

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2011-12 INTERNAL SERVICE FUND
MID-YEAR BUDGET REVIEW**

**COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL
RELATIONS**

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

As reported to the Board at its October meeting, the annual independent actuarial study completed to project necessary funding for calendar year 2012 estimates that the annual increase in medical costs will be approximately 18% or \$65,000,000. To mitigate a portion of those increased costs, the District has negotiated changes to the health insurance plans through the collective bargaining process; the agreements reached are presented to the Board in Items D-22, D-24, and D-25.

As a result of those agreements, the Board's liability has been significantly reduced and the budget for the Internal Services Fund is only being increased by \$27,938,430. This increase represents an absorption by the School Board of 100% of the cost increase for the period of January 1, 2012 through March 31, 2012 and a one-time contribution to the Internal Service Fund of \$12,000,000 to adequately fund the ending net assets for the fund.

At this time it is anticipated that the Board will need an additional \$9,000,000 for the period of April 1, 2012 through June 30, 2012. Staff is closely monitoring projections and will recommend the increase, if necessary, in the Spring Budget Resolution.

<u>REVENUE AND TRANSFER CHANGES</u>	<u>INCREASE (DECREASE)</u>
1. Increase premium revenue	\$ 15,938,430
2. Transfer from General Fund	12,000,000
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INCREASE IN REVENUES AND TRANSFERS	<u>\$ 27,938,430</u>

<u>EXPENSE CHANGES/ENDING NET ASSETS</u>	<u>INCREASE (DECREASE)</u>
1. Increase in other expenses (medical claims)	\$ 15,938,430
2. Increase Ending Net Assets to adequate funding level	12,000,000
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TOTAL INCREASE IN EXPENSES AND ENDING NET ASSETS	<u>\$ 27,938,430</u>

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. adopt Resolution No. 1, FY 2011-12 Internal Service Fund Mid-Year Budget Review, increasing revenues, expenses and ending net assets by \$27,938,430; and
2. adopt the Summary of Revenues and Appropriations (page 3)

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
SUMMARY OF REVENUES AND EXPENSES
INTERNAL SERVICE FUND
FY 2011-12
RESOLUTION NO. 1**

	ADOPTED BUDGET 9/7/11	RESOLUTION NO. 1	AMENDED BUDGET 2/15/12
REVENUES/TRANSFERS AND BEGINNING NET ASSETS			
REVENUES			
Premium Revenue	\$ 358,000,000	\$ 15,938,430	\$ 373,938,430
TOTAL REVENUES	\$ 358,000,000	\$ 15,938,430	\$ 373,938,430
TRANSFERS FROM GENERAL FUND	\$ -	\$ 12,000,000	\$ 12,000,000
BEGINNING NET ASSETS	(6,189,682)	-	(6,189,682)
SUBTOTAL TRANSFERS & BEGINNING NET ASSETS	\$ (6,189,682)	\$ 12,000,000	\$ 5,810,318
TOTAL REVENUES, TRANSFERS & BEGINNING NET ASSETS	\$ 351,810,318	\$ 27,938,430	379,748,748
EXPENSES AND ENDING NET ASSETS			
EXPENSES			
Purchased Services	\$ 445,612	\$ 15,938,430	\$ 445,612
Other Expenses	351,066,976	-	367,005,406
TOTAL EXPENSES	\$ 351,512,588	\$ 15,938,430	\$ 367,451,018
ENDING NET ASSETS			
Ending Net Assets	\$ 297,730	\$ 12,000,000	\$ 12,297,730
TOTAL ENDING NET ASSETS	\$ 297,730	\$ 12,000,000	\$ 12,297,730
TOTAL EXPENSES AND ENDING NET ASSETS	\$ 351,810,318	\$ 27,938,430	\$ 379,748,748