

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.

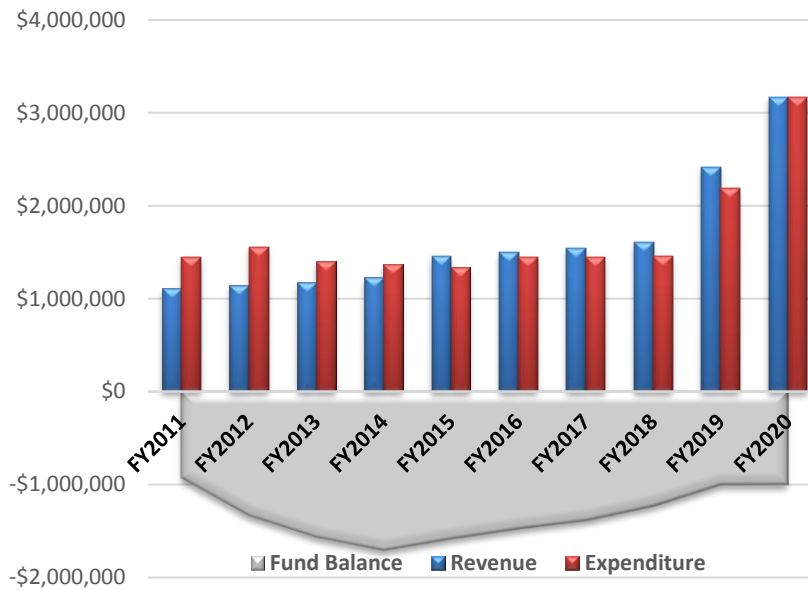
If the EAV associated with the hospital properties is included in the extension and the properties are treated as non-exempt, the Property Tax Extension Limitation Law (PTELL) will not prevent the County from capturing new revenue associated with them. For properties previously treated as exempt (such as Carle Foundation's), this EAV would be treated as new construction. For properties previously treated as non-exempt (such as those of OSF), the extension from the prior year would carry over, increasing the base for this year's PTELL calculation. If the EAV associated with the hospital properties is included in the extension but these properties are ultimately treated as exempt, PTELL will limit the total extension, and effectively cap the rate charged to other tax payers.

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 Actual	2019 Original	2019 Projected	2020 Budget
311	16	CURR PROP TX-LIABILITY 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.

SELF-FUNDED INSURANCE

Fund 476-000

The fund accounts for risk financing activities. Revenue comes from the Tort Immunity Fund to cover costs relevant to the County's General Corporate Fund departments; and from billings to various County Special Revenue Funds to cover their representative share of cost. The Self-Funded Insurance Fund provides financing for the County's auto liability and property, general liability, unemployment and worker's compensation claims payments, and for stop-loss insurance premiums for auto, liability, property, unemployment and workers compensation.

In FY1986, the county established a self-funded worker's compensation insurance plan which was accounted for in the Tort Immunity (Special Revenue) Fund through FY1992. In 1993, the County created a separate internal service fund – the Self-Funded Insurance Fund, and moved self-funded worker's compensation to that fund. The County also began self-funding liability and auto insurance in 1994 through the Self-Funded Insurance Fund. The billings to various funds for the self-funded portion of worker's compensation, general liability and auto liability are based upon projections provided through an actuarial study documenting the County's Loss Reserve and Funding Analysis.

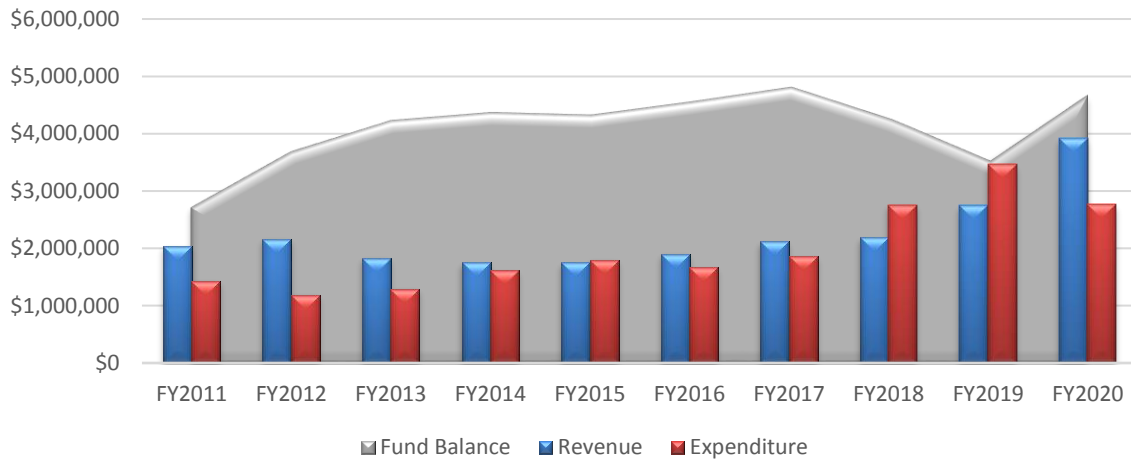
BUDGET HIGHLIGHTS

In FY2018 and FY2019, there was a significant drop in the fund balance due to expenditures exceeding revenues as a result of settling Nursing Home claims, the Nursing Home fund's inability to reimburse this fund for self-funded insurance costs, and the fund having to pay for insurance expenditures traditionally paid by the home. Historically, the Self-Funded Insurance fund has experienced revenue in excess of, or equal to, expenditures. This results from the fact that actual claims paid have been lower than budgeted based on the actuarial report, and thus billings to the outside funds based on the actuarial estimates and worker's compensation rates generated revenue in excess of actual expenditure.

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 recent claims settlements made on behalf of the home in FY2019, nor the Home's 2019 Interfund billing amount.

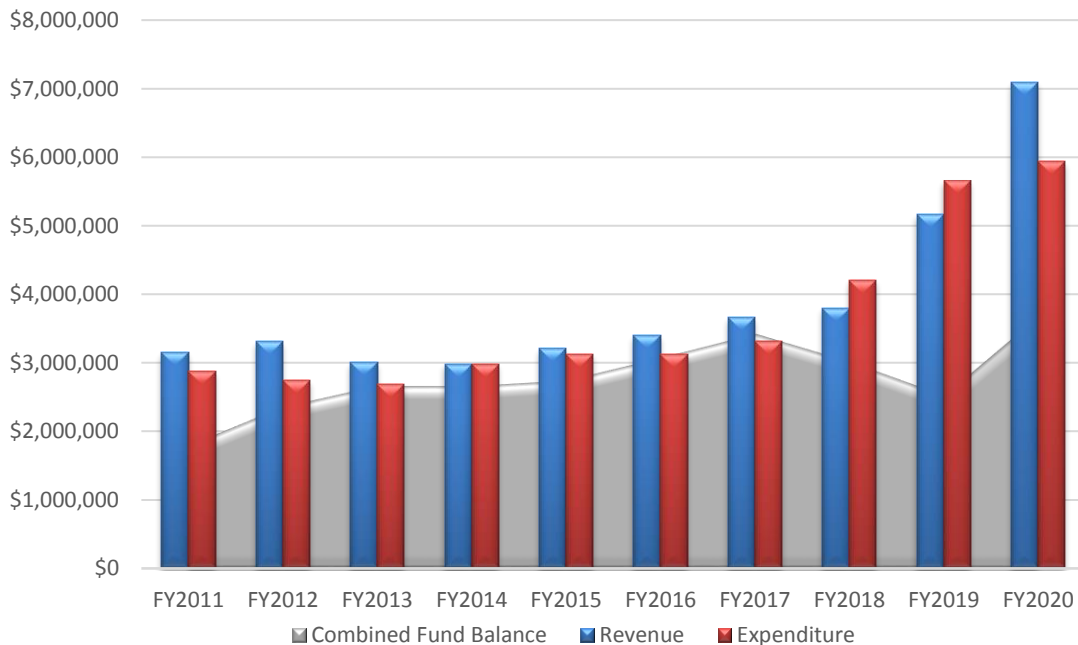
The FY2019 the liability levy included \$439,285 that was reallocated under PTELL from the Nursing Home operating levy for outstanding amounts owed by the Nursing Home. A transfer to the Self-Funded Insurance fund was budgeted in an equal amount. In FY2020 the liability levy includes \$1.32 million that will be transferred to the Self-Funded Insurance fund to go towards the Nursing Home obligations owed to the Self-Funded Insurance fund.

Self-Funded Insurance



The Self-Funded Insurance Fund is in a combined fund with the Tort Immunity Fund, which has a fund balance deficit. That negative fund balance has realized gradual improvement in years 2015 through 2019 (see the Tort Immunity Fund Budget Document 076-075). Combining the funds allows the fund balance surplus in the Self-Funded Insurance Fund to cover the fund balance deficit in the Tort Immunity Fund. The following chart depicts the combined revenues and expenditures for the Tort Immunity Fund and Self-Funded Insurance Fund, and shows the actual fund balance available for Self-Funded operations. The significant increase in revenues reflected in FY2020 is the result of the former Nursing Home levy being utilized to reimburse the fund for obligations owed to the fund. Even with the amounts paid to this fund from reallocation of the levy in FY2018 and FY2019, there will still be an outstanding amount owed from the Nursing Home fund to the Self-Funded Insurance fund as there are recent claims settlements that must be paid as well as the FY2019 Interfund billing amount.

Tort & Self-Funded-Combined Funds



FINANCIAL

Fund 476 Summary			2018	2019	2019	2020
			Actual	Original	Projected	Budget
341	8	PROPERTY/LIAB INS BILLING	\$987,299	\$1,298,074	\$1,036,438	\$1,338,662
341	9	WORKERS COMP INS BILLINGS	\$826,244	\$1,096,295	\$985,000	\$981,727
		FEES AND FINES	\$1,813,543	\$2,394,369	\$2,021,438	\$2,320,389
361	10	INVESTMENT INTEREST	\$52,603	\$30,000	\$50,000	\$40,000
369	80	INSURANCE CLAIMS REIMB	\$24,580	\$0	\$0	\$0
369	90	OTHER MISC. REVENUE	\$48,950	\$0	\$1,152	\$0
		MISCELLANEOUS	\$126,133	\$30,000	\$51,152	\$40,000
371	76	FROM TORT IMMUNITY FND076	\$0	\$439,285	\$439,285	\$1,322,382
381	17	UNEMPLOYMENT INS REIMB	\$248,600	\$236,000	\$236,000	\$240,000
		INTERFUND REVENUE	\$248,600	\$675,285	\$675,285	\$1,562,382
REVENUE TOTALS			\$2,188,276	\$3,099,654	\$2,747,875	\$3,922,771
513	4	WORKERS' COMPENSATION INS	\$242,374	\$270,940	\$270,940	\$279,800
513	14	WKRS COMP SELF-FUND CLAIM	\$819,115	\$797,374	\$797,374	\$688,755
		PERSONNEL	\$1,061,489	\$1,068,314	\$1,068,314	\$968,555
522	1	STATIONERY & PRINTING	\$56	\$50	\$0	\$50
		COMMODITIES	\$56	\$50	\$0	\$50
533	1	AUDIT & ACCOUNTING SERVCS	\$0	\$13,000	\$13,000	\$0
533	3	ATTORNEY/LEGAL SERVICES	\$377,384	\$110,000	\$300,000	\$250,000
533	20	INSURANCE	\$967,172	\$987,306	\$1,331,092	\$967,171
533	26	PROPERTY LOSS/DMG CLAIMS	\$30,532	\$40,000	\$40,000	\$40,000
533	93	DUES AND LICENSES	\$0	\$400	\$0	\$0
533	95	CONFERENCES & TRAINING	\$0	\$0	\$0	\$400
534	80	AUTO DAMAGE/LIAB CLAIMS	\$87,060	\$46,128	\$46,128	\$52,762
534	81	GENERAL LIABILITY CLAIMS	\$208,814	\$837,410	\$650,000	\$472,014
		SERVICES	\$1,670,962	\$2,034,244	\$2,380,220	\$1,782,347
571	80	TO GENERAL CORP FUND 080	\$19,596	\$20,403	\$19,080	\$19,683
		INTERFUND EXPENDITURE	\$19,596	\$20,403	\$19,080	\$19,683
EXPENDITURE TOTALS			\$2,752,103	\$3,123,011	\$3,467,614	\$2,770,635

FUND BALANCE

FY2018 Actual	FY2019 Projected	FY2020 Budgeted
\$4,241,579	\$3,521,840	\$4,673,976

Per the County's Financial Policies, the County will strive to maintain the actuary recommended fund balance. Per the County's current actuarial study, the discounted actuarial central estimate of unpaid claim

liability is \$3.24 million for the period ending December 31, 2020. At a minimum, a fund balance of \$2.5 million is suggested to allow for appropriate cash flow and adequate funding for unanticipated claims.

COMBINED FUND BALANCE (TORT IMMUNITY AND SELF-FUNDED INSURANCE)

FY2018 Actual	FY2019 Projected	FY2020 Budgeted
\$3,000,762	\$2,509,179	\$3,662,753

PROPERTY LIABILITY INSURANCE

Fund 476-118

The Property Liability Insurance budget receives revenues and appropriates expenditures for the County's property and liability self-funded claims, and for stop-loss insurance premiums.

FINANCIAL

Fund 476 Dept 118			2018	2019	2019	2020
			Actual	Original	Projected	Budget
341	8	PROPERTY/LIAB INS BILLING FEES AND FINES	\$987,299 \$987,299	\$1,298,074 \$1,298,074	\$1,036,438 \$1,036,438	\$1,338,662 \$1,338,662
369	80	INSURANCE CLAIMS REIMB	\$24,580	\$0	\$0	\$0
369	90	OTHER MISC. REVENUE MISCELLANEOUS	\$20,236 \$44,816	\$0 \$0	\$1,152 \$1,152	\$0 \$0
371	76	FROM TORT IMMUNITY FND076	\$0	\$439,285	\$439,285	\$1,322,382
381	17	UNEMPLOYMENT INS REIMB INTERFUND REVENUE	\$248,600 \$248,600	\$236,000 \$675,285	\$236,000 \$675,285	\$240,000 \$1,562,382
REVENUE TOTALS			\$1,280,715	\$1,973,359	\$1,712,875	\$2,901,044
533	1	AUDIT & ACCOUNTING SERVCS	\$0	\$6,500	\$6,500	\$0
533	3	ATTORNEY/LEGAL SERVICES	\$377,384	\$110,000	\$300,000	\$250,000
533	20	INSURANCE	\$967,172	\$987,306	\$1,331,092	\$967,171
533	26	PROPERTY LOSS/DMG CLAIMS	\$30,532	\$40,000	\$40,000	\$40,000
533	93	DUES AND LICENSES	\$0	\$400	\$0	\$0
533	95	CONFERENCES & TRAINING	\$0	\$0	\$0	\$400
534	80	AUTO DAMAGE/LIAB CLAIMS	\$87,060	\$46,128	\$46,128	\$52,762
534	81	GENERAL LIABILITY CLAIMS SERVICES	\$208,814 \$1,670,962	\$837,410 \$2,027,744	\$650,000 \$2,373,720	\$472,014 \$1,782,347
571	80	TO GENERAL CORP FUND 080 INTERFUND EXPENDITURE	\$6,144 \$6,144	\$6,330 \$6,330	\$6,330 \$6,330	\$6,561 \$6,561
EXPENDITURE TOTALS			\$1,677,106	\$2,034,074	\$2,380,050	\$1,788,908

WORKER'S COMPENSATION INSURANCE

Fund 476-119

The Worker's Compensation Insurance budget receives revenues and appropriates expenditures for the County's worker's compensation self-funded claims, and for stop-loss insurance premiums.

FINANCIAL

Fund 476 Dept 119			2018	2019	2019	2020
			Actual	Original	Projected	Budget
341	9	WORKERS COMP INS BILLINGS FEES AND FINES	\$826,244 \$826,244	\$1,096,295 \$1,096,295	\$985,000 \$985,000	\$981,727 \$981,727
361	10	INVESTMENT INTEREST	\$52,603	\$30,000	\$50,000	\$40,000
369	90	OTHER MISC. REVENUE MISCELLANEOUS	\$28,714 \$81,317	\$0 \$30,000	\$0 \$50,000	\$0 \$40,000
REVENUE TOTALS			\$907,561	\$1,126,295	\$1,035,000	\$1,021,727
513	4	WORKERS' COMPENSATION INS	\$242,374	\$270,940	\$270,940	\$279,800
513	14	WKRS COMP SELF-FUND CLAIM PERSONNEL	\$819,115 \$1,061,489	\$797,374 \$1,068,314	\$797,374 \$1,068,314	\$688,755 \$968,555
522	1	STATIONERY & PRINTING COMMODITIES	\$56 \$56	\$50 \$50	\$0 \$0	\$50 \$50
533	1	AUDIT & ACCOUNTING SERVCS SERVICES	\$0 \$0	\$6,500 \$6,500	\$6,500 \$6,500	\$0 \$0
571	80	TO GENERAL CORP FUND 080 INTERFUND EXPENDITURE	\$13,452 \$13,452	\$14,073 \$14,073	\$12,750 \$12,750	\$13,122 \$13,122
EXPENDITURE TOTALS			\$1,074,997	\$1,088,937	\$1,087,564	\$981,727