



Partnering for a Better Tomorrow

2011
ANNUAL REPORT





Partnership

part·ner·ship:
(pärt'nər-shīp) *n.*

A relationship between individuals or groups that is characterized by mutual cooperation and responsibility, as for the achievement of a specified goal.



MISSION STATEMENT

To build a partnership of all educational agencies to protect resources by providing quality risk management products and services at superior value.

TABLE OF CONTENTS

President's Message	1
Governance	2
Operating Committees	3
Growth Trends	4
Membership Growth	4
Property Value Growth (TIV)	4
Workers' Compensation Payroll Growth	4
Core Program	5
Incurred Losses.....	5
Litigation Expense	5
Claims Administration Expenses.....	5
Claims and Litigation Management Highlights	5
General Liability Program Rates	6
Auto Liability Program Rates	6
Property Program Rates	7
Crime Program Rates	7
Workers' Compensation Program	8
Loss Expense	8
Workers' Compensation Claims Administration Expenses	8
Workers' Compensation Program Rates	9
Workers' Compensation Claims and Litigation Management Highlights	9
Health Benefits Program	9
Rate Components	10
Commitment to Service	11
Loss Control Services	11
WeTip Prevention Programs	12
VIPS-New Employee Training Program	12
Rent-a-Risk Manager Program	12
Owner-Controlled Construction Insurance Program (OCIP)	13
Risk Transfer and Analysis	13
Specialty Insurance Procurement	13
2010/11 Program Year Highlights	14
Goals and Objectives for Fiscal Year 2011/12	15
Financials	16
Staff & Service Providers Directory	20
Membership	21

PRESIDENT'S MESSAGE

As your President for 2010/11, it has been my distinct pleasure to work with a very dedicated team: your Executive Committee and members of ASCIP's supporting governance committees; an expansive group of professional service providers; members of the professional risk management, scholastic and insurance communities; and members of ASCIP's dedicated staff. The loyalty, talent and commitment of these team members have been an integral part of the ASCIP success story. Since the inception of our risk-sharing pool in 1985, ASCIP has become a cohesive and powerful group of educational leaders serving schools and colleges throughout the State and finding ways to bring added value to our members.



Despite the continuation of an extremely challenging economic environment this past year, ASCIP has continued to add quality members. To remain competitive and to provide a high level of support to our present and potential members, we have sought to contain costs in many ways: by negotiating very competitive reinsurance renewals; by accepting our service providers' generous offers to keep their rates flat; and by being especially mindful of our overhead costs. These concerted efforts, along with the Executive Committee's prudent decision to build undesignated equity over time and to stabilize rates, have enabled us to keep our major premiums flat in 2010, a very welcome development for our cash-strapped members. This past year, our competitive rates and services allowed us to add Vista Charter School along with the Valley Insurance Program (VIPJPA), a three-college district member JPA in Central California comprised of Merced, State Center and Yosemite Community College Districts, a group containing 59,297 ADA/FTE as members of our P&L and Workers' Compensation programs. We also added a total of \$211 million to our workers' compensation payroll consisting of VIPJPA along with Pasadena Rosebud Charter School, Vista Charter School, and West Sacramento College Prep Charter School.

Our Health Benefits program also experienced sound growth with the addition of Compton USD, Lawndale SD, Walnut Valley USD, and Vista Charter School, and we entered the second year of our flex-funded Blue Cross/Blue Shield HMO by adding Compton USD. We took a dramatic step in proactively addressing the health of our employees by piloting the first phase of a health initiative at El Monte City School District (EMCSD) where we invested \$150,000 in a sophisticated mobile health assessment program that served over 730 district employees and dependents. Based on data from employee health assessments, staff made important referrals to primary care physicians; and we will soon launch a site-based medical clinic known as "Doc-in-a-Box," which will serve these employees as well as others. Programs such as these have enjoyed significant success in the private sector, and we believe

these efforts will translate into a much healthier employee population as well as substantial cost savings for EMCSD and ASCIP. We are also piloting health awareness and readiness programs at other districts in order to expand our proactive health initiative in 2011/12.

Additionally, to enhance ASCIP's overall operations, we have continued our evaluation of a centralized, integrated database to support all of our divisions' activities as well as ancillary member programs such as an employee training tracking system. Our recently hired Information Systems Manager has begun a major upgrade of our internal IT operations including enhancing our website, adding interactive web-based member services, and implementing a new email system. We have integrated the operations of all of our divisions under the supervision of a new Chief Operating Officer, and we are continuing the refinement of our P&L claims system which will soon be supervised by a new Director of our Property/Liability Program.

In all of our hiring decisions, we have remained soundly committed to recruiting extremely talented individuals to manage our operations efficiently and to insure that our members are supported in their myriad service needs. We shall continue to be mindful of this commitment in the hiring of all future staff, including our new CEO, to insure that ASCIP remains not only a leader in service to our members but also a national leader in the risk management, pooling and insurance communities. We know that exciting new changes are in the air for ASCIP, and we are confident that the changes will be positive ones, enhancing ASCIP's value to our members.

\$107 million strong in undesignated reserves, with a 2010/11 annual consolidated premium of \$182 million for our Property/Liability, Workers' Compensation and Health Benefits programs, and with value-added ancillary programs such as our Owner Controlled Insurance Program served by our wholly-owned single parent captive insurance company and our unique Rent-A-Risk Manager program, we truly possess the strength and professional stature to protect and serve our 169 loyal districts and their 1.5 million students. We take pride in these achievements.

It has truly been an honor to complete my first year as your ASCIP President.

Michael Bishop, Sr.
ASCIP President





Committee

com-mit-tee:
(kə mit'ē) *n.*

A group of people appointed for a specific function, typically consisting of members of a larger group. Such a body appointed by a legislature to consider the details of proposed legislation.



GOVERNANCE

The Alliance of Schools for Cooperative Insurance Programs' leadership is provided by its members. Goals set for the organization are a direct result of the needs and interest of the educational community that they serve. ASCIP enjoys widespread and diverse participation in its governance structure with over half of our member districts participating in one or more leadership roles in the following committees:



MICHAEL BISHOP
President



PEARL IIZUKA
Vice President



MICHAEL GREGORYK
Treasurer

EXECUTIVE COMMITTEE

ASCIP's Executive Committee consists of thirteen members and thirteen alternates who represent K-12, K8, Community College Districts, Charter Schools, and Subsidiary JPAs. Committee members are elected by ADA category and serve staggered terms of three-year durations. The Executive Committee is responsible for providing overall leadership for ASCIP. It develops long-range goals and supporting policies to guide the direction of the organization and its staff. This Committee is also responsible for establishing and overseeing the activities of ASCIP's standing and ad hoc committees. They provide guidance for overall operations in the area of claims, risk management interventions, financial transactions and marketing/underwriting activities.



Members (top row): John Didion, Michael Fine, Arlene Ito, Angela Jones, and Paul Muschetto (Bottom row): Kris Olafsson, Steve Romines (not pictured), Kim Stallings, Irene Sumida and John Vinke

Alternates (not pictured): Nancy Anderson, Thomas Cox, Teresa Dreyfuss, Michael Johnston, Elias Jouen, Corinne Kelsch, Janece Maez, Vahe Markarian, Thuy Nguyen, Colleen Patterson, Diana Rappaport, Andrea Reynolds, and Ann Sparks



CLAIMS/COVERAGE COMMITTEE

Committee Chairperson: Arlene Ito

Committee Co-Chairperson: Michael Clear

Members: Nancy Anderson, Michael Bishop, John Didion, Brian Johnson, Michael Johnston, Angela Jones, William Loose, Rose Multari, Thuy Nguyen, Tami Oh, Andrea Reynolds, and Fred Williams

The Claims/Coverage Committee is comprised of members who establish and review the JPA's Property/Liability and Workers' Compensation claims operations. They evaluate coverage and examine the merit of individual claims as well as provide authority for the settlement of claims up to \$150,000. Claims exceeding this sum are forwarded to the Executive Committee with the Claims/Coverage Committee's recommendations for settlement.



RISK CONTROL COMMITTEE

Committee Chairperson: Anthony Nahale

Committee Co-Chairperson: Karen Saldana

Members: Camille Boden, Mike Brito, Cynthia DiPaola, Sue Churchill, Shawn Gatewood, Kina Mattoon, Rose Multari, Barbara Ott, Tim Palmer, John Shook

The Risk Control Committee is comprised of members who are responsible for the oversight of ASCIP's loss control programs and services which address a variety of risk exposures in the broad educational environment. This Committee makes recommendations regarding the nature and direction of loss control efforts, approves risk management programs and initiates risk control interventions intended to reduce losses and costs.

Committee members include individuals with diverse backgrounds, extensive school experience and intense interest in safety and risk management. This Committee approves loss control program funding, the Loss Control Assistance Funds requests for member safety, security, environmental services, property and risk reduction projects, and authorizes grant funding intended to improve the loss experience of ASCIP as a whole. The Committee also ensures that ASCIP's widely used assistance services are available on an equitable basis to all members.



HEALTH BENEFITS COMMITTEE

Committee Chairperson: Steve Kanda

Committee Co-Chairperson: Sal Gumina

Members: Camille Boden, Michael Coughlin, Arlene Ito, Angela Jones, Kris Olafsson, Colleen Patterson, Andrea Reynolds, Steve Thomas, John Vinke and Susan Weiss

The Health Benefits Committee is comprised of members who are responsible for the oversight of ASCIP's health benefits program and activities. The Committee develops policies, examines loss experience and makes recommendations for health benefit programs designed to mitigate cost and promote healthy employees. Additionally, the Committee recommends incentive programs and plans for the delivery of health benefits to all members and proactively plans for future programs and services.



FINANCE/INVESTMENT COMMITTEE

Committee Chairperson: Kris Olafsson

Committee Co-Chairperson: John Vinke

Members: Michael Bishop, Pearl Iizuka, Angela Jones, and Andrea Reynolds

The Finance/Investment Committee consists of members who are responsible for analyzing and recommending policies and procedures related to ASCIP's financial and investment activities. The Committee provides oversight for the JPA's financial activities related to governing the collection, investment, management and disbursement of funds. Additionally, the Committee reviews ASCIP's accounting procedures and reporting documents, ensuring that appropriate accounting controls are in place.



COMMUNITY COLLEGE DISTRICTS COMMITTEE

Committee Chairperson: Fred Williams

Members: Susan Courtney, John Didion, Ed Godwin, Michael Gregoryk, Peter Hardash, Steve Lewis, Thuy Nguyen, Tami Oh, Karen Saldana, and Gregory Valentine

The Community College Districts Committee consists of members who are responsible for reviewing claims trends, financial and bond information and develop policies and strategies to meet the expressed needs of the CCD membership. Additionally, the Committee evaluates community college membership.



MARKETING/UNDERWRITING COMMITTEE

Committee Chairperson: Angela Jones

Members: John Didion and John Vinke

On an annual basis the Marketing/Underwriting Committee reviews the underwriting criteria that potential members must meet in order to become an ASCIP member. The Committee has the responsibility of reviewing membership applications and recommending new members to the Executive Committee. The information reviewed by the Committee includes loss history, financial strength, operational philosophy, and employment practices. To maintain the same high quality and amount of no-fee services offered to all ASCIP members, the Committee also reviews the size of the district and the location of its sites.





Growth

growth:
(grōth) *n.*

The process of growing.
Full development; maturity.
Development from a lower
or simpler to a higher or
more complex form; evolution.
An increase, as in size,
number, value, or strength;
extension or expansion:
population growth.



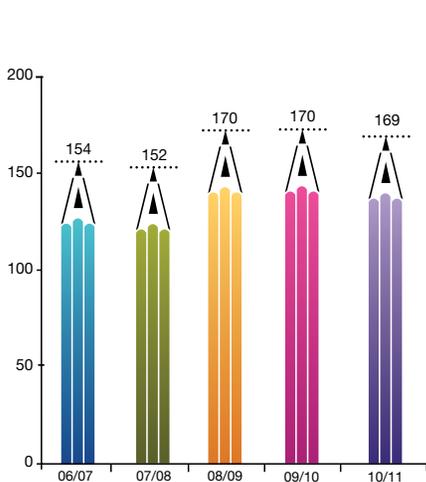
GROWTH TRENDS

Over the past five years, ASCIP's members have experienced steady growth, growing from 154 members to 169 in 2010-2011. We have been able to achieve both growth and membership retention by maintaining a high level of services and offering fair and stable premiums during these economically challenging times. ASCIP's philosophy of providing the highest level of customer service, broad coverage, and a variety of ancillary programs has led

to strong membership loyalty. Our professional in-house risk management and loss control expertise, along with a myriad of outside consultants and our dedicated Rent-A-Risk Manager staff allows us to offer service either at a no-fee or a discount in the areas of environmental compliance, health, safety, training, and property conservation.

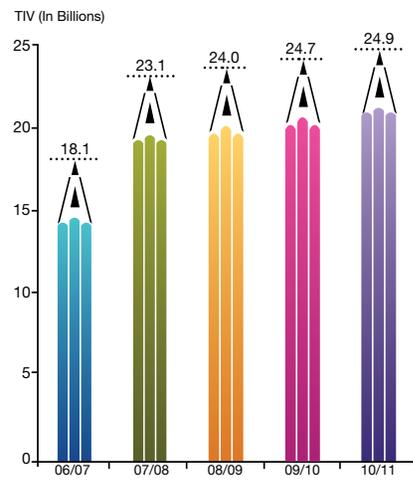
MEMBERSHIP GROWTH

Between 2006/07 and 2010/11, we not only increased our membership in Southern California, but also made significant membership gains in Northern California. Our in-house staff of 25 employees, in conjunction with our Rent-A-Risk Managers and independent consultants, has allowed us to provide an extensive array of risk management and loss control services as part of our basic premium. These services have, in turn, helped in providing good loss ratios for our members and consequently for our JPA as a whole.



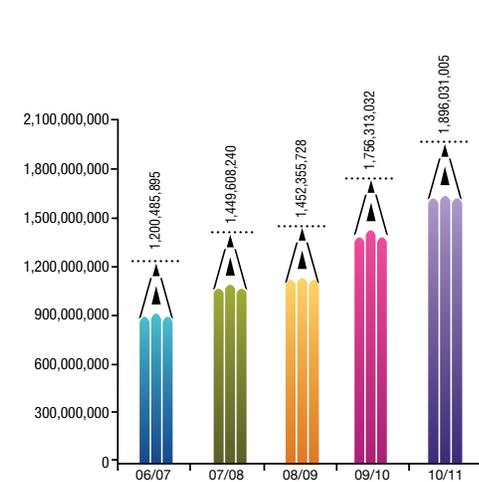
PROPERTY VALUE GROWTH (TIV)

ASCIP's Total Insured Value (TIV) has increased 3% over last year to a total of \$24.9 billion for the 2010/2011 program year. TIV growth has been commensurate with our membership growth throughout the State. The growth of TIV has provided us with the means to negotiate with carriers and reinsurers from a position of strength and enables us to retain enviable reinsurance rates for the benefit of our membership.



WORKERS' COMPENSATION PAYROLL GROWTH

The Workers' Compensation Program has continued to increase in payroll and membership. Over the past 5 years, payroll has increased over 58% and membership has grown to 45 members. This year alone, we welcomed six new members to our program. The program's growth is in part due to its unique design and the funding options available. As we continue to grow, exceptional customer service and aggressive claims handling will continue to be our top priority as we service and exceed the expectations of our members.





CORE PROGRAM

ASCIP's 142 member districts participate in ASCIP's core program, which is comprised of general and automobile liability, property, crime and automobile physical damage. Core program participants are eligible to participate in ASCIP's ancillary programs such as Workers'

Compensation, Health Benefits, Auxiliary Support Clubs Insurance Program Boosters (ASCIP-B), Tenant User Liability Insurance Program (TULIP), Service Providers and Artisan Tradesman Activities (SPARTA), and our Owner Controlled Insurance Program (OCIP).

INCURRED LOSSES

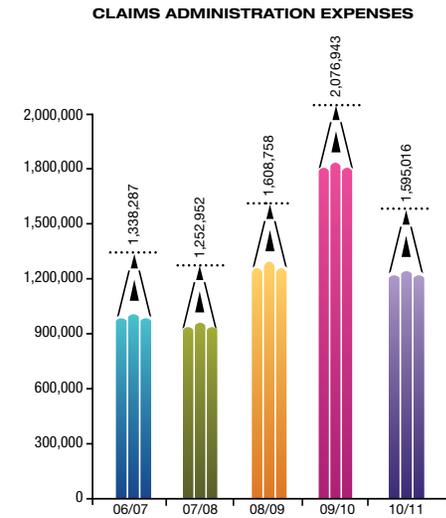
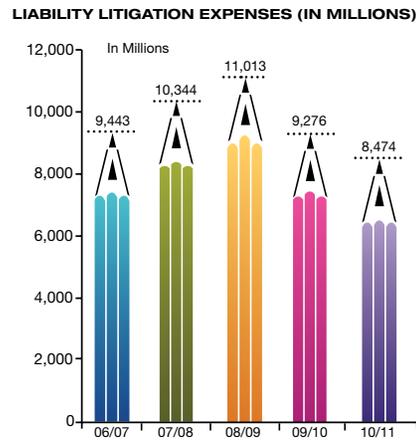
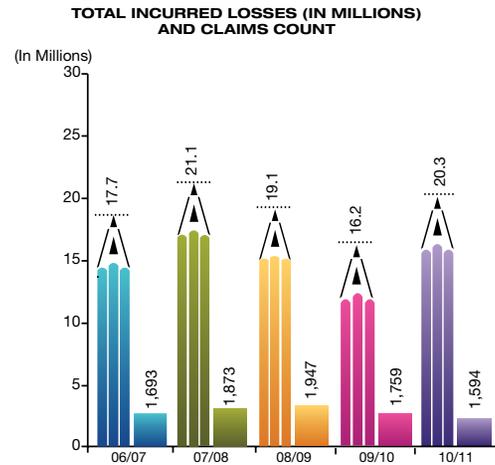
At the end of Fiscal Year 10/11, total incurred losses increased by 29% from FY 09/10. Although there was a reduction (9%) in the claim count/frequency (number of accidents that occurred in FY 10/11), the severity and types of claims (employment/sexual molestation) overall, continued to keep this number elevated.

LITIGATION EXPENSE

Litigation expenses continued to decrease despite the troubled economy and the continued proliferation of expensive and complex litigation such as employment and sexual molestation litigation.

CLAIMS ADMINISTRATION EXPENSES

The liability claims management team of CorVel continues to be a strength for ASCIP and its membership. The extensive experience of the adjusters and managers as well as their long-term knowledge of and working relationship with districts and the litigation division enables them to investigate properly and thoroughly and identify claims for early disposition.



CLAIMS AND LITIGATION MANAGEMENT HIGHLIGHTS

- Received 1,887 total property/liability claims for damages: 1,593 claims with accident dates within FY 10/11 and 294 claims from previous accident years.
- Closed 2,104 property/liability claims, which includes 226 litigated claims.
- Managed 348 claims in litigation, which includes 161 newly litigated claims received.





Teamwork

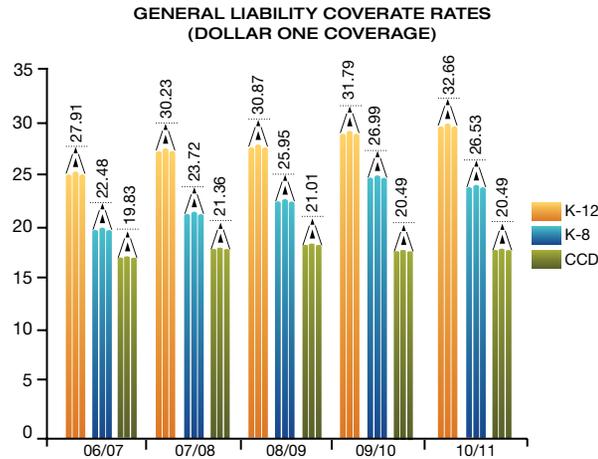
team-work:
(tēm'-wərk) *n.*

Joint action by a group of people, in which individual interests are subordinated to group unity and efficiency; coordinated effort.



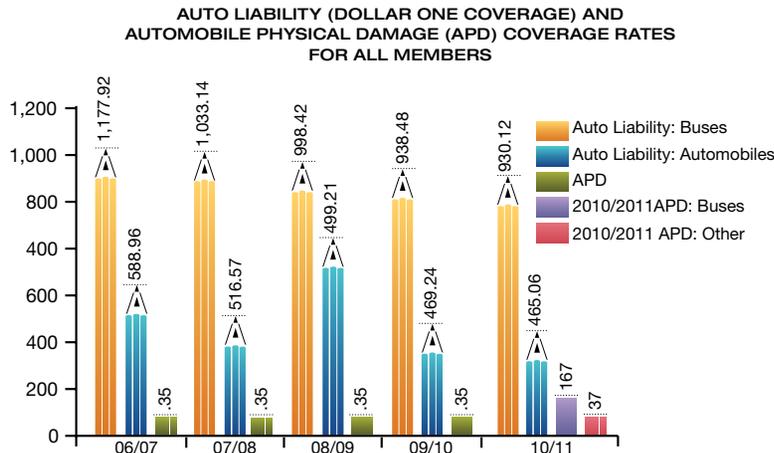
GENERAL LIABILITY PROGRAM RATES

On a composite basis, general liability rates only increased by 2.1% as compared to 2009/10 rates. This small increase in rates was attributable to an unfavorable claims experience and the increase in retained losses in the general liability program structure, including increasing ASCIP's self-insured retention layer to \$4 million excess of \$1 million per occurrence.



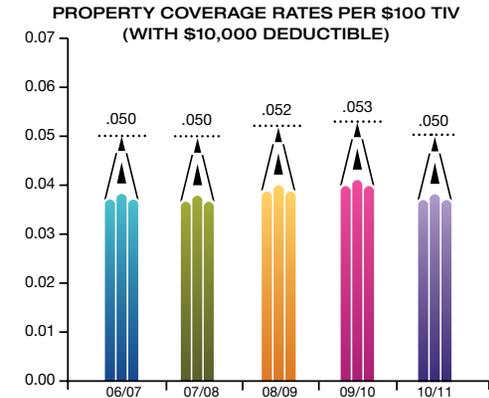
AUTO LIABILITY PROGRAM RATES

In the 2010/11 program year, auto liability rates for buses and other vehicles (non-bus) experienced a slight decrease of 0.9%. Overall, favorable loss experience contributed to the decrease in rates. In the auto physical damage program, the basis to compute the premium was converted to vehicle count from vehicle value effective July 1, 2010.



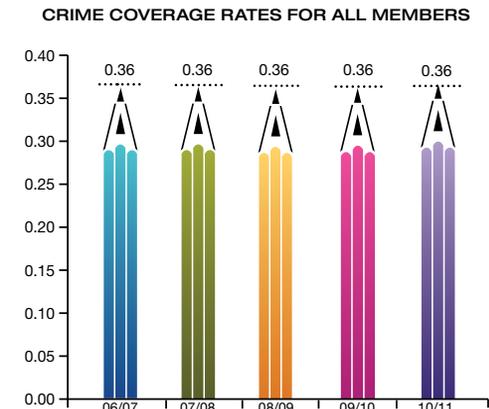
PROPERTY PROGRAM RATES

Over the past decade, ASCIP's members have continued to experience a high degree of property rate stability along with a low property insurance premium as compared to other JPAs and commercial insurance programs nationally. While total insured values (TIV) increased from \$18.1 billion in 2006/07 to \$24.9 billion in 2010/11, on an average, our property rates have actually remained stable during this same period. Our members paid the same rate in 2010/11 (\$.050/\$100 of property value) as compared to what they paid five years ago (2006/07 rates were \$.050/\$100 of property value).



CRIME PROGRAM RATES

Crime rates have remained flat for the past five years at .36 per ADA. We have been successful in renegotiating a multi-year agreement for this coverage.





WORKERS' COMPENSATION PROGRAM

ASCIP's Workers' Compensation Program was established in 1998 and has completed its ninth year in a self-funded plan with over \$63 million in fund equity. Due to the success of the program, we have returned rebates in excess of \$9.8 million back to our members. This year, we were excited to offer an additional third party administrator (Athens Administrators) to our members. This addition gives our members, and potential members, an option when choosing a claims administration provider. With regard to membership growth, we added a JPA (three community college districts) and three charter schools. As a result of this growth, we added additional staff consisting of one branch

manager, one supervisor, one senior claims examiner, and one claims assistant to our new dedicated claims team through Athens Administrators. Our "Day of Injury" triage service continues to do well. This service has resulted in an overall 30% reduction in claims frequency. In an effort to expand the value added services we provide to our membership, we now offer a facilitator to assist our member districts with the interactive process when an injured worker is found to have permanent work restrictions. In addition, we enhanced our annual program summaries which outline claim trends and recommendations for training and safety awareness.

LOSS EXPENSE

The expenditures of the workers' compensation program continue to grow as we add new members each year. To assist in reducing the rising claim costs due to growth and medical services, staff works diligently with service providers and our membership to achieve that goal. Our members do an excellent job with the effective use of transitional duty programs which help injured workers get back to work sooner, and our "Day of Injury" triage service remains successful in reducing claims frequency. Lastly, this year staff negotiated new rates with our ancillary cost containment service providers which resulted in added savings to the overall program.

WORKERS' COMPENSATION CLAIMS ADMINISTRATION EXPENSES

ASCIP's Workers' Compensation Program prides itself on providing dedicated claims teams to our members. This unique feature allows for reduced caseloads and the ability of the claims staff to provide exceptional customer service to our membership, the injured workers and service providers. With the expansion of our program, we have added an additional Third Party Administrator to our claims staff this year. We currently have a total of two Branch Managers, three Claims Supervisors, 12 Claims Examiners and four Assistants servicing our 45 members. This augmentation in claims staff caused an increase in claims administration costs this year.

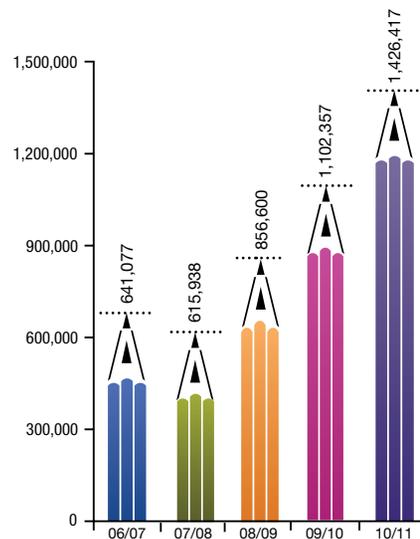
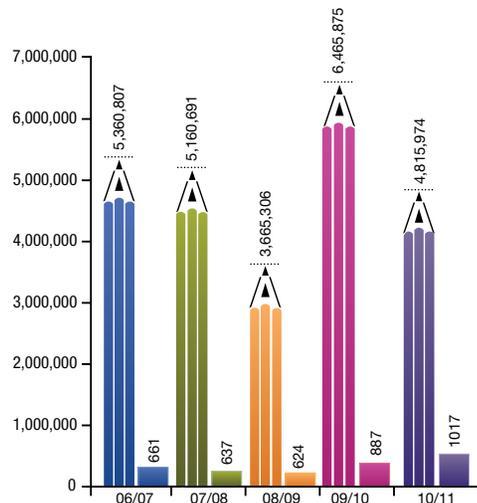
WORKERS' COMPENSATION PROGRAM RATES

Our rates are consistent with prudent funding practices, and those rates support excellent service. Because of sound program equity, the Executive Committee was able to authorize a flat rate of \$1.90 for our members.

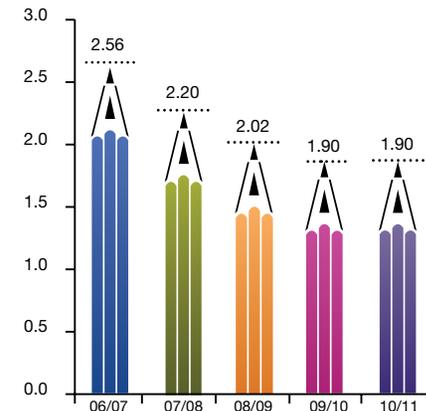
WORKERS' COMPENSATION HIGHLIGHTS

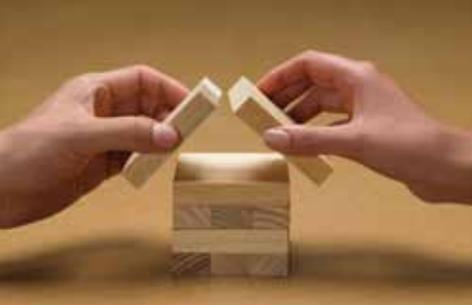
- Received 1,712 workers' compensation claims in the 2010/11 program year for both the primary and excess programs;
- Achieved 98 settlements via Stipulated Award or Compromise and Release;
- Participated in 39 file reviews with a total of 733 files presented;
- Participated in 92 meetings and trainings;
- Closed 1,504 workers' compensation claims for all claim years.

WORKERS' COMPENSATION TOTAL INCURRED LOSSES (IN MILLIONS) AND CLAIMS COUNT



WORKERS' COMPENSATION RATES





Synergy

syn·er·gy:
(sīn'ər-jē) *n.*

The interaction of two or more agents or forces so that their combined effect is greater than the sum of their individual effects. Cooperative interaction among groups, that creates an enhanced combined effect.



HEALTH BENEFITS PROGRAM

ASCIP launched its health benefits program on July 1, 2006. In addition to medical, dental and vision benefits, the program includes other ancillary benefits such as life insurance, income protection, long term care and social security alternative plans. With a commitment to providing its members with high quality benefits and services, ASCIP has developed partnerships with prominent providers and networks throughout California. As a result, a selection of fully insured and risk sharing options is available so that members can choose program designs that meet coverage and budgetary needs while maintaining quality health care coverage.

During fiscal year 2010/11, there were 70 member districts participating in one or more of ASCIP's benefit programs. For the year, ASCIP collected \$92.7 million in premiums for all programs including \$49 million from the medical and miscellaneous plans, \$39.8 million from the dental plans, and \$3.9 million from the vision plan.

Notable program design changes continued throughout the year. Medical plans were enhanced to be compliant with healthcare reform legislation, including the removal of annual and lifetime maximums, the increase of preventive care coverage to 100% in-network, and expanded benefits

eligibility rules to include dependents to age 26. In addition, ASCIP will be launching an onsite care pilot in 2012 that offers access to a doctor who will be available 24/7 to district employees enrolled in ASCIP's PPO medical plan. It is hoped that improvements in chronic disease management, prevention and patient satisfaction will be measurable by the end of coverage year 2012.

The Health Benefits program offers a wide variety of health and welfare benefits with the following strategic partners:

Medical Coverage

- Anthem Blue Cross
- Blue Shield
- Kaiser Permanente
- United Healthcare/Pacificare

Dental Care Coverage

- Delta Dental of California
- Delta Care

Vision Care Coverage

- Vision Service Plan

Life & Disability Insurance

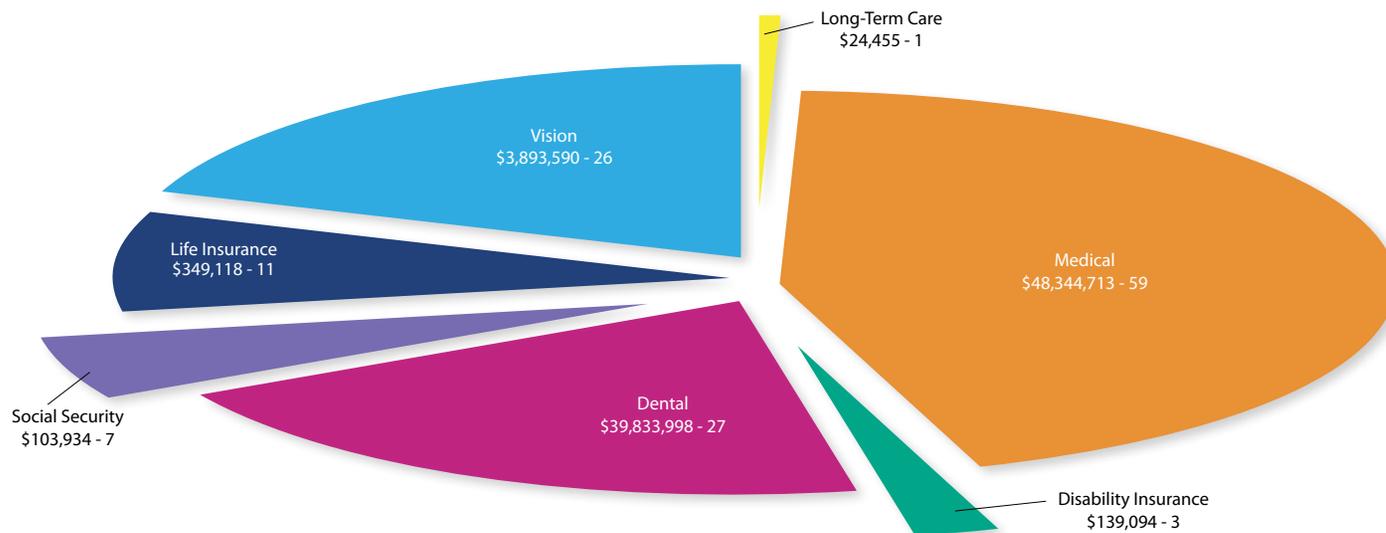
- ING

Long Term Care Insurance

- Unum

Social Security Alternative plans

- Met Life



Health Benefits Program Revenue & Participation



RATE COMPONENTS

Three major components contribute to the cost of the premiums paid by ASCIP’s members. Those elements are the cost of incurred losses, the cost of the purchase of excess insurance or reinsurance, and the cost of indirect expenses consisting of personnel expense, contract services and loss control programs and services. As would be expected, incurred losses have increased over the past decade as we have doubled our responsibility for claims and litigation expenses, growing from 75 districts in 1999/00 to 169 districts in 2010/11. Expertise, particularly in the difficult and expensive area of employment claims, has served to manage the cost of our claims.

To contain costs in the second component of our rates, excess insurance and reinsurance, ASCIP continued to transfer our liability risk in excess of \$5 million to the Schools Excess Liability Fund (SELF). Retaining all of our liability risk up to \$1 million, we transferred our \$1 million excess of \$1 million to a commercial carrier; and we also transferred our \$3 million excess of \$2 million to a different commercial reinsurer. To reduce premium, we retained substantial risk corridors within both layers. In the property program, we continued to self-insure our coverage up to \$1 million and transfer risk above \$1 million to a commercial reinsurer. As was the case last year, in the workers’ compensation program, we transferred the preponderance of our risk to the commercial market; and we purchased commercial coverage in the excess layer above \$1 million.

In the final component of our rates, indirect expenses comprised of general administration, personnel expenses, contract services and loss control, ASCIP continued to hold cost below 14%, a percentage which compares very favorably to the average overhead for public risk pools of approximately 20% and commercial risk pools/brokerages of about 30%.

REBATES

ASCIP is a non-profit JPA which refunds excess premiums to its members for use in their educational programs. Since 1989, ASCIP has returned nearly \$20 million in property/liability premiums to its members. In 2010/11, as a result of our success in managing the workers’ compensation program, our Executive Committee also declared a rebate of \$2,025,571, resulting in the total rebate of nearly \$9.8 million in the last five years.

Property/Liability		Workers’ Compensation	
1989-2001	\$ 12,294,123	2006-2007	\$ 1,063,771
2001-2002	\$ 1,385,367	2007-2008	\$ 1,270,477
2002-2003	\$ 1,118,202	2008-2009	\$ 3,426,608
2003-2004	\$ 1,264,409	2009-2010	\$ 1,985,042
2004-2005	\$ 1,045,208	2010-2011	\$ 2,025,571
2005-2006	\$ 1,060,639	Total	\$ 9,771,469
2006-2007	\$ 615,320		
2007-2008	\$ 1,063,964		
Total	\$ 19,847,214		





COMMITMENT TO SERVICE

Alliance

al·li·ance:

(ə-ˈlī-ən(t)s) *n.*

A bond or connection between parties or individuals; an association to further the common interests of the members. A relationship based on an affinity in interests, nature, or qualities.



ASCIP's Executive Committee demonstrated once again its commitment to education by adopting a Risk Control budget of \$4.5 million in the 2010/2011 fiscal year. Risk Control services continue to remain a core focus of ASCIP and are an essential component of the basic service package all members receive without additional charge.

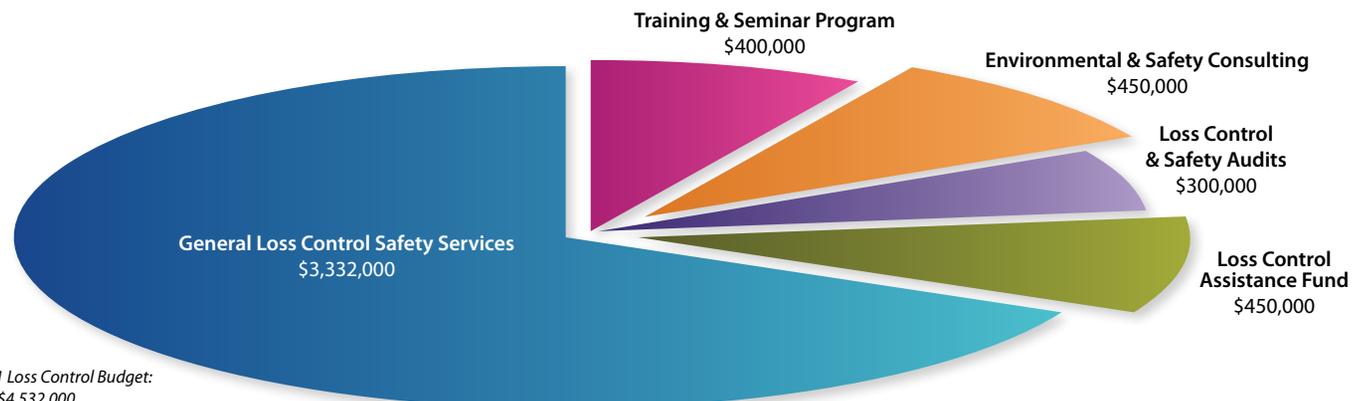
The core of ASCIP's non-profit philosophy is expressed in the Executive and Risk Control Committees' resolve to return program savings to members for the purpose of reducing risk and for the practice of sound risk management principles. The ASCIP staff, augmented by a carefully selected and pre-screened panel of professional service providers, offers a full range of risk management and loss control services annually.

RISK CONTROL SERVICES

- Tracked more than 569 changes in State and Federal education, safety, health, and environmental regulations and advised members of compliance protocols through our Annual Codes and Regulations seminars throughout the State and through a variety of Loss Control Alerts directed to our District Representatives and to selected departments such as Maintenance & Operations, HR and Facilities;
- Provided daily technical support to telephone inquiries which immediately resolved those issues of concern or initiated further actions, such as on-site visits, in order to resolve problems;
- Provided 37 hazardous waste, toxic chemical, and/or environmental consultations or service responses;
- Provided 120 jurisdictional equipment inspections and permits for 830 pieces of equipment;

- Assisted 33 members with regulatory compliance or mandated disclosure forms, reports, documents, or interactions involving local, State or Federal regulatory agencies;
- Provided over 5,700 California and out-of-state DMV driver's record checks for member agency employees, volunteers, and temporary drivers operating motor vehicles on member agency business;
- Provided MSDS online services to manage more than 18,000 Material Safety Data Sheets (17,074 active and 1,772 archived) for 70 members;
- Coordinated the traditional Risk Control and Safety Audit program in order to provide initial site safety inspections for all new ASCIP members and re-inspections of existing member locations on a three-year revolving cycle; performed safety audits for 16 districts;
- Coordinated the Security Audit program in order to provide initial CPTED inspections for all new ASCIP members and re-inspections of existing member locations on a three-year cycle and performed full security audits for six districts;
- Coordinated the Cyber Audit program in order to provide initial evaluations for six members' network architecture and data security;
- Coordinated 15 playground safety inspections upon request through a panel of Certified Playground Safety Inspectors (CPSI) for those members lacking a certified inspector on staff;
- Provided 65 Loss Control Assistance Grants to 47 ASCIP member agencies totaling \$493,372.00;

LOSS CONTROL DISTRIBUTION*



*2010/2011 Loss Control Budget:
\$4,532,000



- ASCIP staff members or panel consultants visited member districts' sites to address issues of concern which have included:
 - Asbestos and/or Lead Hazard intervention
 - Athletic field, gymnasium, and sports facilities safety
 - CCTV camera system design and installation
 - Ergonomic interventions and training
 - Indoor air quality and mold issues
 - Property damage/loss investigations
 - Traffic control and associated risk factors

WETIP PREVENTION PROGRAMS

Since 1995, ASCIP has been a major sponsor of the non-profit WeTip crime prevention organization which provides our members with a valuable deterrent against all types of criminal activity. ASCIP members are automatically enrolled to receive WeTip services and materials and to participate in all WeTip programs without cost or obligation. Crime tips from ASCIP members represent more than 19% of all the school crime trips received nationwide by WeTip each year.

The WeTip organization operates a 24 hour-7day a week anonymous multilingual crime reporting telephone hotline and website. Both methods of crime reporting are completely anonymous and, therefore, the source of the crime tip cannot be traced. WeTip's reporting hotline is specifically configured to remove all electronic tagging information to ensure that callers remain anonymous. Since the content of all crime tips is confidential and anonymous, only law enforcement and a designated individual at each ASCIP member district is provided with actual crime tip information. This past year, WeTip received and passed to ASCIP members crime tips on theft, drug sales, graffiti and vandalism, burglaries, student molestation, workplace violence, gang activity, and bullying as well as other various nuisance crimes.

A WeTip reward program is offered for information leading to the arrest and conviction of the individual who committed the crime which was reported to WeTip. All rewards are provided to tipsters using an anonymous system in conjunction with local post offices and banks. ASCIP may offer custom reward amounts for crimes of a serious nature.

ASCIP funds and supplies a wide variety of WeTip stock posters and materials which help address specific member-related concerns. This past year, ASCIP introduced Classmates Against Bullies (C.A.B), a program created in partnership with WeTip to further assist District members in their efforts to eliminate bullying. ASCIP designed a series of anti-bullying posters to signify that the District does not tolerate bullying. Additionally, ASCIP also created a series of Crime Prevention Postcards which signify that the District does not tolerate crime and helps publicize that the site has a crime prevention program in place.

ASCIP works closely with WeTip staff to ensure that when each member reports a crime, a WeTip response follows and a program or solution is initiated.

VIPS - NEW EMPLOYEE TRAINING PROGRAM

ASCIP online training courses provide Districts with the opportunity to train their employees more effectively and efficiently. ASCIP online training allows Districts to train their employees in an engaging and interactive manner and provides the employees with the flexibility that is needed with today's increasing demands on their time.

ASCIP offers 33 online training courses covering subject areas related to employee development, employment law, and health and safety. Some examples include Sexual Harassment Training for Managers and Supervisors, Preventing Workplace Violence, Defensive Driving Training, Lead and Asbestos Awareness, Utility Cart Safety and many other topics. These courses are designed for employees to complete at their own pace and thus ensure that employees will have an in-depth knowledge of the subject area.

A unique online training program that ASCIP offers for new employees is titled, Very Important Points for Very Important People (VIPs). This 20-minute interactive training module is designed to provide basic orientation to employees of educational institutions. This program highlights seven important training areas with which all employees should be familiar before they start their job duties. These include emergency evacuations and response, mandatory child abuse reporting requirements, instructions for summoning emergency services, and ways for employees to avoid liability for themselves as well as for their districts. This training as well as the other 33 modules is provided at no cost to ASCIP members. Valuable incentives are available to those members who participate in online training which include a free computer system and funds for training programs.

RENT-A-RISK MANAGER PROGRAM

This popular and ever growing program provides onsite loss control and risk management service personnel to member districts on a weekly basis at a reasonable cost. In partnership with ASCIP's professional safety consultants, Poms & Associates, this program has contracts with 15 school districts and seven community college districts. All services and personnel provided are supervised and supported by ASCIP and Poms.

Over the past year, a total of 10 Rent-A-Risk Managers (RARMs) served both Northern and Southern California members. Our members use this program to augment their existing staff and risk management resources. Therefore, the service provided varies according to the self-directed needs of the district. Services include: disaster preparedness training and development, safety inspections, Cal-OSHA compliance, contract review, grant writing, a wide variety of training programs, accident investigations, claim support and other duties specific to the district's needs.

We expect this program to continue its growth since it provides an affordable alternative to our members experiencing service needs and budgetary restraints.





Benefits

ben·e·fits:
(bĕn'ĕ-fĭts) *n.*

Something that promotes or enhances well-being; an advantage. A payment made or an entitlement available in accordance with a wage agreement, an insurance policy, or a public assistance program. To be helpful or useful to.



OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) has continued to be a valuable resource to ASCIP member districts with new or on-going construction projects. Since its inception in 2000, the program has provided cost effective general liability and workers' compensation insurance for school district construction projects. Our program is recognized as one of the largest rolling scholastic OCIPs in California with insured hard construction costs over \$1.8 billion to date.

In the 2010/11 fiscal year, our OCIP enrolled 12 new projects with construction values totaling \$185.1 million. This represented the largest enrollment over the past six years and an 11% increase over the prior year. Of note is the fact that notwithstanding a hardening of the workers' compensation market, the program renewed on July 1, 2010, for a three-year term with a rate decrease. Also, coverage was expanded at the time to include pollution liability.

Our OCIP strategic partners have remained the same with Liberty Mutual providing the coverage, Arthur J. Gallagher serving as broker/administrator and providing safety and loss control services, and ASCIP's wholly owned captive insurance company, Captive Insurance for Public Agencies (CIPA), providing the funding mechanism for the loss fund. These relationships continue to result in a high value program that allows member districts the opportunity to control costs, increase insurance limits, and promote a safe environment for employees, students, and workers.

Of additional note is the fact that CIPA, after five years in existence showed a year end cumulative fund equity of \$1,997,814.



RISK TRANSFER AND ANALYSIS

- Provided daily technical support to telephone inquiries which immediately resolved issues of concern or initiated further actions, such as on-site visits, in order to resolve problems;
- Generated 2,230 additional insured and loss payee endorsement forms for activities or contract requirements;
- Assisted over 65% of our members with coverage inquiries regarding high risk school activities and new programs;
- Visited 75 member sites and attended special meetings (JPA meetings, annual retreats, managers meetings etc.) to address liability concerns and provide support where requested;
- Reviewed over 500 contracts to establish insurance requirements and appropriate indemnification agreements for school projects and services;
- Customized over 100 Facility Use Agreements, Student Activities Forms, and Field Trip Waivers to transfer or mitigate districts' risk;
- Provided risk analysis and mitigation services through attendance of subsidiary JPA meetings and assisted Rent-A-Risk Manager consultants with these services;
- Assisted member districts by serving on screening committees and panels to select risk management personnel;
- Assisted member districts in obtaining Auxiliary coverage as needed;
- Staffed the Underwriting/Marketing committee and made recommendations to applicant districts for modification of their risk management practices or government documents to help them reach ASCIP Underwriting Guideline standards.

SPECIALTY INSURANCE PROCUREMENT

- Issued 258 policies under the Tenant User Liability Insurance Program (TULIP).
- Provided 85 member districts coverage through the ASCIP-B program for 1,253 auxiliary and booster clubs.
- Researched several specialty markets at the members' request, for all perils coverage, earthquake, flood, travel, crime student accident, directors and officers coverages. Restructured the Service Providers and Artisan Tradesmen Activities (SPARTA) insurance program to make insurance available for contractors, service providers and consultants of ASCIP members.

2010/2011 PROGRAM YEAR HIGHLIGHTS

ACHIEVEMENTS & MILESTONES

- Recognized by Business Insurance as being in the top 2% of Risk Pools in the nation based on premiums written and complexity of programs and services;
- Completed second year of a three-year award program (Training Pays), recognizing in 2010/2011 excellence in utilization of ASCIP's training programs;
- Provided flat rates to our Property/Liability program and Workers' Compensation members; and contained composite increases in our health benefits self-funded medical programs to 8.75%;
- Hired a Chief Operating Officer and began recruitment for a Director of Property/Liability Programs;
- Completed phase two of our disaster preparedness readiness program by producing a K-12 training CD to assist districts in preparing for catastrophic events;
- Implemented new communications technologies including system wide email program; and performed initial needs analysis for comprehensive central database system;
- Developed criteria for recruitment of new Chief Executive Officer based on surveys of our members, governance committees and staff; and launched recruitment for Chief Executive Officer;
- Continued to maintain high visibility and leadership in the State and national risk management communities by presenting at professional conferences and private company functions; and served on a variety of governance committees including the Governing Boards of CAJPA, AGRIP, SELF and the Hawaiian Captive Insurance Conference.

TRAINING HIGHLIGHTS

Training services have traditionally supported the Loss Control and Risk Management efforts in the Property/Liability and Workers' Compensation programs and are now increasingly reaching out to provide additional support to our Health Benefits program. Training efforts include central trainings, on line training, video-conferencing, site-based or regional-central-site-based training and a significant presence in professional development conferences serving the risk management, educational and insurance communities. Highlights of the 2010/11 training year include:

- ASCIP staff or service partners participated on behalf of ASCIP as speakers at various conferences including ACHRO, CAJPA, CASBO, AGRIP, PRIMA, PARMA and WILLIS;
- Provided multiple on-site training opportunities throughout the State, resulting in the presentation of 245 trainings serving 9,375 individuals in 2010/11;
- Increased member participation in our online training program by 9% resulting in 14,366 on-line courses being completed this year;
- Conducted on-site promotion and training for ASCIP's award winning VIPs module (an e-training program especially for new hires, walk-on coaches, substitute and temporary staff) resulting in 3,776 course completions for the year;
- Presented twelve risk management central trainings, including video-conferencing presentations on subjects such as The Renovation, Repair, and Painting Rule (RRP), Special

- Education Liabilities Update, School Liabilities Issues-Social Media (K-12s) and 10-Hour OSHA;
- Presented fourteen loss control central training sessions including Hazardous Waste Management, Lead and Asbestos Management, OSHA Response and Arc Flash;
- Continued to provide ongoing support and guidance to thwart teen violence and suicide through presentations by WeTip, Michael Pritchard and Teen Truth Live.

COVERAGE AND SERVICE ENHANCEMENTS

- Enhanced medical benefits plans to be Healthcare Reform compliant;
- Transferred the existing Life and Disability program to ING and reduced current rates by over 10%;
- Contained composite rates in the health benefits program to under 10%;
- Assumed the COBRA administration for 10 member districts over the last year.

FINANCIAL HIGHLIGHTS

- Over the past five years, total premiums for the entire JPA increased from \$151 million in 2006/07 to \$182 million in 2010/11, making ASCIP the second largest JPA in the country;
- Over the same five year period, total assets increased by 38% from \$186 million in 2006/07 to \$257 million in 2010/11;
- Authorized workers' compensation premium rebates of \$2,025,571, resulting in a total rebate of nearly \$9.8 million in the last five years;
- Retained a total equity of \$112 million;
- Continued to receive an unqualified opinion on the financial audit with no audit adjustments for the last 10 years.

IT HIGHLIGHTS

- ASCIP continues to work together to improve efficiencies throughout its operations. ASCIP has leveraged the available resources by utilizing the internet to backup business data to the Cloud.
- ASCIP has implemented an enterprise class infrastructure, resulting in a secure, reliable, and scalable solution that will enable ASCIP to build and implement needed technologies for the improvement of business needs.
- In an effort to provide continuous and the best service possible to our members, ASCIP now provides employees access to their work files via a secure, reliable private connection from anywhere in the world.
- In an effort to maintain current technologies, ASCIP has converted over 400 training videos from VHS to DVD format, enabling members free access to these DVDs for their training needs.





Commitment

com·mit·ment:

(kə-mīt'-mənt) *n.*

Something pledged, especially an engagement by contract involving financial obligation.

The state of being bound emotionally or intellectually to a course of action or to another person or persons.



GOALS AND OBJECTIVES FOR FISCAL YEAR 2011/2012

GENERAL OPERATIONS

- Recruit Chief Executive Officer and fill support staffing positions recommended by the Ad Hoc Recruitment Committee and approved by the Executive Committee to insure the continuity and quality of services.
- Assess effectiveness of information systems operations, including evaluation and determination of the adequateness of staffing and the creation of centralized, integrated database accessible by all operating units; enhance email system and interactive capabilities between member districts and ASCIP.
- Complete feasibility study and implement the use of a training tracking database to provide ASCIP and our member districts with a tool for managing training programs.

MARKETING

- Evaluate options for continuing to strengthen ASCIP's marketing and bargaining position by expanding our network of strategic alliances with other educational entities, JPAs and vendor communities and continuing visibility in the risk management community.
- Showcase ASCIP's programs and services at appropriate local, State and national forums.
- Continue expanding contacts and services with the CCD community, including providing assistance to the California Community College State Chancellor's Office and strengthening our professional services to CCDs through participation in CCD functions such as the Gallagher CCD consortium.
- Leverage footholds in new areas which we serve in order to capitalize on marketing opportunities in several counties not currently served by ASCIP and in venues not currently penetrated by ASCIP. Capitalize on cross-marketing opportunities made available by our offering of multiple programs, i.e., property/liability, workers' compensation and health benefits.

FISCAL SERVICES

- Continue to visit districts to provide training and assist districts' staff in reconciliation of benefits premiums.
- Schedule inter-departmental cross-training sessions.

CLAIMS & LITIGATION ADMINISTRATION

- Hire Director of Property/Liability Programs and implement programs and services under the supervision of this position including augmenting the claims data retrieval system supporting reduction of costs and effective targeting of risk control interventions.
- Conduct an on-site audit of each law firm on the approved panel to ensure quality handling and cost control and enhanced cost containment programs.
- Evaluate the addition of a Pharmacy Benefit Network (PBN) to the Workers' Compensation program.
- Evaluate Workers' Compensation Cost Containment programs for efficiency and market value.
- Work closely with the workers' compensation claims team to improve efficiency and communication with members.
- Complete analysis of claims tracking and loss runs to provide a better tool for identifying costs and designing risk control interventions.

HEALTH BENEFITS

- Expand membership in self-funded medical PPO and flex-funded HMO programs, and continue to streamline enrollment and coverage configurations in other health benefits lines of coverage.
- Expand proactive health initiatives in the health benefits medical program, and introduce additional initiatives at pilot districts.
- Develop a complex of partnerships with carriers and professional networks to support development and expansion of our proactive wellness programs with an emphasis on supporting ASCIP's self-funded medical programs.
- Streamline the Social Security Alternative Program administration including updating plan documents and distributing funds from low balance, inactive accounts.



RISK MANAGEMENT & LOSS CONTROL

- Complete recruitment for a Director of Member Services position and centralize the delivery of risk control/loss control/training services based on carefully targeted identified risks which have been deemed cost effective focuses in the reduction of the cost of total risk.
- Continue to assess member needs and offer risk management and loss control seminars which meet the requests of our members, including expanding seminars to other regions in the State and enhancing our webcasting capabilities and e-training resources.
- Implement the third phase of the Risk Management Pays Awards to include spotlights on training and loss control on an alternating year basis.
- Explore the feasibility of implementing a multi-program participation discount to members.
- Enhance the online interactive risk control document library.
- Implement an incentive reward program for participants in our various programs including assessment of premium discounts for low-risk members.
- Expand WeTip and Kick-off Speaker Programs and expand services to non-participating members.
- Upgrade the existing Learning Management System to provide for additional tracking capabilities for our membership.
- Manage service provider panel selection options and redundancy, enhancing panels in new regional areas of operations.
- Enhance HR roundtable meeting/training for our membership and enhance overall HR training efforts to address increasing costs of HR risk.
- Pilot, implement and refine anti-bullying programs including campus based peer-counseling programs using multiple scholarship funds to support effective programs.
- Develop a business continuity program for ASCIP and for member agencies.
- Expand the scope of the risk control audit program to include mini-audits, ADA facilities compliance and additional programs such as fleet safety.
- Augment our cyber liability coverage by enhancing provider panel services including breach notification services.
- Fully implement the online property appraisal program.

SPECIAL PROGRAMS

- Assess value-added incentive programs to attract new members in all programs with a special emphasis on community college districts' unique needs.
- Acquire software to assist health benefits members in the management of enrollment audits, retiree administration and COBRA automation.
- Evaluate competing programs to ensure that ASCIP's coverage is competitively priced and superior to other products available in the marketplace.
- Enhance the keynote speaker program to provide increased visibility for ASCIP's special risk management programs such as WeTell and special risk training materials.
- Maintain a leadership position in the risk management, insurance and pooling communities to augment marketing efforts and enhance strategic alliance opportunities.





Financials

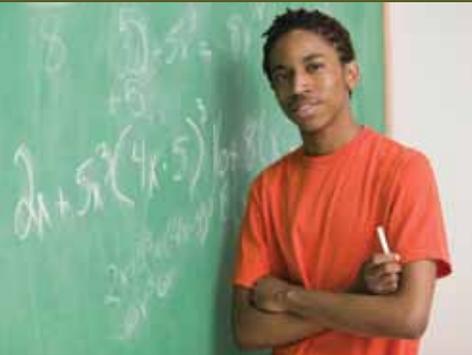
fi·nan·cial:

(fē'-nan-SHēlz) *n.* (plural)

Financial data about a company.

A balance sheet and profit/loss account. Finance is the science of funds management.

Finance includes saving money and often includes lending money.



ASCIP has designed a financial accounting process in order to provide appropriate internal controls. These control mechanisms are implemented to provide reasonable assurance that assets are adequately safe-guarded from waste, fraud or inefficient use. The system generates financial records which facilitate the preparation of financial statements which conform to the dictates of generally accepted accounting principles. ASCIP is in compliance with all statutory provisions of California State Codes which regulate the financial affairs of local government agencies; and all mandated filings, as recognized by the California Association of Joint Power Authorities (CAJPA), are filed pursuant to governing statutes.

ASCIP's independent audit report has been prepared by Vavrinek, Trine, Day & Company, and their certification letter dated November 18, 2011, along with ASCIP's general purpose final statements, are reproduced below and on the following pages of this report:



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
Alliance of Schools for Cooperative Insurance Program (ASCIP)
Cerritos, California

We have audited the accompanying statement of net assets of the Alliance of Schools for Cooperative Insurance Program (ASCIP) (the Agency) as of and June 30, 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 16 and other postemployment benefit information on page 40 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 18, 2011

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ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Entity)

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2011

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	Captive Insurance for Public Agencies	Total
ASSETS					
Cash and cash equivalents	\$ 33,898,207	\$ 35,601,663	\$ 17,581,345	\$ 2,056,708	\$ 89,137,923
Receivables	6,245,104	1,474,974	125,950	1,019,503	8,865,531
Internal balances	1,500,000	-	-	(1,500,000)	-
Investments maturing within one year, net of restricted assets	29,000,084	18,300,967	-	7,521,580	54,822,631
Restricted assets - investments	5,056,852	-	-	-	5,056,852
Prepaid expenses and deposits	177,330	-	1,365,000	831,142	2,373,472
Total Current Assets	<u>75,877,577</u>	<u>55,377,604</u>	<u>19,072,295</u>	<u>9,928,933</u>	<u>160,256,409</u>
Investments, net of amount maturing within one year	55,780,250	34,779,245	-	-	90,559,495
Capital assets	7,234,297	-	-	-	7,234,297
Less: Accumulated depreciation	1,332,891	-	-	-	1,332,891
Net capital assets	<u>5,901,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,901,406</u>
Total Non-Current Assets	<u>61,681,656</u>	<u>34,779,245</u>	<u>-</u>	<u>-</u>	<u>96,460,901</u>
Total Assets	<u>137,559,233</u>	<u>90,156,849</u>	<u>19,072,295</u>	<u>9,928,933</u>	<u>256,717,310</u>
LIABILITIES					
Accounts payable	1,793,904	985,565	2,276,761	423,682	5,479,912
Advance premium deposit	72,324	-	140,686	-	213,010
Deferred premium income	99,375	-	94,065	4,375,805	4,569,245
Current portion of unpaid claims	40,000,000	2,500,000	4,657,981	-	47,157,981
Unallocated claims adjustment expenses	2,800,000	768,704	376,074	242,773	4,187,551
Retrospective premium payable	-	2,025,571	-	-	2,025,571
OPEB liability	56,558	24,654	45,427	-	126,639
Risk management deposit fund	16,213,942	7,647,093	594	-	23,861,629
SELF rate stabilization fund	193,684	-	-	-	193,684
Total Current Liabilities	<u>61,229,787</u>	<u>13,951,587</u>	<u>7,591,588</u>	<u>5,042,260</u>	<u>87,815,222</u>
Unpaid claims and claims adjustment expenses, net of current portion	41,106,198	12,874,086	-	2,888,859	56,869,143
Total Liabilities	<u>102,355,985</u>	<u>26,825,673</u>	<u>7,591,588</u>	<u>7,931,119</u>	<u>144,684,365</u>
NET ASSETS					
Net assets invested in capital assets	5,901,406	-	-	-	5,901,406
Net assets, restricted	5,056,852	-	-	-	5,056,852
Net assets, unrestricted	24,264,990	63,331,176	11,480,707	1,997,814	101,074,687
Total Net Assets	<u>\$ 35,223,248</u>	<u>\$ 63,331,176</u>	<u>\$ 11,480,707</u>	<u>\$ 1,997,814</u>	<u>\$ 112,032,945</u>



ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Entity)

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	Captive Insurance for Public Agencies	Total
REVENUES					
Premium deposits from members	\$ 58,423,411	\$ 26,192,743	\$ 92,688,902	\$ 4,427,931	\$ 181,732,987
Less: Retrospective premium deposit ratings adjustment	-	(2,025,571)	-	-	(2,025,571)
	<u>58,423,411</u>	<u>24,167,172</u>	<u>92,688,902</u>	<u>4,427,931</u>	<u>179,707,416</u>
Other income	1,224,842	28,500	10,236	-	1,263,578
Total Operating Revenues	<u>59,648,253</u>	<u>24,195,672</u>	<u>92,699,138</u>	<u>4,427,931</u>	<u>180,970,994</u>
EXPENSES					
Claims expense, net of reimbursements of \$7,706,031 property/liability	38,753,689	(527,714)	55,680,957	1,841,208	95,748,140
Excess and dollar-one insurance premium	11,620,121	16,721,213	1,461,354	1,179,029	30,981,717
Insurance premiums	-	-	32,668,689	-	32,668,689
Contract services					
Claims administration	1,595,016	1,426,417	3,693,143	171,000	6,885,576
Broker's fees	271,250	116,250	-	663,699	1,051,199
General counsel services	378,208	-	-	3,513	381,721
Captive management	-	-	-	54,450	54,450
Rating and actuarial services	92,614	51,976	261,605	9,250	415,445
Accounting and audit services	57,009	-	-	25,049	82,058
Investment advisory service	155,474	-	-	18,091	173,565
Salaries and benefits	1,500,541	590,112	1,177,713	-	3,268,366
Property appraisal	379,115	-	-	-	379,115
Other contract services	253,945	165,698	11,361	-	431,004
Loss control and risk management	3,346,637	784,779	95,568	-	4,226,984
Other operating	(268,916)	377,344	648,659	53,654	810,741
Interest	216,799	106,809	2,453	30,000	356,061
Depreciation	324,164	-	-	-	324,164
Total Operating Expenses	<u>58,675,666</u>	<u>19,812,884</u>	<u>95,701,502</u>	<u>4,048,943</u>	<u>178,238,995</u>
Operating Income (Loss)	<u>972,587</u>	<u>4,382,788</u>	<u>(3,002,364)</u>	<u>378,988</u>	<u>2,731,999</u>
NON-OPERATING REVENUES (EXPENSE)					
Interest and dividend income	1,866,568	1,107,342	188,992	102,411	3,265,313
Net increase in fair value of investments	67,744	39,752	-	(26,671)	80,825
Total Non-Operating Income	<u>1,934,312</u>	<u>1,147,094</u>	<u>188,992</u>	<u>75,740</u>	<u>3,346,138</u>
INCREASE (DECREASE) IN NET ASSETS	2,906,899	5,529,882	(2,813,372)	454,728	6,078,137
NET ASSETS (DEFICIT), BEGINNING OF YEAR	32,316,349	57,801,294	14,294,079	1,543,086	105,954,808
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 35,223,248</u>	<u>\$ 63,331,176</u>	<u>\$ 11,480,707</u>	<u>\$ 1,997,814</u>	<u>\$ 112,032,945</u>



ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Entity)

COMBINING STATEMENT OF CASH FLOWS

JUNE 30, 2011

	Property/ Liability Fund	Workers' Compensation Fund	Health Benefits Fund	Captive Insurance for Public Agencies	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for premium contributions and other income	\$ 58,007,380	\$ 24,415,762	\$ 92,868,890	\$ 4,338,309	\$ 179,630,341
Claims paid	(32,277,504)	(2,067,150)	(54,608,426)	571,779	(88,381,301)
Cash paid to employees	(942,576)	(425,918)	(852,225)	-	(2,220,719)
Cash paid for benefits, insurance and other expenses	(17,165,795)	(21,224,064)	(38,050,798)	(4,445,839)	(80,886,496)
Net Cash Provided (Used) by Operating Activities	<u>7,621,505</u>	<u>698,630</u>	<u>(642,559)</u>	<u>464,249</u>	<u>8,141,825</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(120,580)	-	-	-	(120,580)
Net Cash Used by Capital and Related Financing Activities	<u>(120,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income received	1,934,312	1,067,590	188,992	75,740	3,266,634
Purchase of investments	(98,624,152)	(63,012,241)	-	(1,603,531)	(163,239,924)
Proceeds from sales and maturities of investments	97,592,277	57,316,099	-	-	154,908,376
Net Cash Provided (Used) by Investing Activities	<u>902,437</u>	<u>(4,628,552)</u>	<u>188,992</u>	<u>(1,527,791)</u>	<u>(5,064,914)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	8,403,362	(3,929,922)	(453,567)	(1,063,542)	2,956,331
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>25,494,845</u>	<u>39,531,585</u>	<u>18,034,912</u>	<u>3,120,250</u>	<u>86,181,592</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 33,898,207</u>	<u>\$ 35,601,663</u>	<u>\$ 17,581,345</u>	<u>\$ 2,056,708</u>	<u>\$ 89,137,923</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 972,587	\$ 4,382,788	\$ (3,002,364)	\$ 378,988	\$ 2,731,999
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	324,164	-	-	-	324,164
(Increase) Decrease in accounts receivable	(1,553,588)	220,090	169,752	(784,528)	(1,948,274)
Increase in prepaids and deposits	(87,285)	-	-	(178,340)	(265,625)
Increase (Decrease) in accounts payable and other liabilities	556,847	(209,737)	1,118,868	(1,030,041)	435,937
Increase in deferred revenue	171,699	-	-	694,906	866,605
Increase (Decrease) in unpaid claims and adjustments	6,476,185	(2,724,608)	1,163,111	1,383,264	6,297,952
Increase (Decrease) in risk management deposit fund and OPEB	760,896	(969,903)	(91,926)	-	(300,933)
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,621,505</u>	<u>\$ 698,630</u>	<u>\$ (642,559)</u>	<u>\$ 464,249</u>	<u>\$ 8,141,825</u>
NONCASH INVESTING ACTIVITIES					
Net increase in fair value of investments	<u>\$ 67,744</u>	<u>\$ 39,752</u>	<u>\$ -</u>	<u>\$ (26,671)</u>	<u>\$ 80,825</u>





Service

serv·ice:
(sūr'-vīs) *n.*

The action of helping
or doing work for someone.
An act of helpful activity; aid.
Contribution to the
welfare of others; useful
labor that does not produce
a tangible commodity.



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 Donna Abersman, Deputy Chief Executive Officer
 Russell O'Donnell, Chief Operating Officer
 Lynn Truong, Chief Financial Officer
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 Dan Sanger, Director of Health Benefits
 Coni Gomez Hernandez, Workers' Compensation Program Manager
 Martha Espinoza, Principal Risk Services Consultant
 Steven Wilmes, Principal Risk Services Consultant
 Reshan Cooray, Senior Risk Services Consultant
 Kevin Hobby, Senior Risk Services Consultant
 Deborah Nobles, Senior Risk Services Consultant
 Elizabeth Garcia, Senior Benefit Services Consultant
 Cheryl Jackson, Benefit Services Consultant
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 Howard Leung, Accountant
 Celine Ly-Ho, Accountant
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 Kenitra Warner, Workers' Compensation Coordinator
 Yvette Avila, Senior Technical Assistant
 Annmarie Clegg, Senior Technical Assistant
 Kimberly Kennedy, Technical Assistant
 Nancy Lopez, Technical Assistant
 Sue Ellen DaSilva, Receptionist /Administrative Assistant

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Alpine County Office of Education
Alpine County USD
Amador County Office of Education
Amador County USD
Bassett USD*Δ
Berkeley USD
Beverly Hills USDA
Big Oak Flat-Groveland USD
Bonita USDA
Brea Olinda USD
Bret Harte Union High SD
Calaveras County Office of Education
Calaveras USD
Cambrian SD
Capistrano USD
Center for Advanced Research & Technology (CART)
Centinel Valley UHSD*
Chaffey Joint UHSD
Charter Oak USD
Claremont USDA
Clovis USD*+
Colton Joint USD
Compton USDA
Covina-Valley USD*Δ
Culver City USDA
Discovery Charter Preparatory School*
Downey USD+
East Valley Transportation

El Monte UHSD+
El Segundo USD*
Environmental Charter High School*Δ
Franklin-McKinley SD
Fullerton Joint UHSD
Gateway High School*
Gilroy USD
Huntington Beach UHSD
Inglewood USD
La Canada USDA
La Puente Valley ROP*Δ
Laguna Beach USD
Las Virgenes USD
Leadership High School*
Loma Prieta Joint Union SD
Long Beach USD
Los Gatos/Saratoga Community Ed & Recreation
Los Gatos Union SD
Lynwood USDA
Manhattan Beach USD*Δ
Montebello USDA
Moreland SD
Moreno Valley USD
Morgan Hill USD
Mt. Pleasant SD
Newport-Mesa USD
Norwalk-La Mirada USDA
Oak Grove SD
Orange County Dept. of Education

Palos Verdes Peninsula USD*+Δ
Paramount USD*+Δ
Pomona USDA
Redondo Beach USD*
Riverside USD*Δ
Saddleback Valley USD*
San Antonio ROP
Santa Ana USD
Santa Clara County Schools' Insurance Group
Santa Clarita Valley School FSA*Δ
Santa Monica-Malibu USDA
Saratoga Union SD
Silicon Valley JPT
Sonora UHSD
South East Consortium
South Pasadena USD*
Southeast ROPΔ
Southern California ROC*Δ
Summerville UHSD
Tuolumne County Sup. of Schools
Tustin USD
Upland USD*
Vallejo City USD
Walnut Valley USD
West Valley Transportation JPA
Whittier UHSD

K-8 SCHOOL DISTRICTS

Accelerated Charter SchoolΔ
Bellevue SD
Columbia Union SD
Constellation Community MS
Curtis Creek Elementary SD
El Monte City SD+Δ
Fenton Avenue Charter School*Δ
Fenton Primary Center*
Fullerton SD
Garvey SDA
Hawthorne SD*Δ
Hermosa Beach City SD*Δ
Huntington Beach City SD
Jamestown SD
Lawndale SD*Δ

Leadership Public Schools*
Lennox SD*Δ
Little Lake City SDA
Lowell Joint SDA
Luther Burbank SD
Mark Twain Union Elementary SD
Montague Charter Academy*
Mountain View SDA
Newhall SD*
Ocean View SDA
Ontario-Montclair SD
Orchard SD
Pacoima Charter School*
Pasadena Rosebud Academy Charter
Rosemead SDA

San Jacinto Valley Academy*
Santa Monica Blvd. Comm. Charter*Δ
Santiago Middle School*
Sonora SD
Soulsbyville SD
Summerville Elementary SDA
Sunnyvale SD
Twain Harte-Long Barn Union SD
Union Elementary SD
Vallecito Union SD
Vaughn Next Century Learning Ctr.
Watts Learning Center*
West Sacramento Early College Prep Charter School
Whittier City SDA
Wiseburn SD

COMMUNITY COLLEGE DISTRICTS

Glendale CCD
Grossmont-Cuyamaca CCD*
Los Rios CCD
Merced CCD*
Mt. San Antonio CCDA

North Orange County CCD
Peralta CCD*
Rancho Santiago CCD*+
Rio Hondo CCD+
Riverside CCD

Santa Barbara CCD*
Sierra Joint CCD*
State Center CCD*+
Yosemite CCD*

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Compton CCDA
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Cypress SDA

Duarte USDA
East San Gabriel ROP/TCA
East Whittier City SDA
Glendale USDA*
Glendora USDA
Granada Hills Charter HSA
Guidance Charter SchoolΔ
Latrobe SDA
Los Angeles County Office of EducationΔ
Los Nietos SDA

Pupil Transportation CooperativeΔ
Rowland USDA
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