

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
MARCH 15, 2011 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Budget Amendment for Fiscal Year 2010	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

An ordinance has been prepared to amend the FY10 for the Health Insurance Fund to include expenses of \$6,750,481 instead of the original budget \$6,250,481.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 identified *Steward of Financial and Environmental Sustainability*.

FISCAL IMPACT

The proposed ordinance will increase the FY10 budget authorization by \$500,000 in the Village’s health insurance fund (from \$6,250,481 to \$6,750,481) to account for higher-than-anticipated claims costs. The additional \$500,000 will be taken from the fund balance.

BACKGROUND

The Health Insurance Fund is the Village’s self-insured medical, dental, vision and life insurance fund. Claims administration is accomplished by a combination of internal staff and contractual support. Additionally, the Village provides coverage for the Library, Park District, the Economic Development Corporation and retirees, with these participants paying 100 percent of their premium costs. The Village self-insures for the first \$125,000 of claims for each plan participant and purchases re-insurance for catastrophic exposure above this amount.

At the end of each fiscal year, staff reviews expenses and determines if any of the funds are expected to exceed the amount authorized by Council in the budget ordinance. For FY10, a budget amendment is being proposed for the Health Insurance fund. Claims experience for FY10 has been higher than anticipated to date, and FY10 claims are still being processed. Expenses are projected to run over the budget by \$500,000. In self-insured plans, claims are projected based on historical trends. Due to the unpredictable nature of claims, there is a margin of uncertainty in any given year. For example, in FY09 medical claims were \$220,000 under budget.

It is anticipated that FY11 and future medical costs will be lower with the switch in health-care provider to Blue Cross/Blue Shield. It is important to note that the General Fund, the primary operating fund of the Village, requires no amendment, due to the continuous operational efficiencies implemented during the fiscal year.

ATTACHMENTS

Ordinance

ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR AN AMENDMENT TO ORDINANCE #5185 AND THE VILLAGE OF DOWNERS GROVE BUDGET FOR FISCAL YEAR 2010

WHEREAS, on December 21, 2010, the Village Council of the Village of Downers Grove adopted Ordinance #5102 entitled “AN ORDINANCE PROVIDING FOR AN AMENDMENT TO ORDINANCE #5102 AND THE VILLAGE OF DOWNERS GROVE BUDGET FOR FISCAL YEAR 2010”; and

WHEREAS, a proposed amendment to the fiscal 2010 budget has been prepared; and

WHEREAS, the Village Council of the Village of Downers Grove has examined said amendment and has determined that it is necessary, desirable and in the public interest to further amend the fiscal 2010 budget as provided herein.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Village of Downers Grove, in DuPage County, Illinois, as follows:

SECTION 1. That Ordinance #5185 entitled “AN ORDINANCE PROVIDING FOR AN AMENDMENT TO ORDINANCE #5185 AND THE VILLAGE OF DOWNERS GROVE BUDGET FOR FISCAL YEAR 2010”, as amended, be and is hereby further amended as follows:

Expenses By Fund	FY 2010 Amended Budget	FY 2010 Amendment	FY 2010 Amended Budget
563 Health Insurance Fund	\$6,250,481	\$500,000	\$6,750,481
Total Village & Library Budget	\$129,755.413	\$500,000	\$130,255,413

SECTION 2. That, except as amended herein, the original budget ordinance shall remain in full force and effect.

SECTION 3. That this Ordinance shall be in full force and effect from and after its adoption and publication as required by law.

Mayor

Passed:
Published:
Attest: _____
Village Clerk