

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #38 (2001-2002)

August 27, 2001

TO: SCHOOL BOARD  
FROM: OFFICE OF THE SUPERINTENDENT  
SUBJECT: INCREASES TO SELF-INSURANCE

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve increasing the amount designated for self-insurance from \$7,000,000 to \$9,000,000 utilizing the undesignated fund balance of the General Fund.

PERTINENT FACTS:

The Administration requested an opinion by an independent actuarial firm last fiscal year to determine whether the designated self-insurance for automobile/general liability and workers' compensation claims is sufficient. Willis Risk Services has recently completed the District's actuarial study and has recommended that \$8 million be reserved for automobile/general liability and workers' compensation losses.

As a result of the actuarial opinion of August 2001, the Administration is recommending a \$1 million increase to the designation for self-insurance.

In addition, the District has over \$1 billion in property values. The District's current insurance coverage for property does not include earthquake or flood damage; therefore, even a small quake could cause significant disruption to our operations. The District is required to protect its damaged property from further damage, i.e. board up windows, repair roofing, etc. To temporarily protect our property the Administration recommends an additional \$1,000,000 be added to the designation for self-insurance.

SUMMARY:

The use of the undesignated fund balance of the General Fund will not deplete the undesignated fund balance below the 3 to 5 percent of subsequent year

expenditures previously recommended by the Administration. If the School Board passes this recommendation, the Administration projects the undesignated fund balance will be approximately \$17.3 million at June 30, 2001 or 4.90 percent of FY 2001-2002 General Fund expenditures.

CC/GV/JS/MK

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