



ERIE COUNTY WATER AUTHORITY INTEROFFICE MEMORANDUM

December 27, 2018

To: Terrence D. McCracken, Secretary to the Authority
From: Karen A. Prendergast, Comptroller *KAP*
Subject: Budget Transfer for Retiree Health Insurance

Health insurance costs are budgeted in two separate line items. Insurance costs for active employees is budgeted as part of the fringe benefit clearing account. Employee health, dental, vision, workers' compensation, and life insurance, along with pension expense and payroll taxes are pooled and applied to each employee at a projected hourly rate. The clearing account is then reconciled at year end and any over or under application is resolved.

Payments made for retiree health insurance, are budgeted in the General Expenses Unit. Retiree claims have been overbudget for 2018. It is necessary to process a budget transfer of \$120,000 in the General Expenses Unit to properly record the cost of retiree health insurance.

Due to significant surpluses in active employee claims, overall health insurance expenses are projected to be about 8.5% under the budgeted amount of \$5,684,934 at the end of the year.

Please prepare a resolution for consideration at the December 27, 2018 Board meeting.