

## 295 - RETIREE MEDICAL INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Retiree Medical Internal Service fund (ISF) provides for retiree health insurance under the retiree medical insurance program.

#### Strategic Goals:

- Fund 295 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

**RETIREE MEDICAL ISF** - The Retiree Medical Internal Service Fund (ISF) provides for benefits under the Retiree Medical Insurance Program. Benefits include a monthly retiree medical grant to be applied to the health premiums of eligible retirees, and a lump sum cash benefit to separated employees not eligible to retire.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted priorities as they relate to the implementation and administration of employee benefits.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	15,351,612
Total Final FY 2004-2005 Budget:	56,553,215
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

The Retiree Medical Insurance Program Grant funding is higher compared to FY 03-04 based on increases in the number of retirees, and increases in the monthly Retiree Medical Grant due to the increase in health plan premiums. This increase is offset by funding from the Retiree Medical Benefit Reserve (RMBR) account per the agreement between the County of Orange and the Orange County Employees Retirement System and the Retiree Medical Insurance Program 1% contribution from employees.

The Retiree Medical Lump Sum Cash Benefit expenses are higher compared to FY 03-04. This was actuarially expected as years pass and salaries for terminating employees now are much higher than they were in 1993 when the program was implemented and employee 1% contributions began.

**Final Budget and History:**

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	47,443,587	52,311,905	53,910,002	56,553,215	2,643,213	4.90
Total Requirements	13,562,769	50,976,748	15,351,612	56,553,215	41,201,603	268.39
Net County Cost	33,880,818	1,335,157	38,558,390	0	(38,558,390)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Retiree Medical Internal Service Fund in the Appendix on page 623.

**Highlights of Key Trends:**

- The Retiree Medical Insurance Program Grant funding is higher compared to FY 03-04 based on increases in the number of retirees, and increases in the monthly Retiree Medical Grant due to the increase in health plan premiums. This increase is offset by funding from the Retiree Medical Benefit Reserve (RMBR) account per the agreement between the County of Orange and the

Orange County Employees Retirement System and the Retiree Medical Insurance Program 1% contribution from employees.

- The Retiree Medical Lump Sum Cash Benefit expenses are higher compared to FY 03-04. This was actuarially expected as years pass and salaries for terminating employees now are much higher than they were in 1993 when the program was implemented and employee 1% contributions began.



## 295 - RETIREE MEDICAL ISF

### Operation of Internal Service Fund 295 Operational Statement for the Fiscal Year 2004 - 2005

Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
<b>Operating Income</b>				
7710 Insurance Premiums	17,553,724	19,565,047	19,855,674	19,855,674
<b>Total Operating Income</b>	17,553,724	19,565,047	19,855,674	19,855,674
<b>Operating Expense</b>				
Services & Supplies				
1800 Office Expense	772	180	32,000	32,000
1806 Printing Cost - Outside Vendors	0	6	0	0
1900 Professional And Specialized Services	181,896	123,758	290,020	290,020
1911 CWCAP Charges	56,066	68,042	71,130	71,130
Total Services & Supplies	238,734	191,986	393,150	393,150
Other Charges				
3510 Other Charges - Operating	13,285,049	15,120,954	56,115,480	56,115,480
Total Other Charges	13,285,049	15,120,954	56,115,480	56,115,480
<b>Total Operating Expenses</b>	13,523,783	15,312,940	56,508,630	56,508,630
<b>Total Operating Income (Loss)</b>	4,029,941	4,252,107	(36,652,956)	(36,652,956)
<b>Non-Operating Revenue</b>				
6610 Interest	556,258	444,046	510,117	510,117
7670 Miscellaneous Revenue	0	20,091	0	0
<b>Total Non-Operating Revenue</b>	556,258	464,137	510,117	510,117
<b>Non-Operating Expenses</b>				
1912 Investment Administrative Fees	38,986	38,672	44,585	44,585
<b>Total Non-Operating Expenses</b>	38,986	38,672	44,585	44,585
<b>Net Non-Operating Income (Loss)</b>	517,272	425,465	465,532	465,532
<b>Income (Loss) Before Contributions &amp; Transfers</b>	4,547,213	4,677,572	(36,187,424)	(36,187,424)
<b>Statement Of Changes In Net Assets - Unrestricted</b>				
Income (Loss) Before Contributions & Transfers	4,547,213	4,677,572	(36,187,424)	(36,187,424)
Increase (Decrease) In Net Assets - Unrestricted	4,547,213	4,677,572	(36,187,424)	(36,187,424)
Net Assets - Unrestricted - Beginning Of Year	29,333,605	33,880,818	36,187,424	36,187,424
Net Assets - Unrestricted - End Of Year	33,880,818	38,558,390	0	0