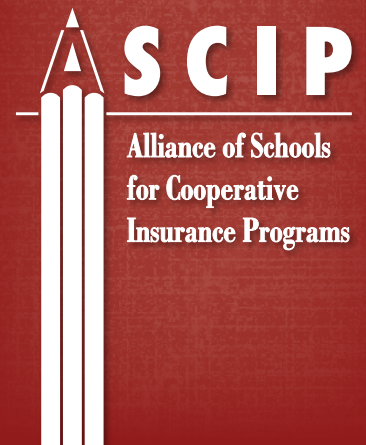




2010

Annual Report



Alliance of Schools
for Cooperative
Insurance Programs

Mission Statement

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

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John Didion
ASCIP PRESIDENT

President's Message

It is my pleasure to write this message for our 2009/10 Annual Report and to continue to witness ASCIP's growth, success and expansion of services to our member districts. As our nation and State continue to endure dire economic circumstances, a central goal of your Governing Board's has been to identify areas in which ASCIP can be of assistance to our members. To that end, we have launched new programs to serve areas of common need, have extended consideration to districts requiring special services, and have redoubled our efforts to identify factors contributing to the cost of risk in order to keep our premiums reasonable and predictable and bring you the greatest value.

As we entered the 2009/10 program year, we were serving 170 member districts participating in one or more of our major programs, and we insured members serving over 1.5 million students whose property values exceeded \$24 billion. Bassett Unified School District, Ontario-Montclair School District and West Sacramento Early College Prep Charter School joined our Property/Liability program, bringing the total number of P&L districts to 142. Our workers' compensation program continued to grow with the addition of Bassett USD, Glendale USD, and Clovis USD, bringing membership in this program to 39 members, insuring workers' compensation payrolls in excess of \$1.7 billion. Health Benefits also grew as we introduced a self-funded Blue Cross/Blue Shield HMO program and continued to add members to our self-funded PPO medical program and our large self-funded Delta Dental program. Again, we succeeded in limiting the composite rate increase in the core Property/Liability program to under 4%, reducing our workers' compensation rates by 6%, and containing our health benefits premiums in our self-funded programs to single digits. Our members were most appreciative of our successful negotiation of reinsurance treaties and our application of surplus to keep premiums stable.

Twenty-five of our finest districts were surprised as ASCIP staff visited their Board meetings to announce that "We are your insurers and we bring good news and money." This good news was unique in these challenging times, and we were delighted to present "Risk Management Pays Certificates of Excellence" to our members' Boards and staff members along with cash awards totaling \$150,000. For these efforts, ASCIP again received a Public Risk Pool Award for Innovation from the Public Risk Insurance Management Association (PRIMA). We also received kudos from WeTIP for our introduction of several creative programs to reduce property theft and to provide alternative reporting channels to mitigate the risk of workplace harassment and child abuse.

And so it goes....as we all endeavor to make our schools and colleges better places for students, staff and the public and to protect the assets of our members through sound risk management programs and superior insurance products. None of these accomplishments would be attainable without the hard work of our members on all of our committees and the support, loyalty and commitment of our membership and our talented and dedicated staff and service partners.

Thank you all for allowing me the privilege of again serving ASCIP as your President.

John Didion
ASCIP President





Governance

The Alliance of Schools for Cooperative Insurance Program's leadership is provided by its members, and goals set for the organization are a direct result of the interests and needs of the educational communities which 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 on the following committees:

Executive Committee



John Didion
President



Michael Bishop
Vice President



Pearl Iizuka
Treasurer

ASCIP's overall leadership is provided by the Executive Committee. The Committee's main objective is to develop long term goals and policies that guide the direction of the organization. The committee is comprised of thirteen members and thirteen alternates who represent K-12, K8, Community College Districts, Charter Schools, and subsidiary JPAs. The committee members are elected by ADA categories and serve staggered three-year terms. The Executive Committee is also responsible for establishing and overseeing the activities of ASCIP's standing and ad hoc committees. Collectively, these committees provide guidance for overall operations in the area of claims, risk management interventions, financial transactions and marketing/underwriting activities.

Members: Michael Fine, Michael Gregoryk, Arlene Ito, Angela Jones, Paul Muschetto, Kris Olafsson, Irene Sumida and John Vinke;
not pictured: Steve Romines, Kim Stallings

Alternates (not pictured): Nancy Anderson, Thomas Cox, David El Fattal, Michael Johnston, Corinne Kelsch, Steve Lewis, Janece Maez, Vahe Markarian, Colleen Patterson, Andrea Reynolds, Leigh Shampain, Ann Sparks, and William Silvia



Claims/Coverage Committee



Committee Chairperson: Arlene Ito

Members: Nancy Anderson, Michael Bishop, Michael Clear, John Didion, Michael Johnston, Angela Jones, William Loose, Rose Multari, Thuy Nguyen, Tami Oh, Andrea Reynolds, Leigh Shampain, Kevin Smith 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

Members: Camille Boden, Mike Brito, Cynthia DiPaola, Sue Churchill, Shawn Gatewood, Steve Lewis, Kina Mattoon, Rose Multari, Barbara Ott, Tim Palmer, Leslie Piazza, Karen Saldana, John Shook

The Risk Control Committee is comprised of members who are responsible for the oversight of ASCIP's risk management and loss control services and trainings 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 loss control interventions intended to reduce losses, costs and impact on member educational agencies.

Committee members include individuals with diverse backgrounds, extensive school experience and an intense interest in safety and risk management. This Committee approves risk management and loss control program funding, the Loss Control Assistance Fund requests for member safety, security, environmental, property and risk reduction projects, and then 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: Michael Bishop

Members: Michael Coughlin, Sal Gumina, Arlene Ito, Angela Jones, Steve Kanda, Pavel Matustik, 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 reward programs and plans for the delivery of health benefits to all members and proactively plans for programs and services.

Finance/Investment Committee



Committee Chairperson: Kris Olafsson

Members: John Didion, Pearl Iizuka, Angela Jones, Andrea Reynolds, Kim Stallings and John Vinke

The Finance/Investment Committee consists 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 JPAs' financial activities related to governing the collection, investment, and 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 Courtey, John Didion, Ed Godwin, Michael Gregoryk, Peter Hardash, Lew Lewis, Steve Lewis, Thuy Nguyen, Tami Oh, Leslie Piazza, Karen Saldana, and William Silvia

The Community College Districts Committee consists of members who are responsible for reviewing claims trends, financial and bond information and developing 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 responsibility for reviewing membership applications and recommending new members to the Executive Committee. The information reviewed by the Committee includes loss history, financial strength, 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.





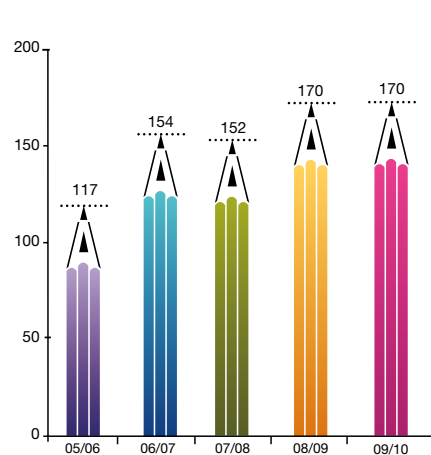
Growth Trends

As ASCIP celebrates the 30th anniversary of its formation, 170 school and college districts enjoy membership in the JPA. 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 no-fee or a discount in the areas of environmental compliance, health, safety, training and property conservation.

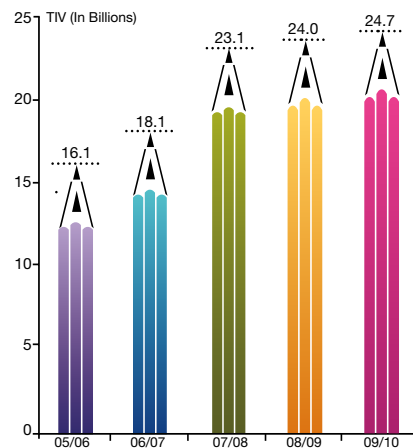
Membership Growth

Over the past five years, ASCIP's membership has increased by 45%. Our in-house staff of 23 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.



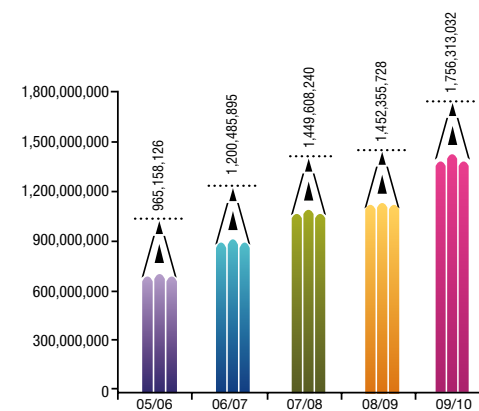
Property Value Growth (TIV)

ASCIP's Total Insured Value (TIV) has increased 3% over last year to a total of \$24.7 billion for the 2009/10 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

From the inception of the Workers' Compensation Program in 1998, we have experienced an increase in payroll and membership. Payroll has more than doubled to over \$1.7 billion and membership has grown from 13 to 39 members. The program's growth is in part due to its unique program design as well as the funding options available. ASCIP's Workers' Compensation program strives to offer the best customer service and aggressive claims handling to meet the needs of our members.



Core Program

ASCIP's 142 core program members participate in the 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 Owner Controlled Insurance Program (OCIP).

Incurred Losses

We had a slight increase in total incurred losses as the claims matured and can anticipate the 2009/10 figures to approach or exceed the 2008/09 incurred. Similarly, the claim count for 2009/10 will continue to grow as late claims are filed and probably rise to equal the 2008/09 totals.

Litigation Expense

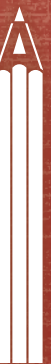
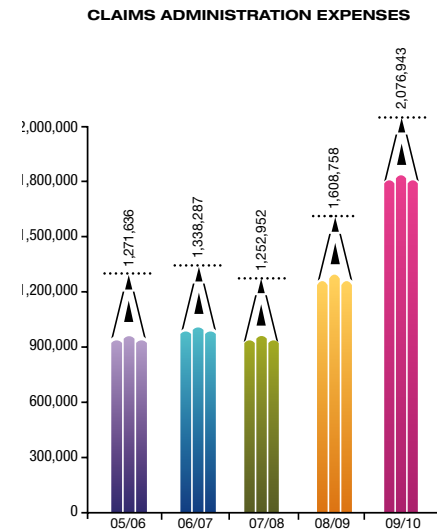
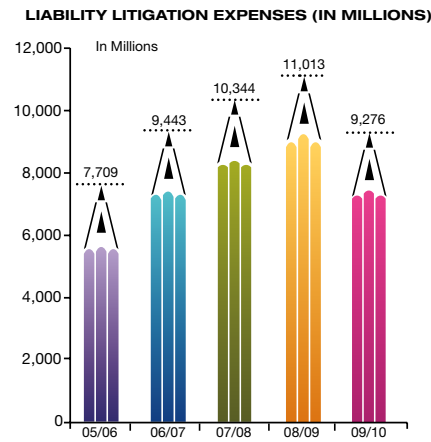
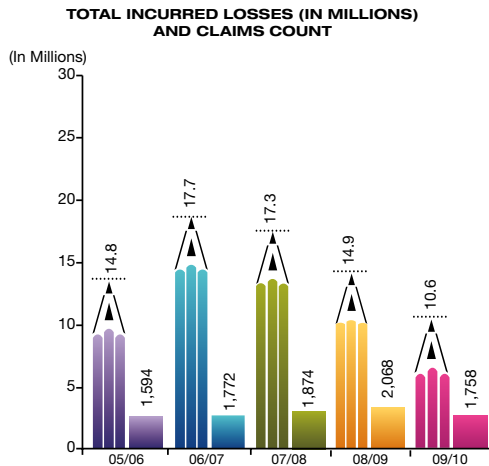
Interestingly, the litigation expenses actually decreased despite the troubled economy and continued proliferation of expensive and complex employment cases and sexual molestations.

Claims Administration Expenses

Our liability claims management team at 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 our districts and the litigation director enables them to investigate properly and thoroughly and identify claims for early disposition.

Claims and Litigation Management Highlights

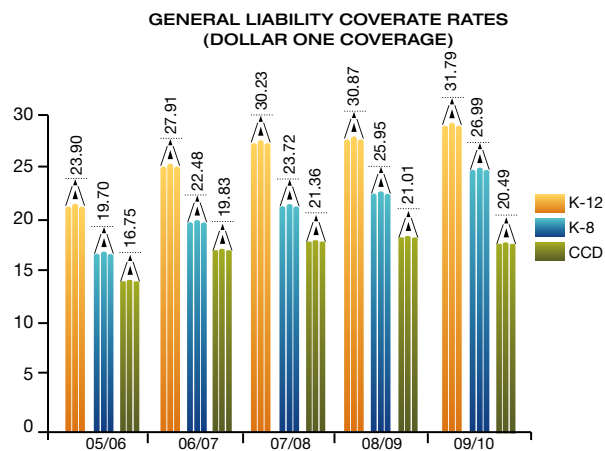
- Received 1,758 property/liability claims for damages;
- Managed 395 claims in litigation;
- Negotiated at 145 voluntary and mandatory settlement conferences;
- Tried 5 cases and received 5 defense verdicts;
- Closed 1,237 property/liability claims.





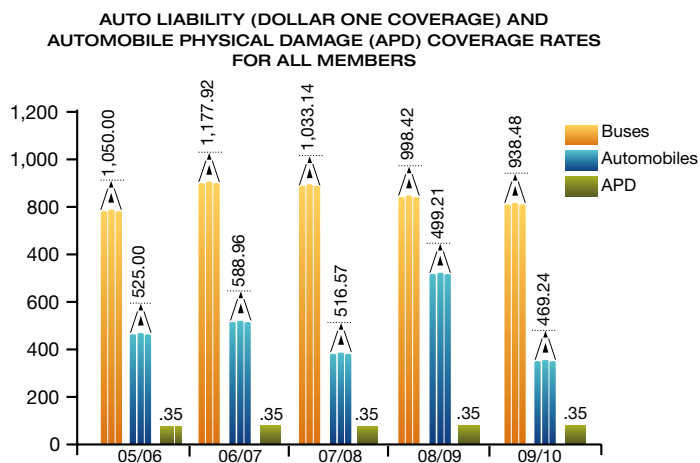
General Liability Program Rates

On a composite basis, general liability rates only increased by 2.3% as compared to 2008/09 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 in the layer \$4 million excess of \$1 million per occurrence.



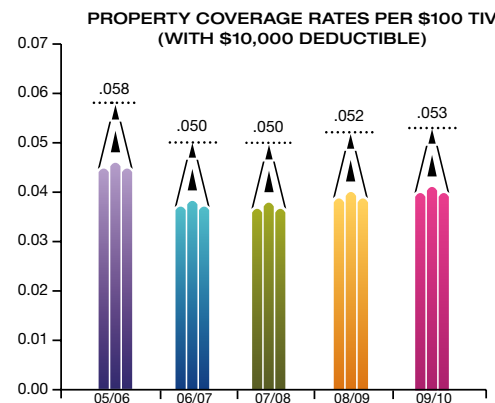
Auto Liability Program Rates

In the 2009/10 program year, auto liability rates for buses and other vehicles (non-bus) experienced a decrease of 6%. Overall, favorable loss experience contributed to the decrease in rates. Auto physical damage rates have remained flat.



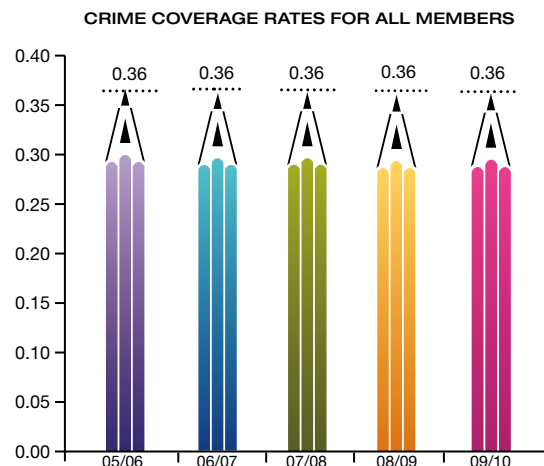
Property Program Rates

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 \$16.1 billion in 2005/06 to \$24.7 billion in 2009/10, on an average, our property rates have actually decreased during this same period. Our members paid a lower rate in 2009/10 (\$.053/\$100 of property value) as compared to what they paid five years ago (2005/06 rates were \$.058/\$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.



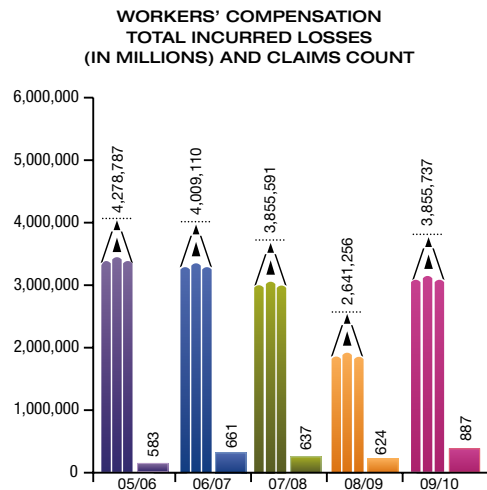
Workers' Compensation Program

ASCIP's Workers' Compensation Program, established in 1998, has completed its eighth year in a self-funded plan with over \$50 million in fund equity. Due to the success of the program, we have provided rebates in excess of \$7 million back to our members. This year we expanded our membership by adding three new members. As a result, we added two senior claim examiners, one claims assistant and a branch manager to our dedicated claims team. Our "Day of Injury"

triage service continues to do well. This service has resulted in an overall 38% reduction in claims frequency. In an effort to offer more value added services to our members, we enhanced our file review and modified duty programs, as well as continue to provide program summaries outlining claim trends and recommendations for training and safety awareness.

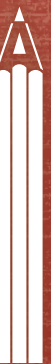
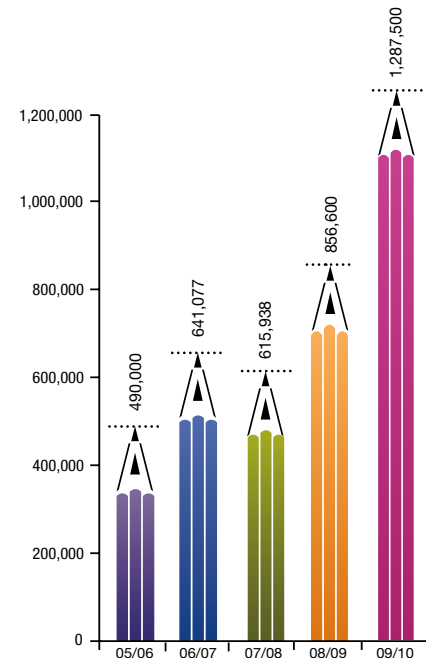
Loss Expense

The expenditures of the workers' compensation program continue to grow as we add new members each year. This year we welcomed three additional members. As a result, claims frequency increased. Our members continue to do a great job in reducing claims costs by the effective use of transitional duty programs to help injured workers get back to work sooner and by taking an active role in their workers' compensation programs. In addition, our "Day of Injury" triage service continues to be successful in reducing the overall claims frequency. Conversely, reserves are increasing as the costs of medical treatment continue to rise and claims mature. In the upcoming program year, we will analyze our current cost containment programs as well as add additional cost saving programs in an effort to mitigate the increasing costs in the workers' compensation arena.



Workers' Compensation Claims Administration Expenses

One of the prominent features of the ASCIP Workers' Compensation Program is the dedicated claims team that is provided to our membership. It's unique features of reduced caseloads and additional supervisory oversight differentiate our program from other pools. We firmly believe that reduced caseloads allow our claims team the ability to provide outstanding customer service to our membership, the injured workers, and the service providers. With the expansion of three new members to the program, two senior claim examiners, one assistant and a dedicated branch manager were added to the claims team. This augment in claims staff caused an increase in claims administration costs this past year.



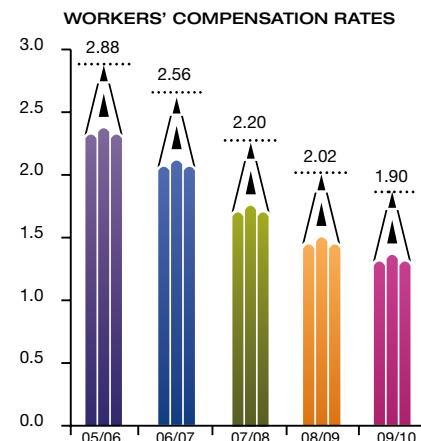


Workers' Compensation Program Rates

ASCIP continually strives to provide the highest level of service along with the best rates. With coverage provided to 39 members and over 42,000 full and part time employees, our rates continue to be competitive. While most other pools increased their rates, ASCIP was not only able to give a 6% reduction to our members in their program rates but also added more services at no additional cost.

Workers' Compensation Claims and Litigation Management Highlights

- Received 916 workers' compensation claims in the 2009/10 primary coverage program year;
- Achieved 60 settlements via Stipulated Award or Compromise and Release;
- Participated in 48 file reviews with a total of 700 files presented;
- Participated in 62 meetings and trainings;
- Closed 845 workers' compensation claims for all claim years in the primary coverage program.



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 are available so that members can chose program designs that meet coverage and budgetary needs while maintaining quality health care coverage.

During fiscal year 2009/10, there were 70 member districts participating in one or more benefit programs. For the year, ASCIP collected \$86.9 million in premiums for all programs including \$44.5 million from the medical and miscellaneous plans, \$38.7 million from the dental plans, and \$3.7 million from the vision plan.

Notable program design changes continued throughout the year. Members continued to migrate to the enhanced self-funded, risk sharing dental/vision programs. Additionally, effective October 1, 2009, ASCIP made available flex-funded HMO medical plans, with multiple options, available through either Anthem Blue Cross or Blue Shield. Finally, ASCIP will be adding COBRA TPA services to its Health Benefits program effective October 1, 2010.

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

Life Insurance

The Hartford

Disability insurance and Long Term Care Insurance

Unum

Social Security Alternative Plans

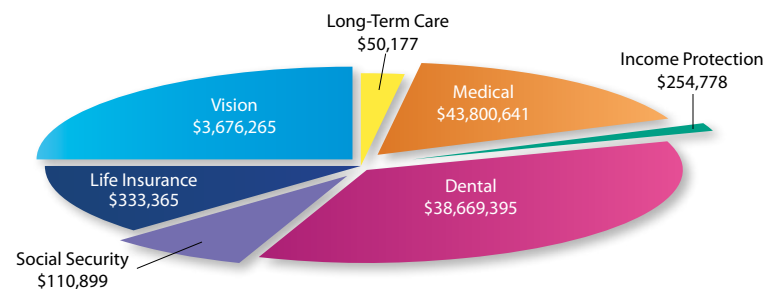
Met Life

Dental Care Coverage

Delta Dental of California
Delta Care

Vision Care Coverage

Vision Service Plan



Health Benefits Program Revenue

Rate Components

ASCIP's premium rates are developed based on three contributing components: the cost of incurred losses, the cost of purchased 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 170 districts in 2009/10. 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 evaluate the advantages of risk transfer of certain layers of our risk to commercial programs. In 2009/10, we continued to risk transfer our property program by purchasing excess insurance. In our liability program, we raised our self-insured retention to \$5 million and purchased a fully reinsured liability program covering claims between \$1,000,001 to \$2 million per occurrence after a \$4.5 million aggregate deductible has been met and a fully reinsured liability program covering claims between \$2,000,001 to \$5 million per occurrence after a \$3 million aggregate deductible has been met. In the worker's compensation program this year we transferred 100% of the risk to the commercial carrier by purchasing the dollar one program covering claims from the first dollar to \$1 million. In the excess layer above \$1 million, similar to the previous years, we again deferred all risks to the excess carrier.

In the final component, our rates consist of indirect expenses such as general administration, personnel expenses, contract services and loss control. ASCIP has continued to hold costs to 9%, as compared to the average overhead for JPAs nationally, a figure exceeding 20%. All of these factors have enabled ASCIP to provide exceptional programs and services at very competitive rates.

Rebates

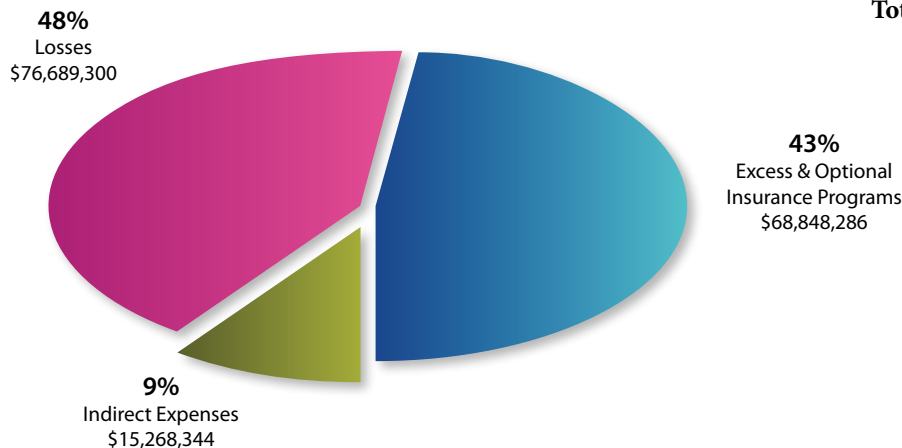
ASCIP is a non-profit JPA which refunds excess premiums to its members for use in their educational programs. Since 1989, ASCIP has returned nearly \$20 million in property/liability premiums to its members. In 2009/10, as a result of our success in managing the workers' compensation program, our Executive Committee again declared a rebate of \$1,985,042, resulting in the total rebate of \$7.7 million in the last four years.

Property/Liability

| | |
|--------------|----------------------|
| 1989-2001 | \$ 12,294,123 |
| 2001-2002 | \$ 1,385,367 |
| 2002-2003 | \$ 1,118,202 |
| 2003-2004 | \$ 1,264,409 |
| 2004-2005 | \$ 1,045,208 |
| 2005-2006 | \$ 1,060,639 |
| 2006-2007 | \$ 615,320 |
| 2007-2008 | \$ 1,063,964 |
| Total | \$ 19,847,214 |

Workers' Compensation

| | |
|--------------|---------------------|
| 2006-2007 | \$ 1,063,771 |
| 2007-2008 | \$ 1,270,477 |
| 2008-2009 | \$ 3,426,608 |
| 2009-2010 | \$ 1,985,042 |
| Total | \$ 7,745,898 |





Commitment to Service

ASCIP's Executive Committee demonstrated once again its commitment to education by adopting a Risk Control budget in excess of \$4.9 million in the 2009/10 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 risks and 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 900 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;
- 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 58 hazardous waste, toxic chemical, and/or environmental consultations or service responses;
- Provided 358 jurisdictional equipment inspections and permits and managed 695 air tanks;
- Assisted 33 members with regulatory compliance or mandated disclosure forms, reports, documents, or interactions involving local, State or Federal regulatory agencies;
- Provided over 6,000 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;
- Worked with MSDS Online to manage more than 14,000 Material Safety Data Sheets (13,015 active and 1,172 archived) for 62 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 32 districts;
- Coordinated the Security Audit program in order to provide initial CPTED inspections for all new ASCIP member and reinspections of existing member locations on a three-year cycle and performed full security audits for 13 districts;
- Coordinated the Cyber Audit program in order to provide initial evaluations for four members' network architecture and data security;

LOSS CONTROL DISTRIBUTION*

Loss Control Assistance Fund
\$500,000

Loss Control & Safety Audit
\$525,000

Environmental & Safety Consulting
\$515,500

Training & Seminar Program
\$120,000

General Loss Control Safety Services
\$3,301,500



*2009/2010 Loss Control Budget:
\$4,962,000



- Coordinated 25 playground safety inspections upon request through a panel of Certified Playground Safety Inspectors (CPSI) for those members lacking a certified inspector on staff;
- Provided 75 Loss Control Assistance Grants to 47 ASCIP member agencies totaling an amount of \$471,540.00;
- ASCIP staff members or our 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 of loss invention 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 are confidential and anonymous, only law enforcement and a designated individual at each ASCIP member district are provided with actual crime tip information. This past year, WeTip received and passed to ASCIP members crime tips on bomb threats, burglaries, drug sales, graffiti, vandalism, student molestation, workplace violence, gang activity, 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. ASCIP may offer custom reward amounts for crimes of a serious nature.

WeTip staff members provide on-site seminars at member location to assist in the implementation of all WeTip programs and services. ASCIP funds and supplies a wide variety of WeTip stock posters and materials which help address specific member related concerns. Additionally, the innovative ASCIP developed WeTell, DoTell, and TRACS programs have their own unique posters and signage. WeTip can also create custom-designed posters that target specific acts such as vandalism, arson, burglary and other crimes. WeTip posters 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.

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 a 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 or funds for training programs.





Rent-A-Risk Manager Program

The Rent-A-Risk Manager (RARM) Program maintains its popularity by continuing to provide loss control and risk management services to 15 member Districts currently under contract to participate in this program on a weekly basis to augment their risk management staffing needs. RARMs contribute greatly to the loss control, safety and risk management programs of these members, 10 of which are K12 districts and five are community college districts. RARMs are supervised and supported by ASCIP and Poms & Associates.

The benefits of having a RARM on your campus are significant. RARMs assist with disaster preparedness, many health and safety trainings, safety inspections, contract review, conduct accident investigations and have had success with grant writing. And, of course, RARMs are available to assist with the unique needs of the Districts in which they serve.

Owner-Controlled Construction Insurance Program (OCIP)

The Owner-Controlled Construction 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. The program is recognized as one of the largest rolling scholastic OCIP's in California with insured hard construction costs of over \$1.8 billion to date.

In the 2009/10 fiscal year, our OCIP enrolled 17 new projects with construction values totaling \$166.6 million. This represented the largest enrollment over the past five (5) years and a significant increase from the prior year when the economic environment stalled many projects at the planning or funding levels. Of note is the fact that notwithstanding a hardening of the workers' compensation market, the program renewed on July 1, 2010 with a rate decrease. Also, coverage was expanded at that 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 own Captive Insurance for Public Agencies (CIPA) providing the funding mechanism for the loss fund. These relationships have resulted in a high value program that allows member districts the opportunity to control costs, increase insurance limits and promote a safe environment for its contractors, students and employees.

Of additional note is the fact that CIPA, after five years in existence, showed a positive year end with cumulative fund equity of \$1,543,086.

Risk Transfer and Analysis

- Reviewed over 550 contracts to establish insurance requirements and appropriate indemnification agreements for school services, construction and programs;
- Customized over 100 student activities forms, facility-use agreements, and field trip waivers to transfer or mitigate districts' risks;
- Generated 1,726 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;
- Assisted with alternative risk and coverage options;
- Provided risk analysis and mitigation services through attendance of subsidiary JPA meetings, and staff participation in committees for CAJPA, AGRIP and PARMA.

Specialty Insurance Procurement

- Issued 249 policies under the Tenant User Liability Insurance Program (TULIP);
- 52 member districts' were provided coverage through the ASCIP-B program for 1,253 auxiliary and booster clubs;
- Several specialty markets were researched, at members request for all perils coverage, earthquake, flood, travel, crime student accident, and directors and officers coverages. Service Providers and Artisan Tradesmen Activities (SPARTA) insurance program is available for contractors, service providers and consultants of ASCIP members.

2009/2010 Program Year Highlights

Achievements & Milestones

- Operated as the second largest risk pool (JPA) in the country offering a full array of programs and services;
- Received Public Agency Risk Management Association (PRIMA) award for our Risk Management Pays program in which we recognized 25 outstanding districts;
- Contained composite premium increases in the P&L program to under 4%; kept workers' compensation rates flat; and kept composite health benefits premiums under 10%;
- Partnered with the CCD State Chancellor's Office in disaster preparedness efforts and disseminated a CCD Disaster Preparedness Training module to our CCDs as well as to all other CCD within the state of California, free of charge;
- Completed an e-training module in special education, bringing our total e-training module program to 33 offerings;
- Received recognition from WeTIP for innovative programs designed to prevent property theft and reduce employee harassment and child abuse;
- Continued to maintain high visibility and leadership in the State and national risk management communities by presenting at professional conferences and serving on the CAJPA, AGRIP and SELF boards.

Training Highlights

- ASCIP trainers and consultants were very busy this year. ASCIP hosted 292 trainings in California over the last year;
- Topics covered over the last year included forklift and utility cart safety, First Aid and CPR, blood borne pathogens, life safety, earthquake preparedness, as well as harassment;
- Over 2,100 member district representatives attended the Risk Management seminars;
- Over 5,100 member district representatives attended Safety and Environmental Compliance seminars;
- Conducted several Asbestos and Lead Trainings both live and on line;
- Conducted a variety of Emergency Preparedness seminars;
- Conducted four Video Conferences:
 - Pandemic Update for Schools
 - Updating Your Emergency Operations Plan
 - What You Need To Know About ICS Forms
 - Risk Management Best Practices

- Increased member participation in our online training programs by 5% resulting in 13,000 on-line courses being completed this year;
- Conducted on-site promotion and training for ASCIP's awarding winning VIPs module (an e-training program especially for new hires, walk-on coaches, substitutes and temporary staff) resulting in 3,328 course completions for the year.

Coverage and Service Enhancements

- Added a Flex-Funded Blue Cross/Blue Shield HMO plan to our benefit offerings;
- Increased the standard frame allowance in the Vision Plan from \$105 to \$120 per plan year.

Financial Highlights

- Over the past five years, total premiums for the entire JPA increased from \$63 million in 2005/06 to \$172 million in 2009/10 making ASCIP the 2nd largest JPA in the country;
- Authorized workers' compensation premium rebates of \$1,985,042, resulting in the total rebate of \$7.7 million in the last four years;
- Retained a total equity of \$106 million;
- Continued to receive an unqualified opinion on the financial audit with no audit adjustments for the last 10 years.

IT Highlights

- ASCIP has continued to maintain and integrate new links and interactive forms available through our updated website. In addition, IT has also integrated and updated the addition of VIPJPA, with teamwork and cooperation not only from IT but also from all departments involved;
- Over the last few months, ASCIP has been busy installing the infrastructure foundation for a secure, scalable, green network solution;
- As a "service and support" department, ASCIP's website and online services continue to be available 24/7, in addition to meeting and improving the quality of service for our staff and member agencies;
- ASCIP continues to explore technologies that will improve and streamline operations. As a result, new IT initiatives are being road mapped such as consolidation of resources, improved messaging communications, and centralized integration of current technologies in place.





Goals and Objectives for Fiscal Year 2010/2011

General Operations

- Evaluate staffing needs and fill vacant positions especially as needed to insure consistent quality services to existing members and serve new members;
- Assess effectiveness of information systems operations, including evaluation and determination of the adequateness of staffing and creation of a centralized integrated database accessible by all operating units;
- Market and enroll members 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.
- Implement proactive health initiatives in our health benefits medical program, and introduce initiatives at pilot districts;
- Complete publication of new marketing brochures and materials for all lines of coverage, implementing a common theme and branding throughout.

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 vendors 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, particularly in the area of emergency preparedness;
- Leverage footholds in new areas which we serve in order to capitalize on marketing opportunities in several counties not currently served 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

- Recruit one new staff member to support the fiscal division and to ensure quality service is provided to member districts;
- Develop alternative database programs to enhance financial reporting and maintenance;
- Continue to visit districts to provide training and assist districts' staff on the reconciliation of benefits premiums;
- Establish a financial process and system to administer the new three-member JPA that will join ASCIP in October 2010;
- Complete a RFP process for a new financial auditing firm;
- Work closely with the new COBRA administrator to ensure a smooth payment flow between the administrator, districts, and ASCIP.

Claims & Litigation Administration

- Conduct an on-site audit of each law firm on the approved panel to ensure continued quality handling and cost control;
- Maintain cost containment programs of legal and claims administration expenses despite projected increase in membership, claims volume and complexity of litigation;
- Create a workers' compensation procedure manual for all members;
- Work closely with the worker's 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;
- Enhance the analysis of WC claims trends to include specialized training as appropriate.

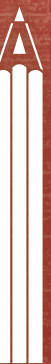


Risk Management & Loss Control

- Launch pilot program on anti-bullying program at several sites and use reinsurance partners' funding to augment program;
- 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 webcasting capabilities;
- Further expand the e-training library especially by the addition of human resources training modules;
- Explore the advisability of applying an experience modification factor to property exposures;
- Implement the second phase of Risk Management Pays awards to include a spotlight on training and loss control on alternating year basis;
- Explore the feasibility of implementing a multi-program participation discount to members;
- Place additional interactive risk management documents on-line;
- Implement incentive reward programs for participants in our various programs including assessment of premium discounts for low-risk members;
- Refine the WeTip and Kick-off Speaker Program and expand services to non-participating members;
- Revitalize the VIPs new employee training incentive program, expand program, and implement a phase two program for existing participants;
- Maintain service provider panel selection options and redundancy, enhancing panel in new regional areas of operations;
- Complete the draft of a Loss Control Standard Operating Procedure Manual;
- Increase active membership participation in the ASCIP on-line training program 25%;
- Implement an HR roundtable meeting/training for our membership;
- Implement a successful pilot program for the Safe Schools Ambassador program;
- Provide additional training on WC related topics.

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 our 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;
- Evaluate the addition of a prescription drug program to the workers' compensation program.





Financials

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 24, 2010, along with ASCIP's general purpose final statements, are reproduced and appear 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, 2010, 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, 2010, 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 24, 2010, 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 18 and other postemployment information on page 40, and 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 24, 2010

8270 Aspen Street Rancho Cucamonga, CA 91730 Tel: 909.466.4410 Fax: 909.466.4431 WWW.VTCOGA.COM

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ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Entity)

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

| | Property/ Liability Fund | Workers' Compensation Fund | Medical Fund | Dental Fund | Vision Fund | Captive Insurance for Public Agencies | Total |
|---|--------------------------------|----------------------------------|-----------------|----------------|----------------|---|----------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 25,494,845 | \$ 39,531,585 | \$ 3,685,701 | \$ 12,984,473 | \$ 1,364,738 | \$ 3,120,250 | \$ 86,181,592 |
| Receivables | 4,191,516 | 1,694,093 | 87,226 | 204,438 | 4,038 | 234,975 | 6,416,286 |
| Internal balances | 2,000,000 | - | - | - | - | (2,000,000) | - |
| Investments maturing within one year, net of restricted assets | 1,362,503 | 3,451,990 | - | - | - | 5,918,049 | 10,732,542 |
| Restricted assets - investments | 5,062,772 | - | - | - | - | - | 5,062,772 |
| Prepaid expenses and deposits | 90,045 | - | 1,365,000 | - | - | 652,802 | 2,107,847 |
| Total Current Assets | 38,201,681 | 44,677,668 | 5,137,927 | 13,188,911 | 1,368,776 | 7,926,076 | 110,501,039 |
| Investments, net of amount maturing within one year | 82,380,036 | 43,853,546 | - | - | - | - | 126,233,582 |
| Capital assets | 7,126,110 | - | - | - | - | - | 7,126,110 |
| Less: Accumulated depreciation | 1,021,120 | - | - | - | - | - | 1,021,120 |
| Net capital assets | 6,104,990 | - | - | - | - | - | 6,104,990 |
| Total Non-Current Assets | 88,485,026 | 43,853,546 | - | - | - | - | 132,338,572 |
| Total Assets | 126,686,707 | 88,531,214 | 5,137,927 | 13,188,911 | 1,368,776 | 7,926,076 | 242,839,611 |
| LIABILITIES | | | | | | | |
| Accounts payable | 1,237,057 | 1,235,831 | 975,409 | 51,981 | 226,427 | 953,723 | 4,680,428 |
| Advance premium deposit | - | - | 104,085 | 27,796 | 6,946 | - | 138,827 |
| Deferred premium income | - | - | - | - | - | 3,680,899 | 3,680,899 |
| Current portion of unpaid claims | 27,000,000 | 2,300,000 | 1,230,685 | 2,257,756 | 97,009 | - | 32,885,450 |
| Unallocated claims adjustment expenses | 2,800,000 | 898,447 | 123,068 | 151,270 | 11,156 | 128,938 | 4,112,879 |
| Retrospective premium payable | - | 1,985,042 | - | - | - | - | 1,985,042 |
| OPEB liability | 50,049 | 21,668 | 19,839 | 14,609 | 4,980 | - | 111,145 |
| Risk management deposit fund | 15,462,114 | 8,619,982 | - | 98,519 | - | - | 24,180,615 |
| SELF rate stabilization fund | 191,125 | - | - | - | - | - | 191,125 |
| Total Current Liabilities | 46,740,345 | 15,060,970 | 2,453,086 | 2,601,931 | 346,518 | 4,763,560 | 71,966,410 |
| Unpaid claims and claims adjustment expenses, net of current portion | 47,630,013 | 15,668,950 | - | - | - | 1,619,430 | 64,918,393 |
| Total Liabilities | 94,370,358 | 30,729,920 | 2,453,086 | 2,601,931 | 346,518 | 6,382,990 | 136,884,803 |
| NET ASSETS | | | | | | | |
| Net assets invested in capital assets | 6,104,990 | - | - | - | - | - | 6,104,990 |
| Net assets, restricted | 5,062,772 | - | - | - | - | - | 5,062,772 |
| Net assets, unrestricted | 21,148,587 | 57,801,294 | 2,684,841 | 10,586,980 | 1,022,258 | 1,543,086 | 94,787,046 |
| Total Net Assets | \$ 32,316,349 | \$ 57,801,294 | \$ 2,684,841 | \$ 10,586,980 | \$ 1,022,258 | \$ 1,543,086 | \$ 105,954,808 |

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, 2010**

| | Property/ Liability Fund | Workers' Compensation Fund | Medical Fund | Dental Fund | Vision Fund | Captive Insurance for Public Agencies | Total |
|--|--------------------------------|----------------------------------|-----------------|----------------|----------------|---|----------------|
| REVENUES | | | | | | | |
| Premium deposits from members | \$ 57,806,218 | \$ 24,270,364 | \$ 44,549,860 | \$ 38,669,395 | \$ 3,676,265 | \$ 3,057,751 | \$ 172,029,853 |
| Less: Retrospective premium deposit ratings adjustment | - | (1,985,042) | - | - | - | - | (1,985,042) |
| | 57,806,218 | 22,285,322 | 44,549,860 | 38,669,395 | 3,676,265 | 3,057,751 | 170,044,811 |
| Other income | 2,194,801 | 119,829 | 9,286 | - | - | - | 2,323,916 |
| Total Operating Revenues | 60,001,019 | 22,405,151 | 44,559,146 | 38,669,395 | 3,676,265 | 3,057,751 | 172,368,727 |
| EXPENSES | | | | | | | |
| Claims expense, net of reimbursements of \$7,279,057 property/liability | 34,032,708 | (789,890) | 11,336,800 | 34,189,322 | 2,859,007 | 571,830 | 82,199,777 |
| Excess and dollar-one insurance premium | 12,205,673 | 14,687,928 | 824,715 | - | - | 1,778,090 | 29,496,406 |
| Insurance premiums | - | - | 31,325,128 | 2,283,043 | 32,728 | - | 33,640,899 |
| Contract services | | | | | | | |
| Claims administration | 2,083,570 | 1,102,357 | 502,530 | 2,280,473 | 328,788 | 60,000 | 6,357,718 |
| Broker's fees | 271,250 | 116,250 | - | - | - | 463,215 | 850,715 |
| General counsel services | 231,362 | - | - | - | - | 6,230 | 237,592 |
| Captive management | - | - | - | - | - | 53,403 | 53,403 |
| Rating and actuarial services | 146,839 | 36,676 | - | - | - | 11,500 | 195,015 |
| Accounting and audit services | 53,705 | - | - | - | - | 27,149 | 80,854 |
| Investment advisory service | 154,776 | - | - | - | - | 10,994 | 165,770 |
| Salaries and benefits | 1,439,073 | 545,541 | 507,831 | 379,633 | 127,255 | - | 2,999,333 |
| Property appraisal | 353,724 | - | - | - | - | - | 353,724 |
| Other contract services | 220,421 | 94,995 | 119,050 | 78,952 | 31,423 | 36,336 | 581,177 |
| Loss control and risk management | 3,288,691 | 769,976 | 2,923 | - | - | - | 4,061,590 |
| Other operating | (133,339) | 382,272 | 306,521 | 228,920 | 76,329 | 50,797 | 911,500 |
| Interest | 291,460 | 152,628 | 2,723 | 11,501 | 126 | - | 458,438 |
| Depreciation | 272,431 | - | - | - | - | - | 272,431 |
| Total Operating Expenses | 54,912,344 | 17,098,733 | 44,928,221 | 39,451,844 | 3,455,656 | 3,069,544 | 162,916,342 |
| Operating Income (Loss) | 5,088,675 | 5,306,418 | (369,075) | (782,449) | 220,609 | (11,793) | 9,452,385 |
| NON-OPERATING REVENUES | | | | | | | |
| Interest and dividend income | 2,137,642 | 1,317,624 | 45,449 | 161,316 | 13,414 | 83,773 | 3,759,218 |
| Net increase in fair value of investments | 912,116 | 485,549 | - | - | - | 8,617 | 1,406,282 |
| Total Non-Operating Income | 3,049,758 | 1,803,173 | 45,449 | 161,316 | 13,414 | 92,390 | 5,165,500 |
| INCREASE (DECREASE) IN NET ASSETS | 8,138,433 | 7,109,591 | (323,626) | (621,133) | 234,023 | 80,597 | 14,617,885 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | 24,177,916 | 50,691,703 | 3,008,467 | 11,208,113 | 788,235 | 1,462,489 | 91,336,923 |
| NET ASSETS (DEFICIT), END OF YEAR | \$ 32,316,349 | \$ 57,801,294 | \$ 2,684,841 | \$ 10,586,980 | \$ 1,022,258 | \$ 1,543,086 | \$ 105,954,808 |

ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAMS

(A Joint Powers Entity)

COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2010

| | Property/ Liability Fund | Workers' Compensation Fund | Medical Fund | Dental Fund | Vision Fund | Captive Insurance for Public Agencies | Total |
|--|--------------------------------|----------------------------------|-----------------|----------------|----------------|---|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Cash received for premium contributions and other income | \$ 59,443,906 | \$ 22,259,124 | \$ 44,525,087 | \$ 38,766,702 | \$ 3,716,523 | \$ 6,144,525 | \$ 174,855,867 |
| Claims paid | (24,876,957) | (2,138,185) | (10,991,783) | (34,045,299) | (2,913,668) | (488,127) | (75,454,019) |
| Cash paid to employees | (886,141) | (395,375) | (366,974) | (274,188) | (91,751) | - | (2,014,429) |
| Cash paid for benefits, insurance and other expenses | (22,046,477) | (17,271,684) | (34,132,739) | (5,828,669) | (551,342) | (2,283,972) | (82,114,883) |
| Net Cash Provided (Used) by Operating Activities | 11,634,331 | 2,453,880 | (966,409) | (1,381,454) | 159,762 | 3,372,426 | 15,272,536 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Acquisition of capital assets | (62,487) | - | - | - | - | - | (62,487) |
| Net Cash Used by Capital and Related Financing Activities | (62,487) | - | - | - | - | - | (62,487) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Investment income received | 2,137,642 | 1,317,624 | 45,449 | 161,316 | 13,414 | 51,508 | 3,726,953 |
| Purchase of investments | (167,571,569) | (90,253,088) | - | - | - | (1,583,363) | (259,408,020) |
| Proceeds from sales and maturities of investments | 165,691,832 | 89,218,679 | - | - | - | - | 254,910,511 |
| Net Cash Provided (Used) by Investing Activities | 257,905 | 283,215 | 45,449 | 161,316 | 13,414 | (1,531,855) | (770,556) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 11,829,749 | 2,737,095 | (920,960) | (1,220,138) | 173,176 | 1,840,571 | 14,439,493 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 13,665,096 | 36,794,490 | 4,606,661 | 14,204,611 | 1,191,562 | 1,279,679 | 71,742,099 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 25,494,845 | \$ 39,531,585 | \$ 3,685,701 | \$ 12,984,473 | \$ 1,364,738 | \$ 3,120,250 | \$ 86,181,592 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | | |
| Operating income (loss) | \$ 5,088,675 | \$ 5,306,418 | \$ (369,075) | \$ (782,449) | \$ 220,609 | \$ (11,793) | \$ 9,452,385 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation expense | 272,431 | - | - | - | - | - | 272,431 |
| Loss on disposal of capital assets | 1,534 | - | - | - | - | - | 1,534 |
| (Increase) in accounts receivable | (589,967) | (146,027) | (19,059) | 97,307 | 40,258 | 687,686 | 70,198 |
| (Increase) Decrease in prepaids and deposits | 32,854 | - | (15,000) | - | - | (265,412) | (247,558) |
| Increase (Decrease) in accounts payable and other liabilities | (3,064,894) | 590,098 | (907,228) | (16,373) | (40,785) | 817,029 | (2,622,153) |
| Increase in deferred revenue | - | - | - | - | - | 2,049,056 | 2,049,056 |
| Increase (Decrease) in unpaid claims and adjustments | 9,655,751 | (3,887,991) | 341,435 | 153,673 | (60,947) | 95,860 | 6,297,781 |
| Increase (Decrease) in risk management deposit fund and OPEB | 237,947 | 591,382 | 2,518 | (833,612) | 627 | - | (1,138) |
| Net Cash Provided (Used) by Operating Activities | \$ 11,634,331 | \$ 2,453,880 | \$ (966,409) | \$ (1,381,454) | \$ 159,762 | \$ 3,372,426 | \$ 15,272,536 |
| NONCASH INVESTING ACTIVITIES | | | | | | | |
| Net increase in fair value of investments | \$ 912,116 | \$ 485,549 | \$ - | \$ - | \$ - | \$ 8,617 | \$ 1,406,282 |



Staff & Service Providers Directory

Staff

Paula Chu Tanguay, Chief Executive Officer
Donna Abersman, Deputy Chief Executive Officer/COO
John R. Wieselthier, Director of Litigation & Claim Services
Lynn Truong, Chief Financial Officer
Dan Sanger, Director of Health Benefits
Coni Gomez Hernandez, Workers' Compensation Program Manager
Richard Sams, Superintendent of Facilities & Technology
Steven Wilmes, Principal Risk Services Consultant
Martha Espinoza, Principal Risk Services Consultant
Kevin Hobby, Senior Risk Services Consultant
Felissa Waynick, Senior Risk Services Consultant
Reshan Cooray, Senior Risk Services Consultant
Elizabeth Garcia, Senior Benefit Services Consultant
Cheryl Jackson, Benefit Services Consultant
Howard Leung, Accountant
Celine Ly-Ho, Accountant
Julieta Frias, Accountant
Felicia Williams, Office Administrator
Kenitra Warner, Workers' Compensation Coordinator
Annmarie Clegg, Senior Technical Assistant
Yvette Avila, Senior Technical Assistant
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Claims Administrators CorVel Corporation
York Insurance Services Group
Insurance Broker Arthur J. Gallagher & Company
Gallagher Benefit Services
Actuary Bay Actuarial Consultants
Rivelle Consulting Services
Loss Control/Safety Poms and Associates
Training Consultant
Property Appraiser American Appraisal Associates
Asbestos and Lead Hazard Environmental Assistance Group
Science Safety and Hazardous Materials Consultant Resource Conservation Management, Inc.
Industrial Hygiene Consultant Executive Environmental Services
Special Projects Consultant Russell O'Donnell
Rent-A-Risk Manager Consultants
Gary Bradbury Karen Durley Deborah Nobles
Debora Chan Robin Flint Robin Thorne
Chuck Clemente Dante Jackson Ron Villa
Amy Dolson David Jefferson
Investigative/Security Services Alvarez & Associates
The Wright Group
Annual Report Bonnie Toth Advertising & Design



K-12 & High School Districts

Alhambra USDΔ
Alpine County Office of Education
Alpine County USD
Amador County Office of Education
Amador County USD
Bassett USD*Δ
Berkeley USD
Beverly Hills USDΔ
Big Oak Flat-Groveland USD
Bonita USDΔ
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)
Centinela Valley UHSD*
Chaffey Joint UHSD
Charter Oak USD
Claremont USDΔ
Clovis USD*+
Colton Joint USD
Compton USDΔ
Covina-Valley USD*Δ
Culver City USDΔ
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 USDΔ
La Puente Valley ROP*Δ
Laguna Beach SD
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 USDΔ
Manhattan Beach USD*Δ
Montebello USDΔ
Moreland SD
Moreno Valley USD
Morgan Hill USD
Mt. Pleasant SD
Newport-Mesa USD
Norwalk-La Mirada USDΔ
Oak Grove SD
Orange County Dept. of Education

Palos Verdes Peninsula USD*+Δ
Paramount USD*+Δ
Pasadena USD
Placentia-Yorba Linda USD
Pomona USDΔ
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 USDΔ
Saratoga Union SD
Silicon Valley JPT
Sonoma 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*
Sonoma 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
Mt. San Antonio CCDA

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

Riverside CCD
Santa Barbara CCD
Sierra Joint CCD*

Participant Members

Anaheim UHSD+
Antelope Valley Joint UHSDΔ
Arcadia USDΔ
Azusa USDΔ
Baldwin Park USDΔ
Burbank USDΔ
Castaic Union SDA
Cerritos CCDA
Compton CCDA
CODESPA

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

Los Nietos SDA
Pupil Transportation CooperativeΔ
Rowland USDΔ
Santa Monica CCDA
Schools Excess Liability Fund (SELF)Δ
South Whittier SD
State Center CCD+
Tri-Cities ROPΔ
West Covina USD Δ

Δ Health Benefits Members
* Workers' Compensation Members
+ OCIP Members



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