

TORT IMMUNITY TAX

Fund 076-075

The Tort Immunity Tax Fund is established pursuant to 745 ILCS 10/9-107 to provide an extraordinary tax for funding expenses relating to tort liability, insurance, and risk management programs.

The Tort Immunity Fund, a property tax based revenue fund, is the source of funding for the General Corporate Fund's share of payment of premiums and claims to the Self-Funded Insurance Fund. The claims payments for property and liability are determined based on the most recent actuarial study recommendations, and Worker's Compensation claims payments are determined based on Worker's Compensation rates calculated on wages for categories of employment.

BUDGET HIGHLIGHTS

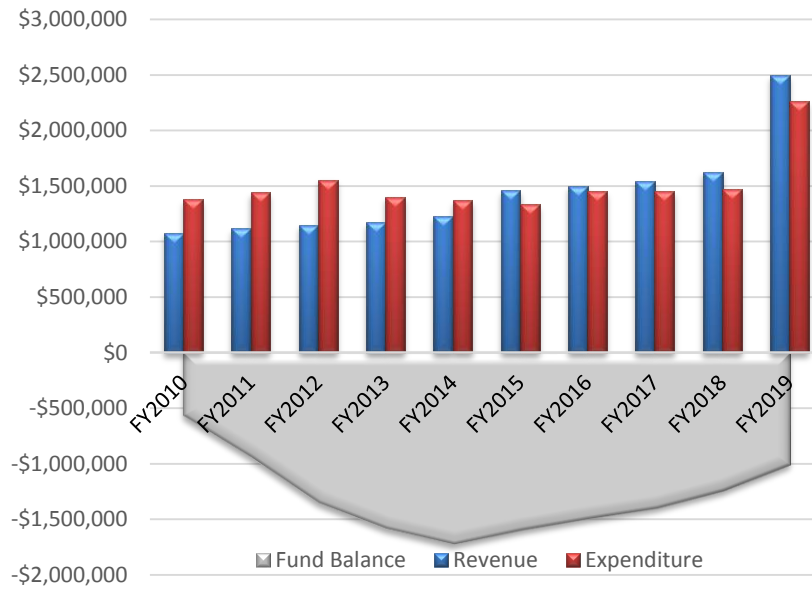
Because property tax is the only revenue stream for this fund, the tax caps applied by the Property Tax Extension Limitation Law (PTELL) did not allow the revenue to keep pace with the annual required contributions from fiscal years 2008 through 2014. Since FY2015, the property tax levy for Tort Immunity has had the capacity to increase in order to match, or exceed, budgeted expenditures to help improve the negative fund balance.

In FY2019, the County prepared its levy to capture new growth revenue in the event of a potentially favorable ruling in the hospital property tax exemption case. This amount reflects an additional \$88,938 in property tax revenue. If the County receives additional revenue it will go towards improving the negative fund balance. Workers Compensation rate increases in FY2019 will impact fund expenditures. Due to a decrease in the County's IMRF rate in 2019, reallocation of a portion of that levy line allows the liability levy to increase enough to cover the cost of insurance premium increases and contribute to remedying the negative fund balance.

As of June 30, 2018, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$691,167 for Worker's Compensation costs, property insurance premium payments, outside attorney fees and Interfund liability billings. In FY2019 the liability levy includes \$439,285 that has been reallocated under PTELL from the Nursing Home operating levy for outstanding amounts owed by the Nursing Home. A transfer to the Self-Funded Insurance fund is budgeted in an equal amount.

The chart on the following page depicts the increasing negative fund balance until FY2015 when the levy allowed for revenues to cover budgeted expenditures. The rectification of the negative fund balance will be achieved over time only if the annual revenue from the property tax exceeds the annual expenditure requirements. When the Tort Immunity Fund and Self-Funded Insurance Funds are combined the balance of the Self-Funded Insurance Fund exceeds that negative balance of the Tort Immunity Fund. For more details about the combined fund balance see budget document 476-000 Self-funded Insurance Summary.

Tort Immunity Fund



FINANCIAL

Fund 076 Dept 075			2017 Actual	2018 Original	2018 Projected	2019 Budget
311	16	CURR PROP TX-LIABILITY INS	\$1,539,357	\$1,670,884	\$1,620,765	\$2,494,546
313	16	RE BACKTAX-LIABILITY INS	\$957	\$0	\$800	\$0
314	10	MOBILE HOME TAX	\$1,319	\$0	\$1,300	\$0
315	10	PAYMENT IN LIEU OF TAXES	\$1,122	\$0	\$1,000	\$0
		PROPERTY TAXES	\$1,542,755	\$1,670,884	\$1,623,865	\$2,494,546
381	15	WORKER'S COMP REIMB	\$432	\$0	\$500	\$0
381	17	UNEMPLOYMENT INS REIMB	\$549	\$0	\$1,000	\$0
		INTERFUND REVENUE	\$981	\$0	\$1,500	\$0
REVENUE TOTALS			\$1,543,736	\$1,670,884	\$1,625,365	\$2,494,546
513	4	WORKERS' COMPENSATION INS	\$568,396	\$570,150	\$580,150	\$880,225
513	5	UNEMPLOYMENT INSURANCE	\$109,340	\$120,000	\$110,000	\$120,000
		PERSONNEL	\$677,736	\$690,150	\$690,150	\$1,000,225
533	20	INSURANCE	\$773,670	\$700,000	\$782,000	\$821,100
		SERVICES	\$773,670	\$700,000	\$782,000	\$821,100
571	19	TO SELF-FUNDED INS FND476	\$0	\$0	\$0	\$439,285
		INTERFUND EXPENDITURE	\$0	\$0	\$0	\$439,285
EXPENDITURE TOTALS			\$1,451,406	\$1,390,150	\$1,472,150	\$2,260,610

FUND BALANCE

FY2017 Actual	FY2018 Projected	FY2019 Budgeted
-\$1,394,694	-\$1,241,479	-\$1,007,543

The fund balance goal is \$500,000 to maintain cash flow and to provide funding for emergency claim payments. The current negative fund balance, as stated above, was caused by an inability to increase the property tax revenue to match the required expenditure over the period from FY2008 to FY2014. The negative fund balance is offset by the fund balance in the Self-Funded Insurance Fund. Improvement in the negative position is anticipated each fiscal year as long as growth in the levy allows for revenues to exceed expenditures. The FY2019 fund balance includes \$88,938 that the County will only receive in the event of a favor ruling in the hospital property tax exemption case.