

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.

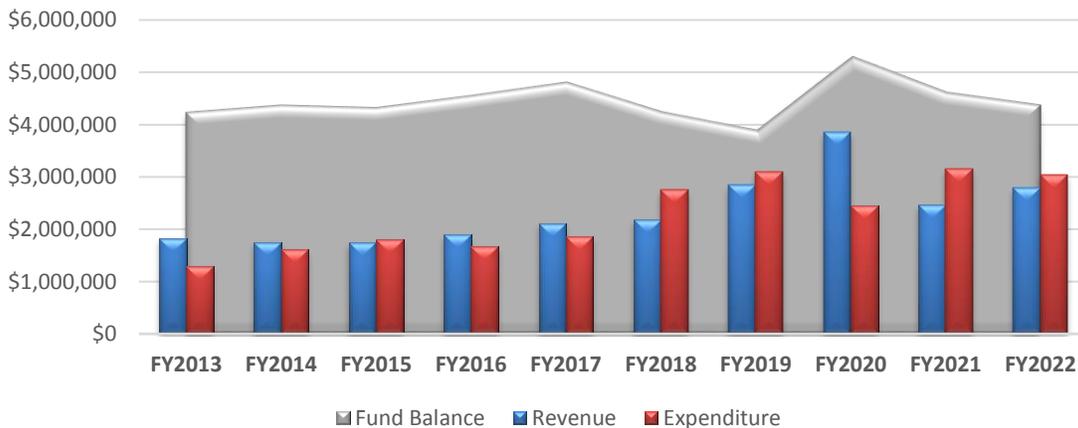
In FY1986, the county established a self-funded worker’s compensation insurance plan which was accounted for in the Tort Immunity (Special Revenue) Fund through FY1992. In 1993, the County created a separate internal service fund – the Self-Funded Insurance Fund and moved self-funded worker’s compensation 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 drop in the fund balance due to expenditures exceeding revenues because of settling Nursing Home claims, and the Home’s inability to reimburse this fund for self-funded and direct insurance costs. Historically, this fund has experienced revenue in excess of, or equal to, expenditures due to actual claims paid being lower than budget.

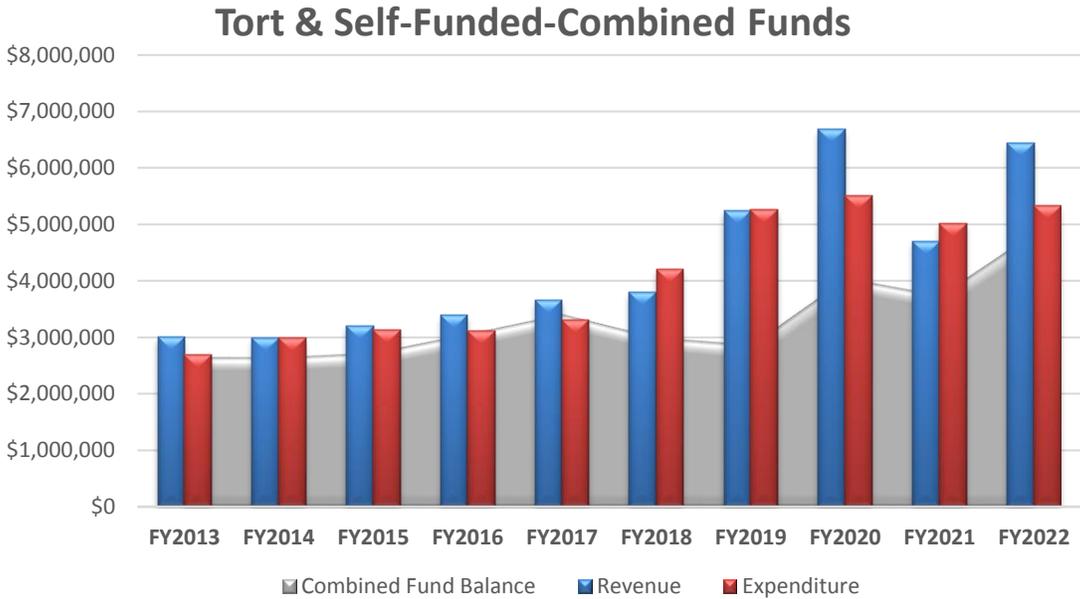
In FY2021 and FY2022 expenditures are expected to exceed revenues as the remaining outstanding cases against the Home are settled. As of August 2021, the Nursing Home fund owed the Self-Funded Insurance fund a total of \$1.3 million for Worker’s Compensation costs, property insurance premium payments, claims, outside attorney fees and Interfund liability billings. This number will increase with the settlement of outstanding claims against the Home. In FY2020, the former Nursing Home operating levy was reallocated towards the Home’s obligations to the Self-Funded Insurance fund. In FY2022 the liability levy includes reallocation of former levy for outstanding amounts owed by the Home. To rectify the negative balance in the Tort Immunity Fund, a transfer to the Self-funded Insurance Fund is not budgeted although the Home will be given credit for its obligations through the reallocation of the former levy.

Self-Funded Insurance



Self-Funded Insurance is in a combined fund with Tort Immunity, which has carried a fund balance deficit for many years (see the Tort Immunity Fund Budget Document 076-075). With the levy reallocation as previously described, the Tort Immunity Fund is expected to have a positive fund balance for the first time since at least 2007. 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.

With the Tort Immunity fund balance in a positive position and the Self-Funded Insurance fund balance more than the actuarial central estimate of unpaid claim liability, administration recommends future billings to County funds be discounted to provide some financial relief with consideration given to preservation of the actuarial recommended fund balance.



FINANCIAL

Fund 476 Summary			2020 Actual	2021 Original	2021 Projected	2022 Budget
341	8	PROPERTY/LIAB INS BILLING	\$1,139,218	\$1,691,402	\$1,338,166	\$1,584,242
341	9	WORKERS COMP INS BILLINGS	\$1,191,059	\$947,407	\$920,190	\$953,395
		FEES AND FINES	\$2,330,277	\$2,638,809	\$2,258,356	\$2,537,637
361	10	INVESTMENT INTEREST	\$7,685	\$10,000	\$1,600	\$1,600
369	80	INSURANCE CLAIMS REIMB	\$4,610	\$0	\$0	\$0
369	90	OTHER MISC. REVENUE	\$10,549	\$0	\$2,544	\$0
		MISCELLANEOUS	\$22,844	\$10,000	\$4,144	\$1,600
371	76	FROM TORT IMMUNITY FND076	\$1,305,099	\$0	\$0	\$0
381	17	UNEMPLOYMENT INS REIMB	\$200,527	\$250,000	\$201,000	\$250,000
		INTERFUND REVENUE	\$1,505,626	\$250,000	\$201,000	\$250,000
		REVENUE TOTALS	\$3,858,747	\$2,898,809	\$2,463,500	\$2,789,237

Fund 476 Summary			2020	2021	2021	2022
			Actual	Original	Projected	Budget
513	4	WORKERS' COMPENSATION INS	\$190,897	\$225,000	\$200,000	\$225,000
513	14	WKRS COMP SELF-FUND CLAIM	\$464,148	\$702,092	\$702,000	\$714,667
		PERSONNEL	\$655,045	\$927,092	\$902,000	\$939,667
522	1	STATIONERY & PRINTING	\$0	\$0	\$107	\$0
		COMMODITIES	\$0	\$0	\$107	\$0
533	1	AUDIT & ACCOUNTING SERVCS	\$0	\$14,000	\$13,750	\$0
533	3	ATTORNEY/LEGAL SERVICES	\$191,689	\$232,104	\$250,000	\$259,631
533	20	INSURANCE	\$838,267	\$1,100,000	\$1,000,000	\$1,200,000
533	26	PROPERTY LOSS/DMG CLAIMS	\$45,973	\$40,000	\$40,000	\$40,000
534	80	AUTO DAMAGE/LIAB CLAIMS	\$238,860	\$55,640	\$95,640	\$72,747
534	81	GENERAL LIABILITY CLAIMS	\$466,176	\$500,000	\$825,000	\$500,000
		SERVICES	\$1,780,965	\$1,941,744	\$2,224,390	\$2,072,378
571	80	TO GENERAL CORP FUND 080	\$19,683	\$19,973	\$19,973	\$20,592
		INTERFUND EXPENDITURE	\$19,683	\$19,973	\$19,973	\$20,592
EXPENDITURE TOTALS			\$2,455,693	\$2,888,809	\$3,146,470	\$3,032,637

FUND BALANCE

FY2020 Actual	FY2021 Projected	FY2022 Budgeted
\$5,292,370	\$4,609,400	\$4,366,000

Per the County's Financial Policies, the County will strive to maintain, at a minimum, the actuary recommended fund balance. Per the County's current actuarial study, the discounted actuarial central estimate of unpaid claim liability is \$3 million for the period ending December 31, 2022. The decrease in fund balance in FY21 is attributed to the settlement of three large claims against the Champaign County Nursing Home.