

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2014-15 INTERNAL SERVICE
(HEALTH INSURANCE) FUND MID-YEAR BUDGET REVIEW**

COMMITTEE: FISCAL ACCOUNTABILITY

**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 September 30, 2014. They performed a trend analysis and the attached resolution includes adjusted figures for the estimated projected cost to be incurred for fiscal year 2014-15. Per the updated actuarial figures, we expect a decrease in Ending Net Position of \$(8,864,705).

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.	\$ (16,702,994)
2. Increase other operating revenue based on latest available information.	4,044,524
3. Decrease in estimated interest revenue.	<u>(38,000)</u>
DECREASE IN REVENUES	<u>\$ (12,696,470)</u>

<u>CHANGES IN BEGINNING NET POSITION</u>	
1. The Beginning Net Position recorded as of adoption was based on the amount reported on the Annual Financial Report (AFR). During the preparation of the Comprehensive Annual Financial Report (CAFR), updated actuarial information was received. The updated figures provided required a change in the prior year Ending Net Position for the CAFR. The adjustment is being reflected in this resolution.	\$ 15,169,932
TOTAL INCREASE IN OPERATING REVENUES, NON-OPERATING REVENUES & NET POSITION	<u>\$ 2,473,462</u>

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EXPENSE CHANGES

**INCREASE
(DECREASE)**

- | | |
|--|-------------|
| 1. Increase salaries/fringe benefits to reflect estimated expenses. | \$ 3,794 |
| 2. Decrease ASO/Stop Loss Fees to reflect projected expenses. | (1,153,029) |
| 3. Due to the anticipated high Net Position for June 2015, \$39 million of health insurance costs are being transferred to the Internal Service Fund from all other funds. This cost increase is partially offset by favorable claims experience based on the actuarial report of claims through September 30, 2014. | 12,487,402 |

TOTAL EXPENSES

\$ 11,338,167

CHANGES IN ENDING NET POSITION

- | | |
|---|----------------|
| 1. Reflect change in Ending Net Position as a result of the change in revenue and expenses. | \$ (8,864,705) |
|---|----------------|

TOTAL INCREASE IN EXPENSES AND ENDING NET POSITION

\$ 2,473,462

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

1. adopt Resolution No. 1, FY 2014-15 Internal Service Fund Mid-Year Budget Review, increasing revenues net position and expenses by \$2,473,462; and
2. adopt the Summary of Revenues and Appropriations (page 3).

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2014-15 INTERNAL SERVICE FUND
 SUMMARY OF REVENUES & EXPENSES
 RESOLUTION NO. 1**

	ADOPTED BUDGET 9/3/2014	INCREASE (DECREASE)	AMENDED BUDGET 2/11/2015
OPERATING REVENUES:			
Charges for Services	\$ 377,130,994	\$ (16,702,994)	\$ 360,428,000
Other Operating Revenues	1,929,000	4,044,524	5,973,524
Total Operating Revenues	\$ 379,059,994	\$ (12,658,470)	\$ 366,401,524
NONOPERATING REVENUE:			
Interest & Investment Revenue/(Loss)	91,000	(38,000)	53,000
Total Revenues	\$ 379,150,994	\$ (12,696,470)	\$ 366,454,524
BEGINNING NET POSITION	25,692,354	15,169,932	40,862,286
TOTAL OPERATING & NON-OPERATING REVENUES & BEGINNING NET POSITION	\$ 404,843,348	\$ 2,473,462	\$ 407,316,810
OPERATING EXPENSES:			
Salaries	\$ 160,111	\$ 3,203	\$ 163,314
Fringe Benefits	47,826	591	48,417
Purchased Services	600,000	-	600,000
Dues & Fees	3,503,240	-	3,503,240
ASO/Stop Loss Fees	11,309,029	(1,153,029)	10,156,000
Other Expenses (estimated claims)	362,051,598	12,487,402	374,539,000
Total Operating Expenses	\$ 377,671,804	\$ 11,338,167	\$ 389,009,971
ENDING NET POSITION	27,171,544	(8,864,705)	18,306,839
TOTAL OPERATING EXPENSES AND ENDING NET POSITION	\$ 404,843,348	\$ 2,473,462	\$ 407,316,810