

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

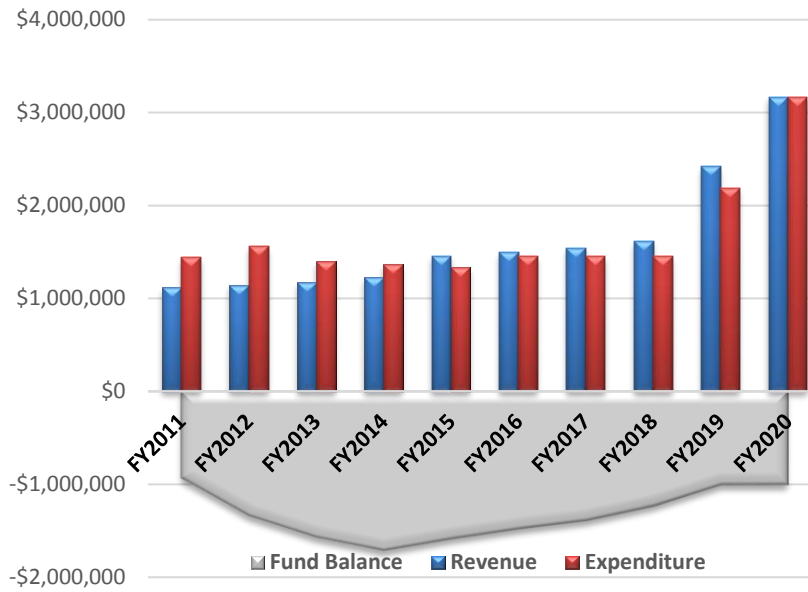
Because property tax is the only revenue stream for this fund, the tax caps applied by the Property Tax Extension Limitation Law (PTELL) did not allow the revenue to keep pace with the annual required contributions from fiscal years 2008 through 2014. In fiscal years 2015 through 2019, the property tax 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. However, in FY2020, revenues will not exceed expenditures unless there is additional property tax revenue received as a result of a ruling in the hospital property tax case. In FY2020, there is an additional \$144,585 budgeted in property tax revenue. If the County receives additional revenue this budget will be balanced with projected expenditures. If there is no additional revenue received, there will be a deterioration of the fund balance as experienced prior to FY2015.

The property tax levy was prepared in order to capture new growth revenue in the event the OSF and Carle properties are assessed as non-exempt in the upcoming levy year. The Board of Review will make the initial determination as to whether this happens, based upon the submissions of each hospital and the state of the law at the time the Board of Review acts. If the EAV associated with the hospital properties is included in the extension and the properties are treated as non-exempt, the Property Tax Extension Limitation Law (PTELL) will not prevent the County from capturing new revenue associated with them.

As of July 30, 2019, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$1,828,057 for Worker's Compensation costs, property insurance premium payments, outside attorney fees and Interfund liability billings. This total does not include claims settlements made on behalf of the home in FY2019. The FY2019 the liability levy included \$439,285 that was 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 was budgeted in an equal amount. In FY2020 the liability levy includes \$1.32 million that will be transferred to the Self-Funded Insurance fund to go towards the Nursing Home obligations owed to the Self-Funded Insurance fund.

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			2018	2019	2019	2020
			Actual	Original	Projected	Budget
311	16	CURR PROP TX-LIABILTY INS	\$1,607,009	\$2,494,546	\$2,413,216	\$3,165,370
313	16	RE BACKTAX-LIABILITY INS	\$173	\$0	\$700	\$700
314	10	MOBILE HOME TAX	\$1,369	\$0	\$1,350	\$1,350
315	10	PAYMENT IN LIEU OF TAXES	\$1,192	\$0	\$1,050	\$1,050
		PROPERTY TAXES	\$1,609,743	\$2,494,546	\$2,416,316	\$3,168,470
381	15	WORKER'S COMP REIMB	\$481	\$0	\$500	\$500
381	17	UNEMPLOYMENT INS REIMB	\$650	\$0	\$850	\$850
		INTERFUND REVENUE	\$1,131	\$0	\$1,350	\$1,350
REVENUE TOTALS			\$1,610,874	\$2,494,546	\$2,417,666	\$3,169,820
513	4	WORKERS' COMPENSATION INS	\$637,365	\$880,225	\$880,225	\$906,000
513	5	UNEMPLOYMENT INSURANCE	\$110,014	\$120,000	\$120,000	\$120,000
		PERSONNEL	\$747,379	\$1,000,225	\$1,000,225	\$1,026,000
533	20	INSURANCE	\$708,148	\$821,100	\$750,000	\$820,000
534	75	FINES AND PENALTIES	\$1,470	\$0	\$0	\$0
		SERVICES	\$709,618	\$821,100	\$750,000	\$820,000
571	19	TO SELF-FUNDED INS FND476	\$0	\$439,285	\$439,285	\$1,322,382
		INTERFUND EXPENDITURE	\$0	\$439,285	\$439,285	\$1,322,382
EXPENDITURE TOTALS			\$1,456,997	\$2,260,610	\$2,189,510	\$3,168,382

FUND BALANCE

FY2018 Actual	FY2019 Projected	FY2020 Budgeted
(\$1,240,817)	(\$1,012,661)	(\$1,011,223)

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 occurred in fiscal years 2015 through 2019; however, is not is anticipated in FY2020 unless additional property tax revenue is received as previously explained.