

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: March 10, 2026

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – Intergovernmental Personnel Benefit Cooperative (IPBC) Fund Balance Shortage

PURPOSE

Staff requests that the Village Board approve a budget amendment request to pay \$164,355 to the Intergovernmental Personnel Benefit Cooperative (IPBC) to maintain the minimum fund balance required as a participant in the insurance pool.

PROCESS

Homewood has been a member of the IPBC insurance pool since 2005. The pool, similar to IRMA, the Village's risk management pool, provides the Village with its health, dental, vision, and life insurance benefits. The "pool" of 180 member agencies include municipalities, counties, park districts, library districts, and other special districts that pool together to provide employee health and related benefits.

As with any pool, IPBC has a Fund Balance Policy that is designed to ensure financial stability of the pool by maintaining a minimum balance of 16.67% of annual Benefit Fund (Claim) expenses. This individual agency "fund balance" helps mitigate financial risks, ensures cash flow for claims, and protects against unexpected expenses, supporting the overall financial health of the IPBC. The balances for each member agency are calculated on June 30 of each fiscal year as part of the IPBC annual audit.

Recently, the Village received an invoice from IPBC for a shortage of \$164,355 in Homewood's Fund Balance that we are required to maintain with IPBC.

Nationally, health insurance rates have increased significantly over the past five years, particularly for employer-sponsored coverage, which is the dominant form of coverage for public-sector and municipal employees. Because of these national insurance increases, and according to IPBC, there are currently thirty-three (33) IPBC members that do not meet the current Fund Balance requirements. The reason for the shortage is due primarily to IPBC's

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negative performance due to an increase in medical trends nationwide and higher cost claims across the pool.

OUTCOME

Approval of the budget amendment will allow the Village to make payment to IPBC to meet the required fund balance requirement.

FINANCIAL IMPACT

- **Funding Source:** General Fund Fund Balance
- **Budgeted Amount:** \$0
- **Budget Amendment Request:** \$164,355

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment to pay \$164,355 to the Intergovernmental Personnel Benefit Cooperative to maintain the minimum fund balance required as a participant in the insurance pool.

ATTACHMENT(S)

- List of Membership with Fund Balance Shortages
- Invoice