

Board of Education Finance Committee

Minutes

September 4, 2013

Present for the meeting were Mr. Sessions, Mr. Preis, Ms. Wade, Mr. Richards, Ms. Quinley, Dr. Clippard and Dr. Belcher. Also present were Tom Naught, Rick Naught and Ruth Stone of Naught Naught Insurance and Jim McGinnis of Gerding, Korte and Chitwood.

Mr. Sessions called the meeting to order and ask for approval of the April and May minutes. Dr. Clippard moved and Mr. Richards seconding approval of the minutes. The minutes were approved.

The representatives of Naught Naught Insurance Company presented information on historical losses due to wind and hail damages and shared national and state statistical data on the claims dollars and frequency for this type of loss. The committee discussed CPS loss history and ratios for property and liability and how they compare to insurance industry expectations and targets. After considerable conversation, the committee agreed to recommend to the Board of Education renewal of the existing policies with acceptance of increased deductibles to \$50,000 for most losses and \$1,000,000 wind and hail per occurrence with a buy back of that deductible to \$250,000. Additionally the committee discussed and agreed to recommend to the board purchase of Violent Acts Response Coverage at an annual cost of \$9,996. The total estimated increase in premiums would be \$225,000 with the buyback provision and Violent Acts included. Items impacting these rates include CPS loss history, industry losses, hail damaged roofs still under repair and large concentrated exposure for carriers.

The committee discussed some future planning options that could help offset increases including all lines aggregate policies, larger deductibles and partial self-insurance.

Ms. Quinley shared information related to the auto fleet insurance policy which are also renewing at increased premiums largely due to loss ratio. The committee agreed to implement proactive written procedures and processes to promote safe responsible drivers, using models recommended by insurance carriers as presented as ways to control cost.

The committee reviewed projected changes in the self-insured medical, dental and worker's compensation premium rates and considered plan design changes as recommended by the Employee Benefits Committee. The committee approved the recommendations made by the committee with the exception of standardizing the part-time employee medical rate. The proposed plan design changes and rates were otherwise approved to move to the Board of Education for consideration.

Mr. Jim McGinnis joined the meeting to share information related to early field work completed for the annual audit and to hear questions and concerns of the committee for the upcoming completion of the annual audit. He shared a plan to have a draft report ready by mid-November and a final at the December meetings. He discussed required changes for the Comprehensive Annual Financial Report (CAFR) wording that should bring clarity to the roles of the auditor and the District in the report preparation.

Mr. McGinnis noted areas of focus or concern to include compliance with purchase order procedure, appropriate approvals of Kelly Services invoices as a new significant service and compliance with construction cost policy and law. He asked the committee for any particular areas of concern or interest. The committee shared a concern for follow up work on student transportation statistics, out of state and administrative travel costs, sports marketing program revenue and expenditures and school building cash handling compliance.

There being no further business to come before the committee, the meeting was adjourned.

Respectfully submitted: Linda D. Quinley, CFO