

Distribution of \$1 MM in FSBIT surplus Funds

FSBIT evaluates their financial position each year and for the past five years has distributed surplus funds back to the school districts. There has been concern over the past couple of years that districts are becoming dependent on this surplus distribution and that we may not have sufficient surplus funds if we experienced a major storm that hit several FSBIT districts at the same time. An actuary recently evaluated FSBIT's financial position in regards to surplus funds and confirmed that we are financially secure if we have a major catastrophe that impacts several districts at once. After this information was shared with the FSBIT Board last week, the decision was made to distribute \$1 MM in surplus funds back to the districts this year. The distribution of funds back to each district is allocated in the same manner that payment of premiums is allocated, a percentage of the total. Premium allocations are determined by exposures and losses. The premium allocation for exposures is 30% and for losses it's 70% of actual district losses (5 year rolling average). Exposures include:

- Average Daily Student Attendance
- Automobiles
- Payroll
- Property Total Insured Value

Our share of the distribution of surplus funds is \$110,000.00. Typically, we receive the surplus distribution before we are billed for the new fiscal year so FSBIT has just reduced the premium owed for the year by the amount of surplus they were going to refund us. This year the decision to give back surplus distribution funds was not made until after we had been billed for our insurance premium for 2013/2014. We pay the premium over the first six months of the fiscal year. The total premium owed for this year was \$2,158,663.00. We have already paid \$1,511,064.10 with a balance due in December of \$647,598.90. We can elect to either reduce the balance we owe for insurance for the remainder of the 2013/2014 fiscal year or we can take it in the form of a check and use wherever the Board chooses.