

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2013-14 INTERNAL SERVICE
(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 provided updated actuarial amounts based on claims data through December 31, 2013. They performed a trend analysis and the attached resolution includes adjusted figures for the estimated projected cost incurred for fiscal year 2013-14 resulting in a decrease in Net Assets of \$11,530,646.

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 premium revenue.	\$ (5,154,707)
2. Increase other operating revenue mostly made up of rebates received related to the cost of prescribed medicines.	50,674
DECREASE IN REVENUES	<u>\$ (5,104,033)</u>

CHANGES IN BEGINNING NET POSITION

1. The Beginning Net Position recorded as of adoption was based on the amount reported on the Annual Financial Report (AFR). Our external auditors requested updated actuarial information during their audit. The updated figures provided required a change in the prior year Ending Net Position for the Comprehensive Annual Financial Report (CAFR). The adjustment is being reflected in this resolution.	<u>\$ (4,453,573)</u>
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**TOTAL DECREASE IN OPERATING REVENUES,
NON-OPERATING REVENUES & NET POSITION** \$ (9,557,606)

EXPENSE CHANGES

**INCREASE
(DECREASE)**

1. Increase salaries/fringe benefits to reflect estimated expenses.	\$ 5,153
2. Decrease ASO/Stop Loss Fees to reflect projected expenses.	(4,479,125)
3. Increase estimated claims due to trend analysis performed by the District's actuarial.	6,447,012
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TOTAL EXPENSES	\$ 1,973,040

CHANGES IN ENDING NET POSITION

1. Reflect change in Ending Net Position as a result of the change in revenue and expenses.	\$ (11,530,646)
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TOTAL DECREASE IN EXPENSES AND ENDING NET POSITION	<u>\$ (9,557,606)</u>

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

1. adopt Resolution No. 1, FY 2013-14 Internal Service Fund Spring Budget Review, decreasing revenues net position and expenses by \$(9,557,606); and
2. adopt the Summary of Revenues and Appropriations (page 3)

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2013-14 INTERNAL SERVICE FUND
 SUMMARY OF REVENUES AND EXPENSES
 RESOLUTION NO. 1**

	ADOPTED BUDGET 9/3/2013	INCREASE (DECREASE)	AMENDED BUDGET 5/7/2014
OPERATING REVENUE:			
Premium Revenue	\$ 363,764,627	\$ (5,154,707)	\$ 358,609,920
Other Operating Revenue	1,664,237	50,674	1,714,911
NON-OPERATING REVENUE:			
Interest & Investment Revenue	45,000	-	45,000
TOTAL REVENUES	\$ 365,473,864	\$ (5,104,033)	\$ 360,369,831
BEGINNING NET POSITION	\$ 7,861,305	\$ (4,453,573)	\$ 3,407,732
TOTAL OPERATING REVENUES, NON- OPERATING REVENUES & NET POSITION	\$ 373,335,169	\$ (9,557,606)	\$ 363,777,563
OPERATING EXPENSES			
Salaries	\$ 157,412	\$ 4,936	\$ 162,348
Fringe Benefits	45,736	217	45,953
Purchased Services	500,000	-	500,000
ASO/Stop Loss Fees	16,538,162	(4,479,125)	12,059,037
Other Expenses (estimated claims)	341,060,908	6,447,012	347,507,920
TOTAL OPERATING EXPENSES	\$ 358,302,218	\$ 1,973,040	\$ 360,275,258
ENDING NET POSITION	\$ 15,032,951	\$ (11,530,646)	\$ 3,502,305
TOTAL OPERATING EXPENSES AND NET POSITION	\$ 373,335,169	\$ (9,557,606)	\$ 363,777,563