

Fund: Self Insurance Internal Service Fund
Fund Number: 605

DESCRIPTION OF ACTIVITY

This fund is used to account for the property and liability insurance needs of the City. As an internal service fund, the insurance premium costs and claims are charged against this fund.

The City participates in a joint powers agreement with other cities around the state in the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is self-sustaining in all areas of coverage and the City pays an annual premium to cover current and future losses. The LMCIT provides coverage for liability, errors and omissions and auto.

The City established this fund to account for and finance its uninsured risks of loss. Under this program, this fund provides coverage for up to a maximum \$25,000 for each general liability or property damage claim, up to \$75,000 per year. The City purchases insurance through the LMCIT for claims in excess of the coverage provided by this fund.

The Self-Insurance Fund will finance approximately 20% of the City's insurance and risk-related costs by using interest income and LMCIT dividends. The remaining 80% will be charged to each City fund based on their risks and coverage requirements.

FINANCIAL ANALYSIS

Self Insurance Internal Service Fund	Estimated 2010	Proposed 2011
Available Resources - Beginning Balance	\$ 860,083	\$ 860,083
<i><u>Revenues</u></i>		
Department Billings – Insurance	158,116	153,229
Investment Income	23,000	15,750
LMCIT Dividends	22,000	18,200
<i><u>Expenditures</u></i>		
Insurance Premiums	(156,116)	(145,229)
Insurance Agent Fee	(7,000)	(7,200)
Estimated Claims Paid	(40,000)	(40,000)
Available Resources - Ending Balance	\$ 860,083	\$ 854,833

Object Code / Description	2007 Actual Amount	2008 Actual Amount	2009 Actual Amount	2010 Final Budget	2011 Requested Budget	2011 Approved Budget
00605 SELF-INSURANCE						
4000 REVENUES AND EXPENDITURES						
4001 REVENUES						
4400 TOTAL CH. FOR SERV. -GEN GOVT						
4444 INSURANCE CHARGES - INTERNAL	92,571-	116,566-	139,569-	158,116-	153,229-	153,229-
4400 TOTAL CH. FOR SERV. -GEN GOVT	92,571-	116,566-	139,569-	158,116-	153,229-	153,229-
4800 TOTAL INVESTMENT EARNINGS						
4805 INVESTMENT INCOME	45,722-	37,171-	25,377-	23,000-	21,000-	15,750-
4880 CHANGE IN F.V. OF INVESTMENTS	13,510-	869-	4,452			
4800 TOTAL INVESTMENT EARNINGS	59,231-	38,039-	20,925-	23,000-	21,000-	15,750-
4900 TOTAL MISCELLANEOUS						
4902 MISCELLANEOUS RECEIPTS	11,634-	5,999-	1,329-			
4912 REFUNDS - INSURANCE	28,339-	16,002-	35,937-	22,000-	18,200-	18,200-
4900 TOTAL MISCELLANEOUS	39,973-	22,001-	37,266-	22,000-	18,200-	18,200-
4001 REVENUES	191,776-	176,607-	197,760-	203,116-	192,429-	187,179-
6001 EXPENDITURES AND EXPENSES						
6700 TOTAL INSURANCE						
6705 INSURANCE	142,774	150,645	168,708	163,116	152,429	152,429
6710 INSURANCE - PAID LOSSES	39,429	128,698	8,836-	40,000	40,000	40,000
6700 TOTAL INSURANCE	182,203	279,343	159,872	203,116	192,429	192,429
6001 EXPENDITURES AND EXPENSES	182,203	279,343	159,872	203,116	192,429	192,429
4000 REVENUES AND EXPENDITURES	9,573-	102,736	37,888-			5,250
00605 SELF-INSURANCE	9,573-	102,736	37,888-			5,250

Fund: Post Employment Health Benefits Fund
Fund Number: 610

DESCRIPTION OF ACTIVITY

This fund is used to account for the post employment health insurance costs of certain City's retirees. As an internal service fund, the health insurance premium costs are charged against this fund for the retirees who qualify under the retiree health insurance program.

This benefit is no longer available to current active employees. The City makes annual contributions to retirement health savings accounts for current and future employees. The contribution is expensed as it is made and the City has no other liability for current employees.

In the past, employees who retired under a full unreduced retirement benefit from PERA and were members of the City's group hospitalization insurance plan, had the option of retaining membership in the City's group hospitalization plan. The City pays the same health insurance single person premium contribution as currently contributed by the City for active employees for single health insurance until such time as the retiree is eligible for Medicare or age 65. If the retiree desires to continue other coverage besides the single person plan, the additional costs for the additional coverage will be paid by the retiree to the City.

There are four employees receiving this benefit as of January 2011. The last of these employees will run out of eligibility in the year 2014. The entire fund balance is reserved for the payment of future health insurance premiums under the retiree health insurance program. Future liability for the program is adjusted annually using various assumptions concerning the cost and eligibility requirements for post employment health insurance. The fund balance is believed to be adequate to cover all future liability for this benefit.

At the beginning of 2010, total assets of the fund were \$255,481 along with a liability for estimated future benefits of \$109,083 and a fund balance of \$146,398.

FINANCIAL ANALYSIS

Post Employment Health Benefits Fund	Estimated 2010	Proposed 2011
Available Resources - Beginning Balance	\$ 146,398	\$ 123,583
<i>Revenues</i>		
Department Billings		
Investment Income	7,000	3,600
<i>Expenditures</i>		
Insurance Premiums Paid	(29,815)	(30,474)
Available Resources - Ending Balance	\$ 123,583	\$ 96,709

Object Code / Description	2007 Actual Amount	2008 Actual Amount	2009 Actual Amount	2010 Final Budget	2011 Requested Budget	2011 Approved Budget
00610 POST EMPLOY HEALTH BENEFITS						
4000 REVENUES AND EXPENDITURES						
4001 REVENUES						
4400 TOTAL CH. FOR SERV. -GEN GOV'T						
4800 TOTAL INVESTMENT EARNINGS						
4805 INVESTMENT INCOME	34,832-	29,933-	7,864-	7,000-	4,800-	3,600-
4880 CHANGE IN F.V. OF INVESTMENTS	10,292-	699-	1,380			
4800 TOTAL INVESTMENT EARNINGS	45,124-	30,632-	6,485-	7,000-	4,800-	3,600-
4001 REVENUES	45,124-	30,632-	6,485-	7,000-	4,800-	3,600-
6001 EXPENDITURES AND EXPENSES						
6100 TOTAL EMPLOYEE BENEFITS						
6140 HEALTH INSURANCE	4,934	41,294		29,815	30,474	30,474
6100 TOTAL EMPLOYEE BENEFITS	4,934	41,294		29,815	30,474	30,474
6200 TOTAL PROFESSIONAL SERVICES						
6205 PROFESSIONAL SERVICES		1,875				
6200 TOTAL PROFESSIONAL SERVICES		1,875				
7400 TOTAL TRANSFERS OUT						
7432 TRANSFER OUT- FIRE EQ REV FUND		430,000				
7400 TOTAL TRANSFERS OUT		430,000				
6001 EXPENDITURES AND EXPENSES	4,934	473,169		29,815	30,474	30,474
4000 REVENUES AND EXPENDITURES	40,190-	442,536	6,485-	22,815	25,674	26,874
00610 POST EMPLOY HEALTH BENEFITS	40,190-	442,536	6,485-	22,815	25,674	26,874