

RESOLUTION - SUPERMAJORITY

Resolution Authorizing an Emergency Appropriation to the FY 2025 Liability Insurance Fund (Fund 203) Budget to Cover Unemployment Benefit Claims (19)

WHEREAS, McHenry County is mandated to pay unemployment benefits to terminated employees eligible to receive benefits through the Illinois Department of Employment Security; and

WHEREAS, since unemployment benefit costs are event-driven and vary each year, they cannot be precisely predicted and, therefore, Risk Management endeavors to budget a reasonable and sufficient amount to cover this exposure in the Liability Insurance Fund budget; and

WHEREAS, the Fiscal Year 2025 budget for unemployment claims is \$67,250, but the actual expense is estimated to reach \$160,000, resulting in a budgetary shortfall of up to \$92,750; and

WHEREAS, this line item (Main Account 317000-19-1900-203 Reimb. To State Unemployment Ins.) is incorporated in the Liability Insurance Fund's personnel budget (Object Level 3) and, consequently, cannot be absorbed by other personnel line items, so an emergency appropriation shall be required to provide sufficient budget for this liability; and

WHEREAS, this resolution has been reviewed by the Administrative Services Committee and Finance & Audit Committee.

NOW, THEREFORE BE IT RESOLVED, by this County Board of McHenry County, Illinois, that it hereby authorizes an Emergency Appropriation to the FY 2025 Liability Insurance Fund (Fund 203) as follows to provide sufficient funding to cover the County's FY 2025 unemployment benefits claims:

Revenue:

099100-19-1900-203 Liability Insurance Fund - Utilization of Fund Balance	\$92,750
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Expense:

317000-19-1900-203 Liability Insurance Fund - Reimb. To State Unemployment Ins.	\$92,750
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BE IT FURTHER RESOLVED, that the County Clerk is hereby authorized to distribute a certified copy of this Resolution to the County Auditor, Deputy County Administration, Chief Financial Officer, and County Administrator.

DATED at Woodstock, Illinois, this 16th day of September, A.D., 2025.

Michael Buehler, Chairman
McHenry County Board

ATTEST:

Joseph J. Tirio, County Clerk

RESOLUTION

SUBJECT: Resolution Authorizing an Emergency Appropriation to the FY 2025 Liability Insurance Fund (Fund 203) Budget to Cover Unemployment Benefit Claims (19)

Board / Committee Action Requested:

To approve an emergency appropriation to the Liability Insurance Fund budget to cover unemployment benefit liabilities.

Background and Discussion: McHenry County, like all employers in Illinois, is obligated to provide unemployment benefits for eligible employees terminated from County. This occurs in the form of a reimbursement to the Illinois Department of Employment Security (IDES) on a quarterly basis for the actual benefits paid. This liability is funded through the Liability Insurance Fund (Fund 203) and incorporated in Risk Management's personnel budget (Main account 317000-19-1900-203 Liability Insurance Fund - Reimb. To State Unemployment Ins.).

Because this liability is based on the actual occurrence of a claim, it cannot be predicted or known in advance when the budget is developed. Each year, Risk Management endeavors to determine a reasonable amount to cover this liability utilizing a variety of tools including an analysis of current claims, awareness of potential organizational changes (i.e. a known program ending due to loss of grant funding) and trend analysis. While this approach has been generally successful in developing a reasonable - and not arbitrarily inflated - budget figure, unemployment claims are not within Risk Management's control and, therefore, the opportunity to exceed this budget exists.

The FY 2025 budget for this liability is \$67,250. To date, three of the four quarterly statements have been received and paid as required, totaling \$133,868. There will be one more quarterly statement forthcoming and due this fiscal year which could create an ending total of between \$150,000 and \$160,000. Based on this estimate, this liability will overrun the budget by \$92,750. Since unemployment falls in the Risk Management personnel budget, this overage cannot be absorbed without causing a cascading shortfall for salaries and benefits which are more precisely budgeted. Therefore, an emergency appropriation is necessary to provide sufficient budget for this liability.

For reference and comparison, the unemployment exposure for FY 2024 was \$45,388¹. It is important to note your HR Team diligently reviews all unemployment claims submitted and actively protests those in which eligibility for benefits is disputed.

Impact on Human Resources: None.

¹ The actual FY 2024 expenditure is less due to credits applied from previous billing errors.
Admin/Fin-2025-052

Impact on Budget (Revenue; Expenses, Fringe Benefits): This Emergency Appropriation will come out of the utilization of the Liability Insurance Fund's fund balance and will not affect the General Fund. Although it is isolated to this fiscal year, some claims could run into next fiscal year and may need to be accounted for in the FY 2026 Budget.

As discussed previously, this actual liability was not known nor could have been predicted during the FY 2025 budget development.

Position Reclassification or Regrade, please address the following: Not applicable.

Impact on Capital Expenditures: None.

Impact on Physical Space: None.

Impact on Other County Departments or Outside Agencies: Risk Management covers the unemployment benefit reimbursement for all departments. Unemployment costs for DOT, Valley Hi, Workforce Network and Mental Health Board are charged back at the end of the fiscal year.

Conformity to Board Ordinances, Policies and Strategic Plan: McHenry County is obligated to reimburse IDES for its unemployment claims paid.