



2024 PROPOSED BUDGETS

INTERNAL SERVICE FUNDS

The following Internal Service Fund budget requests will be on consent at the December 4, 2023 City Council meeting for the Council's approval. The other five Internal Service Funds were previously presented to the Council in October and November 2023 as part of department budget presentations. These documents will also be posted on the City's budget web page www.blm.mn/budget:

Internal Service Funds

Internal Service Funds are a type of fund used in governmental accounting to account for the total cost of goods or services in one fund to provide a clear picture of the total cost of the service and manage it efficiently and effectively. The revenue coming into Internal Service Funds comes from internal charges to departments. The method of charging out to departments is based on various factors of usage depending on the type of service provided.

- **Fund 7300 – Insurance Fund**
- **Fund 7400 – Employee Benefits Fund**
- **Fund 7450 – Accrued Benefits Fund**

Fund 7400 – Employee Benefits

The Employee Benefits Fund uses a per-employee fee from each department’s operating budget to fund the core benefits package provided to each full-time employee.

- Employee Benefits include:
 - Health insurance
 - Dental insurance
 - Life Insurance
 - Disability Insurance
 - Tuition reimbursement
 - Health club reimbursement

The charge-out to each department for employee benefits is \$17,860 per full-time employee for 2024 which is a 2% increase from 2023.

EMPLOYEE BENEFITS - FUND 7400

	2020	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED
REVENUES:								
DEPARTMENT CHARGES	10,383,661	9,988,859	10,149,879	10,570,110	11,170,183	11,393,587	11,735,394	11,852,748
EMPLOYEE WITHHOLDINGS	434,651	457,957	625,474	729,944	786,003	813,778	853,281	906,563
COBRA / RETIREES REVENUE	120,179	122,435	604,451	652,000	652,000	659,120	666,567	673,699
OTHER REVENUES (STATE REIMB. GRANTS, INTEREST)	70,196	1,819	(68,095)	65,000	65,000	65,000	65,000	65,000
TOTAL REVENUES	11,008,688	10,571,070	11,311,709	12,017,054	12,673,186	12,931,484	13,320,243	13,498,011
EXPENSES:								
MEDICAL	8,961,134	9,103,433	9,614,984	10,585,965	11,531,317	11,485,713	11,620,143	11,948,445
DENTAL	532,860	646,311	659,676	661,891	668,900	675,589	682,345	689,168
LIFE	157,527	163,742	146,253	138,157	148,891	150,380	151,884	153,403
LONG TERM DISABILITY	109,849	108,286	115,350	119,304	122,883	126,569	130,367	134,278
TUITION REIMBURSEMENT	59,189	64,110	59,045	210,000	215,250	220,500	225,750	231,000
OTHER EXPENSES	145,958	130,242	280,883	258,664	263,820	267,059	270,927	274,316
TOTAL EXPENSES	9,966,516	10,216,124	10,876,191	11,973,981	12,951,061	12,925,810	13,081,416	13,430,609
TOTAL GAIN (LOSS)	1,042,171	354,946	435,518	43,073	(277,876)	5,674	238,827	67,402
	100%	85%	94%	93%	85%	85%	90%	91%
TOTAL WORKING CAPITAL BALANCE	3,339,005	3,693,951	4,129,469	4,172,542	3,894,667	3,900,341	4,139,168	4,206,570
TOTAL WORKING CAPITAL GOAL	3,330,543	4,351,344	4,406,349	4,497,832	4,579,255	4,577,151	4,590,118	4,619,217

Fund 7450 – Accrued Benefits

This fund pays and records the liabilities associated with employee accrued time off:

- Vacation
- Personal leave
- Compensatory time

The goal of this fund is to have enough cash to fully fund the accrued liability in accordance with State auditor and credit rating agency guidelines. The fund is currently funded at 73%, with long-term plan of 100% funded in 2033. The possibility of the City going out of existence and needing to fully fund this account to pay all of the employee accrued time off at one time is remote.

Revenues for this fund come from charges to City departments that pay full-time and permanent part-time salaries. Internal charges are calculated at 3.5% of salaries.

ACCRUED BENEFITS - FUND 7450

	2019	2020	2021	2022	2023	2024	2025	2026	2027
DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	E STIMATE	BUDGET REQUEST	PROJECTED	PROJECTED	PROJECTED
REVENUE S:									
DEPARTMENTAL CHARGES	2,164,401	1,990,349	1,978,438	2,124,396	2,035,174	2,189,072	2,407,979	2,648,777	2,940,143
INTEREST	377,202	329,681	(66,203)	(476,263)	0	153,900	144,300	146,600	150,800
TOTAL REVENUE S	2,541,603	2,320,030	1,912,235	1,648,133	2,035,174	2,342,972	2,552,279	2,795,377	3,090,943
EXPENSES:									
ACCRUED BENEFITS PAID FULL TIME EMPLOYEES	1,716,089	1,789,928	2,460,240	2,805,874	1,800,000	2,598,000	2,675,940	2,756,218	2,838,905
ACCRUED BENEFITS PAID PART TIME EMPLOYEES	824	2,203	10,648	15,512	18,000	20,000	20,600	21,218	21,855
CHANGE TO RESERVE	853,955	1,747,050	485,981	(43,177)	150,000	250,000	225,000	225,000	225,000
TOTAL EXPENSES	2,570,868	3,539,181	2,956,869	2,778,209	1,968,000	2,868,000	2,921,540	3,002,436	3,085,759
GAIN / (LOSS)	(29,266)	(1,219,151)	(1,044,634)	(1,130,076)	67,174	(525,028)	(369,261)	(207,059)	5,183
TOTAL NET POSITION	(1,872,131)	(3,091,282)	(4,135,916)	(5,265,992)	(5,198,818)	(5,723,846)	(6,093,107)	(6,300,166)	(6,294,983)
DETAIL OF NET POSITION	88%	83%	78%	72%	73%	72%	71%	71%	71%
CURRENT ASSETS	14,320,745	14,871,295	14,307,354	13,730,575	14,367,647	14,429,613	14,664,956	15,080,639	15,727,246
LIABILITIES	16,192,876	17,962,577	18,443,270	18,996,568	19,566,465	20,153,459	20,758,063	21,380,804	22,022,229
EXCESS (DEFICIENCY)	(1,872,131)	(3,091,282)	(4,135,916)	(5,265,992)	(5,198,818)	(5,723,846)	(6,093,107)	(6,300,166)	(6,294,983)