

Financial Services  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2012-13 INTERNAL SERVICE FUND  
(HEALTH INSURANCE) FUND SPRING BUDGET REVIEW**

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

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

Revenue reported in the Internal Service Fund is lower than anticipated as a result of the decrease in enrollment. Aon Hewitt, the District's actuary, has reviewed the past three years' worth of claims activity. They performed a trend analysis and the attached resolution includes adjusted figures for the estimated projected cost incurred for January through June of 2013 resulting in an increase in Net Assets of \$6,950,495. Aon Hewitt will be providing a revised actuarial report which we expect to receive prior to year end. Once this report is received, the figures reported from July to December 2012 will be adjusted accordingly and reflected at year end.

This resolution amends the Adopted Budget and aligns the projected revenues and expenses to reflect the latest information which has been provided to date.

<u>REVENUE CHANGES</u>	<u>INCREASE (DECREASE)</u>
1. Decrease <b>premium revenue.</b>	\$ (8,650,005)
2. Increase other operating revenue mostly made up of rebates received related to the cost of prescribed medicines.	1,662,344
<b>DECREASE IN REVENUES</b>	<b><u>\$ (6,987,661)</u></b>

EXPENSE CHANGES/ENDING NET ASSETS

1. Increase salaries/fringe benefits to reflect estimated expenses.	\$ 4,124
2. Decrease ASO/Stop Loss Fees to reflect projected expenses.	(1,300,906)

<b><u>EXPENSE CHANGES/ENDING NET ASSETS (Continued)</u></b>	<b><u>INCREASE (DECREASE)</u></b>
3. Decrease estimated claims due to trend analysis performed by the District's actuarial as well as decreased claims as a result of lower enrollment.	\$ (12,414,549)
4. Decrease purchased services to align budget with actual expenses.	(226,825)
5. Reflect change in Net Assets as a result of the change in revenue and expenses.	6,950,495
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<b>TOTAL DECREASE IN EXPENSES AND ENDING NET ASSETS</b>	<b><u>\$ (6,987,661)</u></b>

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

1. adopt Resolution No. 1, FY 2012-13 Internal Service Fund Spring Budget Review, decreasing revenues by \$(6,987,661) and decreasing expenses by \$(13,938,156) and increasing net assets by \$6,950,495 and
2. adopt the Summary of Revenues and Appropriations (page 3)

**MIAMI-DADE COUNTY PUBLIC SCHOOLS  
 FY 2012-13 INTERNAL SERVICE FUND  
 SUMMARY OF REVENUES AND EXPENSES  
 RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/5/12</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 5/8/13</u>
<b>OPERATING REVENUE:</b>			
Premium Revenue	\$ 368,836,700	\$ (8,650,005)	\$ 360,186,695
Other Operating Revenue	-	1,662,344	1,662,344
<b>NON-OPERATING REVENUE:</b>			
Interest & Investment Revenue	<u>32,000</u>	-	<u>32,000</u>
<b>TOTAL REVENUES</b>	<b>\$ 368,868,700</b>	<b>\$ (6,987,661)</b>	<b>\$ 361,881,039</b>
<b>BEGINNING NET ASSETS</b>	<b>\$ 3,765,189</b>	<b>\$ -</b>	<b>\$ 3,765,189</b>
<b>TOTAL OPERATING REVENUES, NON- OPERATING REVENUES &amp; NET ASSETS</b>	<b>\$ 372,633,889</b>	<b>\$ (6,987,661)</b>	<b>365,646,228</b>
<b>OPERATING EXPENSES</b>			
Salaries	\$ 155,511	\$ 3,567	\$ 159,078
Fringe Benefits	41,739	557	42,296
Purchased Services	350,000	(226,825)	123,175
ASO/Stop Loss Fees	12,850,000	(1,300,906)	11,549,094
Other Expenses (estimated claims)	365,900,000	(12,414,549)	353,485,451
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 379,297,250</b>	<b>\$ (13,938,156)</b>	<b>\$ 365,359,094</b>
<b>ENDING NET ASSETS</b>	<b>\$ (6,663,361)</b>	<b>\$ 6,950,495</b>	<b>\$ 287,134</b>
<b>TOTAL OPERATING EXPENSES AND NET ASSETS</b>	<b>\$ 372,633,889</b>	<b>\$ (6,987,661)</b>	<b>\$ 365,646,228</b>