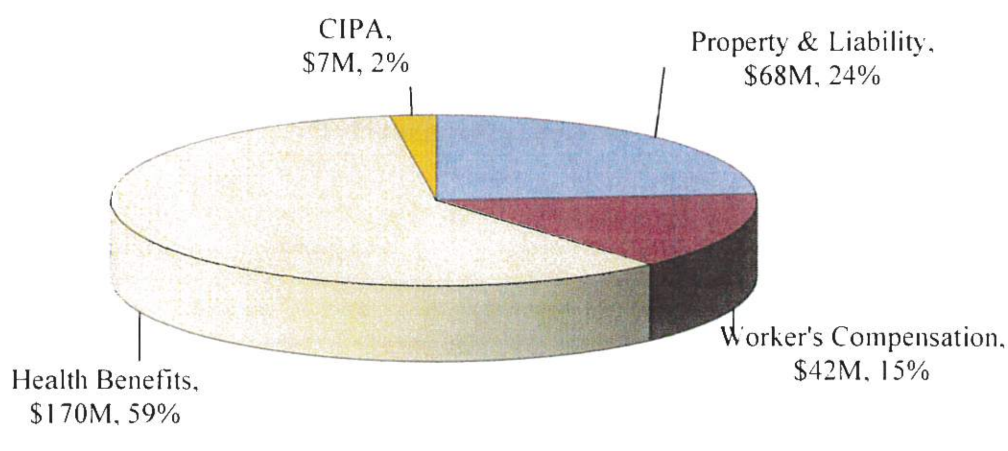
Total liabilities increased by $2.5 million, primarily due to the increase in premium dividend and safety credit payable of $1.6 million, Risk Management Deposit Fund balance of $5.6 million, outstanding claims liabilities of $3.2 million and lease liability of $7.0 million, offsetting by the decrease in accounts payable of $9.0 million, unearned premium revenues of $3.6 million, and other liabilities of $2.3 million. Per GASB 87 as mentioned above, consistent with recording the Right-to-Use asset, ASCIP is also required to book a lease liability for the operating lease in the amount of $7 million this year.

Revenues

Total premium revenues generated for the fiscal year were \$287.5 million, an increase of 3.5% from the previous year or \$9.8 million. This year, the Property & Liability, Workers' Compensation and the Health Benefits programs generated an increase in revenues, of \$2.7 million, \$5.1 million and \$4.6 million, respectively, primarily driven by the increased cost of coverage and membership growth. While all of ASCIP's programs had revenues growth for the year, CIPA had a decrease in revenues by \$2.7 million, mainly driven by the decision to substantially reduce the number of new OCIP projects enrolled.

Interest income earned during the year was \$5.1 million. The Fed started raising the short-term rates in May 2022, but ASCIP's long-term portfolio did not get much benefit from the higher short and long-term rates in this fiscal year, since the funds were already invested. As a result, ASCIP's investment portfolio experienced a large amount of unrealized losses of \$30.2 million, compared to \$4.1 million unrealized loss in the prior year. Since ASCIP holds most of its bonds to maturity, this unrealized loss is expected to reverse itself as securities mature.

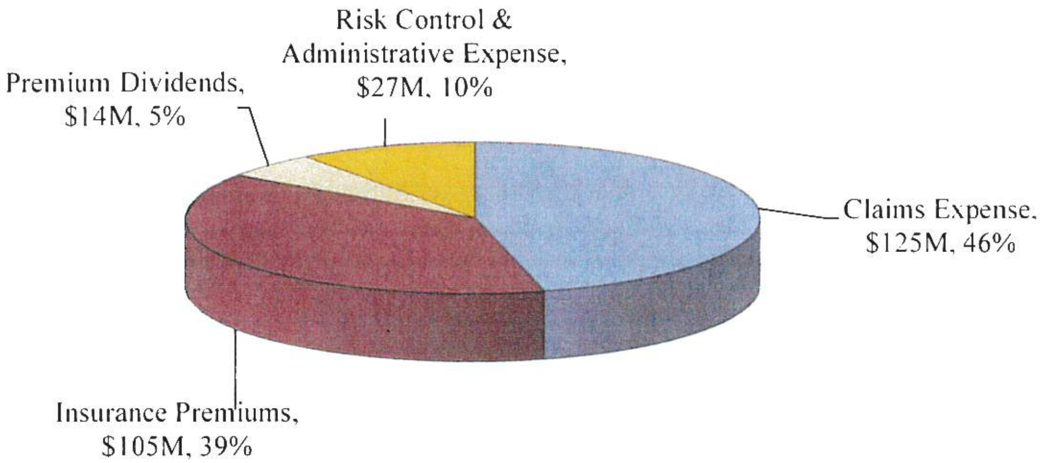
Total Revenues by Program for the Year Ended June 30, 2022



Expenses

Total expenses were $270.7 million, an overall decrease of $5.8 million or 2% from the prior year. The claim payments increased by nearly $7.0 million, offset by a decrease in case reserves, IBNR, and ULAE reserves by $7.7 million. Excess insurance premiums, health benefits premiums and other expenses increased by a total of $4.4 million. In fiscal year 2021-22, the Executive Committee declared a total rebate of $14.4 million from the Workers' Compensation and Health Benefits programs, which was $9.4 million less than the previous year's rebate amount.

Breakdown of Expenses for the Year Ended June 30, 2022



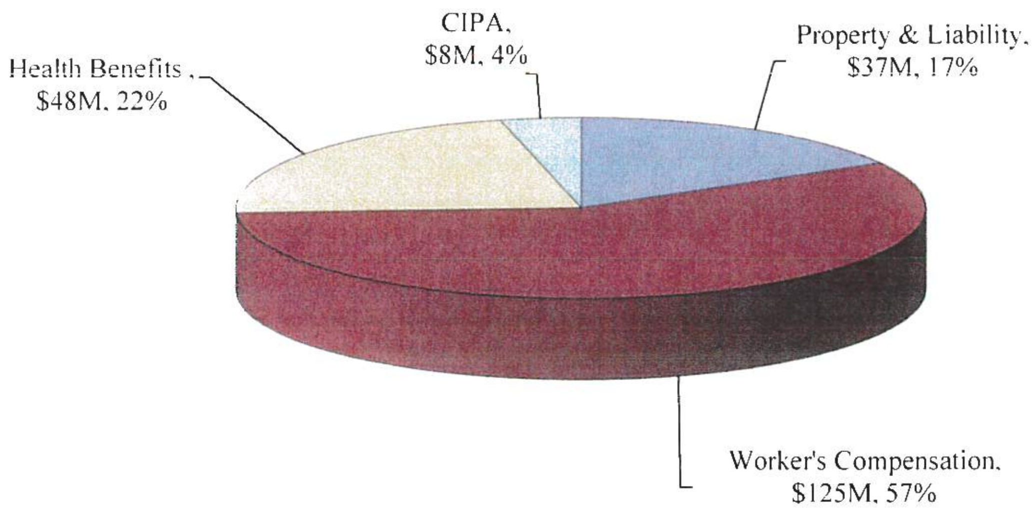
ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Net Position

ASCIP's financial health continued to remain very strong, ending the year with a net position of $218.4 million, a decrease of $8.3 million from the prior year after booking an unrealized investments losses of $30.2 million and a dividend of $14.4 million. Without the unrealized investment losses and premium dividends, all programs generated an increase in net position, with the Workers' Compensation program posting the highest surplus again this year. Net surplus or income before unrealized loss and dividends were $2.8 million for the Property & Liability program, $26.6 million for the Workers' Compensation program, $5.7 million for the Health Benefits program, and $1.2 million for CIPA.

Net Position by Program at June 30, 2022



ANALYSIS OF BALANCES AND TRANSACTION OF INDIVIDUAL FUNDS

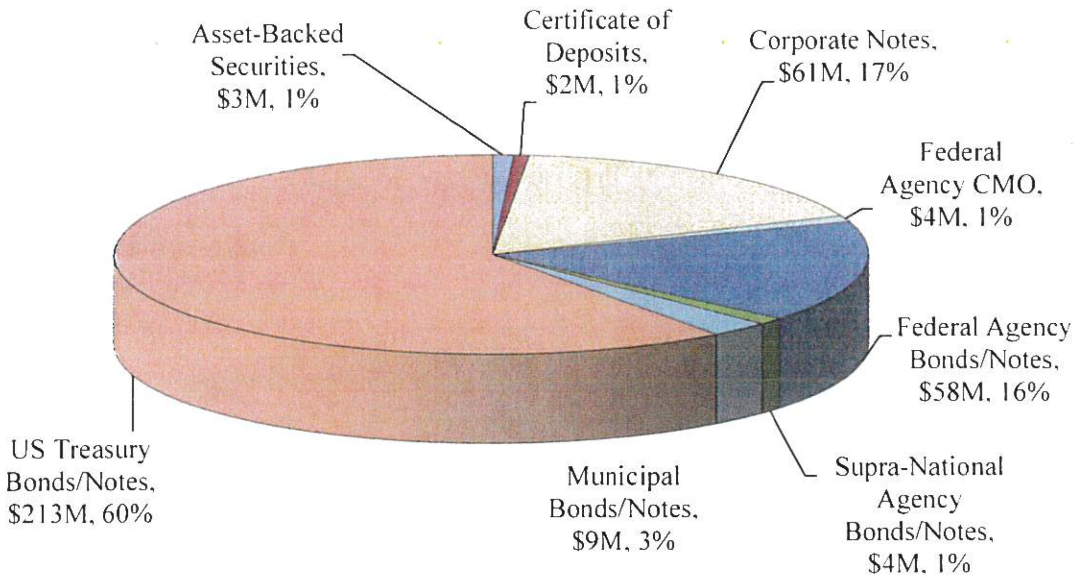
Property & Liability Program

The total assets in the Property & Liability Program increased by $1.8 million to $217.4 million as of June 30, 2022. The increase was mainly attributable to the increase in prepaid expense and investments, offset by the decrease in cash. Total cash increased by nearly $13.8 million, ending the year with $66.0 million. A high cash balance was maintained at fiscal year-end to pay for the excess and reinsurance premiums in July.

The Property & Liability investment portfolio balance increased by approximately $3.0 million to an ending balance of $125.5 million as of June 30, 2022. The increase was mainly driven by the cash transfer in from the LA County Treasurer's Pool, offset by the market value loss due to rising rates. For the fiscal year, the portfolio earned $1.8 million in interest income which was reinvested in the portfolio and had a net unrealized loss of $8.7 million. As of June 30, 2022, the portfolio had an average yield of 1.16% and an average duration of 3.1 years, compared to a yield of 1.20% and an average maturity of 3.3 years at June 30, 2021. During the year, the portfolio drifted shorter as securities were getting closer to their maturity dates.

The following graph depicts the asset allocation of the investment portfolio:

Property & Liability Program Investments
Asset Allocation at June 30, 2022



Total liabilities increased by $7.1 million to $181.1 million as of June 30, 2022, primarily due to the increase of $6.5 million in unpaid claims liability and $5.7 million in Risk Management Deposit Fund balance, offset by the decrease in accounts payable of $4.6 million, net pension liability of $1.3 million and other liabilities of $0.8 million. The increase in unpaid claims liability was the result of $8.8 million increase in case reserves, offset by $2.3 million decrease in IBNR. As in the past, the outstanding claims liability for unpaid losses as of June 30, 2022 was recorded at the actuarially determined undiscounted central estimate.

Net position in the Property & Liability Program decreased by $5.9 million to an ending balance of $36.6 million at June 30, 2022. The decrease was primarily caused by the unrealized loss in investments.

Total premium revenues increased by approximately $2.7 million from the prior year to $68.4 million, primarily driven by the increase in rates in the CSA and cyber line of coverage. The composite renewal rate increased by 6.2% from the prior year. The program added one new member and lost four existing members in this program year, reducing the total number of members to 111. In 2021-22, the program insured $35.5 billion in property values and nearly 1.1 million students. The program also generated $113,000 in other income from the administration of other JPAs.

The total operating expenses increased by $1.1 million predominantly due to the increase in claim payments and excess and reinsurance premiums particularly in the property and cyber liability lines of coverage. To avoid incurring a catastrophic or severe loss in any one program year, ASCIP purchases excess insurance and/or reinsurance coverage in many of its programs. In fiscal year 2021-22, the total excess/reinsurance premiums increased by $3.6 million, mainly due to the increase in property reinsurance premiums of $2.3

million and $0.9 million in cyber liability premium. Similar to last year, ASCIP continued to retain a self-insured retention of $3 million per occurrence in the General Liability line of coverage. ASCIP purchased reinsurance for the $2 million in excess of $3 million layer with no aggregate deductible and took a 20 percent quota share of losses with four reinsurers in this layer.

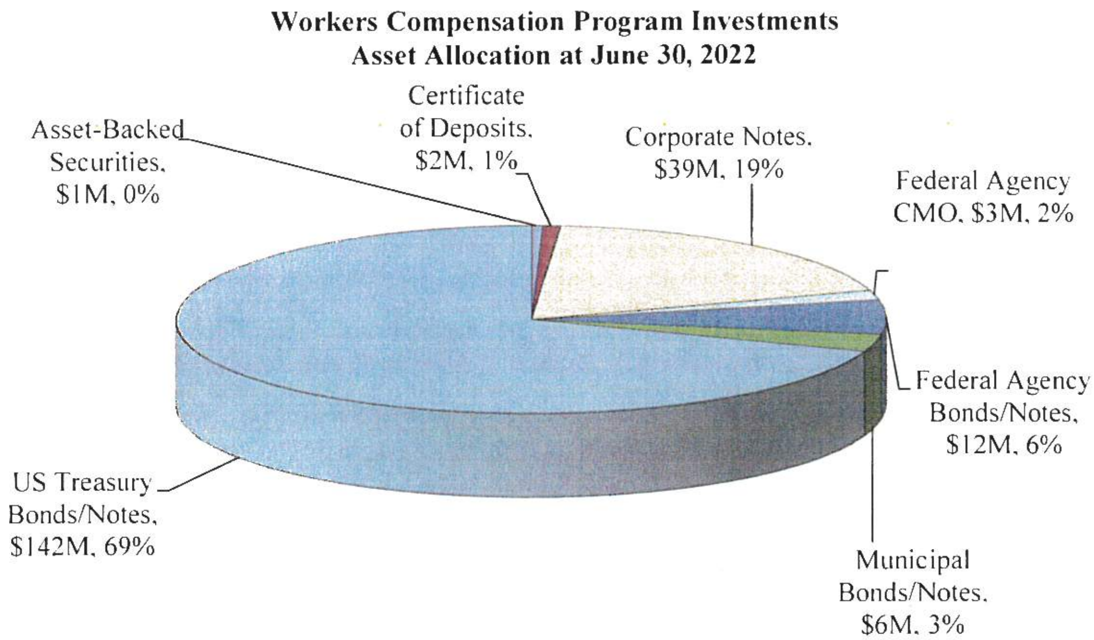
Regarding the Property coverage portion of this program, ASCIP continued to carry a $1 million deductible and had an aggregate corridor deductible of $2.5 million in the layer above the $1 million deductible as in the previous year. Due to the hard property market, same as last year, ASCIP purchased excess insurance above this level up to $500 million. Effective April 1, 2022, ASCIP changed its property program renewal date from July 1 to April 1. Also, effective April 1, 2022, ASCIP transferred the coverage for the $2.5 million aggregate corridor deductible to CIPA.

This year, the adjustment in IBNR and case reserves was about $3 million lower than the previous year's adjustment. This helps in part offset the increase in claim payments and reinsurance premiums. Risk control expenses went down by $361,000 from the prior year mainly due to the decrease in utilization of wildfire mitigation services. General administration costs decreased by $974,000 primarily due to the decrease in pension expense based on the actuarial report prepared by CalPERS. ASCIP is part of the CalPERS Miscellaneous Risk Pool for Defined Benefit Pension Plan. As such, ASCIP's pension liability and expense are based on CalPERS actuarial calculation.

Workers' Compensation Program

The Workers' Compensation program ended the year with total assets of $214.5 million, a decrease of $13.4 million from the prior year. The decrease in total assets was mainly driven by the decrease in investment market value due to rising interest rates. The total assets included $7.4 million in cash and cash equivalents, $2.6 million in accounts receivable, and $204.5 million in investments. For the year, the program earned a total of $2.9 million in interest income that was re-invested in the portfolio and recognized a decrease in net unrealized investment market value of almost $21 million. During the year, the duration of the Workers' Compensation investment portfolio was further extended to 5.10 years from 3.82 years to match its claims liability and enhance its long-term investment earnings. As of June 30, 2022, the portfolio had an average yield of 1.45%, compared to 1.56% yield in the prior year.

The following graph depicts the asset allocation of the investment portfolio:



The total liabilities in the Workers' Compensation program decreased by $9.9 million to $89.2 million at the end of the fiscal year. All liabilities decreased from the prior year except for safety credit payable. Due to the substantial equity in the program and to help members with their fiscal challenges, this year ASCIP's Executive Committee declared another rebate. This year's rebate was one of the largest premium rebates in the history of the program, totaling $9.4 million. Over the last sixteen years, the Workers' Compensation program has returned a total of $76 million back to its members.

The unpaid claims liability decreased by $5.1 million to $70.5 million. This total decrease was made up of a $76,000 decrease in case reserves and $5.0 million decrease in IBNR. The decrease was primarily driven by the reduction in the projected ultimate losses for the years prior to June 30, 2020. The unallocated claims adjustment expense (ULAE) decreased by $1.1 million to $10.4 million as a result of the decrease in claims and IBNR reserves. ASCIP handles all claims for both the SIR Program and the First Dollar Program participants even when the losses are 100% ceded.

The Workers' Compensation program closed the fiscal year with a decrease in net position of $3.7 million, which brought the ending net position down to $125.4 million as of June 30, 2022. This decrease was mainly due to the unrealized loss on investments.

Member contributions increased by $7.4 million to $42.3 million, primarily due to the growth in membership, despite the overall composite premium rate decreased by 3.0%. For the year, the program added four new members and lost one member.

The Workers' Compensation program premiums are based on payroll. For fiscal year 2021-22, the program had a total payroll of \$3.6 billion, increased by \$619 million from the previous year mainly due to the addition of four new members. The program insured a total of 51 members in 2021-22.

Total operating expenses decreased by \$6.3 million from the prior year, primarily due to the decrease in provision for IBNR and case reserves and lower premium dividends. The claim payments made in this fiscal year went up by \$3.3 million but was offset by the decrease in IBNR and case reserves. The total dividend declared of \$9.4 million was \$5.3 million less than the year before. At yearend \$3.3 million were unpaid and accrued as dividend payable at the end of the year.

Health Benefits Programs

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

As of June 30, 2022, the Health Benefits program had total assets of \$70.3 million, an increase of \$8.8 million from prior year. This year, the Health Benefits program created its investment portfolio and transferred \$22.0 million in cash from LA County Treasurer's Pool to purchase long-term investments to maximize its investment earnings. The total assets also included \$11.5 million in capital assets which is the cost of the new building and approximately \$7.0 million in Right-of-use assets related to the operating lease for the new building.

The total liabilities increased by \$8.5 million to \$22.4 million. The increase was attributable to the lease liability recorded for the new building's land lease per GASB 87, *Lease Accounting*. Total liabilities included \$3.9 million in premium dividend payable. Although \$5.1 million in dividend were declared, with \$3.9 million were unpaid and accrued as dividend payable at the end of the year.

The unpaid claims liability increased by \$1.2 million to \$5.9 million, mostly driven by the increase in the IBNR reserves for the medical plan. This increase was primarily due to the increasing lag between the date the claims were incurred and the date they were paid.

Member contributions totaled \$170 million including \$123.3 million from the medical and miscellaneous plans, \$41.2 million from the dental plans, and \$5.4 million from the vision plans. Total member contributions for fiscal year 2021-22 was \$4.6 million higher compared to the prior year mainly driven by the increase in medical premiums of \$5.1 million, offset with the decrease in the self-funded dental premiums of \$794,000 due to the termination of a large member. The program earned a total interest income of \$340,000, much higher than the prior year due to higher interest rates, but recognized an unrealized loss of \$438,000.

The Health Benefits program incurred total operating expenses of \$169.7 million, an increase of \$2.4 million. The overall increase was predominantly due to the increase in carrier premiums for the medical plan as a result of the premium rate increases. The increase in premium expense is consistent with the increase in premium revenue. Similar to last year, due to the program's favorable overall loss experience and substantial equity balance, the Executive Committee declared another large rebate in the amount of \$5.1 million, which brought the total rebate to \$38.6 million in the last five years.

Despite the large premium dividend. the program ended the year with an increase in its net position of $159,000 which brought the total net position to $47.9 million.

Captive Insurance for Public Agencies, Limited. (CIPA)

CIPA is a licensed pure captive insurance company operating for the sole benefit of ASCIP. CIPA was incorporated.and received its Certificate of Authority from the Insurance Commissioner of the State of Hawaii in 2005.

CIPA utilizes a captive administrator with an office in Honolulu, Hawaii, along with contracted staff to manage the various programs, described below, it provides coverage for. ASCIP also provides some minimal administrative support to CIPA.

Owner-Controller Insurance Program (OCIP)

The OCIP insures new construction and renovation projects undertaken by participating districts, covering contractors and all their subcontractors on any work at or emanating from the project site. CIPA provides workers' compensation, employers' liability and general liability deductible reimbursement coverage of $500,000 per occurrence with no aggregate limit.

In fiscal year 2021-22, the OCIP program did not enroll any new construction projects and closed nineteen projects with a total enrolled premium of $2.4 million. In compliance with Generally Accepted Accounting Principles (GAAP), the OCIP program recognizes revenues over the life of the projects. For fiscal year 2021-22, the OCIP program earned a total premium of $6.3 million. Collected but unearned revenue of $723,000 will be recognized in future fiscal years.

Total expenses for the fiscal year 2021-22 were approximately $5.6 million. Included in the total expenses were excess insurance premium of $2.0 million, IBNR adjustment of $480,000, loss payments of $1.2 million, OCIP administrator and broker's fees of $1.0 million, and general administrative expenses of $959,000 million.

For the year, the OCIP program had an increase in net position of $656,000, bringing the total net position to $6.1 million. The increase in net position was primarily attributed to the reduction in provision for IBNR.

At June 30, 2022, the OCIP program's total assets were $17.2 million and liabilities were $11.1 million. The total assets included $549,000 in cash, $7.2 million investments in various types of fix-income securities and $9.4 million in certificate of deposits.

Student Accident Program

Effective July 1, 2016, CIPA began providing reinsurance for a student accident insurance program offered to all ASCIP members. Under the terms of a reinsurance agreement with a fronting carrier, CIPA participates on a 50% quota share basis in the program.

For fiscal year 2021-22, the Student Accident program earned a total premium of $363,000, a decrease of $21,000 from the previous year due to a lower rate. This premium is 50% share of the program's gross premium of $726,000. The other 50% went to the fronting carrier.

Total expenses for the fiscal year were $160,000, an increase of $27,000 from the prior year. Included in the total expenses were $40,000 of paid losses, a reduction of $9,000 in IBNR and case reserves, $55,000 of intermediary fee and commission, $27,000 of claims adjusting fees, and $29,000 of carrier fronting fee.

For the year, the Student Accident program had a net income of $203,000, which brought the ending net position to $1.57 million. At June 30, 2022, the program's total assets were $1.6 million including $540,000 of funds held by the carrier and accounts receivable of $1,060,000. Total liabilities included $32,000 of case reserves and IBNR.

Pupil Transportation Program

Effective July 1, 2018, ASCIP extended automobile liability and errors and omissions liability coverage to Whittier Union High School District (WUHSD) for its pupil transportation services, where ASCIP retains $500,000 per occurrence and obtained specific reinsurance for $4,500,000 excess of the $500,000 retention. CIPA provides self-insured retention reimbursement coverage to ASCIP for losses within the $500,000 retention, subject to a WUHSD's $25,000 deductible per occurrence.

The Pupil Transportation program generated a net income of $198,000, comprised of premium earned of $185,000 and reduced unpaid reserves of $14,000. Previously accrued unpaid reserves were released since no program losses have impacted CIPA.

Workers' Compensation Self- Insured Retention Assumption (SIRA)

In 2019, ASCIP entered into a Self-Insured Retention Assumption agreement (SIRA) with a member school district to assume certain workers' compensation liabilities from the member district. In a separate loss portfolio transfer agreement effective on the same date, ASCIP transferred 100% of its ultimate net loss related to the aforementioned liabilities to two different reinsurance partners on a 50-50 percent basis. One of these reinsurance partners was CIPA.

In June 2021, ASCIP entered into another SIRA with a member JPA to assume their tail workers' compensation claims liability.

For the fiscal year 2021-22, the Workers' Compensation SIRA program generated a net income of $51,000 after recording a total loss payment of $74,000, a reduction of $403,000 in unpaid claim reserves and $278,000 reduction in premium revenues as profit is deferred and recognized as claims are paid; therefore, $278,000 of the reserve release was deferred and will be earned into profit in the future. At June 30, 2022, the program had a deferred premium income of $1.04 million and a provision of IBNR and case reserves of $1.27 million.

Corridor Program

Effective April 1, 2022, CIPA reinsures ASCIP's property program for a $2.5 million annual aggregate corridor layer that sits between ASCIP's $1 million per-occurrence self-insured retention and the attachment of the excess property coverage from third-party carriers. CIPA collected $2.2 million from ASCIP for the full twelve months coverage. For the fiscal year 2021-22, CIPA recognized 25% of the total premium ($550,000) as revenue and also accrued the same amount as unpaid loss reserves. Therefore, the net income for the fiscal year is zero.

Facts or Conditions That Are Expected to Have a Significant Effect on The Financial Position or Result of Operations

One of the fastest growing exposures is personal tort liability claims arising from accusations of lack of oversight and protection with regards to childhood sexual assault involving students.

The recent passage of California Assembly Bill 218, which took effect January 1, 2020, substantially increases the statute of limitations for filing claims based on such accusations. Jury verdicts are unpredictable. While the future is uncertain and dependent on many case-by-case factors, this could have a substantial negative impact on not only future claim liabilities, but also on insurance and reinsurance carrier's willingness to underwrite this coverage for schools in the State of California.

In an effort to control the uncertainty of this potential liability ASCIP moved its coverage for this risk from occurrence-based to claims-made policy coverage effective July 1, 2020. ASCIP has also devoted increased staff and resources to assist our members in preventing this growing threat

Another area of concern is the rising cost of property coverage as a result of the growing number of catastrophic wildfires in the State of California. The last three years have seen billions of dollars of losses throughout the State. While the public utility companies strive to mitigate this risk with planned power outages, these outages create other risks of loss. ASCIP continues to invest in several prevention and mitigation efforts to control the cost of these potential losses. The cost of this coverage is expected to continue to rise.

Cyber security is another growing risk. Attacks such as ransomware, malware, phishing, hacking, identity theft, security breaches and social engineering are expected to continue to increase, with schools becoming a growing target for such attackers. ASCIP has devoted increased staff and resources to assist our members in protecting themselves from this growing threat, both before and after an attack. This is a global geo-economic problem and the cost, both economic and social, is expected to continue to rise.

Insurance providers, such as ASCIP, depend heavily on investment returns to fund a portion of our claims liabilities. Market rates for fixed income securities increased substantially last year and are expected to continue to rise. This has resulted in the recording of substantial unrealized losses. Since ASCIP expects to hold most of its securities to maturity, eventually these unrealized losses are expected to reverse themselves. This does, however, result in substantial fluctuations, year to year, in the recorded market value of these investments.

The COVID-19 pandemic has affected the entire country in various ways. In the fiscal year ended June 30, 2021, ASCIP saw a distinct drop in claims in all of our programs, primarily driven as a result of schools moving to a remote-work and teaching environment and the temporary shutdown of many medical service providers. While existing litigated claims have slowed in development due to the temporary closing of most courthouses, this is not expected to affect their ultimate financial cost. Medical claims, including dental and vision, seem to have returned to normal levels by year-end. As the California legislature continues to pass laws to protect employees from the risks associated with contracting the virus in a work-related environment, it is unclear how this will affect ASCIP's various programs in the future.

BASIC FINANCIAL STATEMENTS

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

STATEMENT OF NET POSITION
JUNE 30, 2022

	2022	Memo Only 2021
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 77,518,657	$ 137,939,826
Restricted cash and cash equivalents	20,353,458	14,335,045
Accounts receivable	16,710,115	13,192,865
Prepaid expenses and other assets	12,402,566	3,368,206
Investments maturing within one year	14,099,657	10,727,373
Restricted investments maturing within one year	14,348,498	14,458,400
Total current assets	155,432,951	194,021,715
Noncurrent assets:		
Investments, net of amount maturing within one year	341,389,126	326,136,348
Deposits	4,721,700	4,721,700
Capital assets, net	15,582,715	4,268,255
Intangible right-to-use lease asset	6,983,903	
Total noncurrent assets	368,677,444	335,126,303
Total assets	524,110,395	529,148,018
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources for pension & OPEB	1,355,136	1,367,076
LIABILITIES:		
Current liabilities:		
Accounts payable	9,585,705	18,597,445
Unearned premium revenues	1,757,870	5,366,870
Premium dividends payable	7,252,830	6,084,167
Licensing agreement obligation	267,622	236,000
Risk management deposit fund	17,677,169	12,072,301
Safety credit payable	2,676,289	2,267,744
Current portion of unpaid claims	45,824,002	40,857,487
Unallocated claims adjustment expense	18,092,615	18,539,598
Total current liabilities	103,134,102	104,021,612
Noncurrent liabilities:		
Unpaid claims and claim adjustment expenses, net of current portion	194,837,609	196,588,633
Net pension liability & total OPEB liability	1,276,819	3,166,291
Lease liability	7,002,627	
Total noncurrent liabilities	203,117,055	199,754,924
Total liabilities	306,251,157	303,776,536
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows of resources for pension & OPEB	772,534	18,113
NET POSITION:		
Invested in capital assets	15,563,991	4,268,255
Restricted	14,348,498	14,547,940
Unrestricted	188,529,351	207,904,250
Total net position	$ 218,441,840	$ 226,720,445

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

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	2022	Memo Only 2021
OPERATING REVENUES:		
Premium contributions from members	$ 287,307,997	$ 275,211,387
Other income	145,571	2,491,064
Total operating revenues	287,453,568	277,702,451
OPERATING EXPENSES:		
Claims expense, net of reimbursements of $4,706,921	121,971,153	115,033,348
Provision for IBNR and case reserves	3,260,027	10,290,608
Provision for ULAE reserves	(446,983)	205,961
Excess/reinsurance premiums	31,297,083	29,857,013
Health benefits insurance premiums	74,467,505	70,798,756
Contract services	12,169,483	12,048,088
Loss control and risk management	3,534,437	3,915,397
General and administrative	9,983,609	10,464,999
Premium dividends	14,445,618	23,880,958
Total operating expenses	270,681,932	276,495,128
Operating income	16,771,636	1,207,323
NON-OPERATING REVENUES (EXPENSES):		
Interest and dividend income	5,133,476	5,210,334
Net realized/unrealized gain (loss) on investments	(30,183,717)	(4,062,925)
Total non-operating income (loss)	(25,050,241)	1,147,409
Increase (decrease) in net position	(8,278,605)	2,354,732
Net position, beginning of year	226,720,445	224,365,713
Net position, end of year	$ 218,441,840	$ 226,720,445

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

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022	Memo Only 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from premium contributions and other income	$ 285,000,261	$ 275,279,464
Cash paid for claims	(122,015,689)	(115,456,140)
Cash paid for claims in excess layer	(4,706,923)	(12,762,022)
Cash received from reinsurer	5,820,945	12,901,145
Cash paid for benefits, insurance, and other expenses	(154,804,653)	(157,971,447)
Cash paid to employees	(7,503,649)	(6,993,574)
Cash paid to pension plan and retirees	(645,918)	(586,470)
Net cash provided (used) by operating activities	1,144,374	(5,589,044)
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:		
Purchase of capital assets	(11,759,726)	(381,940)
Principal payment on lease liability	(39,906)	
Net cash provided (used) by capital and financing activities	(11,799,632)	(381,940)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(202,413,340)	(148,460,926)
Proceeds from sale or maturity of investments	153,649,728	161,568,149
Interest and investment income received	5,016,114	6,169,419
Net cash provided (used) by investing activities	(43,747,498)	19,276,642
Net increase (decrease) in cash and cash equivalents	(54,402,756)	13,305,658
Cash and cash equivalents, beginning of year	152,274,871	138,969,213
Cash and cash equivalents, end of year	$ 97,872,115	$ 152,274,871
RECONCILIATION TO STATEMENT OF NET POSITION:		
Cash and cash equivalents	$ 77,518,657	$ 137,939,826
Restricted cash and cash equivalents	20,353,458	14,335,045
Cash and cash equivalents, end of year	$ 97,872,115	$ 152,274,871
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 16,771,636	$ 1,207,323
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expense	503,896	410,146
(Increase) decrease in:		
Accounts receivable	(3,335,153)	334,450
Prepaid expenses and other assets and deposits	(9,034,360)	1,766,001
Deferred outflows of resources	11,940	15,185
Increase (decrease) in:		
Accounts payable and other liabilities	(7,402,910)	(17,109,563)
Unearned premium revenues	(3,609,000)	(4,164,300)
Risk management deposit fund	5,604,868	1,545,986
Unpaid claims and claim adjustment expense	2,768,508	10,073,777
Net pension liability & OPEB liability	(1,889,472)	398,315
Deferred inflows of resources	754,421	(66,364)
Net cash provided (used) by operating activities	$ 1,144,374	$ (5,589,044)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Unrealized gain (loss) on investments	$ (23,257,076)	$ (17,661,499)
Acquisition of right-to-use lease asset through lease liability	$ 7,042,533	$ -

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

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 they might otherwise be able to obtain operating on their own. During the fiscal year ended June 30, 2022, there were 138 participants in ASCIP programs.

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 members 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.

The Captive Insurance for Public Agencies Limited (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 insures (or reinsures) coverages that are either, materially non-homogenous across the membership of ASCIP and feasible to be insured or reinsured (e.g. OCIP) or are non-District risks which ASCIP or its members have facilitated being insured as reducing potential risk to ASCIP programs or its members (e.g. OCIP, Pupil Transit, Student Accident, and Workers' Compensation Loss Portfolio Transfer coverage).

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

For financial reporting purposes, ASCIP is considered a special-purpose government engaged only in business-type activities. Accordingly, the accompanying financial statements are presented as a proprietary fund 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 premium deposits from members net of any applicable rate credits. Operating expenses include the provision for claims and claims adjustment expenses, insurance premiums, premium dividends, and general and administrative expenses.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. ASCIP has three enterprise funds and no internal service funds.

1) **Property & Liability Fund**

Members participate in the following programs:

General & Auto Liability Insurance:

A self-funded liability insurance plan covering claims up to $5,000,000 per occurrence. Some policy years include a reinsured liability insurance program covering claims within various corridor/aggregate layers and/or quota share positions. Members have the option to choose deductibles ranging from $0 - $250,000, and with reinsurance support as follows:

Property Insurance:

A self-funded property insurance plan covering claims up to $1,000,000 per occurrence. Some policy years include an additional self-funded aggregate layer up to $2,500,000. Members have the option to choose deductibles ranging from $5,000 - $250,000.

A fully reinsured property insurance program covering claims beyond the self-funded layer, up to $500,000,000 per occurrence. This limit was $600,000,000 prior to July 1, 2020.

Crime Insurance:

A self-funded crime insurance plan, including employee faithful performance, covering claims up to $250,000. Each district has a $500 deductible.

A fully insured insurance plan covering claims above $250,000 up to various limits ranging between $1,000,000 and $5,000,000.

Auto Physical Damage Insurance:

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

2) **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. Members have the option to choose deductibles ranging from $0 - $350,000.

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

3) **Health Benefits Fund**

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.

In addition to these three funds, ASCIP's component unit, CIPA, accounts for the following programs on a full-accrual basis.

1) **Owner-Controlled Insurance Program (OCIP) Fund**

Members may participate in the following programs:

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

A fully-reinsured OCIP program between $500,000 to statutory limit for workers' compensation benefits and between $500,000 to various limits for various general liability coverages.

2) **Student Accidental Fund**

Members participate in the following program:

A self-funded student accident program that provides reimbursement for medical expenses and benefits for accidental death and dismemberment. The coverage has a $250 deductible with varying maximum limits between $10,000 and $25,000 depending on the benefit.

3) **Pupil Transit Fund**

Members participate in the following program:

A self-funded pupil transit program that provides automobile liability and errors and omissions liability coverage up to $500,000 per occurrence with member deductible of $25,000 per occurrence.

A fully-insured pupil transit program that provides automobile liability and errors and omissions liability coverage between $500,000 to $5,000,000 per occurrence.

4) **Workers' Compensation Self-Insured Retention Assumption**

Members participate in the following program:

A self-funded assumption of certain workers' compensation claims below purchased deductibles ranging up to $1,000,000.

5) **Corridor Program**

Members participate in the following program:

Effective April 1, 2022, CIPA reinsures ASCIP's property program for a $2.5 million annual aggregate corridor layer that sits between ASCIP's $1 million per-occurrence self-insured retention and the attachment of the excess property coverage from third-party carriers.

Cash and Cash Equivalents

For purposes of the statement of cash flows, ASCIP considers investments in the Los Angeles County Treasury Pool (LACTP), investment in the State of California's Local Agency Investment Fund (LAIF), and money market mutual funds to be cash equivalents.

Investment and Investment Pools

ASCIP records its investments at fair value and cash in LAIF and LACTP investment pools at amortized 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 unrealized gain (loss) on investments in 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 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 investments because their use is limited. In addition, amounts equivalent to the Risk Management Deposit Fund (Note 9) and Safety Credit Payable (Note 10) are also classified as restricted cash and equivalents because they can only be used at member direction to offset future premiums or for other risk management and safety expenses.

Prepaid Expenses

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

Deposits

Deposits represent amounts paid on variable cost reserve calculations, which are based on one and a half months of projected claim payments.

Capital Assets

Equipment acquired by ASCIP is capitalized. Depreciation of capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position. 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 $445,266 for the year ended June 30, 2022.

Unearned Revenue (Premium Income)

Unearned revenue arises when potential revenue does not meet the 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 revenue recognition criteria are met, or when ASCIP has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position 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 coverages 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 and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to ASCIP's pension and OPEB plans after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and total OPEB liability in the next fiscal year.

Additional factors involved in the calculation of ASCIP's pension and OPEB expenses and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between ASCIP's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

Leases

ASCIP recognizes a lease when the lease terms include a noncancelable period of more than one year. ASCIP recognized a lease liability and an intangible right-to-use lease asset (lease asset) at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

ASCIP estimates its incremental borrowing rate as the discount rate for expected lease payments and the noncancable period for its leases. Additionally, ASCIP monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease liability if certain changes occur that are expected to significantly affect their lease liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ASCIP's portion of the California Public Employees' Retirement System (CalPERS) Miscellaneous plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of ASCIP's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Premium Dividends

An accrual for premium dividends is estimated based on ASCIP's historical and current claims experience and recorded upon approval by the Board.

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.

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.

Change in Accounting Principle

For the year ended June 30, 2022, ASCIP implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of ASCIP's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in ASCIP's 2022 financial statements but had no effect on the beginning net position as of June 30, 2021 as ASCIP's only lease commenced in 2022.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2022, consist of the following:

Cash on hand and in banks	$ 2,016,315
Investments classified as cash equivalents:	
Investment in Local Agency Investment Fund	14,734,394
Investment in LA County Treasury Pool	81,031,623
Investment in Money Market Mutual Funds	89,783
Total Cash and Cash Equivalents	$ 97,872,115

Investments

Investments as of June 30, 2022, are classified as follows:

Investments maturing within one year	
Unrestricted	$ 14,099,657
Restricted	14,348,498
Investments maturing after one year	
Unrestricted	341,389,126
Total Investments	$ 369,837,281

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 Los Angeles County Treasury Pool

ASCIP is a voluntary participant in the Los Angeles County Treasury Pool (LACTP). The cost of ASCIP's investment in the pool is reported in the accompanying 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: https://ttc.lacounty.gov/.

Investment in the State of California's Local Agency Investment Fund

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 cost of ASCIP's investment in the pool is reported in the accompanying financial statement at amounts based upon ASCIP's pro-rata share 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
Municipal Securities	20 years	100%	5%/3%
U.S. Treasury Obligations	20 years	100%	100%
Federal Agency Securities	20 years	100%	25%
Federal Agency MBS	10 years	100%	15%
Banker's Acceptance	180 days	40%	5%
Repurchase Agreements	1 year	100%	100%
Medium-Term Corporate Notes	5 years	30%	5%/3%
Negotiable Certificates of Deposits	20 years	30%	5%/3%
Commercial Paper	270 days	40%	5%
Money Market Funds	N/A	20%	5%
Mortgage- and Asset-Backed Securities	5 years	20%	3%
Supranationals	5 years	30%	15%
County Pooled Investment Funds	N/A	100%	100%
Local Agency Investment Fund (LAIF)	N/A	$75 million	$75 million
Joint Powers Authority Pools	N/A	100%	100%

Additional notes:

- LAIF maximum of $75 million per investor.
- The per issuer limit for non-government issuers is 5% for securities rated in the AAA or AA category (Short-Term A-1 category) and 3% for securities rated in the A category.
- No more that 50% of the portfolio can be invested in short term investments with an original maturity of not more than 270 days.
- The purchase of U.S. Treasury, Municipal, Federal Agency, and Negotiable CD securities with maturities in excess of five years is permitted, subject to the following constraints: U.S. Treasury, Municipal, Federal Agency, and Negotiable CD securities shall have a maximum remaining maturity at time of purchase of 20 years or less, and Federal Agency mortgage-backed securities (including pass-throughs and CMOs) shall have a maximum remaining average life of ten years or less.

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. ASCIP 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 investments classified as 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	Reported Amount	12 Months Or Less	13-24 Months	25-60 Months	More Than 60 Months
County Pool	$ 81,031,623	$ 81,031,623	$ -	$ -	$ -
State Investment Pool	14,734,394	14,734,394	-	-	-
Money Market Mutual Funds	89,783	89,783	-	-	-
	95,855,800	95,855,800	-	-	-
U.S. Treasury Obligations	215,841,826	10,698,191	9,723,571	60,667,475	134,752,589
Negotiable Certificates of Deposit	11,782,690	11,782,690	-	-	-
Federal Agencies Obligations	64,533,793	4,352,559	12,328,199	44,760,824	3,092,211
Corporate Notes	61,487,664	1,614,715	15,892,925	43,980,024	-
Supranational Obligations	3,970,486	-	765,558	3,204,928	-
Mortgage- and Asset-Backed Securities	3,150,672	-	1,642,252	1,508,420	-
Municipal Securities	9,070,150	-	3,895,596	5,174,554	-
	369,837,281	28,448,155	44,248,101	159,296,225	137,844,800
Total	$ 465,693,081	$124,303,955	$44,248,101	$159,296,225	$ 137,844,800

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 ASCIP's investment policy, which is in conformance with the *California Government Code*, and the actual rating as of the year-end for each investment type.

Cash/Investment Type	Fair Value	Minimum Legal Rating	S&P and Fitch Ratings as of Year End AAA	AA	A	BBB	Unrated
U.S. Treasury Obligations	$ 215,841,826	**	$ -	$ 215,841,826	$ -	$ -	$ -
Negotiable Certificates of Deposit	11,782,690	*	11,782,690	-	-	-	-
Federal Agencies Obligations	64,533,793	*	-	64,533,793	-	-	-
Corporate Notes	61,487,664	A	-	11,101,864	50,385,800	-	-
Supranational Obligations	3,970,486	AA	3,970,486	-	-	-	-
Mortgage- and Asset-Backed Securities	3,150,672	AA	3,150,672	-	-	-	-
Municipal Securities	9,070,150	*	606,746	7,633,528	829,876	-	-
County Pool	81,031,623	*	-	-	-	-	81,031,623
State Investment Pool	14,734,394	*	-	-	-	-	14,734,394
Money Market Mutual Funds	89,783		-	-	-	-	89,783
Total	$ 465,693,081		$ 19,510,594	$ 299,111,011	$ 51,215,676	$ -	$ 95,855,800

* Not required to be rated
** Exempt from disclosure

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The investment policy of ASCIP limits the investment in any one non-governmental issuer to 5% or less depending on the security's credit rating. GASB Statement No. 40 requires that investments in any one issuer (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools or other pooled investments) that represent 5% or more of total investments be disclosed. As of June 30, 2022, no such investments exceeded 5%.

Custodial Credit Risk

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, 2022, 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.

3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 — Inputs to the valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Uncategorized – Investments in the Los Angeles County Treasury Investment Pool, the Local Agency Investment Fund, and Money Market Mutual Funds are not measured using the input levels above because ASCIP's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

ASCIP's fair value measurements are as follows at June 30, 2022:

		Fair Value Measurements Using		
Investment Type	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Uncategorized**
U.S. Treasury Obligations	$ 215,841,826	$ 215,841,826	$ -	$ -
Negotiable Certificates of Deposit	11,782,690	-	11,782,690	-
Federal Agencies Obligations	64,533,793	-	64,533,793	-
Corporate Notes	61,487,664	-	61,487,664	-
Supranational Obligations	3,970,486	-	3,970,486	-
Mortgage- and Asset-Backed Securities	3,150,672	-	3,150,672	-
Municipal Securities	9,070,150	-	9,070,150	-
County Pool	81,031,623	-	-	81,031,623
State Investment Pool	14,734,394	-	-	14,734,394
Money Market Mutual Funds	89,783	-	-	89,783
Total	$ 465,693,081	$ 215,841,826	$ 153,995,455	$ 95,855,800

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022, consist of the following:

	Property & Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA	Total
Accrued investment income	$ 598,222	$ 920,060	$ 166,730	$ -	$ 1,685,012
Excess insurance recoveries	6,227,291	-		-	6,227,291
Other accounts receivable	3,369,910	1,642,180	1,465,008	2,320,714	8,797,812
Total	$10,195,423	$ 2,562,240	$1,631,738	$2,320,714	$16,710,115

5. CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2022, consists of the following:

	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land and buildings	$ 6,349,856	$ 11,513,402	$ -	$ 17,863,258
Equipment	2,173,818	246,324	-	2,420,142
Accumulated depreciation	(4,255,419)	(445,266)	-	(4,700,685)
Capital assets, net	$ 4,268,255	$ 11,314,460	$ -	$ 15,582,715

6. ACCOUNTS PAYABLE

Accounts payable at June 30, 2022 consist of the following:

Type	Property & Liability Fund	Workers' Compensation Fund	Health Benefits Fund	CIPA	Total
Salaries and benefits	$ 512,197	$ 61,054	$ 80,849	$ -	$ 654,100
Accrued vacation	440,171	52,169	91,135	-	583,475
Other operating	527,021	613,985	4,691,723	1,651,268	7,483,997
Due to members	325,947	538,186	-	-	864,133
Total	$ 1,805,336	$ 1,265,394	$ 4,863,707	$ 1,651,268	$ 9,585,705

7. PREMIUM DIVIDENDS

ASCIP is required by its bylaws to recalculate and adjust prior years' premium deposits at annual intervals 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 2022, retrospective adjustments for workers' compensation and health benefits were $9,368,711 and $5,076,907, respectively. The adjustments were calculated related to workers' compensation for the eleven years ended June 30, 2004 through June 30, 2014 and related to health benefits for the four years ended June 30, 2015 through June 30, 2018.

8. LICENSING AGREEMENT OBLIGATION

ASCIP entered into software licensing agreements where the agreements stipulated that ASCIP would make installment payments over the terms of the agreements until the obligations have been fulfilled. At June 30, 2022, ASCIP outstanding licensing agreement obligation amounted to $267,622.

9. RISK MANAGEMENT DEPOSIT FUND

The Risk Management Deposit Fund (RMDF) was established to provide participating members with the option to defer receipt of distributions made by ASCIP. The deferred funds may be used to off-set future ASCIP premiums or other district related needs. Deferral requires both written authorization by the member's senior administrative official and approval by ASCIP's Executive Committee. ASCIP limits the total amount of funds held in the RMDF to the member's total annual premiums. ASCIP credits interest income to member funds held within the RMDF and provides members with quarterly statements. Withdrawal of RMDF funds requires written instructions from the senior administrator or their designee(s). As of June 30, 2022, ASCIP reported a total balance of $17,677,169 in its RMDF. This balance is included with restricted cash and cash equivalents.

10. SAFETY CREDIT PAYABLE

The Safety Credit program was established by ASCIP to offer its members with the ability to utilize portions of their premiums set aside by ASCIP to finance flexible safety-oriented activities and programs conducted by the members. The Safety Credit program is administered by ASCIP as a reimbursement-basis program. Members are reimbursed upon the submission of adequate supporting documents. Annually, one percent of member premium contributions to the Property & Liability and Workers' Compensation Funds are set aside for the Safety Credit program for each member participating in ASCIP property & liability and workers' compensation insurance programs. Safety credits set aside by ASCIP are subject to three-years rolling expiration. Due to the current COVID-19 pandemic, the safety credit amounts for program years 2017-18 and 2018-19, scheduled to expire on June 30, 2021, were extended for 12 months until June 30, 2022. A corresponding amount is included in restricted cash and cash equivalents since the credits can only be utilized by members and are not subject to use by ASCIP until expiration. As of June 30, 2022, ASCIP reported the following Safety Credit Payable:

Property & Liability Fund	$ 1,597,610
Workers' Compensation Fund	1,078,679
Total	$ 2,676,289

11. 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. 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, 2022, is adequate, the ultimate settlement of claims and related expenses may vary from the liability recorded.

12. RECONCILIATION OF UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

As discussed in Note 11, 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, 2022 and 2021:

	2022	2021
Unpaid claims at beginning of year	$ 255,985,718	$ 245,911,941
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	151,270,793	129,119,753
Increase (decrease) in provision for insured events of prior years	(26,486,596)	(3,589,836)
Total Incurred Claims and Claim Adjustment Expenses	124,784,197	125,529,917
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	77,815,186	73,553,498
Claims and claim adjustment expenses attributable to insured events of prior years	44,200,503	41,902,642
Total Payments	122,015,689	115,456,140
Total unpaid claims at end of year	$ 258,754,226	$ 255,985,718
Current portion	$ 45,824,002	$ 40,857,487
Unallocated loss adjustment expense	18,092,615	18,539,598
Noncurrent portion	194,837,609	196,588,633
Total unpaid claims at end of year	$ 258,754,226	$ 255,985,718

13. EMPLOYEE RETIREMENT SYSTEM

ASCIP provides pension benefits to its employees through ASCIP's Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan maintained by CalPERS, an agency of the State of California. ASCIP had less than 100 active members as of the June 30, 2020 actuarial valuation. As a result, qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and have a minimum of five years of CalPERS-credited service. Members after December 2012 must be at least 52 to be eligible for service retirement.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The contributions are determined through the CalPERS' annual actuarial valuation process. The Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. ASCIP is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. ASCIP's required contribution rate on covered payroll for the measurement period ended June 30, 2021 (the measurement date) was 10.88% and 7.59% of annual pay for Classic and PEPRA employees, respectively. Employer contribution rates may change if plan contracts are amended. For the year ended June 30, 2022, the employer contributions to the plan were $703,475.

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

ASCIP's Net Pension Liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2021 for the year ended June 30, 2022. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. As of June 30, 2022, ASCIP's proportionate share of the Plan's NPL was $670,975.

Using ASCIP's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for ASCIP by the actuary. ASCIP's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 were as follows:

	Plan
Proportion - June 30, 2020	.057081%
Proportion - June 30, 2021	.035337%
Change - increase (decrease)	(.021744%)

For the year ended June 30, 2022, ASCIP recognized pension expense of $477,193.

At June 30, 2022, ASCIP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 75,246	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	585,729
Net changes in proportionate share of net pension liability	295,962	-
Changes in proportionate share of contributions	103,058	-
Pension contributions subsequent to measurement date	703,475	-
Total	$ 1,177,741	$ 585,729

As of June 30, 2022, the $703,475 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2023. As of June 30, 2022, other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

Year Ended June 30	Amount
2022	$ 95,333
2023	19,858
2024	(64,790)
2025	(161,864)
Total	$ (111,463)

Actuarial Methods and Assumptions

The collective TPL for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the TPL to June 30, 2021. The collective TPL was based on the following assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Changes of Assumptions

There were no changes in assumption for the measurement period ending June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1 – 10[2]	Real Return Years 11+[3][4]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%		-0.92%
Total	100.00%		

[1] In the system's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2] An expected inflation of 2.00% was used for this period.
[3] An expected inflation of 2.92% was used for this period.
[4] Figures are based on previous ALM of 2017.

Sensitivity of ASCIP's Proportional Share of the NPL to Changes in the Discount Rate

The following presents ASCIP's Proportional Share of the NPL of the Plan as of the June 30, 2021 measurement date, calculated using the discount rate of 7.15%, as well as what ASCIP's Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
ASCIP's Proportionate Share of Plan's NPL	$ 2,710,932	$ 670,975	$ (1,015,428)

14. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Postemployment Benefit 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. As of June 30, 2022, ASCIP had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. During the year ended June 30, 2022, ASCIP paid benefits to retirees of $7,195.

Benefits Provided

Employees who retire from ASCIP may be eligible for post-employment medical benefits pursuant to the provisions below:

Eligibility	• Retire from active service • 10 years of service • Hired prior to July 1, 2017
Dependent Eligibility	Yes
Survivor Eligibility	No
Benefits	**All Employees** • Retirees age 55 with at least 10 years of service who retire from ASCIP are offered a lifetime subsidy to be applied for medical coverage. • Benefits are capped at $12,162 per year. • The cap to be used for medical coverage is based on the retiree's years of service at retirement. • A retiree with 10 years of service at retirement receives a lifetime subsidy of 15% of ASCIP cap for active employees at the time of their retirement. • For each additional year of service at retirement, a retiree receives an additional 1% of the cap. For example, a retiree with 25 years of service at retirement would receive 30% of the cap for active employees.

Employees Covered

As of the July 1, 2022 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Active Participants	26
Retired Participants	3
Total	29

Total OPEB Liability

ASCIP's total OPEB liability of $605,844 was measured as of June 30, 2022, and was determined by an actuarial report dated June 30, 2022, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate (1)	4.09%
Inflation	2.75%
Salary Increases (2)	2.75%
Mortality (3)	CalPERS' Data
Retirement (3)	CalPERS' Data
Termination (3)	CalPERS' Data

(1) Based on the 20-year municipal bond yield as of the Measure Date. The discount rate changed from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

(2) Benefits are not salary based and therefore a wage inflation assumption of 2.75% was used. This assumption is only used for the application of the actuarial cost method.

(3) The mortality rate table, retirement rate table, and termination rate table used were developed based on CalPERS 2021 experience study.

Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
Balance at June 30, 2021	$ 758,570
Changes recognized for the measurement period:	
Service cost	45,224
Interest cost	17,445
Changes of benefit terms	-
Differences between expected and actual experience	(22,452)
Changes in assumptions	(185,748)
Actual benefit payments	(7,195)
Net changes	(152,726)
Balance at June 30, 2022	$ 605,844

Sensitivity of ASCIP's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of ASCIP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate −1% (3.09%)	Current Discount Rate (4.09%)	Discount Rate +1% (5.09%)
Total OPEB liability	$ 702,591	$ 605,844	$ 525,666

Sensitivity of ASCIP's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of ASCIP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Health Care Trend Rate −1%	Health Care Trend Rate (1)	Health Care Trend Rate +1%
Total OPEB liability	N/A	$ 605,844	N/A

(1) Note that benefits provided are cash payments and therefore a healthcare cost trend does not directly apply.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net differences between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average working lifetime (active and inactive participants) of plan participants

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2022, ASCIP recognized OPEB expense of $64,752. At June 30, 2022, ASCIP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,088	$ 20,881
Changes of assumptions	145,306	165,924
Total	$ 177,394	$ 186,805

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflow/Inflow Resources
2023	$ 2,083
2024	2,083
2025	2,083
2026	2,083
2027	2,083
Thereafter	(19,826)

15. 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, which is collected by ASCIP and forwarded to SELF, for excess insurance coverage for liability claims from $5,000,000 to $55,000,000. The relationship between ASCIP and SELF is such that SELF is not a component unit of ASCIP for financial reporting purposes. The SELF governing board consists of elected representatives 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; additionally, fund transactions between SELF and ASCIP are not included in these statements. The payments to SELF for the year ended June 30, 2022, were $19,017,159. Audited financial statements are available from SELF at their website, www.selfjpa.org.

16. LEASES

During the fiscal year ended June 30, 2022, ASCIP entered into a land lease agreement with the City of Cerritos for land under and around where their new building resides. An initial lease liability was recorded in the amount of $7,042,533 at the beginning of the fiscal year ended June 30, 2022. As of June 30, 2022, the value of the lease liability was $7,002,627. ASCIP is required to make monthly payments that change over time based on the lease agreement. For purposes of discounting future payments on the lease, ASCIP used a discount rate of 4.00%. The right-to-use asset as of June 30, 2022 was $6,983,903 and is being amortized over the remaining term of the lease. Accumulated amortization as of June 30, 2022 was $58,630. The future minimum principal and interest lease payments as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ -	175,758	$ 175,758
2024	-	175,758	175,758
2025	-	175,758	175,758
2026	-	175,758	175,758
2027	-	175,758	175,758
Thereafter	7,002,627	10,566,726	17,569,353
Totals	$ 7,002,627	$ 11,445,516	$ 18,448,143

17. 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.

REQUIRED SUPPLEMENTARY INFORMATION

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. PURPOSE OF SCHEDULES

Reconciliation of Claims Liability by Type of Contract

This schedule presents information on how ASCIP establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related legal expenses.

Claims Development Information

This schedule presents information on how ASCIP's insurance funds illustrates how earned revenues and investment income compare to related costs of loss and other expenses assumed by the insurance fund as of the end of each of the last ten years.

Schedule of Change in ASCIP's Total OPEB Liability and Related Ratios

This schedule presents information on ASCIP's total OPEB liability and related ratios. In the future, as data becomes available, ten years of information will be presented.

Schedule of ASCIP's Proportionate Share of the Net Pension Liability

This schedule presents information on ASCIP's proportionate share of the net pension liability (NPL), the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Schedule of ASCIP's Contributions

This schedule presents information on ASCIP's required contributions, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT
JUNE 30, 2022

	erty & Liability	Workers Compensation		Health Benefits		CIPA		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021
367	$ 143,967,602	$ 87,075,520	$ 89,506,530	$ 4,825,436	$ 4,468,409	$ 9,998,395	$ 7,969,400	$ 255,985,718	$ 245,911,941
)68	38,608,464	23,764,790	12,855,182	75,685,752	72,155,699	3,513,183	5,500,408	151,270,793	129,119,753
172)	531,500	(15,848,776)	(4,509,338)	1,010,401	2,071,317	(1,472,049)	(1,683,315)	(26,486,596)	(3,589,836)
396	39,139,964	7,916,014	8,345,844	76,696,153	74,227,016	2,041,134	3,817,093	124,784,197	125,529,917
)26	4,263,485	4,738,393	1,447,681	69,821,617	67,674,600	121,250	167,732	77,815,186	73,553,498
245	24,757,714	9,364,484	9,329,173	5,665,110	6,195,389	1,258,664	1,620,366	44,200,503	41,902,642
171	29,021,199	14,102,877	10,776,854	75,486,727	73,869,989	1,379,914	1,788,098	122,015,689	115,456,140
)92	$ 154,086,367	$ 80,888,657	$ 87,075,520	$ 6,034,862	$ 4,825,436	$ 10,659,615	$ 9,998,395	$ 258,754,226	$ 255,985,718

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

CLAIMS DEVELOPMENT INFORMATION
JUNE 30, 2022

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 result 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 is 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

PROPERTY & LIABILITY PROGRAM
CLAIMS DEVELOPMENT INFORMATION (in Thousands)
JUNE 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	$ 58,514	$ 56,514	$ 56,671	$ 59,326	$ 58,378	$ 57,984	$ 62,064	$ 68,295	$ 66,466	$ 61,426
	(11,448)	(13,759)	(13,578)	(14,080)	(17,787)	(17,932)	(21,678)	(14,184)	(18,429)	(22,013)
	$ 47,066	$ 42,755	$ 43,093	$ 45,246	$ 40,591	$ 40,052	$ 40,386	$ 54,111	$ 48,037	$ 39,413
	$ 7,749	$ 5,898	$ 8,912	$ 8,432	$ 9,139	$ 10,041	$ 9,029	$ 6,592	$ 8,992	$ 6,695
	$ 50,221	$ 38,947	$ 31,380	$ 43,524	$ 39,887	$ 40,351	$ 65,100	$ 68,660	$ 49,887	$ 65,898
	(9,402)	(1,599)	-	(9,164)	(4,918)	(5,597)	(21,273)	(28,337)	(11,822)	(18,129)
	$ 40,819	$ 37,348	$ 31,380	$ 34,360	$ 34,969	$ 34,754	$ 43,827	$ 40,323	$ 38,065	$ 47,769
	$ 3,963	$ 3,393	$ 1,586	$ 2,673	$ 1,378	$ 3,309	$ 5,360	$ 4,140	$ 4,264	$ 3,134
	$ 7,493	$ 7,429	$ 3,846	$ 9,193	$ 6,375	$ 9,134	$ 8,396	$ 9,459	$ 6,703	
	$ 17,984	$ 11,615	$ 13,624	$ 13,835	$ 15,047	$ 18,571	$ 13,206	$ 12,348		
	$ 24,598	$ 20,228	$ 16,088	$ 23,188	$ 23,534	$ 24,057	$ 19,191			
	$ 35,322	$ 20,633	$ 23,419	$ 31,777	$ 29,942	$ 30,078				
	$ 33,639	$ 20,465	$ 23,972	$ 32,912	$ 32,793					
	$ 34,492	$ 22,754	$ 24,335	$ 35,234						
	$ 34,544	$ 21,342	$ 24,854							
	$ 35,378	$ 22,922								
	$ 35,389									
	$ 12,809	$ 648	$ 4,438	$ 21,178	$ 27,960	$ 17,002	$ 6,469	$ 4,108	$ 11,822	$ 18,129
	$ 40,819	$ 37,348	$ 31,380	$ 34,360	$ 34,969	$ 34,754	$ 43,827	$ 40,323	$ 38,065	$ 47,769
	$ 33,972	$ 30,298	$ 28,082	$ 31,206	$ 33,584	$ 39,901	$ 39,433	$ 37,947	$ 20,518	
	$ 33,611	$ 29,198	$ 29,866	$ 31,722	$ 44,963	$ 42,096	$ 37,606	$ 32,863		
	$ 38,819	$ 28,860	$ 29,596	$ 37,313	$ 44,441	$ 40,225	$ 37,924			
	$ 39,963	$ 28,293	$ 28,014	$ 39,877	$ 45,681	$ 43,955				
	$ 39,540	$ 24,400	$ 27,746	$ 39,236	$ 46,037					
	$ 36,586	$ 24,759	$ 27,467	$ 38,230						
	$ 37,079	$ 23,934	$ 27,956							
	$ 35,760	$ 24,695								
	$ 36,244									
ear	$ (4,575)	$ (12,653)	$ (3,424)	$ 3,870	$ 11,068	$ 9,201	$ (5,903)	$ (7,460)	$ (17,547)	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

WORKERS' COMPENSATION PROGRAM
CLAIMS DEVELOPMENT INFORMATION (in Thousands)
JUNE 30, 2022

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
$ 27,774	$ 28,903	$ 34,771	$ 38,103	$ 33,770	$ 31,528	$ 37,407	$ 37,711	$ 22,472	$ 14,997
(1,321)	(1,397)	(1,399)	(1,558)	(1,595)	(1,601)	(1,824)	(5,632)	(4,080)	(2,164)
$ 26,453	$ 27,506	$ 33,372	$ 36,545	$ 32,175	$ 29,927	$ 35,583	$ 32,079	$ 18,392	$ 12,833
$ 5,304	$ 9,853	$ 6,127	$ 5,350	$ 9,139	$ 6,341	$ 6,175	$ 6,309	$ 6,385	$ 7,468
$ 25,718	$ 30,055	$ 32,989	$ 31,464	$ 32,947	$ 32,273	$ 34,471	$ 32,423	$ 21,017	$ 36,337
(2,385)	(9,296)	(9,957)	(9,370)	(10,903)	(11,497)	(11,328)	(9,936)	(7,732)	(11,487)
$ 23,333	$ 20,759	$ 23,032	$ 22,094	$ 22,044	$ 20,776	$ 23,143	$ 22,487	$ 13,285	$ 24,850
$ 2,450	$ 2,445	$ 2,982	$ 2,981	$ 2,615	$ 2,750	$ 3,054	$ 3,107	$ 1,448	$ 4,738
$ 5,008	$ 5,029	$ 5,880	$ 6,432	$ 6,076	$ 5,912	$ 7,567	$ 5,763	$ 4,221	
$ 7,085	$ 7,020	$ 7,797	$ 8,692	$ 8,162	$ 7,964	$ 9,964	$ 8,036		
$ 9,398	$ 8,287	$ 9,004	$ 10,026	$ 9,244	$ 9,682	$ 11,385			
$ 10,706	$ 8,926	$ 9,874	$ 11,064	$ 10,197	$ 10,507				
$ 11,493	$ 9,334	$ 10,603	$ 11,643	$ 10,879					
$ 11,831	$ 9,763	$ 10,890	$ 12,059						
$ 12,185	$ 9,948	$ 11,178							
$ 12,658	$ 10,098								
$ 12,922									
$ 9,953	$ 6,310	$ 6,382	$ 6,653	$ 10,940	$ 8,053	$ 11,722	$ 9,372	$ 7,733	$ 11,487
$ 23,333	$ 20,759	$ 23,032	$ 22,094	$ 22,044	$ 20,776	$ 23,143	$ 22,487	$ 13,285	$ 24,850
$ 18,451	$ 17,685	$ 20,920	$ 23,614	$ 20,438	$ 19,430	$ 24,857	$ 18,852	$ 13,359	
$ 19,721	$ 18,706	$ 21,113	$ 21,518	$ 21,461	$ 17,577	$ 23,931	$ 16,112		
$ 19,267	$ 17,138	$ 18,171	$ 19,972	$ 18,216	$ 17,768	$ 20,672			
$ 18,553	$ 15,556	$ 17,237	$ 17,140	$ 17,987	$ 15,673				
$ 17,852	$ 14,911	$ 15,216	$ 17,076	$ 15,371					
$ 16,841	$ 13,544	$ 15,225	$ 15,717						
$ 16,180	$ 13,647	$ 14,132							
$ 16,391	$ 12,186								
$ 15,196									
$ (8,137)	$ (8,573)	$ (8,900)	$ (6,377)	$ (6,673)	$ (5,103)	$ (2,471)	$ (6,375)	$ 74	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

HEALTH BENEFITS PROGRAM
CLAIMS DEVELOPMENT INFORMATION (in Thousands)
JUNE 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	$ 112,778	$ 120,532	$ 135,613	$ 172,556	$ 173,474	$ 159,828	$ 151,735	$ 152,444	$ 156,478	$ 164,792
	(1,607)	(2,105)	(3,120)	(5,740)	(6,097)	(5,630)	(5,285)	(5,451)	(76,195)	(5,863)
	$ 111,171	$ 118,427	$ 132,493	$ 166,816	$ 167,377	$ 154,198	$ 146,450	$ 146,993	$ 80,283	$ 158,929
	$ 5,344	$ 5,296	$ 6,134	$ 7,764	$ 7,077	$ 7,007	$ 5,448	$ 5,579	$ 6,427	$ 6,695
	$ 48,285	$ 48,715	$ 49,376	$ 76,957	$ 84,615	$ 82,304	$ 79,988	$ 65,338	$ 72,343	$ 75,669
	-	-	-	-	-	-	-	-	-	-
	$ 48,285	$ 48,715	$ 49,376	$ 76,957	$ 84,615	$ 82,304	$ 79,988	$ 65,338	$ 72,343	$ 75,669
	$ 45,121	$ 45,989	$ 49,943	$ 72,487	$ 79,071	$ 77,199	$ 74,471	$ 65,338	$ 67,675	$ 69,822
	$ 51,152	$ 51,522	$ 56,606	$ 76,304	$ 86,679	$ 81,575	$ 73,854	$ 69,883	$ 69,311	
	$ 51,152	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575	$ 73,854	$ 69,883		
	$ 51,152	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575	$ 73,854			
	$ 51,152	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575				
	$ 51,152	$ 51,522	$ 56,607	$ 76,304	$ 86,679					
	$ 51,152	$ 51,522	$ 56,607	$ 76,304						
	$ 51,152	$ 51,522	$ 56,607							
	$ 51,152									
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 48,285	$ 48,715	$ 89,722	$ 76,957	$ 84,615	$ 82,304	$ 79,988	$ 65,338	$ 72,343	$ 75,669
	$ 51,176	$ 51,611	$ 56,607	$ 76,338	$ 86,679	$ 81,575	$ 73,854	$ 69,883	$ 69,311	
	$ 51,176	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575	$ 73,854	$ 69,883		
	$ 51,176	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575	$ 73,854			
	$ 51,176	$ 51,522	$ 56,607	$ 76,304	$ 86,679	$ 81,575				
	$ 51,176	$ 51,522	$ 56,607	$ 76,304	$ 86,679					
	$ 51,176	$ 51,522	$ 56,607	$ 76,304						
	$ 51,176	$ 51,522	$ 56,607							
	$ 51,176									
ear	$ 2,891	$ 2,807	$ 7,231	$ (653)	$ 2,064	$ (729)	$ (6,134)	$ 4,545	$ (3,032)	$ -

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

CIPA (OCIP, STUDENT ACCIDENT, PUPIL TRANSIT PROGRAM, SIRA, CORR)
CLAIMS DEVELOPMENT INFORMATION (in Thousands)
JUNE 30, 2022

2013	2014	2015	2016	2017*	2018*	2019**	2020	2021	2022
$ 2,113	$ 2,504	$ 1,653	$ 1,786	$ 2,455	$ 2,621	$ 4,900	$ 12,435	$ 10,762	$ 7,118
(152)	(965)	(505)	(496)	(465)	(536)	(1,021)	(2,564)	(2,130)	(1,953)
$ 1,961	$ 1,539	$ 1,148	$ 1,290	$ 1,990	$ 2,085	$ 3,879	$ 9,871	$ 8,632	$ 5,165
$ 686	$ 675	$ 305	$ 473	$ 571	$ 784	$ 1,525	$ 2,883	$ 2,634	$ 1,987
$ 408	$ 670	$ 521	$ 504	$ 818	$ 630	$ 1,464	$ 4,795	$ 5,220	$ 3,639
-	-	-	-	-	-	-	-	-	-
$ 408	$ 670	$ 521	$ 504	$ 818	$ 630	$ 1,464	$ 4,795	$ 5,220	$ 3,639
$ 120	$ 19	$ 39	$ 8	$ 119	$ 43	$ 57	$ 262	$ 167	$ 113
$ 349	$ 21	$ 160	$ 47	$ 246	$ 85	$ 163	$ 991	$ 1,178	
$ 406	$ 22	$ 226	$ 79	$ 438	$ 180	$ 194	$ 1,495		
$ 428	$ 23	$ 239	$ 166	$ 420	$ 207	$ 206			
$ 449	$ 26	$ 260	$ 716	$ 364	$ 210				
$ 454	$ 33	$ 274	$ 1,039	$ 423					
$ 459	$ 42	$ 220	$ 2,386						
$ 464	$ 48	$ 284							
$ 471	$ 56								
$ 477									
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 408	$ 670	$ 521	$ 504	$ 818	$ 630	$ 1,464	$ 4,795	$ 5,220	$ 3,639
$ 848	$ 372	$ 502	$ 442	$ 630	$ 486	$ 3,015	$ 3,919	$ 3,752	
$ 747	$ 231	$ 437	$ 915	$ 608	$ 836	$ 372	$ 3,365		
$ 644	$ 139	$ 432	$ 879	$ 501	$ 330	$ 306			
$ 636	$ 134	$ 377	$ 1,005	$ 364	$ 311				
$ 568	$ 112	$ 297	$ 1,074	$ 364					
$ 545	$ 106	$ 300	$ 1,143						
$ 552	$ 157	$ 247							
$ 541	$ 174								
$ 956									
$ 548	$ (496)	$ (274)	$ 639	$ (454)	$ (319)	$ (1,158)	$ (1,430)	$ (1,468)	$ -

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ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

SCHEDULE OF CHANGES IN ASCIP'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIOD ENDED JUNE 30, 2022 LAST 10 YEARS*

	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY					
Service cost	$ 45,224	$ 41,929	$ 31,144	$ 31,214	$ 31,716
Interest	17,445	18,268	13,151	12,440	11,553
Differences between expected and actual experience	(22,452)	(901)	44,226	1,347	(201)
Changes of assumptions	(185,748)	57,054	121,325	14,196	10,083
Benefit payments	(7,195)	(5,221)	(5,221)	(5,221)	(3,396)
NET CHANGE IN TOTAL OPEB LIABILITY	(152,726)	111,129	204,625	53,976	49,755
TOTAL OPEB LIABILITY, Beginning	758,570	647,441	442,816	388,840	339,085
TOTAL OPEB LIABILITY, Ending	$ 605,844	$ 758,570	$ 647,441	$ 442,816	$ 388,840
Covered-employee payroll	$ 3,624,298	$ 3,862,665	$ 3,969,754	$ 4,162,439	$ 4,368,366
ASCIP's total OPEB liability as a percentage of covered-employee payroll	16.72%	19.64%	16.31%	10.64%	8.90%

Notes to Schedule:

The discount rate changed from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022. The discount rate changed from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021. The discount rate changed from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020. No assets accumulated in trust.

* Fiscal year 2018 was the 1st year of implementation, therefore only five years are presented.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

SCHEDULE OF ASCIP'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2022 LAST 10 YEARS*

	Measurement Date June 30							
	2021	2020	2019	2018	2017	2016	2015	2014
	0.0353%	0.0571%	0.0529%	0.0496%	0.0499%	0.0473%	0.0457%	0.0201%
ıet	$ 670,975	$ 2,407,721	$ 2,120,535	$1,869,795	$ 1,967,870	$ 1,643,087	$ 1,252,869	$ 1,224,143
	$ 5,644,151	$ 5,060,784	$ 4,518,359	$ 4,558,579	$ 4,137,910	$ 3,269,226	$ 2,912,480	$ 2,520,782
ıet its	11.89%	47.58%	46.93%	41.02%	47.56%	50.26%	43.02%	48.56%
ility	88.29%	75.10%	75.26%	75.00%	73.00%	76.00%	81.00%	81.00%

:re no changes to benefit terms.

neasurement period ending June 30, 2018, demographic assumptions and inflation rate were changed in accordance with CalPERS Experience mptions December 2017. There were no changes to the discount rate.

1st year of implementation, therefore only eight years are shown.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

SCHEDULE OF ASCIP'S CONTRIBUTIONS
AS OF JUNE 30, 2022
LAST 10 YEARS*

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
	$ 703,475	$ 647,653	$ 565,107	$ 576,780	$ 456,855	$ 411,681	$ 338,763	$ 354,308
ıs	(703,475)	(647,653)	(565,107)	(576,780)	(456,855)	(411,681)	(338,763)	(354,308)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
l	$ 5,644,151	$ 5,432,546	$ 5,060,784	$ 4,518,359	$ 4,558,579	$ 4,137,910	$ 3,269,226	$ 2,912,480
	12.46%	11.92%	11.17%	12.77%	10.02%	9.95%	10.36%	12.17%

of implementation, therefore only eight years are shown.

SUPPLEMENTARY INFORMATION

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

NOTE TO ADDITIONAL INFORMATION
JUNE 30, 2022

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1. PURPOSE OF STATEMENTS

Combining - Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

The Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, and Combining Statement of Cash Flows are included to provide information regarding the programs that have been included in the insurance funds column on the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:	Property & Liability	Workers' Compensation	Health Benefits	CIPA	EJE	Total
Current assets						
Cash and cash equivalents	$ 49,145,955	$ 3,994,481	$ 23,828,925	$ 549,296	$ -	$ 77,518,657
Restricted cash and cash equivalents	16,904,995	3,448,463	-	-	-	20,353,458
Accounts receivable	10,195,423	2,562,240	1,631,738	4,520,714	(2,200,000)	16,710,115
Prepaid expenses and other assets	11,564,509	-	-	838,057	-	12,402,566
Investments maturing within one year	4,197,240	4,193,875	2,022,520	3,686,022	-	14,099,657
Restricted investments maturing within one year	4,948,498	-	-	9,400,000	-	14,348,498
Total current assets	96,956,620	14,199,059	27,483,183	18,994,089	(2,200,000)	155,432,951
Noncurrent assets						
Investments, net of amount maturing within one year	116,350,166	200,330,124	19,586,926	5,121,910	-	341,389,126
Deposits	-	-	4,721,700	-	-	4,721,700
Capital assets, net	4,069,313	-	11,513,402	-	-	15,582,715
Intangible right-to-use lease asset	-	-	6,983,903	-	-	6,983,903
Total noncurrent assets	120,419,479	200,330,124	42,805,931	5,121,910	-	368,677,444
Total assets	217,376,099	214,529,183	70,289,114	24,115,999	(2,200,000)	524,110,395
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows of resources for pension & OPEB	789,184	216,270	349,682	-	-	1,355,136
LIABILITIES:						
Current liabilities						
Accounts payable	2,355,336	1,265,394	4,863,707	1,651,268	(550,000)	9,585,705
Unearned premium revenues	-	-	555	3,407,315	(1,650,000)	1,757,870
Premium dividend payable	-	3,292,188	3,960,642	-	-	7,252,830
Licensing agreement obligation	267,622	-	-	-	-	267,622
Risk management deposit fund	15,307,385	2,369,784	-	-	-	17,677,169
Safety credit payable	1,597,610	1,078,679	-	-	-	2,676,289
Current portion of unpaid claims	27,913,000	9,364,000	5,862,037	2,684,965	-	45,824,002
Unallocated claims adjustment expense	6,708,291	10,378,806	172,825	832,693	-	18,092,615
Total current liabilities	54,149,244	27,748,851	14,859,766	8,576,241	(2,200,000)	103,134,102
Noncurrent liabilities						
Unpaid claims and claim adjustment expenses, net of current portion	126,549,801	61,145,851	-	7,141,957	-	194,837,609
Net pension liability & OPEB liability	415,960	349,766	511,093	-	-	1,276,819
Lease liability	-	-	7,002,627	-	-	7,002,627
Total noncurrent liabilities	126,965,761	61,495,617	7,513,720	7,141,957	-	203,117,055
Total liabilities	181,115,005	89,244,468	22,373,486	15,718,198	(2,200,000)	306,251,157
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows of resources for pension & OPEB	490,778	95,646	186,110	-	-	772,534
NET POSITION:						
Invested in capital assets	4,069,313	-	11,494,678	-	-	15,563,991
Restricted	4,948,498	-	-	9,400,000	-	14,348,498
Unrestricted	27,541,689	125,405,339	36,584,522	(1,002,199)	-	188,529,351
Total net position	$ 36,559,500	$ 125,405,339	$ 48,079,200	$ 8,397,801	$ -	$ 218,441,840

See accompanying note to supplementary information.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Property & Liability	Workers' Compensation	Health Benefits	CIPA	EJE	Total
OPERATING REVENUES:						
Premium contributions from members	$ 68,377,197	$ 42,346,071	$ 169,969,581	$ 7,165,148	$ (550,000)	$ 287,307,997
Other income	113,439	105	1,056	30,971	-	145,571
Total operating revenues	68,490,636	42,346,176	169,970,637	7,196,119	(550,000)	287,453,568
OPERATING EXPENSES:						
Claims expense, net of reimbursements of $4,706,921	31,046,172	14,102,878	75,486,725	1,335,378	-	121,971,153
Provision for IBNR and case reserves	6,546,306	(5,101,358)	1,192,829	622,250	-	3,260,027
Provision for ULAE reserves	538,419	(1,085,505)	16,597	83,506	-	(446,983)
Excess/reinsurance premiums	22,012,948	2,018,116	5,862,778	1,953,241	(550,000)	31,297,083
Health benefits insurance premiums	-	-	74,467,505	-	-	74,467,505
Contract services	1,906,467	3,827,114	4,557,071	1,878,831	-	12,169,483
Loss control and risk management	1,992,335	1,532,351	9,751	-	-	3,534,437
General and administrative	3,437,952	3,382,432	3,038,654	124,571	-	9,983,609
Premium dividends	-	9,368,711	5,076,907	-	-	14,445,618
Total operating expenses	67,480,599	28,044,739	169,708,817	5,997,777	(550,000)	270,681,932
Operating income (loss)	1,010,037	14,301,437	261,820	1,198,342	-	16,771,636
NON-OPERATING REVENUES (EXPENSES):						
Interest and dividend income, net of fees	1,823,903	2,943,393	335,763	30,417	-	5,133,476
Net realized/unrealized gain (loss) on investments	(8,728,839)	(20,896,157)	(438,203)	(120,518)	-	(30,183,717)
Total non-operating income (loss)	(6,904,936)	(17,952,764)	(102,440)	(90,101)	-	(25,050,241)
Increase (decrease) in net position	(5,894,899)	(3,651,327)	159,380	1,108,241	-	(8,278,605)
Net position, beginning of year	42,454,399	129,056,666	47,919,820	7,289,560	-	226,720,445
Net position, end of year	$ 36,559,500	$ 125,405,339	$ 48,079,200	$ 8,397,801	$ -	$ 218,441,840

See accompanying note to supplementary information.

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Property & Liability	Workers' Compensation	Health Benefits	CIPA	EJE	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from premium contributions and other income	$ 71,383,188	$ 40,993,586	$ 169,424,466	$ 3,199,021	$ -	$ 285,000,261
Cash paid for claims	(31,046,171)	(14,102,877)	(75,486,727)	(1,379,914)	-	(122,015,689)
Cash paid for claims in excess layer	(3,036,555)	(1,670,368)	-	-	-	(4,706,923)
Cash received from reinsurer	4,150,577	1,670,368	-	-	-	5,820,945
Cash paid to benefits, insurance, and other expenses	(38,758,461)	(22,889,698)	(91,404,345)	(1,752,149)	-	(154,804,653)
Cash paid to employees	(5,833,652)	(676,561)	(993,436)	-	-	(7,503,649)
Cash paid to pension plan and retirees	(434,005)	(84,075)	(127,838)	-	-	(645,918)
Net cash provided (used) by operating activities	(3,575,079)	3,240,375	1,412,120	66,958	-	1,144,374
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(246,324)	-	(11,513,402)	-	-	(11,759,726)
Principal payment on lease liability	-	-	(39,906)	-	-	(39,906)
Net cash provided (used) by capital and financing activities	(246,324)	-	(11,553,308)	-	-	(11,799,632)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investments	(37,500,579)	(127,797,193)	(24,047,649)	(13,067,919)	-	(202,413,340)
Proceeds from sale or maturity of investments	25,776,450	114,402,802	2,000,000	11,470,476	-	153,649,728
Interest and investment income received	1,772,335	2,917,013	236,993	89,773	-	5,016,114
Net cash provided (used) by investing activities	(9,951,794)	(10,477,378)	(21,810,656)	(1,507,670)	-	(43,747,498)
Net increase (decrease) in cash and cash equivalents	(13,773,197)	(7,237,003)	(31,951,844)	(1,440,712)	-	(54,402,756)
Cash and cash equivalents, beginning of year	79,824,147	14,679,947	55,780,769	1,990,008	-	152,274,871
Cash and cash equivalents, end of year	$ 66,050,950	$ 7,442,944	$ 23,828,925	$ 549,296	$ -	$ 97,872,115
RECONCILIATION TO STATEMENT OF NET POSITION						
Cash and cash equivalents	$ 49,145,955	$ 3,994,481	$ 23,828,925	$ 549,296	$ -	$ 77,518,657
Restricted cash and cash equivalents	16,904,995	3,448,463	-	-	-	20,353,458
Cash and cash equivalents, end of year	$ 66,050,950	$ 7,442,944	$ 23,828,925	$ 549,296	$ -	$ 97,872,115
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	$ 1,010,037	$ 14,301,437	$ 261,820	$ 1,198,342	$ -	$ 16,771,636
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	445,266	-	58,630	-	-	503,896
(Increase) decrease in						
Accounts receivable	(1,670,373)	(1,280,511)	(546,171)	(2,038,098)	2,200,000	(3,335,153)
Prepaid expenses and other assets and deposits	(11,041,511)			2,007,151	-	(9,034,360)
Deferred outflows of resources	19,683	(9,990)	2,247	-	-	11,940
Increase (decrease) in						
Accounts payable and other liabilities	(4,331,885)	(3,364,572)	646,204	197,343	(550,000)	(7,402,910)
Unearned premium revenues	-	-	-	(1,959,000)	(1,650,000)	(3,609,000)
Risk management deposit fund	5,676,947	(72,079)	-	-	-	5,604,868
Unpaid claims and claim adjustment expense	7,084,725	(6,186,863)	1,209,426	661,220	-	2,768,508
Net pension liability & OPEB liability	(1,301,565)	(234,557)	(353,350)	-	-	(1,889,472)
Deferred inflows of resources	533,597	87,510	133,314	-	-	754,421
Net cash provided (used) by operating activities	$ (3,575,079)	$ 3,240,375	$ 1,412,120	$ 66,958	$ -	$ 1,144,374
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Unrealized gain (loss) on investments	$ (5,118,882)	$ (19,471,679)	$ 1,454,003	$ (120,518)	$ -	$ (23,257,076)
Acquisition of right-to-use lease asset through lease liab	$ -	$ -	$ 7,042,533	$ -	$ -	$ 7,042,533

See accompanying note to supplementary information.

OTHER 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
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) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise ASCIP's basic financial statements, and have issued our report thereon dated November 15, 2022. The financial statements of Captive Insurance for Public Agencies Limited (CIPA) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with CIPA or that are reported on separately by those auditors who audited the financial statements of CIPA.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Gilbert CPAs

GILBERT CPAs
Sacramento, California

November 15, 2022