

NELLIS, SHARON K.

From: Rick Alford <rick.alford@riskconsultingservices.com>
Sent: Thursday, March 27, 2014 7:26 AM
To: NELLIS, SHARON K.
Cc: FINDLEY, SONYA H.
Subject: CCSB 6/30/14 Actuarial Analysis
Attachments: Clay County School Board Exposure Data from Sharon 5.03.13.xlsx

Sharon:

As a follow up to your 3/26/14 email below this email will outline the 6/30/14 actuarial analysis project set-up. We have provided this analysis and report for you/CCSB beginning with the 6/30/04 analysis, and look forward to working with you and the CCSB team again.

The actuarial analysis provides estimated claim liabilities and needed funding for your self-insured lines of workers' compensation, general/professional liability, automobile liability, and property. The funding is provided on a full value and present value basis, by line, by year. The analysis includes the allocation of the loss reserves into short term (paid within 12 months) and long term (paid more than 12 months from 6/30/14) liabilities. We work closely with Sean Downey at Johns Eastern to obtain the needed loss data, and also obtain exposure, excess coverage and other items from you and AJ Gallagher personnel. (Last week I was in the AJG offices in Miami on other client business and briefly visited with Jori and her team.)

We anticipate the same timeline as last year, with our actuarial report to be issued in mid-July, 2014. This will allow for a timely review by you and the CCSB auditors, and the recording of the 6/30/14 estimated future claim payments and needed funding.

I will need the following CCSB data from you/Sonya/CCSB:

1. For the **payroll**, I need the 7/1/13 to 6/30/14 CCSB total payroll figure, and a projection for the 2014-2015 FY.
2. For the **expenditures**, I need the 7/1/13 to 6/30/14 CCSB total expenditure figure and a projection for the 2014-2015 FY. The figures should include General & Special Revenue Funds.
3. For the **number of vehicles**, I need the current (as of now or 6/30/14) approx. number of vehicles, and a projection for 6/30/15.
4. Last year we utilized a **present value interest rate assumption** of 2.0% (from your 5/3/13 email) to discount the loss reserves. This is reasonable and we will utilize the same assumption this year as of 6/30/14 unless you suggest another figure. The 2.0% make sense and is in line and is generally consistent with our other clients, perhaps on the lower end of a reasonable range. If you increase the interest rate assumption the discounted estimated liabilities will be smaller, but anything in the 2% to 3% range is reasonable.

Last year you provided these items via your 5/3/13 email which I have attached as an Excel file. This format works well for the above data.

If you want me to forward this email to others (Nancy Racine, Dr. Copeland, etc.) at CCSB, please let me know. Our flat fee for the above actuarial analysis and report as of 6/30/14 is \$11,000, no increase from the last year's \$11,000 flat fee. I know budgets are tight, and am trying to do what I can to assist CCSB. We will invoice you at the conclusion of the assignment, and after delivery of the actuarial report.

If the above proposal is acceptable and approved by the Board, please let me know. I will then provide a list of data items from Johns Eastern and AJ Gallagher.

Thank you. Rick

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From: NELLIS, SHARON K. [<mailto:snellis@OneClay.net>]
Sent: Wednesday, March 26, 2014 9:58 AM
To: Rick Alford
Subject: RE: CCSB 6/30/14 Actuarial Analysis

Hi Rick,

Hope this finds you well and I believe it is that time of year already and we would like to put your CCSB 6/30/14 proposal on the April board agenda.

Looking forward to hearing from you.

Thank you and have a safe day!

Sharon Nellis

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