

**Alaska Municipal League
Joint Insurance Association, Inc.**

**Financial Statements
With
Independent Auditor's Report
For the Fiscal Years Ended**

June 30, 2025 and June 30, 2024



ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.

TABLE OF CONTENTS

Statement of Actuarial Opinion 1

Independent Auditor’s Report 5

Management’s Discussion & Analysis..... 8

Financial Section 21

 Statement of Net Position 21

 Statement of Revenues, Expenses, and Changes in Net Position 22

 Statement of Cash Flows 23

 Notes to the Financial Statements 24

Required Supplementary Information..... 40

 Reconciliation of Claims Liabilities by Type of Contract 40

 Claims Development Information..... 41

 Notes to the Required Supplementary Information..... 42

STATEMENT OF ACTUARIAL OPINION

Alaska Municipal League Joint Insurance Association, Inc.

Evaluated as of June 30, 2025

IDENTIFICATION

I, Cheryl White, am an independent consultant to Alaska Municipal League Joint Insurance Association, Inc. (AMLJIA). I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries and meet the Academy's qualification standards for property/casualty Statements of Actuarial Opinion. I was appointed by the Board of Directors of AMLJIA on February 13, 2025, to render this opinion. This statement of opinion is solely for the use of, and only to be relied upon by AMLJIA, its auditors and regulators. This opinion is prepared in accordance with American Academy of Actuaries Actuarial Standards of Practice No. 36.

The review was based upon summaries of loss and expense data and other related information supplied by AMLJIA valued as of June 30, 2025. The data were not audited for accuracy but were checked for reasonableness and consistency with prior data. The review included such examination of the assumptions and methods used and such tests of the calculations as I considered necessary.

SCOPE

I have examined the reserves outlined below as shown in AMLJIA's financial statement as of June 30, 2025.

Reserve for Unpaid Losses and LAE including IBNR as of June 30, 2025	\$ 28,471,339
---	----------------------

The loss and loss adjustment expense reserves shown above represent the estimates by management of AMLJIA for all unpaid losses, current and noncurrent, and the related loss adjustment expenses including unallocated loss adjustment expenses as of June 30, 2025. My analysis produced a central estimate of the outstanding losses and LAE of \$27,279,000.

Mary Frances Miller, FCAS, MAAA
Cheryl White, FCAS, MAAA
Thomas E. Meyer, FCAS, MAAA
Laura T. Sprouse, FCAS, MAAA

Jack Pipa, FCAS, MAAA
Betsy Southworth, ACAS, MAAA
Savannah Streeter, ACAS, MAAA
Christopher Woodruff

4400 Harding Pike, Suite 401
Nashville, TN 37205
info@SelectActuarial.com

615-269-4469

SelectActuarial.com

OPINION

In my opinion, the amounts recorded in the financial statement:

- Meet the requirements of the insurance laws of Alaska;
- Are computed in accordance with accepted actuarial standards and principles; and,
- Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of AMLJIA under the terms of its policies and agreements.

RELEVANT COMMENTS

Risk of Material Adverse Deviation

In evaluating AMLJIA's carried reserves and its exposures to loss, it is my opinion that there is a significant risk that AMLJIA will experience a fluctuation of material size above the net reserve. In making this determination, I have considered a material adverse deviation to be one in which the actual net outstanding losses and loss adjustment expenses exceed the carried reserves by 20% of their surplus amount of \$16,537,000 (i.e. a reserve deviation greater than \$3,307,000). Based on our modeling, there is a 1-in-5 chance of a reserve deviation of this size. The Company's retention is \$750,000 for workers compensation and \$500,000 for liability. As such, it would only take unanticipated growth on 5 or 6 claims to exceed the selected materiality standard.

AMLJIA writes property coverage and is subject to large weather events. These types of events are typically known about quickly and their value within AMLJIA's retention is fairly easy to determine. However, the excess losses of AMLJIA are subject to significant volatility due to these events.

Uncollectable Deductibles/Reinsurance

The reserves are net of applicable member deductibles and are limited to specific and aggregate retentions. We have not considered the potential for uncollectible recoverables. No reductions for recoverables related to salvage and subrogation other than those included in the primary loss reports have been incorporated in the reserves.

Discounting

AMLJIA does not discount its loss and loss adjustment expense reserves.

Asbestos and Environmental Reserves

I have reviewed AMLJIA's exposure to asbestos and environmental claims. In my opinion, there is a remote chance of material liability since there has been very little claim activity to date.

Retroactive Reinsurance/Financial Reinsurance

Based on discussions with AMLJIA management and its description of its excess reinsurance, I am not aware of any reinsurance contract that either has been or should have been accounted for as retroactive reinsurance or financial reinsurance.

Adverse Development

AMLJIA has not had adverse development of greater than 20% of surplus on total ultimate loss valuations established at the same date one year and two years prior.

Changes in Methods and Assumptions


The assumptions, methods, and procedures have not significantly changed from those employed in providing the most recent prior opinion.

My review considered information provided to me through September 24, 2025. My review was limited to the items noted above and did not include an analysis of any other income statement or balance sheet items. My opinion on the reserves assumes that all reserves are backed by valid assets, which have suitable scheduled maturities and/or adequate liquidity to meet cash flow requirements.

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

An actuarial report and underlying work papers supporting the findings expressed in this Statement have been provided to AMLJIA to be retained for a period of seven years at its administrative offices and available for regulatory examination.

This opinion is provided for regulatory purposes only and is not intended for any other purpose.

 Cheryl White,
FCAS, MAAA
2025.09.24
10:34:08-05'00'

Cheryl White, FCAS, MAAA
Select Actuarial Services
615-620-7584
cheryl.white@selectactuarial.com

September 24, 2025





INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Alaska Municipal League Joint Insurance Association, Inc.
Anchorage, Alaska**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alaska Municipal League Joint Insurance Association, Inc. (the Association), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. 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 the Association 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 the Association'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.

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 the Association'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 the Association'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, the reconciliation of claims liability by type of contract, and the claims development information on pages 8-20 and 40-41 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statement of actuarial opinion 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 September 22, 2025, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 the Association's internal control over financial reporting and compliance.

Gilbert CPAs

GILBERT CPAs
Sacramento, California

September 22, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

During the fiscal year 2025, the Alaska Municipal League Joint Insurance Association, Inc. (the "Association"), was in the process of consolidating with Alaska Public Entity Insurance (APEI) to establish a new entity, the Alaska Public Risk Alliance (APRA). The consolidation is set to take effect on July 1, 2025. Upon completion, the transactions between the Association, APEI, and APRA, which are disclosed as related party transactions in these financial statements, will be eliminated. The financial data provided for the year ending June 30, 2025, marks the final reporting period for the Association as a standalone entity. This will be the Association's last financial report.

As management of, we offer readers of the Association’s financial statements this narrative overview and analysis of the financial activities of the Association for its last fiscal year ended June 30, 2025.

Financial Highlights

- Operating revenues were \$31,766,843 in FY 2025, a 15% increase from \$27,624,849 in FY 2024, mostly due to an increase in members’ contributions. Operating expenses were \$28,246,671, a decrease of \$5,196,752 or 15.5% from FY 2024. The decrease was largely driven by lower loss and loss adjustment expenses during the 2025 fiscal year. The loss and loss adjustment expense, other claims expense, and excess and other insurance premiums accounted for 89.1% of the total operating expenses.
- Non-operating net investment income, which had a good performance during FY 2025, ended with a gain of \$3,942,824, at the end of the fiscal year. The Association contributed cash of \$600,000 to APRA to facilitate the consolidation process.
- The Association had increased member contributions and decreased loss and loss adjustment expense, the Net Position of the Association as of June 30, 2025, increased by \$6,916,301.
- There are no restrictions, commitments, or other limitations that significantly affect availability of funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Association’s basic financial statements. The Governmental Accounting Standards Board requires financial statements to distinguish functions of the government that are principally supported by taxes and intergovernmental revenues, referred to as “governmental activities,” from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, referred to as “business-type activities.” All of the activities of the Association are classified as “business-type activities.” These activities include the development and operation of the public entity risk pool and the purchase of insurance and services for members.

The Association’s basic financial statements are comprised of three components: 1) Association-wide financial statements, 2) notes to the financial statements, and 3) required supplementary information. The Association-wide financial statements are designed to provide readers with a broad overview of the Association’s finances in a manner similar to a private sector business.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

The Statement of Net Position presents information on all of the Association’s assets, liabilities, and deferred inflow of resources, with the difference reported as Net Position. The Net Position includes contributed capital used to purchase the Association’s building and other assets. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing total revenues versus total expenses and how the Association’s net position changed during the fiscal year. All of the Association’s revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., claims incurred but not paid, unrealized market gains on investments, and earned but unused paid time off).

The Statement of Cash Flows presents cash receipts and expenditures for operating, financing, investment activities, and the changes in cash during the fiscal year. This statement is useful for analyzing the short-term viability of an organization. The Association-wide financial statements can be found beginning on page 21 of this report.

Notes to the financial statements provide additional information that is essential for a full understanding of the data provided. Notes to the financial statements can be found beginning on page 24 of this report.

Association-wide Financial Analysis

CONDENSED STATEMENT OF NET POSITION

		<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>% Change 2025/2024</u>	<u>June 30, 2023</u>	<u>% Change 2024/2023</u>
Current assets	\$	26,934,921	28,951,394	-7.0%	28,607,795	1.2%
Noncurrent assets		<u>18,728,456</u>	<u>15,112,595</u>	<u>23.9%</u>	<u>14,784,527</u>	<u>2.2%</u>
Total Assets		<u>45,663,377</u>	<u>44,063,989</u>	<u>3.6%</u>	<u>43,392,322</u>	<u>1.5%</u>
Current liabilities		10,206,330	13,535,108	-24.6%	12,370,887	9.4%
Long term liabilities		<u>18,570,899</u>	<u>20,402,598</u>	<u>-9.0%</u>	<u>18,520,991</u>	<u>10.2%</u>
Total Liabilities		<u>28,777,229</u>	<u>33,937,706</u>	<u>-15.2%</u>	<u>30,891,878</u>	<u>9.9%</u>
Deferred Inflow of Resources		<u>349,109</u>	<u>505,545</u>	<u>-30.9%</u>	<u>661,981</u>	<u>-23.6%</u>
Net position						
Invested in capital assets		991,878	1,043,594	-5.0%	1,080,066	-3.4%
Unrestricted		<u>15,545,161</u>	<u>8,577,144</u>	<u>81.2%</u>	<u>10,758,397</u>	<u>-20.3%</u>
Total Net Position	\$	<u>16,537,039</u>	<u>9,620,738</u>	<u>71.9%</u>	<u>11,838,463</u>	<u>-18.7%</u>

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Assets

As of June 30, 2025, total assets increased 3.6% to \$45,663,377 from \$44,063,989 on June 30, 2024. This growth was primarily driven by the increase in the value of investments and the increase in claim receivables. The Association's fair market value of investments exceeded purchase costs by approximately \$2 million, compared to the unrealized gain of roughly \$1 million on June 30, 2024. The Association made additional claim payments in an effort to close as many old claims as possible prior to consolidation. Consequently, reinsurance receivables increased by \$1,668,539 and claim deductible receivables increased by \$409,452 compared to FY 2024. The investments performed well, generating a gain of approximately \$3.9 million, an increase of \$387,461 compared to the previous year.

As of June 30, 2024, the Association's total assets increased \$671,667, or 1.5% to \$44,063,989, from \$43,392,322 at June 30, 2023. The member contributions increased approximately \$2.9 million in FY 2024 to \$26,289,573 from \$23,342,540 in FY 2023. The Association also increased the claims payments by roughly \$2.7 million during the fiscal year. Investment gained \$3,555,363 at the end of FY 2024, approximately \$1.4 million more than the previous year.

As of June 30, 2023, total assets increased \$2,991,425, or 7.4%, to \$43,392,322 from \$40,400,897 on June 30, 2022. The increase in members' contributions and the increased value of the investments are major factors contributing to the increases in total assets at the end of FY 2023. The FY 2023 members' contribution increased by approximately \$4.1 million compared to the prior year. In addition, the Association's unrealized gain in investments was roughly \$1 million on June 30, 2023.

The Association's capital assets consist of an office building in downtown Anchorage, with furniture, computer hardware, and software for its operation. The Association follows its capitalization and depreciation policy to record its capital assets. The Association did not have any additions to capital assets in FY 2025 and most capital assets are depreciated out as of June 30, 2025, except a server computer purchased in FY 2024.

The Association had almost all assets invested in US treasuries, bond funds, equity funds, and other funds with a fair market value of investment of \$37,772,994 as of June 30, 2025. The investment portfolio was maintained in accordance with the Association's investment policy most of the year. To prepare for the consolidation, the portfolio allocation was temporarily adjusted, deviating from the standard allocation margin to facilitate the transition to APRA's investment account at the end of the fiscal year.

The investment market was volatile during the first half of the year due to the uncertainty of new tariffs, but had a good performance close to the end of FY 2025. The investment portfolios' fair market value increased by \$808,723, compared to the previous year. As of June 30, 2025, the Association realized a gain of \$326,849 and received interest of \$1,689,365; the unrealized gain based on the fair market value was \$1,983,574. The unrealized gain increased by \$926,401 compared to the previous year.

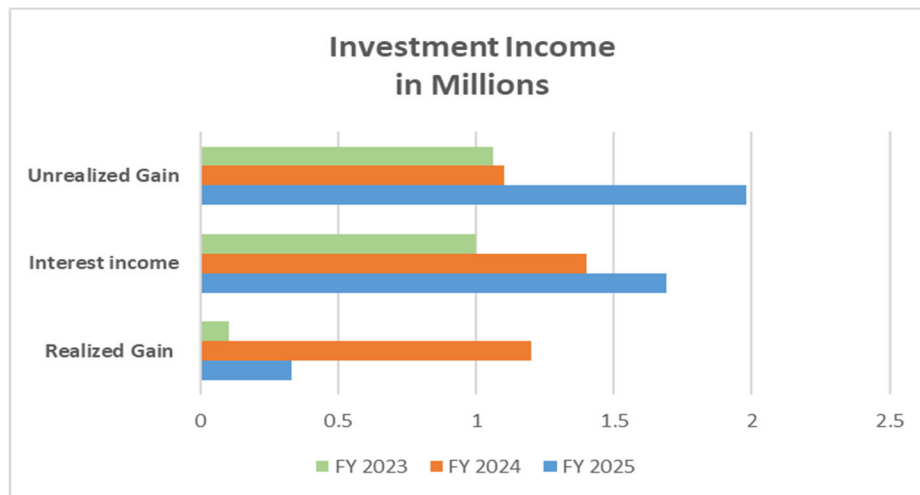
The investment market had been positive in FY 2024. The investment portfolios increased by roughly \$1.4 million, compared to FY 2023. As of June 30, 2024, the Association realized a gain of \$1,162,982

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

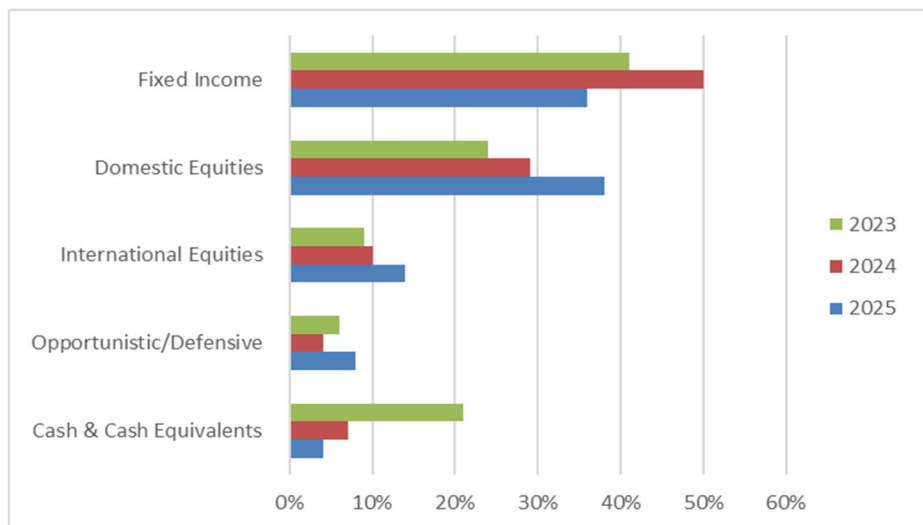
and received interest of \$1,394,717; the unrealized gain based on the fair market value was up \$1,057,173.

The investment market started to be more stable in FY 2023 compared to FY 2022 because the Federal Reserve Board slowed down interest rate increases. The investment portfolios increased significantly, by roughly \$7.1 million, compared to the previous year. The Association’s net investment income ended with a gain of \$2,151,742 at the end of FY 2023. Compared to the net investment loss of \$3,291,302 at the end of FY 2022, the investment income had an increase of about \$5.3 million. As of June 30, 2023, the Association realized an investment gain of \$131,855, earned interest of \$1,008,306, and an unrealized gain of \$1,060,219.

The following graph compares major components of investment income at June 30, 2023, 2024, and 2025.



The following graph depicts the change of the Association’s investment portfolio at June 30, 2023, 2024, and 2025.



ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Liabilities

To prepare for the consolidation, the Association intended to reduce its liabilities. At the end of FY 2025, the total liability was \$28,777,229, a decrease of \$5,160,477, or 15.2% compared to \$33,937,706 in the prior year. The current liabilities decreased by \$3,328,778, or 24.6% to \$10,206,330 on June 30, 2025. The Association paid the remaining balance of \$425,299 in rate stabilization fund and member's credit balances totaled \$34,142.

The timing of receiving payments from members for their next year's contributions at the end of the fiscal year is usually a factor causing the fluctuation between assets and liabilities; however, the early payments of the member contribution for FY 2026 were deposited into APRA's member accounts. It is not reflected in the Association's financial statements.

As of June 30, 2025, the long-term liabilities decreased by \$1,831,699, or 9%, compared to FY 2024. The Association's claims liabilities decreased by \$1,794,665 due to the favorable claim development for some old claims. The decrease was predominantly in the workers' compensation and public officials' programs. The management estimated the claims payable of \$10 million which will be paid in the next fiscal year. It remains same as the prior year.

At the end of FY 2024, the total liabilities were \$33,937,706, an increase of \$3,045,828, or 9.9% compared to the prior year. The total liabilities were comprised of current liabilities of \$13,535,108 and noncurrent liabilities of \$20,402,598. The early contribution payments received from members for FY 2025 as of June 30, 2024, decreased by \$837,173, compared to June 30, 2023. It decreased the assets but also reduced the liabilities.

The increase in claims loss and loss adjustment was caused by both the estimated ultimate claims losses from new claims in FY 2024, and the unfavorable development of claims incurred in prior years. The unfavorable claim development was primarily in the general liability and law enforcement liability programs. The claims liabilities increased by \$3,893,188, which is a major reason causing the significant increase in total liabilities at the end of FY 2024. The management increased the estimated payments to \$10 million within the next fiscal year to pay claims from \$8 million estimated in FY 2023.

As of June 30, 2023, the total liabilities were \$30,891,878, an increase of \$4,778,139, or 18.3% compared to \$26,113,739 in the prior year. The claims liabilities increased by \$2,656,534 during FY 2023, which was mainly in public official coverage. The early contribution payments received from members for FY 2024 as of June 30, 2023, increased by \$609,684, compared to June 30, 2022. It increased the assets but also increased the liabilities.

Deferred Inflow of Resources

The Association implemented GASB 87 to record the building space leased out at the end of FY 2022. There are no significant changes in the building leases during FY 2025; however, one of major tenants purchased a new business space and notified the Association of potential changes. The office space has been advertised for new tenants to replace their leases for the remaining term of the leases. As of June 30, 2025, 2024, and 2023, the deferred inflow of resources were \$349,109, \$505,545, and \$661,981, respectively.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Condensed Statement of Revenues, Expenses, And Changes in Net Position

	<u>Years Ended</u>		<u>% Change</u> <u>2025/2024</u>	<u>Year Ended</u>	
	<u>2025</u>	<u>2024</u>		<u>2023</u>	<u>2024/2023</u>
Operating Revenues:					
Member contributions	\$ 30,047,207	26,289,573	14.3%	23,342,540	12.6%
Other Income	1,719,636	1,335,276	28.8%	1,216,912	9.7%
Total Operating Revenues	<u>31,766,843</u>	<u>27,624,849</u>	<u>15.0%</u>	<u>24,559,452</u>	<u>12.5%</u>
Operating Expenses:					
Loss and loss adjustment expense	9,668,079	14,760,569	-34.5%	12,980,178	13.7%
Excess and other insurance	14,459,357	15,054,900	-4.0%	11,707,908	28.6%
Other operating expenses	4,119,235	3,627,954	13.5%	3,699,959	-1.9%
Total Operating Expenses	<u>28,246,671</u>	<u>33,443,423</u>	<u>-15.5%</u>	<u>28,388,045</u>	<u>17.8%</u>
Operating Income (Loss)	<u>3,520,172</u>	<u>(5,818,574)</u>	<u>-160.5%</u>	<u>(3,828,593)</u>	<u>52.0%</u>
Non-operating Revenues and (Expenses)					
Investment income (loss)	3,942,824	3,555,363	10.9%	2,151,742	65.2%
Cash Contribution to APRA	(600,000)	-	-	-	-
Other non-operating revenue (loss)	53,305	45,486	17.2%	46,572	-2.3%
Total Non-operating Income (Loss)	<u>3,396,129</u>	<u>3,600,849</u>	<u>-5.7%</u>	<u>2,198,314</u>	<u>63.8%</u>
Net Income (Loss)	6,916,301	(2,217,725)	-411.9%	(1,630,279)	36.0%
Beginning Net Position	<u>9,620,738</u>	<u>11,838,463</u>	<u>-18.7%</u>	<u>13,468,742</u>	<u>-12.1%</u>
Ending Net Position	<u>\$ 16,537,039</u>	<u>9,620,738</u>	<u>71.9%</u>	<u>11,838,463</u>	<u>-18.7%</u>

Changes in Net Position:

As of June 30, 2025, the total net position increased by \$6,916,301, from \$9,620,738 in the previous year to \$16,537,039. The increased member contribution, better claim loss and loss adjustment expenses, and positive investment income are attributed to the significant increase in the net position.

The Association has opted to subsidize the member contribution to stabilize the insurance rate for many years; however, the Board of Trustees decided to raise members' insurance rate for FY 2025 renewal. As a result, member contributions increased by \$3,757,634, or 14.3%, compared to FY 2024.

In FY 2025, claim loss and loss adjustment expenses decreased by approximately \$5.1 million compared to the previous year. While the estimated losses from new claims incurred during the fiscal year were slightly better than the prior year, the development of prior years' claims resulted in a significant favorable adjustment of \$2,244,808, compared to an unfavorable adjustment of \$2,553,550 in FY 2024. During FY 2025, 24 large claims with estimated losses exceeding \$100,000 were reported, with only one of these claims incurred in the prior year. The largest claims reported in FY 2025 involved two separate fire incidents at the city office building in Mountain Village, with total estimated losses of approximately \$5 million. These incidents were reported in December 2024.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

During the FY 2025 renewal, the Association's reduced the pool's property limits from \$500 million to \$250 million. It decreased the Association's property reinsurance cost by \$869,065 compared to the prior year. The liabilities reinsurance cost increased by roughly \$500 thousand and the reinsurance workers' compensation cost remains similar as the prior year.

To facilitate the consolidation, the Association and APEI each contributed \$600,000 cash to APRA to support the process. The Association's cash contribution is represented as non-operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

The Association increased member contributions by roughly \$2.9 million for FY 2024 renewal, mainly driven by continually higher excess insurance premiums. The FY 2024 total reinsurance cost was up \$3,232,691 and the property reinsurance cost increased roughly \$2.7 million.

As of June 30, 2024, total operating expenses were \$33,443,423, which was \$5,055,378, or 17.8% higher than the prior year. Although the Association has increased member contributions and positive outcome of investments, it still could not offset the high claims loss and loss adjustment expenses and the increase of excess insurance premium cost. The net position decreased by \$2,217,725 to \$9,620,738 at the end of FY 2024.

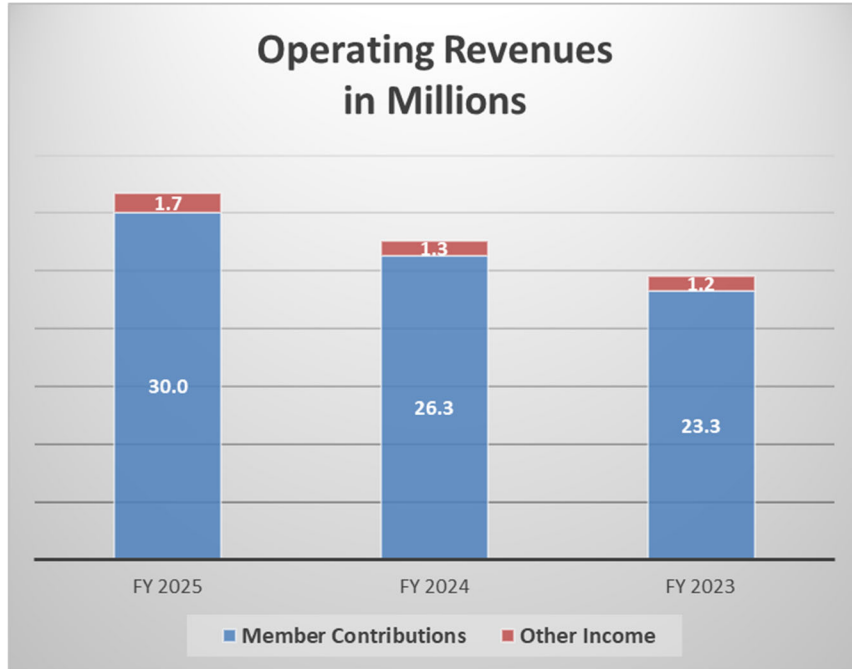
During the 2024 fiscal year, the Association experienced higher claims loss and loss adjustment expenses, which totaled \$14,760,569 compared to \$12,980,178 in the previous year. Losses estimated from the claims that were incurred and reported in FY 2024 increased by \$844,751 compared to FY 2023. In addition, the Association also has roughly \$2.6 million in unfavorable adjustments from the claims incurred in prior years which are majorly in general liability coverage. There were 30 large claims that have estimated losses of over \$100,000 reported in FY 2024, including 16 claims reported in FY 2024 but incurred in prior years. The top three large claims are the Nulato's water treatment plant fire claim, Yukon Flats School District's flooding claim caused by broken pipes, and one Kenai Peninsula Brough school district's workers' compensation claim.

As of June 30, 2023, the net position decreased by \$1,630,279 to \$11,838,463 at the end of FY 2023. The Association increased member contributions by roughly \$4.1 million, mainly driven by the significant decrease of net position at the end of FY 2022. The FY 2023 reinsurance cost was down roughly \$2.5 million because of the change in the property reinsurance policy in the middle of the prior year. The property reinsurance was reduced roughly \$3 million with the change.

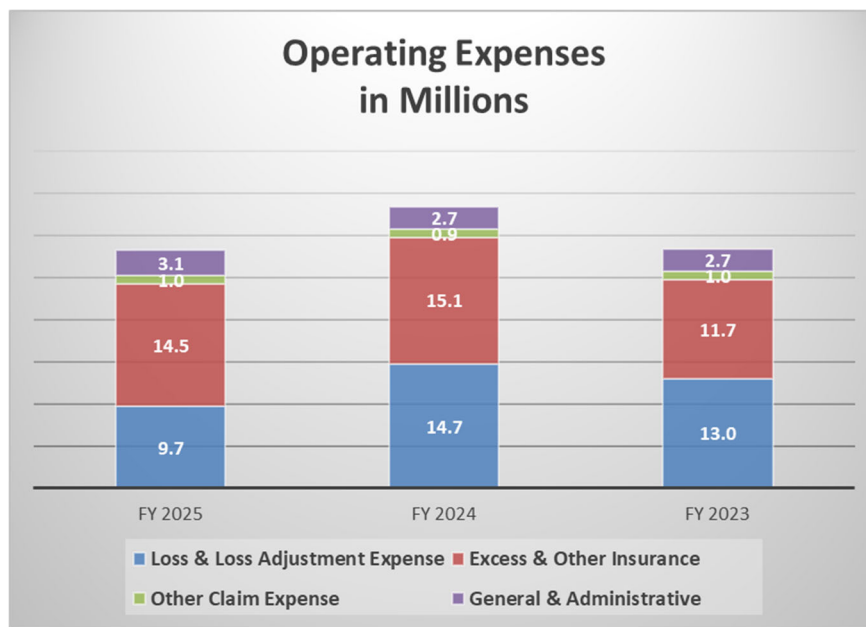
During the 2023 fiscal year, the Association experienced high claims loss and loss adjustment expenses, which totaled \$12,980,178 compared to \$10,323,644 in the previous year. Losses from the claims that were incurred and reported in FY 2023 increased by approximately \$3 million compared to FY 2022. The property claims losses have increased significantly because of the higher SIR and the corridor of the new property reinsurance policy. The Association also has roughly \$2 million unfavorable adjustments from the claims incurred in prior years in public officials' liability coverage.

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

The following graph represents the composition of the Association’s operating revenues for the years ended June 30, 2025, 2024, and 2023.



The following graph represents the composition of the Association’s operating expenses for the years ended June 30, 2025, 2024, and 2023.



**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

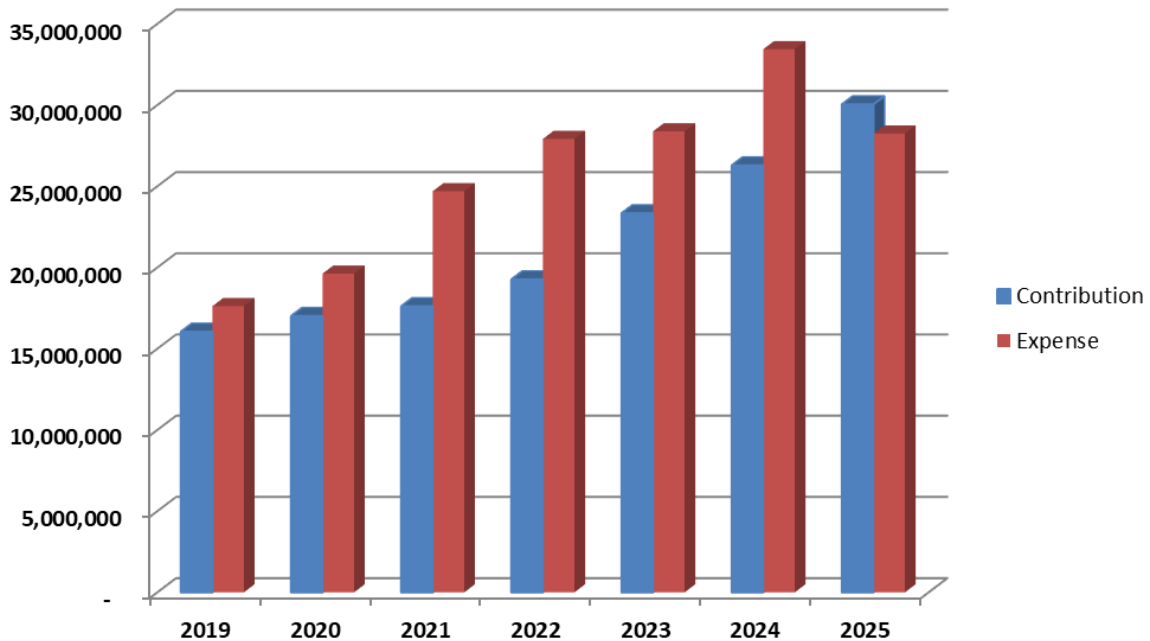
Member Contributions The Association’s membership decreased to 143 at the end of the fiscal year mainly due to cancellations during the fiscal year. Kake City School district did not renew for FY 2025, and Tanana School District became a part of Yukon Koyukuk School District. The Association cancelled a total of 15 members in the fiscal year. Seven members remained the cancelled status at the end of fiscal year. However, three members which were cancelled in prior years reinstated their policies. Overall, the pool remains stable. Member contributions increased by \$3,757,634, or 14.3%, to \$30,047,207 in FY 2025 compared to the prior year.

In FY 2024, the Association lost five Fairbanks charter schools and Craig City School District during the FY24 renewal and three cancellations during the fiscal year. The membership was 149 as of June 30, 2024. Member contributions increased by \$2,947,033, or 12.6%, to \$26,289,573 in FY 2024 compared to the prior year.

In FY 2023, the Association had the City of Kodiak and the Fairbanks charter schools joined the pool. Although a few of members were cancelled during the year, most of their policies were reinstated except for six members. With the departure of the Iditarod Area School District, and the return of the City of Tanana, a cancelled member in FY 2021, the membership remained at 158 as of June 30, 2023. Member contributions increased by \$4,071,405, or 21.1% in FY 2023 compared to the prior year.

The following chart summarizes the member contributions and operating expenses from FY 2019 to FY 2025.

Member Contributions and Operating Expenses by Fiscal Year



ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Provision for Insured Events The provision for insured events is the management's estimate of the cost of covered claims, better described as reserves set aside to pay for current and future claims. This estimate is based on a variety of actuarial and statistical techniques that consider claims history, claims payment history, claims frequency, changes in doctrines of legal liability, inflation, and other economic and social factors. Claims cost estimates are constantly reevaluated. Changes to prior years' claims costs are adjusted as they occur.

A provision for insured events of \$11,759,616 was recognized for FY 2025 claims. In FY 2025, a decrease in the provision of insured events of \$2,244,808 was recognized for favorable claims development of prior years' claims, primarily in workers' compensation and public officials' liabilities coverage. The total unpaid claims liability (claims payable) on June 30, 2025, was \$28,471,340, a decrease of 5.9% from the prior year.

A provision for insured events of \$12,071,351 was recognized for FY 2024 claims. In FY 2024, an increase in the provision of insured events of \$2,553,550 was recognized for unfavorable claims development of prior years' claims, primarily in general liability coverage. The total unpaid claims liability (claims payable) on June 30, 2024, was \$30,266,004, an increase of 14.8% from the prior year. Claims payments and patterns are significant factors in the estimation of the provision for insured events. (see Schedule 1, page 40)

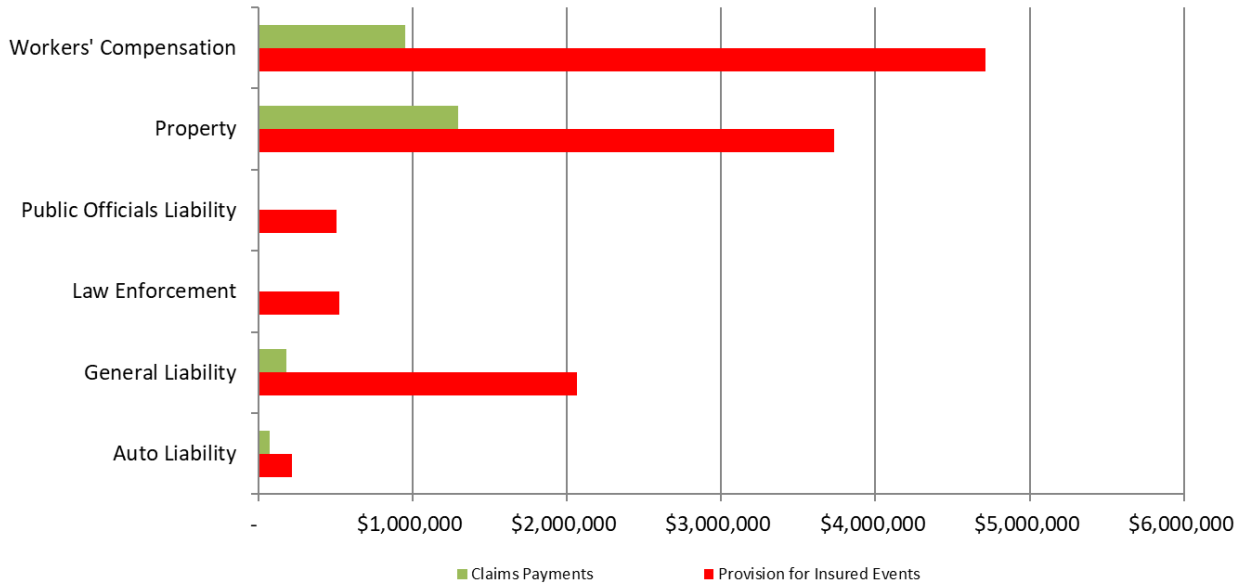
A provision for insured events of \$11,226,600 was recognized for FY 2023 claims. In FY 2023, an increase in the provision of insured events of \$1,427,343 was recognized for unfavorable claims development of prior years' claims, primarily in public officials' liabilities and property coverage. The total unpaid claims liability (claims payable) on June 30, 2023, was \$26,372,816, an increase of 21% from the prior year.

During FY 2025, the Association paid out \$11,309,473 for its insured events, a 5.4% increase compared to the previous year. The major increase in claims payments was in the property programs. In FY 2024 and FY 2023, the Association paid out \$10,731,713 and \$7,993,020 respectively, for its insured events.

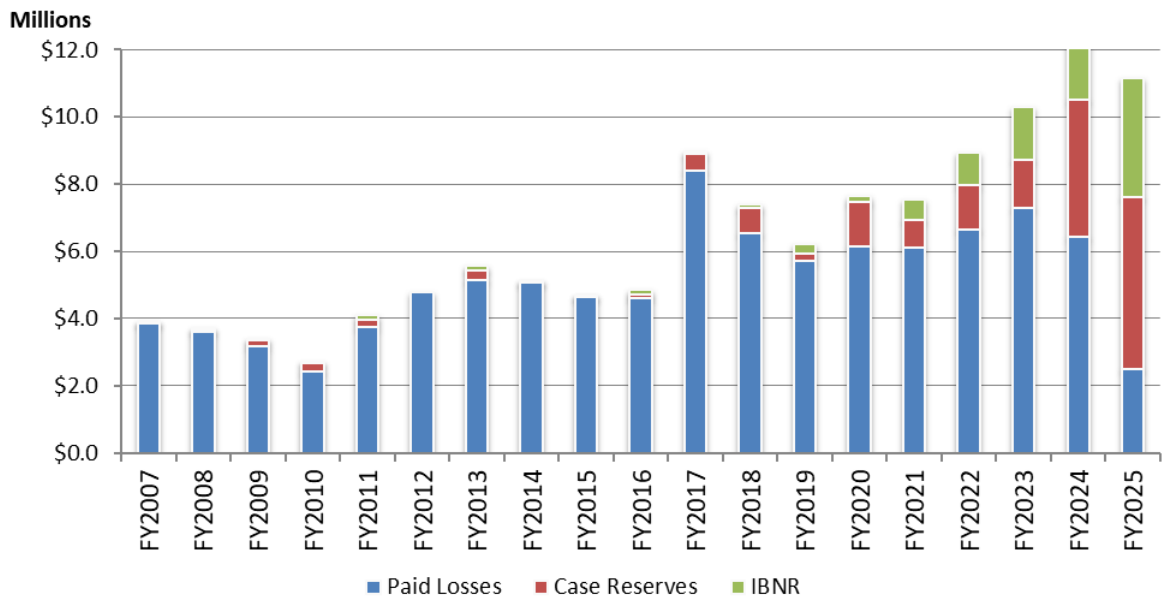
The following bar graph displays FY 2025's provision for insured events and claim payments for the Association's various programs. The next graph illustrates the projected ultimate losses by fiscal year for all combined coverages by paid losses, case reserves, and incurred but not reported (IBNR) losses. While most claims settle at amounts close to the estimated amount, IBNR represents the development of both known case reserves and the losses that have occurred but have not yet been reported

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

FY 2025 Provision for Insured Events and Claim Payments



Projected Ultimate Losses FY 2007 - FY 2025



ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Rate Stabilization Fund The Board of Trustees established the Rate Stabilization Fund for use beginning in FY 2013 and appropriated nearly \$2,000,000 to be allocated to members based upon a historically used dividend formula that references Section 11(2)(c) of the Cooperative Participation Agreement. A simple pro-rata allocation by members of their contribution for all years to the total contribution for the entire program for all years, the appropriation of funds is intended to be used by members to offset their contribution amount by using up to one-third of each member's balance of their allocation for each year's contribution. Members have used \$29,847 in credits to offset members' contribution expenses in FY 2025 and left the balance of \$425,299 at the end of FY 2025. The Association refunded all remaining balances to the eligible members in June before the consolidation.

General Administration The general administrative expenses were 10.8% of the Association's total operating expenses for FY 2025, compared to 8.1% in FY 2024 and 9.5% in FY 2023. General administration includes loss control and administrative staff expenses, loss control programs, professional fees, in-house insurance, and other normal general administrative expenses. The increase in general administration expenses in FY 2025 was mainly caused by the shared preparation expenses for the consolidation.

The Association invested \$259,285 in loss prevention training and materials to its members during FY 2025 by providing online safety training, member specific training sessions, employment law hotline, ballistic vest reimbursement program for law enforcement, and other loss control programs. Again, this year, the Association added \$50,000 to the Safety Savings Account program that is distributed amongst the membership to purchase safety equipment. The Association has contributed more than \$1 million to this program since 2002.

Due to the newly consolidated entity, APRA, adopting different methods to manage the program, the Association informed members that unused balances would expire on June 30, 2025, and encouraged them to utilize their balances by the end of FY 2025. As a result, Safety Savings balances totaling \$392,391 expired at the end of the fiscal year.

The Association has implemented the Loss Control Incentive Program (LCIP) to incentivize and educate members on loss prevention since FY 2006. In FY 2025, twenty-two members participated and received credit totaling \$218,842, compared to \$217,458 in FY 2024, and \$247,700 in FY 2023. Due to the consolidation, the Association distributed all FY 2026 LCIP credits back to members by the end of FY 2025.

Other information In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain Required Supplementary Information that reconciles Association claims liabilities and claims development schedules. Required Supplementary Information can be found beginning on page 40 of this report.

On July 1, 2025, Alaska Municipal League Joint Insurance Association (AMLJIA) and Alaska Public Entity Insurance (APEI) merged to form the new organization, Alaska Public Risk Insurance (APRA). During the fiscal year 2025, the APRA's Board of Trustees were appointed, and new management was established. The Board provided the direction and resources to facilitate the process of consolidation. Both AMLJIA and APEI equally shared the cost of preparation for the consolidation in the fiscal year 2025.

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

Although the Association will discontinue its operation as a standalone entity on July 1, 2025, numerous economic factors will continue to influence the newly consolidated organization. Key considerations include oil prices and the State of Alaska’s revenue, both of which directly impact the state budget and the capacity of the state government to provide financial assistance to local governments.

Additional factors to consider are the trends in the insurance markets, the costs of obtaining reinsurance and excess policies, federal funding for state and local government, and the effects of federal fiscal policies on the investment markets. These factors were all considered in planning for the future operation of APRA.

Conclusion This financial report is designed to provide a general overview of the Association’s operations and finances. This is AMLJIA’s last financial report and AMLJIA staff will become a part of APRA.

APRA has two branch offices in Alaska. The main office is 2233 Jordan Avenue, Juneau, Alaska 99801; Anchorage office remains at the address of 807 G Street, Suite 356, Anchorage, Alaska, 99501. Please contact us at 907-560-2010 with any questions concerning the information presented in this financial report, or any questions with regards to APRA’s operation.

FINANCIAL SECTION

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,558,675	\$ 2,797,212
Current Portion of Investments	24,369,150	25,047,635
Current Portion of Receivables	949,133	857,167
Prepaid Expenses	27,943	249,380
Due from APRA	30,020	-
Total Current Assets	26,934,921	28,951,394
Noncurrent Assets:		
Investments	13,403,844	11,916,636
Receivables	2,418,451	523,481
Capital Assets, Net	991,878	1,043,594
Other	1,914,283	1,628,884
Total Noncurrent Assets	18,728,456	15,112,595
Total Assets	45,663,377	44,063,989
LIABILITIES		
Current Liabilities:		
Accounts Payable	171,096	820,610
Other Current Liabilities	35,234	2,714,498
Current Portion of Claims Payable	10,000,000	10,000,000
Total Current Liabilities	10,206,330	13,535,108
Noncurrent Liabilities:		
Claims Payable	18,471,339	20,266,004
Other Noncurrent Liabilities	99,560	136,594
Total Noncurrent Liabilities	18,570,899	20,402,598
Total Liabilities	28,777,229	33,937,706
DEFERRED INFLOW OF RESOURCES		
Related to Building Leases	349,109	505,545
NET POSITION		
Net Invested in Capital Assets	991,878	1,043,594
Unrestricted	15,545,161	8,577,144
Total Net Position	\$ 16,537,039	\$ 9,620,738

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

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES:		
Member Contributions:		
Core Programs	\$ 30,047,207	\$ 26,289,573
Other Income	1,719,636	1,335,276
Total Operating Revenues	31,766,843	27,624,849
OPERATING EXPENSES:		
Loss and Loss Adjustment Expense	9,668,079	14,760,569
Other Claims Expense	1,026,372	891,226
Excess and Other Insurance	14,459,357	15,054,900
General and Administrative	3,069,339	2,708,713
Depreciation Expense	23,524	28,015
Total Operating Expenses	28,246,671	33,443,423
Operating Income (Loss)	3,520,172	(5,818,574)
NON-OPERATING REVENUES/(EXPENSES):		
Investment Income (Loss)	3,942,824	3,555,363
Cash Contribution to APRA	(600,000)	-
Lease Revenue	215,067	195,494
Rental Expense	(161,762)	(150,008)
Non-operating Revenues/(Expenses)	3,396,129	3,600,849
Change in Net Position	6,916,301	(2,217,725)
Beginning Net Position	9,620,738	11,838,463
Ending Net Position	\$ 16,537,039	\$ 9,620,738

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

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received For Member Contributions	\$ 27,018,452	\$ 25,320,240
Cash Paid For Claims	(11,462,741)	(10,867,379)
Cash Paid For Claims in Excess Layer	(4,848,224)	(14,957,608)
Cash Received For Claims in Excess Layer	3,179,685	15,062,364
Cash Paid For Insurance	(14,537,005)	(15,170,767)
Cash Paid For Claims Administration	(211,950)	(220,980)
Cash Paid For General Administration	(1,832,702)	(1,068,709)
Cash Received For Other Income	1,394,281	1,005,348
Cash Paid For Salaries And Benefits	(2,478,956)	(2,231,021)
Net Cash Provided (Used) By Operating Activities	(3,779,160)	(3,128,512)
CASH FLOWS FROM NONCAPITAL FINANCE ACTIVITIES		
Cash Contribution to APRA	(600,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received From Leases	188,718	180,497
Cash Paid For Lease Expenses	(176,351)	(146,597)
Purchase Of Capital Assets	-	(19,735)
Net Cash Provided (Used) by Capital and Related Finance Activities	12,367	14,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase Of Investments	(13,458,143)	(34,542,930)
Proceeds From Sales And Maturities Of Investments	14,760,176	30,899,710
Investment Earnings Received	1,826,223	1,391,673
Net Cash Provided (Used) By Investing Activities	3,128,256	(2,251,547)
Net Increase (Decrease) In Cash And Cash Equivalents	(1,238,537)	(5,365,894)
Cash And Cash Equivalents, Beginning Of Year	2,797,212	8,163,106
Cash And Cash Equivalents, End Of Year	\$ 1,558,675	\$ 2,797,212
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 3,520,172	\$ (5,818,574)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:		
Depreciation	23,524	28,015
(Increase) Decrease In:		
Receivables	(2,098,417)	6,881
Prepaid Expenses	221,437	(83,535)
Other Non-current Assets	(285,399)	(307,127)
Increase (Decrease) In:		
Accounts Payable	(649,514)	(22,020)
Other Current Liabilities	(2,679,264)	(813,759)
Claims Liability	(1,794,664)	3,893,188
Other Non-current Liabilities	(37,035)	(11,581)
Deferred Inflows	-	-
Net Cash Provided (Used) By Operating Activities	\$ (3,779,160)	\$ (3,128,512)
NONCASH ITEMS		
Schedule Of Noncash Investing And Financing Transactions		
Unrealized Gain (Loss) On Investments	\$ 2,110,756	\$ 2,182,225

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

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Alaska Municipal League Joint Insurance Association, Inc. (Association) was formed in 1988 to provide pooled property and casualty coverage to members of the Alaska Municipal League. The Association's general objectives are to formulate, develop, and administer, on behalf of its member entities, a program of risk financing, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Municipalities and their public corporations, city and borough school districts, charter schools, and Regional Educational Attendance Areas (REAs) within the state of Alaska are eligible to be members of the Association.

B. MEMBERSHIP

As of June 30, 2025, membership included 143 municipalities, city and borough school districts, charter schools, and REAs. The Association's Board of Trustees includes at least five participating members of the Association.

C. ADMISSION AND WITHDRAWAL OF MEMBERS

Admission

Participants must be a local government entity, (i.e., municipalities and their public corporations, city and borough school districts, charter schools, or REAs within the state of Alaska) and a member of the Alaska Municipal League.

Withdrawal

A participant may be canceled for non-payment of coverage with a 30-day notice of cancellation. Members may re-enter the program if they pay the remaining balance of their contribution. A participant may choose to withdraw by submitting a notice of intent to withdraw at least six months prior to the renewal date.

D. REPORTING ENTITY

The Association's reporting entity includes all activities (operations of its administrative staff, officers, and governing board as they relate to the Association) considered to be part of (controlled by or dependent on) the Association. The Association has developed criteria to determine whether entities for which the Association may be financially accountable should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Association appoints a voting majority of an entity's board and whether the Association either has the ability to impose its will on an entity, or there is a possibility that an entity will provide either a financial benefit to or impose a financial burden on the Association.

Since the Association has only government members and is organized to provide various services exclusively to those government members as a public entity risk pool, we

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

consider the Association a governmental entity for reporting purposes, and these financial statements are presented in a governmental entity format utilizing governmental accounting standards. Using these criteria, the Association has determined that it is not financially accountable for any other entity and no other entity is financially accountable for the Association.

E. BASIS OF ACCOUNTING

These statements are prepared on an economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been received, except when a contribution deficiency exists where unearned contributions are recognized currently in accordance with GASB pronouncements. Operating revenue includes member contributions and fees, which are an integral part of the operations and financing of the covered risks and activities. Non-operating revenues and expenses include rental activities that are not part of the core risk financing activities of the entity and investment income.

F. DESCRIPTION OF PROGRAMS

Self-insured Retention and Deductibles

The Association retains responsibility for the payment of claims within specified self-insured retention limits or deductibles prior to the application of coverage provided by its excess of loss agreements as follows:

General Liability, Automobile, and Public Officials' Errors and Omissions

The Liability program was established on July 1, 1988, for the payment of liability claims and administrative costs. Funding is based upon rate principles approved by the Association's Board of Trustees. In policy years 2025 and 2024, the Association's retention limit was \$500,000 for these lines of coverage.

Property

The Property program was established on July 1, 1988, to account for the payment of property claims and administrative costs. Funding is based upon rate principles approved by the Association's Board of Trustees. In policy years 2025 and 2024, the Association's retention limit was \$500,000 with an annual aggregate of \$1,500,000. Members are generally responsible for a \$5,000 deductible per occurrence unless they choose a higher deductible.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Workers' Compensation and Employer's Liability

The Workers' Compensation Program was established on July 1, 1988, for the payment of workers' compensation claims and administrative costs. Funding is based upon rate principles approved by the Association's Board of Trustees. In policy years 2025 and 2024, the Association's retention limit was \$750,000 for each occurrence.

Police Professional Liability

The Police Professional Liability Program was established on July 1, 1990, for the payment of police claims and administrative costs. It was originally a separate program from the other Association programs with separate financial statements. It is now combined with the rest of the programs and funding is based upon rate principles approved by the Association's Board of Trustees. In policy years 2025 and 2024, the Association's retention limit was \$500,000 per occurrence.

G. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Association considers cash in banks, cash in the Alaska Municipal League Investment Pool, money market funds, and all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash and cash equivalents.

H. INVESTMENTS

The Association's investments are reported at fair value (based on quoted market prices) in the Statement of Net Position, and changes in the fair value are included in investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

There are no existing statutory or contractual requirements which limit the types of investments authorized to be held by the Association.

I. RECEIVABLES

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

J. CAPITAL ASSETS

Capital assets are capitalized and recorded at cost. The capitalization threshold for capital assets is \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

Building and Improvements	40 years
Furniture and Equipment	5 years

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

K. CLAIMS LIABILITIES

The Association establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not closed, 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 reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Actual claims costs depend upon complex factors such as inflation, changes in doctrines of legal liability, and damage awards. Therefore, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as workers' compensation and general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims 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.

Claims liability includes amounts estimated for future unallocated loss adjustment expense (ULAE). ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be allocated to a specific claim. Management has estimated the accrual based on past experience.

L. OTHER NONCURRENT ASSETS

NLC Mutual Insurance Company (NLC Mutual) provides workers' compensation reinsurance to the Association as the Association has made contributions to NLC Mutual. Upon written request by the Association or termination of AMLJIA reinsurance contract with NLC Mutual, the Association would receive its share of contributed and retained surplus in accordance with NLC Mutual bylaws.

The Association's capital account may be credited each year by its proportionate share of realized investment income earned by NLC Mutual during the prior fiscal year on the total of all members' capital accounts. The Association's allocation of balance from its equity deposit is reflected in Other Noncurrent Assets, and the change of allocation balance is included in Other Income.

M. COMPENSATED ABSENCES

The Association's paid time off (PTO) policy provides for the accumulation of earned PTO leave. PTO accruals are available for use in the pay period following completion of 30 days of employment. The current accrued PTO hours are available for use in the pay period following the pay period in which they were accrued. In the event that all available PTO hours are not used by the end of the benefit year, employees may carry unused time forward to the next benefit year. The Association has capped the amount of unused PTO

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

to be carried forward by an individual to 45 days. The limited liability for accrued PTO has been computed and recorded based on unused PTO days times the current rate of pay.

N. DEFERRED INFLOW OF RESOURCES

In addition to assets and liabilities, the statement of net position reports a separate section of deferred inflow of resources. The deferred inflow of resources represents a consumption of net assets by the government that is applicable to a future reporting period.

The Association has leased a portion of its building space to tenants. To comply with the Governmental Accounting Standards Board (GASB) 87, the Association records its two non-cancellable long-term leases as Deferred Inflow of Resources.

O. REINSURANCE AND EXCESS INSURANCE

The Association has obtained specific reinsurance and excess of loss agreements for the policy period July 1, 2024, through June 30, 2025. The limits and self-insured retention per coverage is summarized below:

	Self-Insured Retention	Limits
General Liability	\$ 500,000	\$ 15,500,000
Public Officials' E&O	500,000	15,500,000
Automobile	500,000	15,500,000
Police Professional Liability	500,000	15,500,000
Workers' Compensation	750,000	Statutory
Property	500,000*	250,000,000

*\$500,000 per occurrence deductible plus an annual aggregate of \$1,500,000 for all losses including Earth Movement and Flood.

The members, through the Association, are contingently liable in the event the insurance companies are unable to meet their obligations under these agreements.

The Association is also authorized by Alaska Statutes to obtain debt financing to fund liabilities not covered by excess insurance agreements. To date, the Association has not incurred any claim settlements exceeding insurance coverage.

P. MEMBER CONTRIBUTIONS

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Revenues mainly consist of premium contributions from members. Member contributions are recognized as revenue in the period for which coverage is provided and are principally based on members' payroll, operating expenditures, and property value data. All of the Association's excess or reinsurance contracts provide coverage on a policy year basis beginning July 1 and ending June 30 of a given policy year.

The Association's Cooperative Participation Agreement provides for additional contributions from members in the event that losses and expenses warrant it. Such supplemental contributions shall be determined at the discretion of the Board of Trustees based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association considers anticipated investment income in determining whether a premium deficiency exists. Members are obligated by contract to pay such assessments. To date, no such assessment has ever been levied.

Q. UNEARNED CONTRIBUTIONS

Member annual contributions are normally billed at the end of fiscal year for the next year's policies if members renew their coverage. The Association complies with accrual accounting to classify member contribution payments received before the new policy year and credit balance in members' account due to adjustments during the policy year as unearned contributions, which are included in Other Current Liabilities.

R. ALLOCATION OF INDIRECT EXPENSES

Claims Department staff costs are allocated from General and Administrative expenses to Other Claims Expenses.

S. INCOME TAXES

The Association's income is exempt from federal income taxes under Internal Revenue Service Code Section 115, which excludes income derived from the exercise of any essential governmental function and accruing to a political subdivision.

T. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

U. LEASES

The Association implemented GASB 87 in the financial statements as of June 30, 2022. The Association allocated the interest revenue between the present value and actual value of the lease payments to the Association's lease revenues annually at the year end.

V. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Association has subscriptions of software for its daily operation, including its claims handling system. These subscriptions are in yearly renewal status and none of them currently have contract terms associated with the subscriptions that are longer than 12 months.

W. BASIS OF PRESENTATION AND PLANNED CONSOLIDATION

The Association's financial statements are provided for the fiscal year concluding on June 30, 2025. As disclosed below, the Association is preparing for its consolidation with Alaska Public Entity Insurance (APEI) to form a new organization, Alaska Public Risk Alliance (APRA). The consolidation will take effect on July 1, 2025.

Upon consolidation, the balances with APEI and APRA, which are classified as related party transactions in these financial statements, will be eliminated. The financial information presented for the year ended June 30, 2025, marks the final reporting period for the Association as a standalone entity.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

II. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2025 and 2024, are composed of the following:

Cash and Cash Equivalents	2025	2024
Cash in bank	\$ 323,237	\$ 2,005,764
Money Market Mutual Funds ⁽¹⁾	907,873	478,549
Alaska Municipal League Investment Pool ⁽²⁾	327,565	312,899
	\$ 1,558,675	\$ 2,797,212

(1) Money Market Mutual Funds' average maturity dates are 180 days or less and are AAA rated.

(2) The Alaska Municipal League Investment Pool (AMLIP) is an external not-for-profit investment pool established pursuant to the Alaska Investment Act of 1992. Participation is limited to government or quasi-governmental entities. The pool provides a short-term investment option for Alaska boroughs, cities, school districts, and other state government entities. The Association is a voluntary participant in AMLIP, which is regulated under the Alaska Investment Pool Act of 1992. The fair value of the Association's investment in this pool is reported in the accompanying financial statements. The fair value is based upon the Association's pro-rata share of the fair value provided by AMLIP for the entire portfolio (in relation to the amortized cost of the portfolio). The Association's fair value of the position in the pool is the same as the value of the pool shares. It is currently AAA rated by Standard & Poor's. At June 30, 2025, the average maturity of AMLIP Series I Fund was 25 days and the AMLIP account balance represented 21% of the combined cash and cash equivalent.

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association doesn't have a policy stating this risk.

The Association's cash in banks is covered by federal depository insurance up to \$250,000. As of June 30, 2025, and 2024, the Association had cash totaling \$1,564,147 and \$2,771,457, respectively, not covered by federal depository insurance.

III. RECEIVABLES

On June 30, 2025, and 2024, the total accounts receivable portfolio was considered collectible. Interest in investments is recorded in the year that the interest is earned.

On June 30, balances of receivables consisted of the following:

	2025	2024
Claims-related Receivables	\$ 2,867,554	\$ 789,564
Member Receivables	86,705	63,455
Interest Receivables	2,162	1,324
Lease Receivable	323,570	478,669
Other	87,593	47,636
Total Receivables	\$ 3,367,584	\$ 1,380,648
Current Portion of Receivables	\$ 949,133	\$ 857,167
Long-term Portion of Receivables	\$ 2,418,451	\$ 523,481

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

IV. INVESTMENTS

There are no existing statutory or contractual requirements which limit the types of investments authorized to be held by the Association.

The Board of Trustees has established an investment policy in order to provide maximum security for the investment of funds and provide the greatest interest revenue consistent with safety. Only the following investment of the Association's funds will be authorized:

- A.** Obligations of, or obligations insured or guaranteed by, the United States or an agency or instrumentality of the United States;
- B.** Asset-backed Securities (ABS);
- C.** Commercial paper issued by corporations or businesses and having a quality rating of A-1, P-1 or higher;
- D.** Bankers' acceptances accepted by a rated bank and eligible for rediscount with, or purchase by, Federal Reserve Systems banks;
- E.** Negotiable certificates of deposit issued by rated banks;
- F.** Repurchase agreements with:
 - 1.** The Association's bank accounts, which are entered into in conjunction with the Association's zero-balance ("sweep") demand deposit account; and secured by obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States,
 - 2.** Rated banks or primary dealers in government securities and secured by obligations insured or guaranteed by the United States, or agencies or instrumentalities of the United States with said collateral to be assigned as provided in Section 9 titled "Collateral Required to Secure Certificates of Deposit & Repurchase Agreements;"
- G.** Other dollar-denominated money market instruments;
- H.** Money market funds;
- I.** Domestic equities;
- J.** International equities;
- K.** Corporate debt securities;
- L.** Foreign government and corporate debt securities;
- M.** Electronically Traded Funds (ETF);
- N.** Open ended mutual funds, and/or;

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

O. Opportunistic/Defensive (hedge and absolute return and fund of funds are in this category).

The Association’s Investment Policy Statement (IPS) outlines the asset allocation, by major asset classes, with the following ranges:

Asset Allocation	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large & Small Equities	25%	30%	35%
International Equities	10%	15%	20%
Fixed Income	40%	45%	50%
Opportunistic/Defensive	3%	6%	9%
Cash & Cash Equivalents	1%	4%	9%

The Association meets regularly with its investment advisor to keep within the approved range of the investments per the policy. The investment advisor’s services are strictly to advise the Association’s staff and board in accordance with the IPS, objectives, and guidelines. To prepare for the consolidation, the portfolio allocation was temporarily deviating from the standard allocation margin to facilitate the transition to the APRA’s investment account at the end of fiscal year.

Investment Valuation: The Association categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, the Association had the following fair value measurements:

2025

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	\$ 750,117	\$ 750,117		
Bond Funds	13,403,844	13,403,844	-	-
Equity Funds	20,641,264	20,641,264	-	-
Opportunistic/Defensive Funds	2,977,769	2,977,769	-	-
Total Investment	\$ 37,772,994	\$ 37,772,994	-	-

2024

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	\$ 8,675,290	\$ 8,675,290		
Bond Funds	11,169,331	11,169,331	-	-
Equity Funds	15,643,332	15,643,332	-	-
Opportunistic/Defensive Funds	1,476,318	1,476,318	-	-
Total Investment	\$ 36,964,271	\$ 36,964,271	-	-

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

Interest Rate Risk: On June 30, 2025, the Association invested \$13,403,844 in bond funds which are sensitive to changes in interest rates, which was \$2,234,513 more than the \$11,169,331 in FY 2024. Although the Association does not have a formal interest rate risk policy, the IPS states risk must not exceed that of the benchmark index and the peer group and is watched closely by the investment advisor, management, and the board's finance committee.

The following is a schedule of the fair values of these investments grouped into sequential time periods at June 30, 2025.

Investment Type	Fair Value	Investment Maturities		
		< 1 yr	1-3 yrs	> 3 yrs
US Treasuries	\$ 750,117	\$ 750,117		
Bond Funds	\$ 13,403,844		\$ 648,459	\$ 12,755,385

FY 2025

Investment Type	TOTAL	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA
US Treasuries	\$ 750,117								\$ 750,117	
Bond Funds	\$ 13,403,844						\$ 10,647,267	\$ 2,756,577		

The following is a schedule of the fair values of these investments grouped into sequential time periods at June 30, 2024.

Investment Type	Fair Value	Investment Maturities		
		< 1 yr	1-3 yrs	> 3 yrs
US Treasuries	\$ 8,675,290	\$ 7,927,985	\$ 747,305	
Bond Funds	\$ 11,169,331		\$ 1,500,886	\$ 9,668,445

FY 2024

Investment Type	TOTAL	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA
US Treasuries	\$ 8,675,290								\$ 8,675,290	
Bond Funds	\$ 11,169,331						\$ 7,612,772	\$ 3,556,559		

*Note that bond funds were grouped according to the average maturity of the securities comprising the fund.

Foreign Currency Risk: As of June 30, 2025, the Association has invested in international equity funds, which are exposed to foreign currency risks. No detail as to the currency denomination of these funds is available. The fair value of these investments was \$5,320,009 and \$3,970,689 on June 30, 2025, and 2024, respectively. The investment policy allows for 10% to 20% investments in international equities.

Concentration of Risk: The Association in its Investment Policy Statement has listed investment limitations. These guidelines are to ensure diversification of the portfolio. As of June 30, 2025, and 2024, no single investment exceeded the 5% threshold.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

V. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Land	\$ 293,750	\$ -	\$ -	\$ 293,750
Buildings & Improvements	1,848,660		-	1,848,660
Less: Accumulated Depreciation	(1,116,814)	(46,217)	-	(1,163,031)
Furniture, Fixtures, & Equipment	971,397		-	971,397
Less: Accumulated Depreciation	(953,399)	(5,499)	-	(958,898)
Total Capital Assets	<u>\$ 1,043,594</u>	<u>\$ (51,716)</u>	<u>\$ -</u>	<u>\$ 991,878</u>

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Land	\$ 293,750	\$ -	\$ -	\$ 293,750
Buildings & Improvements	1,848,660		-	1,848,660
Less: Accumulated Depreciation	(1,070,597)	(46,217)	-	(1,116,814)
Furniture, Fixtures, & Equipment	951,662	19,735	-	971,397
Less: Accumulated Depreciation	(943,409)	(9,990)	-	(953,399)
Total Capital Assets	<u>\$ 1,080,066</u>	<u>\$ (36,472)</u>	<u>\$ -</u>	<u>\$ 1,043,594</u>

In 1998, the Association purchased the three-floor office building at 807 G Street in downtown Anchorage. The AMLJIA uses one floor of the building, and the remaining office spaces are rented out. Therefore, a portion of the building depreciation based on the space usage is allocated to rental expense.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Depreciation from operating activities	\$ 5,499	\$ 9,990
Depreciation from building activities	46,217	46,217
Allocated to Rental Expense	<u>(28,192)</u>	<u>(28,192)</u>
Net Depreciation charged to operation	<u>\$ 23,524</u>	<u>\$ 28,015</u>

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

VI. CLAIMS PAYABLE

The reserves for losses and loss adjustment expenses represent (a) individual case estimates for reported losses, (b) estimates for unreported losses based on past experience modified for current trends, and (c) estimates of expenses for investigating and settling claims. A summary of changes in reserves for losses and loss adjustment expenses for the years ended June 30, 2025, and 2024, follows:

	2025	2024
Unpaid claims and claims adjustment expenses at beginning of year	\$ 30,266,004	\$ 26,372,816
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current year*	11,759,616	12,071,351
Increase/(decrease) in provision of insured events of prior years	(2,244,808)	2,553,550
Total incurred claims and claims adjustment expenses	9,514,808	14,624,901
Payments:		
Claims and claims adjustment expenses attributable to insured events of the current year*	2,514,044	2,146,476
Claims and claims adjustment expenses attributable to insured events of prior years	8,795,429	8,585,237
Total Payments	11,309,473	10,731,713
Total unpaid claims and claims adjustment expenses	\$ 28,471,339	\$ 30,266,004
Current portion of claims payable	\$ 10,000,000	\$ 10,000,000
Noncurrent portion of claims payable	18,471,339	20,266,004
	\$ 28,471,339	\$ 30,266,004

*Does not include Student Accident Program or adjustment for uncollectible recoveries.

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

VII. OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2025 and 2024, are composed of the following:

	2025	2024
Unearned Contributions	\$ 38	\$ 2,140,944
Member Safety Saving Account	-	443,890
Accrued Payroll Expenses	5,196	66,686
Other	30,000	62,978
Total Other Current Liabilities	\$ 35,234	\$ 2,714,498

VIII. PAID TIME OFF (ACCRUED VACATION)

The Association's liability for paid time off (PTO) consisted of the following at:

	June 30, 2025	June 30, 2024
Beginning PTO Accrual	\$ 151,341	\$ 162,922
PTO Earned	193,939	175,995
PTO Used	(230,974)	(187,576)
Ending PTO Accrual	\$ 114,306	\$ 151,341
Current Portion of PTO Accrual	\$ 30,000	\$ 30,000
Long term Portion of PTO Accrual	\$ 84,306	\$ 121,341

IX. EXCESS AND OTHER INSURANCE

On June 30, 2025, and 2024, Excess and Other Insurance Expense included:

	June 30, 2025	June 30, 2024
Excess & Reinsurance Premiums	\$ 13,196,784	\$ 13,901,039
Other Insurance	1,262,573	1,153,861
Total Excess & Other Insurance	\$ 14,459,357	\$ 15,054,900

X. BUILDING LEASES

The Association's land and building, reported as Capital Assets, consists of one commercial office property which is partially occupied by the Association's offices.

Including improvements, the Association's property was purchased in 1998 for \$2,060,381. The Association occupies approximately 39% of the building and the remainder is leased to tenants. Currently there are two firms who have signed non-cancellable leases with the Association to use the space. The lease terms are 5 years and 10 years, which will expire in

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

December 2027 and April 2028, respectively. The Association uses an annual interest of 3.25% for the lease signed prior to FY 2022 and 4.75% for the lease renewed after. There are no changes to the building leases in FY25.

The Association is reporting the lease receivable and deferred inflow of resources at the present value of the future lease payments and allocating the interest revenue to the Association's lease revenues annually at the year end. The Association reported lease revenue of \$215,067 and \$195,494, respectively, in FY 2025 and FY 2024 related to lease payments received, and interest revenue of \$25,013 and \$18,671, respectively, in FY 2025 and FY 2024.

The schedule of building leases as of June 30, 2025, is as follows:

	Annual Principal Payment	Interest Revenue	Lease receivable	Deferred Inflow of Resources
6/30/2024	\$ 178,779	\$ 18,671	\$ 478,669	\$ 505,545
6/30/2025	\$ 180,112	\$ 25,013	\$ 323,570	\$ 349,110
6/30/2026	\$ 182,797	\$ 31,445	\$ 172,218	\$ 192,674
6/30/2027	\$ 138,958	\$ 28,169	\$ 61,429	\$ 76,304
6/30/2028	\$ 79,341	\$ 17,911	\$ -	\$ -

XI. PENSION PLAN

The Association offers its employees a defined contribution retirement plan (Alaska Municipal League Joint Insurance Association, Inc., Money Purchase Retirement Plan). The plan is administered by the MissionSquare Retirement Corporation. Plan provisions and contribution requirements are established and may be amended under the authority of the Association's Board of Trustees. The contributions actually made are equal to the required contributions. Since the contributions are fully vested and the investments are held by a trust, the pension assets and liabilities are not carried on the books. The plan requires that employees contribute 6.75% of their compensation and the employer contribute 12.75%.

Total pension expenses under this plan were as follows:

	2025	2024
Employee	\$114,274	\$105,690
Employer	\$215,851	\$199,637

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

XII. RELATED PARTY TRANSACTIONS

On July 1, 2025, the Association and Alaska Public Entity Insurance (APEI) will consolidate to form a new entity, Alaska Public Risk Alliance (APRA), which will commence operations on that date. As part of the formation process, the Association and APEI engaged in the following transactions with APRA during the fiscal year ended June 30, 2025.

Cash Contribution

During the fiscal year, the Association made a cash contribution of \$600,000 to APRA to assist in its initial operational setup. The Association's cash contribution is recorded as non-operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

APEI also contributed \$600,000 in cash to APRA under similar terms.

Shared Personnel Expenses

In May 2025, APRA hired its Chief Executive Officer (CEO), who commenced employment on June 1, 2025. From June 1, 2025, through June 30, 2025, the Association paid all related personnel expenses for the CEO on behalf of APRA. These expenses are recorded as "Due from APRA" in the Association's Net Position report. The aggregate amount due from APRA for these expenses as of June 30, 2025, is \$30,020.

XIII. NET POSITION

On June 30, 2025, and 2024, the Association had total net position of \$16,537,039 and \$9,620,738, respectively. Net position is retained to provide for unfavorable loss development, catastrophic losses, long-term viability, and for rate stabilization to reduce the variability in pricing in volatile insurance markets.

XIV. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 22, 2025, the issuance date of the report. The Association, as planned, merged with Alaska Public Entity Insurance (APEI) to establish the Alaska Public Risk Alliance (APRA). The consolidation took effect on July 1, 2025, and all assets, liabilities, and net positions of both the Association and APEI were integrated into the new entity. All related party transactions and intercompany balances among the Association, APEI, and APRA were eliminated as part of consolidation process.

REQUIRED SUPPLEMENTARY INFORMATION

**ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION**

**Reconciliation of Claims Liabilities by Type of Contract
Summary of Unpaid Claims Liabilities
Year Ended June 30, 2025 and 2024**

Schedule 1

	Workers Compensation		General Liability		Public Official E & O		Law Enforcement		Auto Liability		Property		Totals	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Unpaid claims and claim adjustment expenses at beginning of year	\$13,551,768	\$11,798,460	\$6,174,583	\$3,697,208	\$3,024,800	\$3,983,573	\$1,942,980	\$1,895,397	\$352,354	\$255,583	\$5,219,519	\$4,742,595	\$30,266,004	\$26,372,816
Incurring claims and claim adjustment expenses:														
Provision for insured events of the current year	4,713,881	5,452,486	2,065,769	1,768,631	505,904	534,728	523,230	365,510	219,511	286,036	3,731,321	3,663,960	11,759,616	12,071,351
Increase/(decrease) in provision of insured events of prior years	(2,934,912)	(103,867)	765,413	2,809,323	(515,309)	(1,208,750)	9,626	538,088	(158,759)	303,164	589,133	215,592	(2,244,808)	2,553,550
Total incurred claims and claim adjustment expenses from insured events	1,778,969	5,348,619	2,831,182	4,577,954	(9,405)	(674,022)	532,856	903,598	60,752	589,200	4,320,454	3,879,552	9,514,808	14,624,901
Payments:														
Claims and claim adjustment expenses attributable to insured events of the current year	955,419	1,256,776	185,567	113,919	2,943	19,175	-	1,254	74,126	117,346	1,295,989	638,006	2,514,044	2,146,476
Claims and claim adjustment expenses attributable to insured events of the prior years	2,377,011	2,338,535	1,657,678	1,986,660	574,447	265,576	239,122	854,761	41,649	375,083	3,905,522	2,764,622	8,795,429	8,585,237
Total Net Payments:	3,332,430	3,595,311	1,843,245	2,100,579	577,390	284,751	239,122	856,015	115,775	492,429	5,201,511	3,402,628	11,309,473	10,731,713
Total unpaid claims and claim adjustment expenses	\$11,998,307	\$13,551,768	\$7,162,520	\$6,174,583	\$2,438,005	\$3,024,800	\$2,236,714	\$1,942,980	\$297,331	\$352,354	\$4,338,462	\$5,219,519	\$28,471,339	\$30,266,004

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION

Claim Development Information
Year Ended June 30, 2025

Schedule 2

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
1. Contribution, investment and other revenues:										
Earned	\$ 17,186,510	\$ 17,942,015	\$ 16,739,064	\$ 18,902,237	\$ 19,629,925	\$ 25,682,707	\$ 17,142,616	\$ 26,905,617	\$ 31,225,698	\$ 35,762,972
Ceded	8,392,634	8,367,885	8,075,839	8,742,494	10,386,563	12,038,695	14,148,706	11,707,908	15,054,900	14,459,357
Net earned	8,793,876	9,574,130	8,663,225	10,159,743	9,243,362	13,644,012	2,993,910	15,197,709	16,170,798	21,303,615
2. Unallocated expenses	3,746,386	3,805,185	3,803,456	3,381,235	3,469,084	3,281,766	3,446,718	3,699,959	3,627,954	4,119,235
3. Estimated incurred claims and expense, end of policy year (undiscounted):										
Incurred	16,842,899	17,908,257	16,399,486	17,499,445	18,081,736	21,149,077	22,491,323	22,934,508	27,126,251	26,218,973
Ceded	8,392,634	8,367,885	8,075,839	8,742,494	10,386,563	12,196,438	14,148,706	11,707,908	15,054,900	14,459,357
Net incurred	8,450,265	9,540,372	8,323,647	8,756,951	7,695,173	8,952,639	8,342,617	11,226,600	12,071,351	11,759,616
4. Net paid (cumulative) as of:										
End of policy year	1,888,657	2,365,697	1,832,614	2,098,351	2,117,002	1,828,473	1,476,007	1,747,953	2,146,476	2,514,044
One year later	3,744,673	4,317,999	3,429,154	4,101,992	4,198,315	4,109,736	4,046,796	5,888,298	6,427,677	
Two years later	3,866,749	5,362,469	4,049,245	4,158,700	5,176,683	4,928,533	6,061,324	7,279,040		
Three years later	3,936,825	5,692,021	4,625,548	4,315,741	5,744,981	5,441,618	6,662,214			
Four years later	4,022,548	6,749,251	4,884,314	5,696,326	5,914,672	6,119,715				
Five years later	4,034,120	7,929,383	5,248,630	5,683,539	6,140,836					
Six years later	4,465,673	8,061,518	5,932,298	5,705,844						
Seven years later	4,521,739	8,143,491	6,550,902							
Eight years later	4,617,518	8,393,890								
Nine years later	4,616,641									
5. Reestimated ceded claims and expense	8,392,634	8,367,885	8,075,839	8,742,494	10,386,563	12,196,438	14,148,706	11,707,908	15,054,900	14,459,357
6. Reestimated net incurred claims and expense as of:										
End of policy year	8,450,265	9,540,372	8,323,647	8,756,951	7,695,173	8,952,639	8,342,617	11,226,600	12,071,351	11,759,616
One year later	6,598,016	8,926,086	6,396,099	6,259,454	7,640,492	7,799,397	9,763,930	12,151,431	12,813,519	
Two years later	5,144,403	8,603,474	6,376,477	5,422,342	8,069,473	8,120,371	10,059,844	10,504,629		
Three years later	4,665,657	8,606,523	6,562,769	6,112,547	8,340,486	8,553,331	9,091,143			
Four years later	4,555,913	9,061,080	7,380,070	6,132,876	7,969,978	7,630,704				
Five years later	4,946,613	9,292,128	7,443,274	6,305,575	7,768,347					
Six years later	5,257,087	9,298,856	7,297,479	6,240,039						
Seven years later	4,749,186	9,019,966	7,457,442							
Eight years later	4,867,790	9,024,160								
Nine years later	4,865,645									
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	\$ (3,584,620)	\$ (516,212)	\$ (866,205)	\$ (2,516,912)	\$ 73,174	\$ (1,321,935)	\$ 748,526	\$ (721,971)	\$ 742,168	\$ -

ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSOCIATION, INC.
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 and 2024

REQUIRED SUPPLEMENTARY INFORMATION

Reconciliation of Claims Liabilities by Type of Contract

Schedule 1 illustrates the details of unpaid claims by line of business and fiscal year.

Claims Development Information

Schedule 2 illustrates the Fund's earned revenues (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as the end of the year. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
2. This line shows each fiscal year's other operating costs of the Association including overhead and claims expenses not allocable to individual claims. All un-allocable administration expenses are charged to the current year.
3. This line shows the Association's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the year.
4. This section shows the cumulative amounts paid as of the end of the 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 insured year.
6. These annual re-estimations result from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest re-estimation of incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater than or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.