

## Risk Management / 5520

	2001 Actual <sup>1</sup>	2002 Adopted	2002 Estimated	2003 Adopted	2004 Projected	2005 Projected
<b>Beginning Fund Balance</b>	8,029,594	8,412,216	16,094,723 <sup>6</sup>	9,651,521	6,914,802	2,304,934
<b>Revenues</b>						
* Interfund Charges	20,635,433	16,126,652	16,126,651	20,133,661	19,877,114	24,111,409
* Interest Income	2,998,013	2,608,106	1,751,914 <sup>7</sup>	1,448,065 <sup>7</sup>	1,477,026 <sup>7</sup>	1,506,566 <sup>7</sup>
<b>Total Revenues</b>	<b>23,633,446</b>	<b>18,734,758</b>	<b>17,878,565</b>	<b>21,581,726</b>	<b>21,354,140 <sup>9</sup></b>	<b>25,617,976 <sup>9</sup></b>
<b>Expenditures</b>						
* Claims Costs(limited to first \$1 million)	(9,581,111)	(12,408,857)	(12,408,857) <sup>8</sup>	(12,195,021) <sup>8</sup>	(12,957,485) <sup>8</sup>	(13,922,176) <sup>8</sup>
* Insurance Premiums	(4,407,765)	(5,072,666)	(6,045,713)	(7,775,546)	(8,553,101)	(9,408,411)
* Prosecutors, Claim Adjustment & Program OH	(3,794,319)	(4,124,923)	(4,145,661)	(3,877,284)	(3,993,603)	(4,113,411)
* Transfers to Other Funds (MARR)	(226,920)	(266,920)	(266,920)	(274,928)	(283,175)	(291,671)
<b>Total Expenditures</b>	<b>(18,010,115)</b>	<b>(21,873,366)</b>	<b>(22,867,151)</b>	<b>(24,122,779)</b>	<b>(25,787,364)</b>	<b>(27,735,668)</b>
<b>Other Fund Transactions</b>						
* Adjustments for Incurred Losses	(4,429,853) <sup>2</sup>	(1,602,107) <sup>2</sup>	(1,454,616) <sup>2</sup>	(195,666) <sup>2</sup>	(176,644) <sup>2</sup>	(187,242) <sup>2</sup>
* Transfers to Other Funds (Cat. Loss)	(207,852) <sup>3</sup>	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>(4,637,705)</b>	<b>(1,602,107)</b>	<b>(1,454,616)</b>	<b>(195,666)</b>	<b>(176,644)</b>	<b>(187,242)</b>
<b>Ending Undesignated Fund Balance</b>	<b>9,015,220</b>	<b>3,671,501</b>	<b>9,651,521</b>	<b>6,914,802</b>	<b>2,304,934</b>	<b>-</b>
<b>CATASTROPHIC LOSS RESERVES</b>						
<b>Beginning Cash Balance</b>	14,306,180	15,000,000	14,746,611	16,342,349	16,833,819	17,338,833
<b>Revenues</b>						
* Transfer from Other Funds	207,852 <sup>3</sup>	-	-	-	-	-
* Insurance Recoveries	-	-	1,041,746	-	-	-
* Interest Income	829,837	718,861	553,992	491,470	505,015	520,165
* Cat Loss Fund Bal.Revenue	1,212,966	-	-	-	-	-
<b>Total Revenues</b>	<b>2,250,655</b>	<b>718,861</b>	<b>1,595,738</b>	<b>491,470</b>	<b>505,015</b>	<b>520,165</b>
<b>Expenditures</b>						
* Cat. Loss Claims Expend.	(1,810,224) <sup>4</sup>	-	-	-	-	-
<b>Total Expenditures</b>	<b>(1,810,224)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>14,746,611</b>	<b>15,718,861</b>	<b>16,342,349</b>	<b>16,833,819</b>	<b>17,338,833</b>	<b>17,858,998</b>
<b>Reserves &amp; Designations</b>						
* Reserved for Losses Over \$1 Million	(18,536,000) <sup>5</sup>	(18,536,000) <sup>5</sup>	(18,536,000) <sup>5</sup>	(16,277,000) <sup>5</sup>	(17,090,850) <sup>5</sup>	(17,945,393) <sup>5</sup>
<b>Ending Undesignated Fund Balance</b>	<b>(3,789,389)</b>	<b>(2,817,139)</b>	<b>(2,193,651)</b>	<b>556,819</b>	<b>247,983</b>	<b>(86,394)</b>

### Financial Plan Notes:

This financial plan is significantly affected by annual updates to actuarial estimates of incurred claims.

This financial portrayal of the Insurance Fund is based on the 2002 actuary study that revised estimates of losses for policy years 1990 - 2001.

1. Based on ARMS actuals.

2. Difference between 2001 actuarial estimate of incurred losses vs. expenditures for limited losses.

3. Projected transfer amount from regular program to catastrophic loss program to maintain a \$15.0 mil. balance requirement.

4. Cat loss exp. >\$1.0 mil threshold:

Aurora/Holloway: \$101,212; Brighton: \$4,167; Peck: \$21,993/Stevenson: \$1.049mil./Sauls: \$.5mil.

5. Per actuary's estimates--assumed \$2.5 mil. self-insured-retention (SIR).

6. The 2002 estimated beginning fund balance reflects the change from 2001 to 2002 actuary's estimate for incurred liability.

7. Interest Income: Assumed 3.5% in 2002, 3.0% in 2003, and 2.0% in 2004 and 2005.

8. Per actuary's estimate of annual claims expenditures.

9. 2004 & 2005 projections:

\* Expenditures: 10% inc in premiums; 3% inc. in overhead and other accounts.

\* Revenues: projected revenue required to attain zero fund balance in 2005.