

**PURPOSE**

To provide funding for the payment of retiree health benefits, otherwise referred to as Other Postemployment Benefits (OPEB). County departments are charged a percentage of payroll in order to fund this fund center.

SCHEDULE 10

OPERATING DETAIL	ACTUAL 2005-06	ESTIMATED 2006-07	PROPOSED ESTIMATES 2007-08	RECOMMENDED ESTIMATES 2007-08
(1)	(2)	(3)	(4)	(5)
REVENUES:				
NONOPERATING REVENUES				
Interest	0	0	50,000	50,000
TOTAL NONOPERATING REVENUES	0	0	50,000	50,000
OPERATING REVENUES				
Charges to Department	0	0	2,300,000	2,300,000
TOTAL OPERATING REVENUES	0	0	2,300,000	2,300,000
TOTAL REVENUES	0	0	2,350,000	2,350,000
EXPENSES:				
OPERATING EXPENSES				
Insurance	0	0	780,000	780,000
TOTAL OPERATING EXPENSES	0	0	780,000	780,000
TOTAL EXPENSES	0	0	780,000	780,000
NET INCOME (LOSS)	0	0	1,570,000	1,570,000

**COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS**

Recent law changes required local governments to account for the cost of health benefits promised to employees who will be retiring over the next 30 years. For some entities, this cost is staggering and many will be required to issue debt and/or reduce services to pay for these benefits. While our liability for these expenses is modest compared to many other governmental agencies – the current estimate for the County is approximately \$25 million - the Auditor has recommended we begin to set aside funds to pay these future expenses. Department salary costs are increased by about \$2.3 million in 2007-08 to begin funding this long-term liability.

This fund center also includes approximately \$780,000 to pay for existing retired County employees' health benefits. Funding for this was previously included in the Risk Management budget (fund center 105).