

## INTERNAL SERVICE FUND

Internal service funds are used to centralize certain services and then allocate the cost of those services within the government. They are used to report any activity that provides goods or services to other funds and departments on a cost-reimbursement basis.

The following are classified Internal Service Fund:

- ➡ SELF INSURANCE HEALTH FUND: The purpose of this fund is to provide a self insurance health insurance policy for full time and regular part time employees.
  
- ➡ LEAVE CASH OUT BANK: The purpose of this fund is to maintain a balance for when employees retire or cash out their leave.
  
- ➡ REVOLVING ENERGY FUND: This fund was created to provide a long term source of funding for energy efficiency projects in City Facilities. Loans are provided for capital projects that improve energy efficiency in City buildings and facilities. The loans are to be repaid using the savings that are achieved.

**CITY OF HOMER  
2011 OPERATING BUDGET**

**NARRATIVE**

**INTERNAL SERVICE FUND - HEALTH INSURANCE FUND**

**General Objectives:** To provide a self-insured health insurance plan for all regular full and part-time employees.

The City provides medical, Dental and vision benefits for employees and their dependents. Meritain, a third party administrator processes claims and payments. The City also contracts with an insurance company to provide stop loss coverage for claims over \$45,000 and coverage for a total annual liability.

Medical costs continue to rise nationwide. The City annually reviews our plan for cost saving measures and compares costs to private insurance plans.

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**FUND: 600 Self Insurance Health Fund**

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<b>FUND BUDGET:</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>Revenues:</b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
Other Income (Rebates)	\$ 2,724	\$ 3,569		
Ot From Other Funds	1,675,709	1,834,941	1,776,264	1,513,272
<b>Total Revenues:</b>	<b>1,678,433</b>	<b>1,838,510</b>	<b>1,776,264</b>	<b>1,513,272</b>
<b>Expenses:</b>				
Operations & Maintenance	1,737,894	1,606,754	1,767,429	1,513,272
<b>Total Expenses:</b>	<b>1,737,894</b>	<b>1,606,754</b>	<b>1,767,429</b>	<b>1,513,272</b>
<b>Change in Net Assets</b>	(59,460)	231,756	8,835	-
<b>Beginning Net Assets</b>	277,531	218,070	449,826	458,661
<b>Ending Net Assets</b>	<b>\$ 218,070</b>	<b>\$ 449,826</b>	<b>\$ 458,661</b>	<b>\$ 458,661</b>

**LINE ITEM EXPLANATIONS**

Expenses for the City's Self Insurance Health Plan.

**CITY OF HOMER  
2011 OPERATING BUDGET**

**NARRATIVE  
LEAVE CASH OUT BANK**

The purpose of this fund is to maintain a balance for employee's accrued leave, for when employees retire or cash out their leave.

<b>FUND: 610 Leave Cash Out Fund</b>
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FUND BUDGET:	FY2008	FY2009	FY2010	FY2011	FY2012
	Actual	Actual	Budget	Budget	Projection
<b>Revenues:</b>					
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Ot From Other Funds	160,000	225,000	185,000	185,000	203,500
<b>Total Revenues:</b>	<b>160,000</b>	<b>225,000</b>	<b>185,000</b>	<b>185,000</b>	<b>203,500</b>
<b>Expenses:</b>					
Operations & Maintenance	185,660	279,355	185,000	185,000	203,500
<b>Total Expenses:</b>	<b>185,660</b>	<b>279,355</b>	<b>185,000</b>	<b>185,000</b>	<b>203,500</b>
<b>Change in Net Assets</b>	(25,660)	(54,355)	-	-	-
Beginning Net Assets	7,464	(18,196)	(72,550)	(72,550)	-
<b>Ending Net Assets</b>	<b>(18,196)</b>	<b>(72,550)</b>	<b>(72,550)</b>	<b>(72,550)</b>	<b>-</b>

<p>The amount transferred for Employee's Leave Cash Out was based on 65% of the anticipated Retiree's and Annual Leave Cash Out. It is broken down as follows:            General Fund: \$112,547, Water \$16,211, Sewer \$20,412, and Port &amp; Harbor \$35,830</p>
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**CITY OF HOMER  
2011 OPERATING BUDGET**

**NARRATIVE  
INTERNAL SERVICE FUND - REVOLVING ENERGY FUND**

**General Objectives:** To provide loans for capital projects that improve energy efficiency in City buildings and facilities.

Loans are to be repaid using the savings that are achieved through improvements and upgrades financed by the fund.

<b>FUND: 620 Revolving Energy Fund</b>		
<b>FUND BUDGET:</b>	<b>FY2010 Budget</b>	<b>FY2011 Budget</b>
<b>Revenues:</b>		
Interest Income	\$ -	\$ -
Transfer from Depreciation Reserves	315,691	-
<b>Total Revenues:</b>	<b>\$ 315,691</b>	<b>\$ -</b>
<b>Expenses:</b>		
Loans to....	-	-
<b>Total Expenses:</b>	-	-
<b>Change in Net Assets</b>	315,691	-
<b>Beginning Net Assets</b>	-	315,691
<b>Ending Net Assets</b>	<b>\$ 315,691</b>	<b>\$ 315,691</b>

Note: Created by Ordinance 10-14.