

**BUDGET FOOTNOTES  
INSURANCE FUND**

1. **Employee / Retiree / Other Contributions: (\$469,000)** Full-time employees participating in the Village's health benefits plan pay for 20% of the total projected costs for the plan year by payroll deduction. Retired and separated employees choosing to continue participation in the health plan pay 100% of their budgeted costs.
  
2. **Medical Stop Loss Reimbursements: (\$0)** The Village purchases stop loss insurance to protect itself from very large medical claims associated with its participating employees. The Village pays the first \$50,000 in total claims for each individual participant each plan year. Amounts over \$50,000 are reimbursed by our stop loss insurance provider and shown in this account.
  
3. **IRMA Refunds: (\$0)** The Village ended its participation in the IRMA risk pool on December 31, 2001. Through January, 2007, the Village has received refunds of its remaining IRMA reserves (with interest) totaling \$1,721,000. Final reserves of about \$90,000 will be returned to the Village at such time as all IRMA claim years are closed through the Village's 2001 withdrawal date.

<u>IRMA Reserve Return Schedule</u>	<u>IRMA FY</u>	<u>Village FY</u>	<u>Amount</u>	<u>Refund Received</u>
10% at the end of the <b><u>second</u></b> full IRMA fiscal year following termination	12/31/03	FY03/04	\$131,000	Jan, 2004
20% at the end of the <b><u>third</u></b> full IRMA fiscal year following termination	12/31/04	FY04/05	262,000	Jan, 2005
30% at the end of the <b><u>fourth</u></b> full IRMA fiscal year following termination	12/31/05	FY05/06	393,000	Jan, 2006
40% at the end of the <b><u>fifth</u></b> full IRMA fiscal year following termination	12/31/06	FY06/07	935,000	Jan, 2007
25% of 2001 contribution to be held until all IRMA claim years are closed through Village's withdrawal date of 12-31-01			<u>90,000</u>	
Total			<u>\$1,811,000</u>	

4. **State Unemployment Tax: (\$0)** Due to continued increases in the State's unemployment tax rates, the Village in January, 2006 elected to begin directly paying the unemployment claims of its employees rather than pay an unemployment tax.

Beginning with the FY06/07 budget, all unemployment claims have been budgeted and paid by the Fund/Department incurring the claim.

5. **Risk Management: (\$15,000)** The Risk Management account funds such items as the Village's safety program, educational seminars and materials, testing of various types, and equipment for the Civic Center exercise room.
6. **Liability Insurance: (\$470,000)** This amount represents estimated premiums (\$451,000) payable to the MICA insurance pool for property, liability, workers compensation and other general insurance coverages (\$4,000) as well as deductible payments (\$15,000) for claims incurred. A 10% increase in MICA premiums is included in the amount budgeted for FY07/08.

The general insurance portion of the FY07/08 Insurance Fund budget totals \$488,000 (accounts 520300-Employee Assistance Program, 520870-Risk Management and 520885-General Insurance). Funding via contributions from other Funds for this program will be reduced by \$213,000 for FY07/08 reflecting a "rebate" of contributions in the FY05/06 fiscal year which exceeded actual final expenditures. These excess contributions are not needed as fund reserves.

7. **Health Benefits/ Life Insurance: (\$1,815,000)** The Village self-insures its health benefits plan, but purchases individual and aggregate "stop loss" umbrella insurance to protect against significant or unexpected claims. Over the 16 year history of the plan, the Village has paid out \$1.4 million less in medical claims compared to the amount budgeted / projected.

Our renewal for health benefits plan year 2007 which began October 1, 2006 projected an increase of 32.4% in total plan costs for the plan year ending September 30, 2007, continuing a period of unusually high claim levels. At the October, 2006 renewal, it was decided to limit the increase in participating employee contributions to 25% for the new plan year and to use available cash reserves, if needed, to fund any shortfall. In order to maintain the current 80% / 20% Village / employee health plan cost share ratio, contributions into the Insurance Fund from participating departments and Funds, was also limited to an increase of 25% for FY07/08. The result of this is a planned use of available cash reserves of \$200,000 in FY07/08 for the health plan portion of the Insurance Fund.

8. **Fund (Decrease): (\$413,000)** Planned use of cash reserves for FY07/08 total \$213,000 for general insurance (footnote 6 above) and \$200,000 for the health benefits portion of the Insurance Fund (footnote 7 above).