

Description of Internal Service Funds

Group Health Self- Insurance:

This fund is used to account for group health benefits for active and retired employees of the City. The City funds 80% of group health benefits, and employees contribute 20% of the cost through payroll deductions. The City maintains separate sub-funds for plans administered by Tufts Associated Health Plan and Harvard-Pilgrim Health.

Workers Compensation Self -Insurance Fund

This fund is used to account for workers compensation benefits, both replacement wages and medical benefits for qualified employees. The fund is also used to account for the cost of providing medical benefits to public safety employees who are injured in the line of duty. Replacement wages for public safety employees are accounted for in the General Fund operating budgets of the police and fire departments.

Liability Self-Insurance Fund

This fund is used to accumulate resources to pay liability claims in excess of \$50,000. Liability claims of \$5,000 or less are financed from a judgement and settlement appropriation in the City's Solicitor's General Fund annual appropriation. Claims greater than \$5,000, but less than \$50,000 are financed with a transfer from the Reserve Fund annual appropriation in the General Fund.

Building Self-Insurance

This fund is used to generate annual income, which is used to finance the City's annual property insurance premiums. Funds are transferred to the General Fund, based upon an annual authorization vote of the Board of Aldermen.