

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

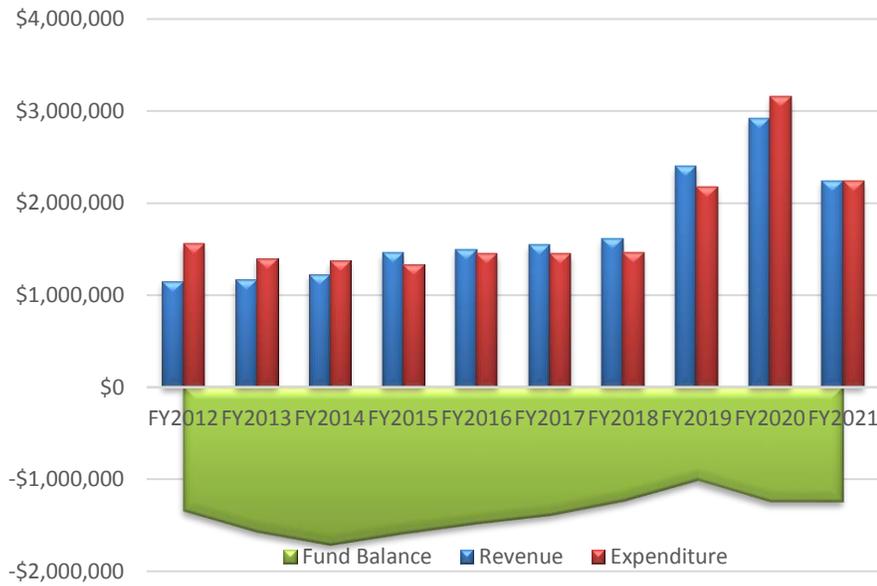
Because property tax is the only revenue stream for this fund, the tax caps applied by the Property Tax Extension Limitation Law (PTELL) did not allow the revenue to keep pace with the annual required contributions from fiscal years 2008 through 2014. In fiscal years 2015 through 2019, the property tax 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 fiscal years 2020 and 2021 revenues are not expected to exceed expenditures.

In FY2020, the Sixth Judicial Circuit Court ruled regarding the Carle Foundation property tax exemption case for parcels in its main campus for tax years 2005-2011, and of the total \$1.48 million ruling, \$106,657 was paid to the hospital from Tort Immunity. The FY2021 interfund billing to Tort Immunity will include deductibles owed for facilities and vehicles damages as a result of a 2020 hailstorm.

As of July 2020, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$2,171,993 for Worker's Compensation costs, property insurance premium payments, claims, outside attorney fees and Interfund liability billings. 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. Not considering outstanding claims liability, it is expected the Nursing Home obligation to the Self-Funded Insurance Fund at the end of FY2020 will be approximately \$850,000.

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			2019 Actual	2020 Original	2020 Projected	2021 Budget
311	16	CURR PROP TX-LIABILTY INS	\$2,390,422	\$3,165,370	\$2,916,150	\$2,237,867
313	16	RE BACKTAX-LIABILITY INS	\$3,222	\$700	\$1,000	\$1,000
314	10	MOBILE HOME TAX	\$2,017	\$1,350	\$1,500	\$1,500
315	10	PAYMENT IN LIEU OF TAXES	\$1,293	\$1,050	\$1,100	\$1,100
		PROPERTY TAXES	\$2,396,954	\$3,168,470	\$2,919,750	\$2,241,467
381	15	WORKER'S COMP REIMB	\$698	\$500	\$500	\$500
381	17	UNEMPLOYMENT INS REIMB	\$644	\$850	\$700	\$700
		INTERFUND REVENUE	\$1,342	\$1,350	\$1,200	\$1,200
		REVENUE TOTALS	\$2,398,296	\$3,169,820	\$2,920,950	\$2,242,667
513	4	WORKERS' COMPENSATION INS	\$857,307	\$906,000	\$900,000	\$950,000
513	5	UNEMPLOYMENT INSURANCE	\$107,833	\$120,000	\$110,000	\$120,000
		PERSONNEL	\$965,140	\$1,026,000	\$1,010,000	\$1,070,000
533	20	INSURANCE	\$772,437	\$820,000	\$820,000	\$1,172,667
		SERVICES	\$772,437	\$820,000	\$820,000	\$1,172,667
571	19	TO SELF-FUNDED INS FND476	\$439,285	\$1,322,382	\$1,322,382	\$0
		INTERFUND EXPENDITURE	\$439,285	\$1,322,382	\$1,322,382	\$0
582	9	INTEREST ON TAX CASE	\$0	\$0	\$823	\$0
		DEBT	\$0	\$0	\$823	\$0

EXPENDITURE TOTALS**\$2,176,862****\$3,168,382****\$3,153,205****\$2,242,667*****FUND BALANCE***

FY2019 Actual	FY2020 Projected	FY2021 Budgeted
(\$1,019,383)	(\$1,251,638)	(\$1,251,638)

The decrease in FY2020 fund balance is largely the result of the Carle Foundation property tax exemption case ruling for parcels in Carle’s main campus for tax years 2005-2011. The fund balance goal is \$500,000 to maintain cash flow and to provide funding for emergency claim payments. The current negative fund balance 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. Slight improvement in the negative position occurred in fiscal years 2015 through 2019; however, is not is anticipated in fiscal years 2020 and 2021.

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.

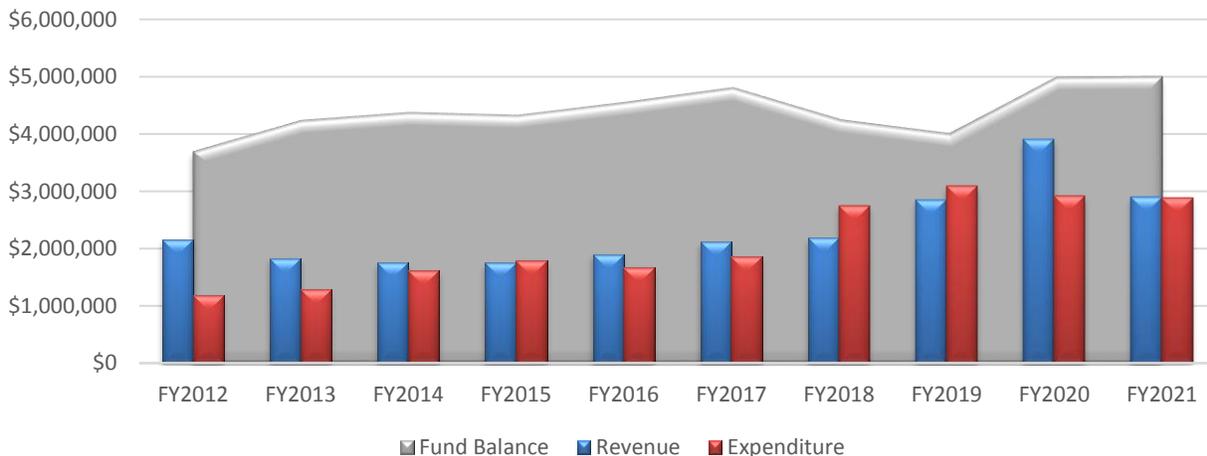
In FY1986, the county established a self-funded worker’s compensation insurance plan which was accounted for in the Tort Immunity (Special Revenue) Fund through FY1992. In 1993, the County created a separate internal service fund – the Self-Funded Insurance Fund and moved self-funded worker’s compensation 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.

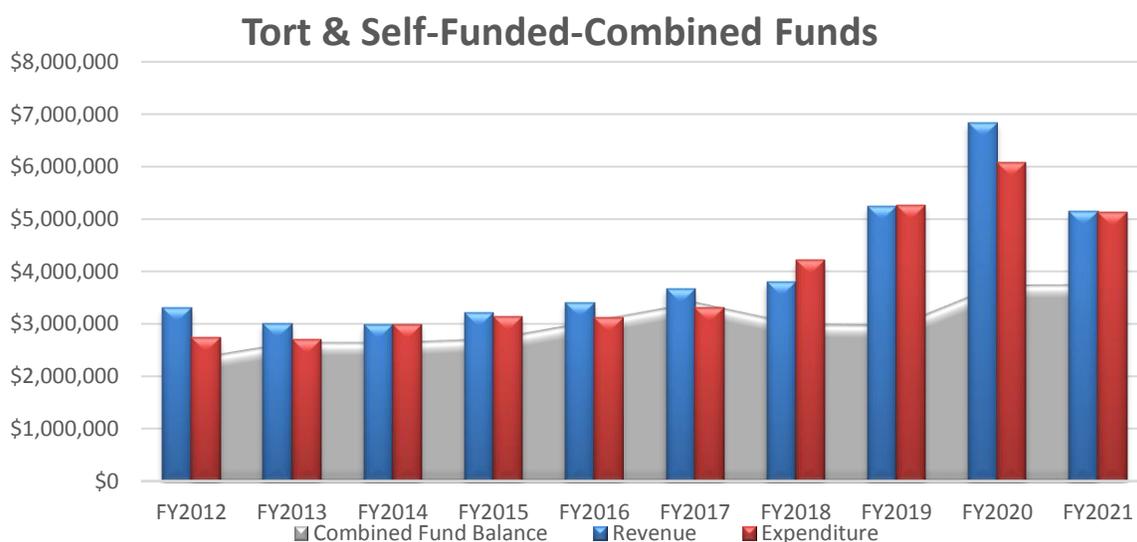
As of June 2020, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$2.2 million. In FY2020 the liability levy includes \$1.32 million that was reallocated under PTELL from the Nursing Home operating levy for outstanding amounts owed by the Home that will be transferred to the Self-Funded Insurance fund to go towards the Home’s obligations owed to the Self-Funded Insurance fund. This will provide some restoration to the fund balance.

Self-Funded Insurance



Self-Funded Insurance is in a combined fund with Tort Immunity, which has a fund balance deficit (see the Tort Immunity Fund Budget Document 076-075). Combining the funds allows the fund balance surplus in the Self-Funded Insurance Fund to absorb 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, exhibiting the actual fund balance available for Self-Funded operations.

The following chart depicts the combined revenues and expenditures for Tort Immunity and Self-Funded Insurance 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 Home to the Self-Funded Insurance fund for claims against the Home.



FINANCIAL

Fund 476 Summary			2019 Actual	2020 Original	2020 Projected	2021 Budget
341	8	PROPERTY/LIAB INS BILLING	\$1,019,731	\$1,338,662	\$1,338,662	\$1,691,402
341	9	WORKERS COMP INS BILLINGS FEES AND FINES	\$1,085,576 \$2,105,307	\$981,727 \$2,320,389	\$981,727 \$2,320,389	\$947,407 \$2,638,809
361	10	INVESTMENT INTEREST	\$47,733	\$40,000	\$20,000	\$10,000
369	80	INSURANCE CLAIMS REIMB	\$0	\$0	\$1,200	\$0
369	90	OTHER MISC. REVENUE MISCELLANEOUS	\$27,628 \$75,361	\$0 \$40,000	\$958 \$22,158	\$0 \$10,000
371	76	FROM TORT IMMUNITY FND076	\$439,285	\$1,322,382	\$1,322,382	\$0
381	17	UNEMPLOYMENT INS REIMB INTERFUND REVENUE	\$225,814 \$665,099	\$240,000 \$1,562,382	\$240,000 \$1,562,382	\$250,000 \$250,000
REVENUE TOTALS			\$2,845,767	\$3,922,771	\$3,904,929	\$2,898,809

Fund 476 Summary			2019	2020	2020	2021
			Actual	Original	Projected	Budget
513	4	WORKERS' COMPENSATION INS	\$256,682	\$279,800	\$200,000	\$225,000
513	14	WKRS COMP SELF-FUND CLAIM	\$480,367	\$688,755	\$688,755	\$702,092
		PERSONNEL	\$737,049	\$968,555	\$888,755	\$927,092
522	1	STATIONERY & PRINTING	\$0	\$50	\$0	\$0
		COMMODITIES	\$0	\$50	\$0	\$0
533	1	AUDIT & ACCOUNTING SERVCS	\$13,000	\$0	\$0	\$14,000
533	3	ATTORNEY/LEGAL SERVICES	\$355,276	\$250,000	\$250,000	\$232,104
533	20	INSURANCE	\$1,257,818	\$967,171	\$967,171	\$1,100,000
533	26	PROPERTY LOSS/DMG CLAIMS	\$18,125	\$40,000	\$100,000	\$40,000
533	95	CONFERENCES & TRAINING	\$0	\$400	\$0	\$0
534	80	AUTO DAMAGE/LIAB CLAIMS	\$55,267	\$52,762	\$200,000	\$55,640
534	81	GENERAL LIABILITY CLAIMS	\$630,001	\$472,014	\$492,014	\$500,000
		SERVICES	\$2,329,487	\$1,782,347	\$2,009,185	\$1,941,744
571	80	TO GENERAL CORP FUND 080	\$18,991	\$19,683	\$19,663	\$19,973
		INTERFUND EXPENDITURE	\$18,991	\$19,683	\$19,663	\$19,973
EXPENDITURE TOTALS			\$3,085,527	\$2,770,635	\$2,917,603	\$2,888,809

FUND BALANCE

FY2019 Actual	FY2020 Projected	FY2021 Budgeted
\$4,001,817	\$4,989,143	\$4,999,143

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

FY2019 Actual	FY2020 Projected	FY2021 Budgeted
\$2,982,434	\$3,737,505	\$3,747,505

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 \$3.13 million for the period ending December 31, 2021.

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			2019 Actual	2020 Original	2020 Projected	2021 Budget
341	8	PROPERTY/LIAB INS BILLING FEES AND FINES	\$1,019,731 \$1,019,731	\$1,338,662 \$1,338,662	\$1,338,662 \$1,338,662	\$1,691,402 \$1,691,402
369	80	INSURANCE CLAIMS REIMB	\$0	\$0	\$1,200	\$0
369	90	OTHER MISC. REVENUE MISCELLANEOUS	\$27,628 \$27,628	\$0 \$0	\$958 \$2,158	\$0 \$0
371	76	FROM TORT IMMUNITY FND076	\$439,285	\$1,322,382	\$1,322,382	\$0
381	17	UNEMPLOYMENT INS REIMB INTERFUND REVENUE	\$225,814 \$665,099	\$240,000 \$1,562,382	\$240,000 \$1,562,382	\$250,000 \$250,000
REVENUE TOTALS			\$1,712,458	\$2,901,044	\$2,903,202	\$1,941,402
533	1	AUDIT & ACCOUNTING SERVCS	\$6,500	\$0	\$0	\$7,000
533	3	ATTORNEY/LEGAL SERVICES	\$355,276	\$250,000	\$250,000	\$232,104
533	20	INSURANCE	\$1,257,818	\$967,171	\$967,171	\$1,100,000
533	26	PROPERTY LOSS/DMG CLAIMS	\$18,125	\$40,000	\$100,000	\$40,000
533	95	CONFERENCES & TRAINING	\$0	\$400	\$0	\$0
534	80	AUTO DAMAGE/LIAB CLAIMS	\$55,267	\$52,762	\$200,000	\$55,640
534	81	GENERAL LIABILITY CLAIMS SERVICES	\$630,001 \$2,322,987	\$472,014 \$1,782,347	\$492,014 \$2,009,185	\$500,000 \$1,934,744
571	80	TO GENERAL CORP FUND 080 INTERFUND EXPENDITURE	\$6,330 \$6,330	\$6,561 \$6,561	\$6,561 \$6,561	\$6,658 \$6,658
EXPENDITURE TOTALS			\$2,329,317	\$1,788,908	\$2,015,746	\$1,941,402

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			2019	2020	2020	2021
			Actual	Original	Projected	Budget
341	9	WORKERS COMP INS BILLINGS FEES AND FINES	\$1,085,576 \$1,085,576	\$981,727 \$981,727	\$981,727 \$981,727	\$947,407 \$947,407
361	10	INVESTMENT INTEREST MISCELLANEOUS	\$47,733 \$47,733	\$40,000 \$40,000	\$20,000 \$20,000	\$10,000 \$10,000
REVENUE TOTALS			\$1,133,309	\$1,021,727	\$1,001,727	\$957,407
513	4	WORKERS' COMPENSATION INS	\$256,682	\$279,800	\$200,000	\$225,000
513	14	WKRS COMP SELF-FUND CLAIM PERSONNEL	\$480,367 \$737,049	\$688,755 \$968,555	\$688,755 \$888,755	\$702,092 \$927,092
522	1	STATIONERY & PRINTING COMMODITIES	\$0 \$0	\$50 \$50	\$0 \$0	\$0 \$0
533	1	AUDIT & ACCOUNTING SERVCS SERVICES	\$6,500 \$6,500	\$0 \$0	\$0 \$0	\$7,000 \$7,000
571	80	TO GENERAL CORP FUND 080 INTERFUND EXPENDITURE	\$12,661 \$12,661	\$13,122 \$13,122	\$13,102 \$13,102	\$13,315 \$13,315
EXPENDITURE TOTALS			\$756,210	\$981,727	\$901,857	\$947,407