

## **INTERNAL SERVICE FUND**

The Internal Service Fund is the combination of the City's Health Benefits Fund and two Self-Insured Workers' Compensation Funds. The Health Benefits Fund is a self-insured fund administered by Cigna HealthCare, Medco, and Anthem. This fund accounts for medical and dental claims for employees and retirees.

### **HEALTH BENEFITS**

<b>Revenues:</b>	<b>2009-2010 <u>Actual</u></b>	<b>2010-2011 <u>Budget</u></b>	<b>2011-2012 <u>Budget</u></b>
Investment Income	\$42,369	\$50,000	\$25,000
Contributions	5,787,630	5,790,000	6,178,500
Transfers In	21,529,609	22,427,000	21,883,000
Miscellaneous	139,843	230,000	145,000
Undesignated Fund Balance	0	179,635	500,000
<b>Total</b>	<u>\$27,499,451</u>	<u>\$28,676,635</u>	<u>\$28,731,500</u>
<b>Expenditures:</b>			
Claims	22,884,883	\$27,500,000	\$27,474,575
Administrative Fees	1,391,242	1,166,635	1,236,925
Professional Fees	8,437	10,000	20,000
Transfer Out	5,200,000	0	0
<b>Total</b>	<u>\$29,484,562</u>	<u>\$28,676,635</u>	<u>\$28,731,500</u>

There are two self-insured workers' compensation funds differentiated as "Old" and "New". The "Old" fund encompasses claims that occurred from 1985 through 1988. A review of the "old" workers' compensation fund was done by the City's legal office in conjunction with the third party administrator (Travelers). After a thorough review, the decision was made to leave \$150,000 in the fund to handle all remaining claims. There is no budget for 2011-12, but the remaining \$150,000 will stay in the fund and the open claims will be evaluated on an annual basis to determine if additional funds are needed.

The "New" workers' compensation fund is closely monitored by the Insurance Committee, a subcommittee of the Board of Finance. For 2011-12, the City had some difficulty securing excess insurance. In addition, a few public safety workers experienced serious injuries that have required extensive leave and costly medical procedures. Consequently, the budget went up \$913,455 to account for these costs. The Insurance Committee has asked that the City consider bidding a fully insured program as an alternative, to make sure that the City is still pursuing the best plan.

**Program Summaries-  
Internal Service Fund**

---

**Internal Service Fund - (continued)**

**OLD WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2009-2010 <u>Actual</u></b>	<b>2010-2011 <u>Budget</u></b>	<b>2011-2012 <u>Budget</u></b>
Miscellaneous	\$63,763	\$0	\$0
Investment Income	2,995	500	0
Fund Balance Undesignated		510,000	0
	<u>\$66,758</u>	<u>\$510,500</u>	<u>\$0</u>
<b>Expenditures:</b>			
Claims	\$214	\$10,000	\$0
State of Connecticut Fees	0	500	0
Administrative Fees	0	0	0
Operating Transfers Out	0	500,000	0
	<u>\$214</u>	<u>\$510,500</u>	<u>\$0</u>

**NEW WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2009-2010 <u>Actual</u></b>	<b>2010-2011 <u>Budget</u></b>	<b>2011-2012 <u>Budget</u></b>
Contributions	\$111,040	\$82,500	\$85,000
Transfers in	7,493,000	2,501,500	3,413,455
Investment Income	4,308	6,000	5,000
	<u>\$7,608,348</u>	<u>\$2,590,000</u>	<u>\$3,503,455</u>
<b>Expenditures:</b>			
Claims	\$4,207,847	\$2,252,850	\$3,173,455
State of Connecticut Fees	125,368	142,000	131,000
Administrative Fees	191,321	195,150	199,000
	<u>\$4,524,536</u>	<u>\$2,590,000</u>	<u>\$3,503,455</u>

**Program Summaries-  
Internal Service Fund**

---

**Internal Service Fund - (continued)**

*The totals of these three funds are combined to form the Internal Service Fund.*

**INTERNAL SERVICE FUND**

	<b>2009-2010 <u>Actual</u></b>	<b>2010-2011 <u>Budget</u></b>	<b>2011-2012 <u>Budget</u></b>
<b>Revenues:</b>			
Miscellaneous	\$203,606	\$230,000	\$145,000
Contributions	5,898,670	5,872,500	6,263,500
Transfers In	29,022,609	24,928,500	25,296,455
Fund Balance Undesignated	0	689,635	500,000
Interest Income	49,672	56,500	30,000
	<u>\$35,174,557</u>	<u>\$31,777,135</u>	<u>\$32,234,955</u>
<b>Expenditures:</b>			
Professional Fees & Services	\$8,437	\$10,000	\$20,000
Administrative Fees	1,582,563	1,361,785	1,435,925
Claims	27,092,944	29,762,850	30,648,030
State of Connecticut Fees	125,368	142,500	131,000
Transfers Out	5,200,000	500,000	0
	<u>\$34,009,312</u>	<u>\$31,777,135</u>	<u>\$32,234,955</u>

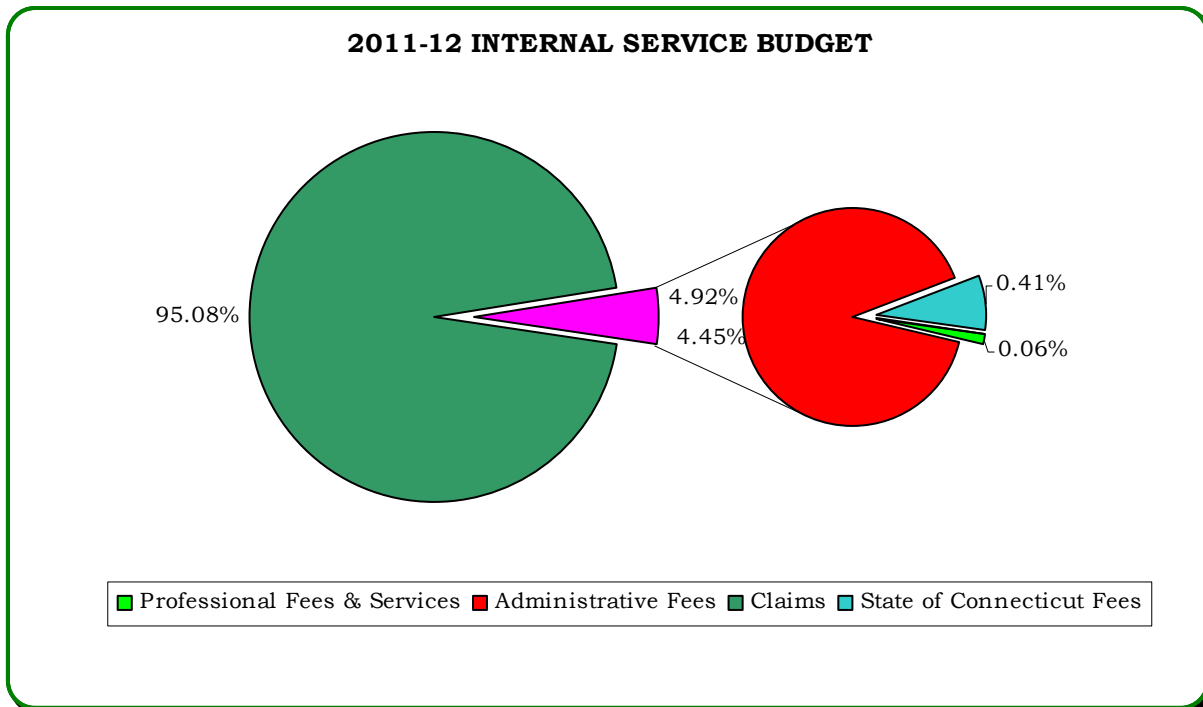
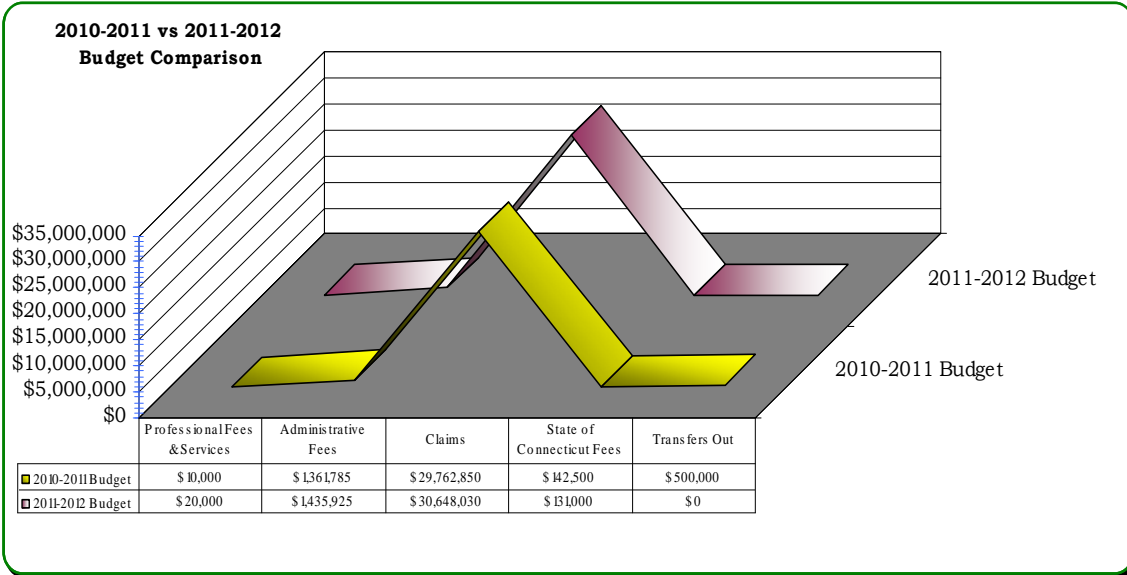
Shown on the next page is a graph of budgeted expenditures for the Internal Service Fund for 2010-2011 and 2011-2012. The claims account increased by \$885,180 in the 2011-2012 Budget due to workers' compensation claims.

The Insurance Committee changed medical and prescription coverage providers effective July 1, 2010 from Anthem to CIGNA for medical and Medco for prescriptions. It has proven to be a very successful change, saving several million dollars. The Committee is also actively pursuing a Citywide wellness program for all employees.

The fees assessed by the Second Injury Fund from the State of Connecticut are projected to decrease by \$11,500 due to a decrease in the assessment by the Connecticut State Treasurer.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund - (continued)**



**Program Summaries-  
Internal Service Fund**

**Internal Service Fund - (continued)**

**1161018 HEALTH BENEFITS- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2009-2010	ORIGINAL BUDGET 2010-2011	REVISED BUDGET 2010-2011	BUDGET REQUEST 2011-2012	JOINT BOARD 2011-2012
<b>OTHER/MISCELLANEOUS REVENUE</b>							
450210		MEDICARE D REIMBURSEMENTS	\$36,628	\$55,000	\$55,000	\$45,000	\$45,000
454001		MISCELLANEOUS- OTHER	103,215	175,000	175,000	100,000	100,000
<b>TOTAL OTHER/MISCELLANEOUS REVE</b>			<b>\$139,843</b>	<b>\$230,000</b>	<b>\$230,000</b>	<b>\$145,000</b>	<b>\$145,000</b>
<b>CONTRIBUTIONS</b>							
470008		WATER CONTRIBUTIONS	\$778,294	\$800,000	\$800,000	\$765,000	\$765,000
470017		BOARD OF EDUCATION RETIREES	1,552,439	1,800,000	1,800,000	1,560,000	1,560,000
470016		BOE EMPLOYEE CONTRIBUTIONS	1,878,834	1,800,000	1,800,000	2,040,000	2,040,000
470031		PENSION CONTRIBUTIONS	66,155	70,000	70,000	300,000	300,000
480010		OTHER AGENCIES	777,246	730,000	730,000	727,000	727,000
480011		RETIREES DEPENDENTS	19,859	20,000	20,000	24,000	24,000
470032		CITY EMPLOYEE CONTRIBUTIONS	616,120	510,000	510,000	685,000	685,000
470035		CITY RETIREE CONTRIBUTIONS	0	0	0	2,500	2,500
470029		COBRA CONTRIBUTIONS	98,683	60,000	60,000	75,000	75,000
<b>TOTAL CONTRIBUTIONS</b>			<b>\$5,787,630</b>	<b>\$5,790,000</b>	<b>\$5,790,000</b>	<b>\$6,178,500</b>	<b>\$6,178,500</b>
<b>OPERATING TRANSFERS IN</b>							
490501		BOARD OF EDUCATION	\$12,447,738	\$12,882,000	\$12,882,000	\$12,910,000	\$12,910,000
490118		SEWER ASSESSMENTS	380,250	425,000	425,000	330,000	330,000
490001		GENERAL FUND	7,600,000	8,000,000	8,000,000	6,830,000	6,830,000
490104		BRISTOL DEVELOPMENT AUTHORITY	100,739	120,000	120,000	103,000	103,000
490106		SPECIAL GRANTS	95,955	30,000	30,000	30,000	30,000
490127		SCHOOL LUNCH	401,217	470,000	470,000	430,000	430,000
490108		SPECIAL EDUCATION GRANT FUNDS	496,514	500,000	500,000	450,000	450,000
490710		POLICE PENSION	0	0	0	400,000	400,000
490711		FIRE PENSION	0	0	0	400,000	400,000
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$21,522,413</b>	<b>\$22,427,000</b>	<b>\$22,427,000</b>	<b>\$21,883,000</b>	<b>\$21,883,000</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$42,369	\$50,000	\$50,000	\$25,000	\$25,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$42,369</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$25,000</b>	<b>\$25,000</b>
<b>OTHER</b>							
491003		BUDGETARY FUND BALANCE	\$0	\$179,635	\$179,635	\$500,000	\$500,000
<b>TOTAL FUND BALANCE</b>			<b>\$0</b>	<b>\$179,635</b>	<b>\$179,635</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$27,492,255</b>	<b>\$28,676,635</b>	<b>\$28,676,635</b>	<b>\$28,731,500</b>	<b>\$28,731,500</b>

**1168102 HEALTH BENEFITS- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2009-2010	ORIGINAL BUDGET 2010-2011	REVISED BUDGET 2010-2011	BUDGET REQUEST 2011-2012	JOINT BOARD 2011-2012
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$1,391,242	\$1,166,635	\$1,166,635	\$1,236,925	\$1,236,925
531000		PROFESSIONAL FEES	8,437	10,000	10,000	20,000	20,000
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$1,399,679</b>	<b>\$1,176,635</b>	<b>\$1,176,635</b>	<b>\$1,256,925</b>	<b>\$1,256,925</b>
<b>OTHER/MISCELLANEOUS</b>							
586300		MEDICAL CLAIMS	\$22,884,883	\$27,500,000	\$27,500,000	\$27,474,575	\$27,474,575
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$22,884,883</b>	<b>\$27,500,000</b>	<b>\$27,500,000</b>	<b>\$27,474,575</b>	<b>\$27,474,575</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$24,284,562</b>	<b>\$28,676,635</b>	<b>\$28,676,635</b>	<b>\$28,731,500</b>	<b>\$28,731,500</b>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund - (continued)**

**1191018 NEW WORKERS COMP- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2009-2010	ORIGINAL BUDGET 2010-2011	REVISED BUDGET 2010-2011	BUDGET REQUEST 2011-2012	JOINT BOARD 2011-2012
<b>OPERATING TRANSFERS IN</b>							
490001		GENERAL FUND	\$1,848,000	\$1,509,000	\$1,509,000	\$2,847,205	\$2,847,205
490116		HEALTH BENEFITS	5,200,000	0	0	0	0
490118		SEWER OPERATING & ASSESSMENT	20,000	25,000	25,000	52,000	52,000
490120		OLD WORKERS' COMPENSATION FUND	0	500,000	500,000	0	0
490501		BOARD OF EDUCATION	425,000	467,500	467,500	514,250	514,250
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$7,493,000</b>	<b>\$2,501,500</b>	<b>\$2,501,500</b>	<b>\$3,413,455</b>	<b>\$3,413,455</b>
<b>MISCELLANEOUS/CONTRIBUTIONS</b>							
470008		WATER DEPARTMENT CONTRIBUTION	\$111,040	\$82,500	\$82,500	\$85,000	\$85,000
<b>TOTAL MISCELLANEOUS/CONTRIBUTIONS</b>			<b>\$111,040</b>	<b>\$82,500</b>	<b>\$82,500</b>	<b>\$85,000</b>	<b>\$85,000</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$4,308	\$6,000	\$6,000	\$5,000	\$5,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$4,308</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$5,000</b>	<b>\$5,000</b>
<b>NEW WORKERS COMP SELF-TOTAL</b>			<b>\$7,608,348</b>	<b>\$2,590,000</b>	<b>\$2,590,000</b>	<b>\$3,503,455</b>	<b>\$3,503,455</b>

**1198105 NEW WORKERS COMP- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2009-2010	ORIGINAL BUDGET 2010-2011	REVISED BUDGET 2010-2011	BUDGET REQUEST 2011-2012	JOINT BOARD 2011-2012
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$191,321	\$195,150	\$195,150	\$199,000	\$199,000
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$191,321</b>	<b>\$195,150</b>	<b>\$195,150</b>	<b>\$199,000</b>	<b>\$199,000</b>
<b>OTHER/MISCELLANEOUS</b>							
586220		INDEMNITY	\$1,427,534	\$841,200	\$841,200	\$1,100,180	\$1,100,180
586210		MEDICAL	2,503,950	1,101,650	1,101,650	1,650,275	1,650,275
586230		EXCESS INSURANCE	276,361	310,000	310,000	423,000	423,000
589155		STATE OF CONNECTICUT FEES	125,368	142,000	142,000	131,000	131,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$4,333,214</b>	<b>\$2,394,850</b>	<b>\$2,394,850</b>	<b>\$3,304,455</b>	<b>\$3,304,455</b>
<b>NEW WORKERS COMP- TOTALS</b>			<b>\$4,524,535</b>	<b>\$2,590,000</b>	<b>\$2,590,000</b>	<b>\$3,503,455</b>	<b>\$3,503,455</b>