

## **INTERNAL SERVICE FUND**

### **Program Summary**

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 Anthem Blue Cross/Blue Shield. This fund accounts for all medical claims for 99% of employees who are enrolled in Anthem Blue Cross/Blue Shield.

### **HEALTH BENEFITS**

<b>Revenues:</b>	<b>2006-2007 <u>Actual</u></b>	<b>2007-2008 <u>Budget</u></b>	<b>2008-2009 <u>Budget</u></b>
Investment Income	\$308,065	\$165,035	\$157,500
Contributions	4,244,893	4,520,000	4,710,000
Transfers In	18,462,269	18,294,465	19,778,115
Miscellaneous	149,959	25,000	50,000
Undesignated Fund Balance	0	700,000	800,000
	<u>\$23,165,186</u>	<u>\$23,704,500</u>	<u>\$25,495,615</u>
<b>Expenditures:</b>			
Claims	\$18,947,504	\$21,950,000	\$23,898,115
Blue Cross/Blue Shield Premiums	1,085	0	0
Administrative Fees	1,556,526	1,747,000	1,590,000
Professional Fees	1,810	6,500	6,500
Miscellaneous	325	1,000	1,000
	<u>\$20,507,250</u>	<u>\$23,704,500</u>	<u>\$25,495,615</u>

There are two self-insured workers' compensation funds differentiated as "Old" and "New". The "Old" fund encompasses claims that occurred in 1985 through 1988. It will remain operational until all claims are settled. The "New" workers' compensation fund began July 1, 2003 and has been closely followed by the Insurance Committee, a subcommittee of the Board of Finance. It has proven to decrease costs associated with workers' compensation and more importantly reduce the frequency of injuries through enhanced training and education.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**OLD WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2006-2007 <u>Actual</u></b>	<b>2007-2008 <u>Budget</u></b>	<b>2008-2009 <u>Budget</u></b>
Miscellaneous	\$74,857	\$0	\$0
Investment Income	31,693	20,000	15,000
Fund Balance Undesignated	0	57,000	36,750
	<u>\$106,550</u>	<u>\$77,000</u>	<u>\$51,750</u>
<b>Expenditures:</b>			
Claims	\$42,516	\$65,000	\$48,750
State of Connecticut Fees	12,000	12,000	3,000
Administrative Fees	0	0	0
	<u>\$54,516</u>	<u>\$77,000</u>	<u>\$51,750</u>

**NEW WORKERS' COMPENSATION-SELF INSURANCE**

<b>Revenues:</b>	<b>2006-2007 <u>Actual</u></b>	<b>2007-2008 <u>Budget</u></b>	<b>2008-2009 <u>Budget</u></b>
Contributions	\$128,464	\$75,000	\$75,000
Transfers in	1,750,000	1,840,000	2,050,000
Investment Income	55,473	40,000	24,000
	<u>\$1,933,937</u>	<u>\$1,955,000</u>	<u>\$2,149,000</u>
<b>Expenditures:</b>			
Claims	\$2,032,271	\$1,611,000	\$1,806,000
State of Connecticut Fees	91,657	164,000	150,000
Administrative Fees	173,327	180,000	193,000
	<u>\$2,297,255</u>	<u>\$1,955,000</u>	<u>\$2,149,000</u>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

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

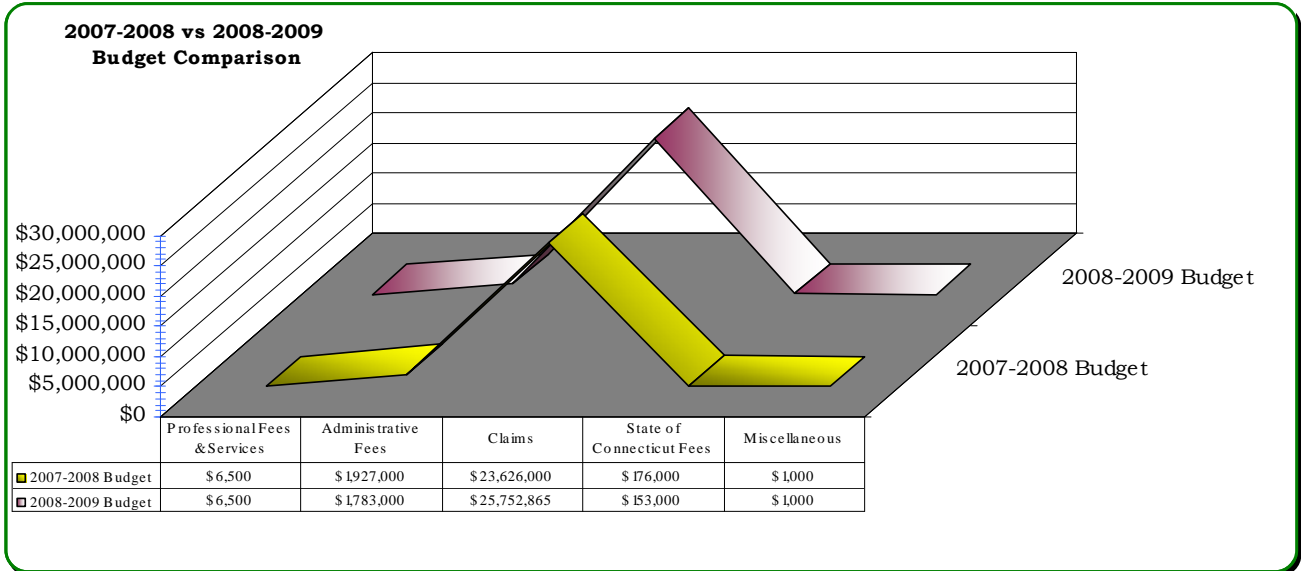
**INTERNAL SERVICE FUND**

	<b>2006-2007 <u>Actual</u></b>	<b>2007-2008 <u>Budget</u></b>	<b>2008-2009 <u>Budget</u></b>
<b>Revenues:</b>			
Miscellaneous	\$224,816	\$25,000	\$50,000
Contributions	4,373,357	4,595,000	4,785,000
Transfers In	20,212,269	20,134,465	21,828,115
Fund Balance Undesignated	0	757,000	836,750
Interest Income	395,231	225,035	196,500
	<u>\$25,205,673</u>	<u>\$25,736,500</u>	<u>\$27,696,365</u>
<b>Expenditures:</b>			
Professional Fees & Services	1,810	6,500	6,500
Administrative Fees	1,729,853	1,927,000	1,783,000
Claims	21,022,201	23,626,000	25,752,865
State of Connecticut Fees	103,657	176,000	153,000
Miscellaneous	1,410	1,000	1,000
	<u>\$22,858,931</u>	<u>\$25,736,500</u>	<u>\$27,696,365</u>

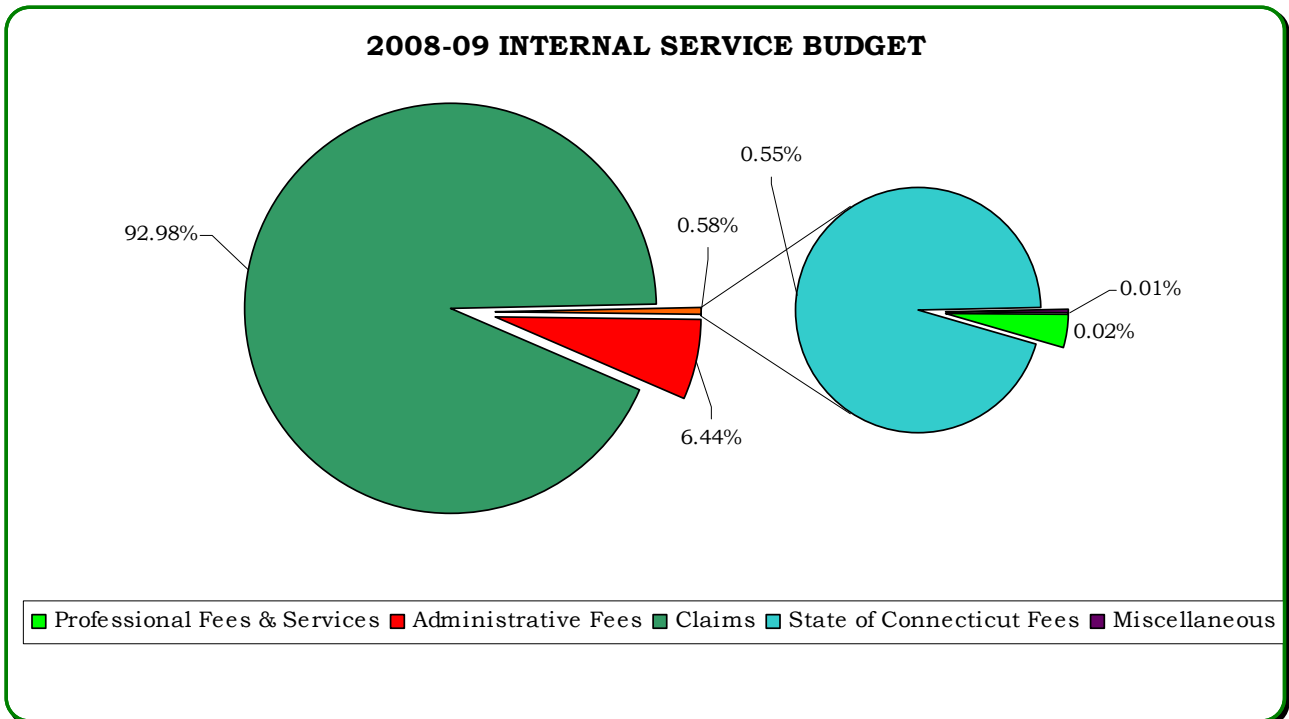
Shown on the next page is a graph of budgeted expenditures for the Internal Service Fund for 2007-2008 and 2008-2009. The claims account increased by \$2,126,865 in the 2008-2009 budget due to increased medical costs and increased claims. To offset this increase, there is a decreased cost for the processing of medical claims. Those costs are in the administrative fees category and have decreased by \$144,000. Lastly, the fees assessed by the Second Injury Fund from the State of Connecticut are projected to decrease by \$23,000 due to a reduction in the assessment by the State. It is anticipated that there will be a minor deficit at the end of 2007-2008.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**



Below is a graph of the estimated internal service expenditures for fiscal year 2008-2009.



Shown on the next page is the revenue estimate for Health Benefits, followed by the estimated expenditures, as well as the Workers' Compensation Self-Insurance revenue estimates and estimated expenditures.

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**Budget Highlights**

**1161018 HEALTH BENEFITS- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>OTHER/MISCELLANEOUS REVENUE</b>							
450210		MEDICARE D REIMBURSEMENTS	\$45,031	\$0	\$0	\$0	\$0
454001		MISCELLANEOUS- OTHER	104,927	25,000	25,000	50,000	50,000
<b>TOTAL OTHER/MISCELLANEOUS REVE</b>			<b>\$149,959</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>CONTRIBUTIONS</b>							
470008		WATER CONTRIBUTIONS	\$559,871	\$535,000	\$535,000	\$560,000	\$560,000
470017		BOARD OF EDUCATION RETIREES	1,565,360	1,675,000	1,675,000	1,690,000	1,690,000
470016		BOE EMPLOYEE CONTRIBUTIONS	1,031,529	1,260,000	1,260,000	1,280,000	1,280,000
470031		PENSION CONTRIBUTIONS	89,710	80,000	80,000	80,000	80,000
480010		OTHER AGENCIES	706,147	700,000	700,000	750,000	750,000
480011		RETIREES DEPENDENTS	32,347	15,000	15,000	20,000	20,000
470023		CITY EMPLOYEE CONTRIBUTIONS	184,006	210,000	210,000	275,000	275,000
470029		COBRA CONTRIBUTIONS	75,922	45,000	45,000	55,000	55,000
<b>TOTAL CONTRIBUTIONS</b>			<b>\$4,244,893</b>	<b>\$4,520,000</b>	<b>\$4,520,000</b>	<b>\$4,710,000</b>	<b>\$4,710,000</b>
<b>OPERATING TRANSFERS IN</b>							
490501		BOARD OF EDUCATION	\$10,927,236	\$10,866,465	\$10,866,465	\$11,762,115	\$11,762,115
490118		SEWER ASSESSMENTS	351,686	370,000	370,000	400,000	400,000
490001		GENERAL FUND	6,200,000	6,223,000	6,223,000	6,796,000	6,796,000
490104		BRISTOL DEVELOPMENT AUTHORITY	62,797	75,000	75,000	80,000	80,000
490106		SPECIAL GRANTS	125,446	25,000	25,000	30,000	30,000
490127		SCHOOL LUNCH	381,961	385,000	385,000	410,000	410,000
490108		SPECIAL EDUCATION GRANT FUNDS	413,141	350,000	350,000	400,000	400,000
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$18,462,269</b>	<b>\$18,294,465</b>	<b>\$18,294,465</b>	<b>\$19,878,115</b>	<b>\$19,878,115</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$308,066	\$165,035	\$165,035	\$157,500	\$157,500
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$308,066</b>	<b>\$165,035</b>	<b>\$165,035</b>	<b>\$157,500</b>	<b>\$157,500</b>
<b>OTHER</b>							
491003		BUDGETARY FUND BALANCE	\$0	\$700,000	\$700,000	\$700,000	\$700,000
<b>TOTAL FUND BALANCE</b>			<b>\$0</b>	<b>\$700,000</b>	<b>\$700,000</b>	<b>\$700,000</b>	<b>\$700,000</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$23,165,186</b>	<b>\$23,704,500</b>	<b>\$23,704,500</b>	<b>\$25,495,615</b>	<b>\$25,495,615</b>

**1168102 HEALTH BENEFITS- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$1,556,526	\$1,747,000	\$1,747,000	\$1,590,000	\$1,590,000
531000		PROFESSIONAL FEES	1,810	6,500	6,500	6,500	6,500
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$1,558,336</b>	<b>\$1,753,500</b>	<b>\$1,753,500</b>	<b>\$1,596,500</b>	<b>\$1,596,500</b>
<b>BENEFITS</b>							
520050		BLUE CROSS/BLUE SHIELD	\$1,085	\$0	\$0	\$0	\$0
<b>TOTAL BENEFITS</b>			<b>\$1,085</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OTHER/MISCELLANEOUS</b>							
586300		MEDICAL CLAIMS	\$18,947,504	\$21,950,000	\$21,950,000	\$23,898,115	\$23,898,115
589100		MISCELLANEOUS	325	1,000	1,000	1,000	1,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$18,947,829</b>	<b>\$21,951,000</b>	<b>\$21,951,000</b>	<b>\$23,899,115</b>	<b>\$23,899,115</b>
<b>TOTAL HEALTH BENEFITS</b>			<b>\$20,507,250</b>	<b>\$23,704,500</b>	<b>\$23,704,500</b>	<b>\$25,495,615</b>	<b>\$25,495,615</b>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

**NEW WORKERS' COMPENSATION FUND**

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

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>OPERATING TRANSFERS IN</b>							
490001		GENERAL FUND	\$1,305,000	\$1,415,000	\$1,415,000	\$1,600,000	\$1,600,000
490118		SEWER OPERATING & ASSESSMENT	50,000	0	0	25,000	25,000
490501		BOARD OF EDUCATION	395,000	425,000	425,000	425,000	425,000
<b>TOTAL OPERATING TRANSFERS IN</b>			<b>\$1,750,000</b>	<b>\$1,840,000</b>	<b>\$1,840,000</b>	<b>\$2,050,000</b>	<b>\$2,050,000</b>
<b>MISCELLANEOUS/CONTRIBUTIONS</b>							
454001		MISCELLANEOUS/OTHER	\$0	\$0	\$0	\$0	\$0
470008		WATER DEPARTMENT CONTRIBUTION	128,464	75,000	75,000	75,000	75,000
<b>TOTAL MISCELLANEOUS/CONTRIBUTIONS</b>			<b>\$128,464</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$55,473	\$40,000	\$40,000	\$24,000	\$24,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$55,473</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$24,000</b>	<b>\$24,000</b>
<b>NEW WORKERS COMP SELF-TOTAL</b>			<b>\$1,933,937</b>	<b>\$1,955,000</b>	<b>\$1,955,000</b>	<b>\$2,149,000</b>	<b>\$2,149,000</b>

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

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>CONTRACTUAL SERVICES</b>							
531150		ADMINISTRATIVE FEES	\$173,327	\$180,000	\$180,000	\$193,000	\$193,000
<b>TOTAL CONTRACTUAL SERVICES</b>			<b>\$173,327</b>	<b>\$180,000</b>	<b>\$180,000</b>	<b>\$193,000</b>	<b>\$193,000</b>
<b>OTHER/MISCELLANEOUS</b>							
586220		INDEMNITY	\$578,945	\$600,000	\$600,000	\$672,000	\$672,000
586210		MEDICAL	1,258,335	823,000	823,000	928,000	928,000
586230		EXCESS INSURANCE	194,991	188,000	188,000	206,000	206,000
589155		STATE OF CONNECTICUT FEES	91,656	164,000	164,000	150,000	150,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$2,123,928</b>	<b>\$1,775,000</b>	<b>\$1,775,000</b>	<b>\$1,956,000</b>	<b>\$1,956,000</b>
<b>NEW WORKERS COMP- TOTALS</b>			<b>\$2,297,255</b>	<b>\$1,955,000</b>	<b>\$1,955,000</b>	<b>\$2,149,000</b>	<b>\$2,149,000</b>

**OLD WORKERS' COMPENSATION FUND**

**1201018 OLD WORKERS COMP- SELF INSURANCE REVENUE**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>OTHER FINANCING SOURCES</b>							
491003		FUND BALANCE- UNDESIGNATED	\$74,857	\$57,000	\$57,000	\$36,750	\$36,750
454001		MISCELLANEOUS/OTHER		0			
<b>TOTAL OTHER FINANCING SOURCES</b>			<b>\$74,857</b>	<b>\$57,000</b>	<b>\$57,000</b>	<b>\$36,750</b>	<b>\$36,750</b>
<b>INVESTMENT EARNINGS</b>							
460000		INTEREST INCOME	\$31,693	\$20,000	\$20,000	\$15,000	\$15,000
<b>TOTAL INVESTMENT EARNINGS</b>			<b>\$31,693</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b>OLD WORKERS COMP SELF-TOTAL</b>			<b>\$106,550</b>	<b>\$77,000</b>	<b>\$77,000</b>	<b>\$51,750</b>	<b>\$51,750</b>

**Program Summaries-  
Internal Service Fund**

**Internal Service Fund (continued)**

***OLD WORKERS' COMPENSATION FUND (continued)***

**1208105 OLD WORKERS COMP- SELF INSURANCE EXPENDITURES**

OBJECT	PROJECT	DESCRIPTION	PRIOR YEAR ACTUAL 2006-2007	ORIGINAL BUDGET 2007-2008	REVISED BUDGET 2007-2008	BUDGET REQUEST 2008-2009	JOINT BOARD 2008-2009
<b>OTHER/MISCELLANEOUS</b>							
586220		INDEMNITY	\$14,122	\$50,000	\$50,000	\$35,000	\$35,000
586210		MEDICAL	25,327	10,000	10,000	10,000	10,000
586230		EXCESS INSURANCE	3,067	5,000	5,000	3,750	3,750
589155		STATE OF CONNECTICUT FEES	12,000	12,000	12,000	3,000	3,000
<b>TOTAL OTHER/MISCELLANEOUS</b>			<b>\$54,516</b>	<b>\$77,000</b>	<b>\$77,000</b>	<b>\$51,750</b>	<b>\$51,750</b>
<b>OLD WORKERS COMP-TOTALS</b>			<b>\$54,516</b>	<b>\$77,000</b>	<b>\$77,000</b>	<b>\$51,750</b>	<b>\$51,750</b>



