

CITY OF APPLETON 2025 BUDGET

RISK MANAGEMENT

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CITY OF APPLETON 2025 BUDGET RISK MANAGEMENT

MISSION STATEMENT

To maximize the City's overall mission by eliminating, reducing or minimizing risk exposures through the use of innovative risk control, claims management, risk financing, regulatory compliance and a variety of programs designed to provide a safe and healthy workplace and community.

DISCUSSION OF SIGNIFICANT 2024 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights of 2024 includes:

Continued to log safety data sheets and audit the system.

Completed annual safety testing requirements including the respirator medical surveillance program and respirator fit testing for all employees who are required to wear respirators. Annual hearing tests were completed on-site in the fall to ensure compliance with the hearing conservation program.

As of June 1, 2024, reviewed 57 special events to assure adequate risk transfer to the event sponsor.

As of June 1, 2024, reviewed 116 City service and construction contracts to ensure adequate risk transfer to the applicable contractor or vendor.

Reviewed and suggested changes to the following policies: Blood Borne Pathogens (annual review), Asbestos Safety, Vehicle Use, Fall Protection, and Accident and Incident Reporting/Investigation.

Developed Artificial Intelligence (AI) Use Policy.

As of June 1, 2024 completed building safety audits at the following locations: Parks and Recreation maintenance building, temporary Library location, Water Plant, Wastewater Plant, Erb Pool and Fire Stations #1 and #6.

Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2024, \$12,145 has been recovered for losses that occurred in 2023 and 2024.

Facilitated both Central and City Hall safety committee meetings as well as City Hall security committee meetings. Attended several departmental safety committee meetings on a regular basis.

Continued working with departments on root cause analysis of City accidents and incidents.

Completed the following safety training during 2024: OSHA 30-hour course for various City supervisory personnel, OSHA 10-hour course for various front-line and supervisory personnel, confined space training, silica and lead safety training at DPW's annual safety training days.

Coordinated with CVMIC loss control representative on the following items: DPW and PRFM jobsite safety visits, fume hood inspections for Utilities and Police, multiple training sessions during DPW's safety training days, in-person confined space training, hands-on chainsaw safety training and reviewing safety training for City seasonal employees.

Participated in several new employee and new supervisor training sessions where various risk management topics were covered.

Utilized CVMIC's LEARN (web-based training system) to develop safety lesson plans for all City departments (except for the Fire Department). These lesson plans contained several required safety topics as well as various loss control topics (e.g., lifting safety, ladder safety, phishing safety, office safety, electrical safety, etc).

Assisted with the development of emergency action procedures for the City's new dance studio location.

Compiled information for the actuarial analysis of the City's risk management program.

Conducted a safety culture survey with City leadership to explore initiatives to strengthen our safety program.

CITY OF APPLETON 2025 BUDGET RISK MANAGEMENT

MAJOR 2025 OBJECTIVES

Our key objective is to ensure that the City has sufficient insurance coverage and reserves for any type of claim, and to handle all claims and potential claims involving the City. Therefore, our focus will be on the development of new policies and revisions of existing policies consistent with this objective. In terms of insurance coverage and claims handling, we will:

Investigate and resolve all claims filed against the City.

Work with the Attorney's Office or outside counsel on workers' compensation claims and other unresolved claims.

Review all property, liability and workers' compensation insurance coverages.

Evaluate funding source adequacy, including charges for service for workers' compensation, property and liability coverages.

Conduct an actuarial analysis of our insurance fund to make sure adequate funding is available for potential litigation claims.

Continue to review certificate of insurance requirements to make sure risk of liability is reduced through contractual risk transfer in case of any claims against the City.

Work with insurance provider on a frequent basis to assess City buildings to make sure the value of our property is adequately covered for insurance purposes.

Continue to provide training for all applicable staff in the areas of safety and loss prevention via in-person or online instruction.

Monitor OSHA 300 log entries (listing of work-related injuries and illnesses) and send mandatory reports to the State.

Analyze property and casualty loss data and work with departments to develop appropriate courses of action to mitigate these losses.

Work with vendors such as CVMIC, or complete internally, to make sure all safety-related education is available to our employees.

Continue to stay aware of changing safety regulations to ensure the City is in compliance.

Continue to work with the Attorney's Office and applicable departments to review construction and service contracts to ensure proper risk transfer to the applicable contractor/vendor.

DEPARTMENT BUDGET SUMMARY

Programs		Actual		Budget			%
Unit	Title	2022	2023	Adopted 2024	Amended 2024	2025	Change *
Program Revenues		\$ 1,914,638	\$ 2,120,339	\$ 2,005,958	\$ 2,005,958	\$ 2,035,203	1.46%
Program Expenses							
6210	Property & Liability Mgt.	1,745,875	1,797,368	1,825,387	1,825,387	1,915,869	4.96%
6220	Loss Control	160,262	172,379	174,550	174,550	179,463	2.81%
Total Program Expenses		\$ 1,906,137	\$ 1,969,747	\$ 1,999,937	\$ 1,999,937	\$ 2,095,332	4.77%
Expenses Comprised Of:		(2)					
	Personnel	359,086	398,704	405,566	405,566	417,821	3.02%
	Training & Travel	1,684	9,208	9,300	9,300	9,300	0.00%
	Supplies & Materials	4,710	5,414	5,965	5,965	5,965	0.00%
	Purchased Services	726,219	737,034	799,106	799,106	882,246	10.40%
	Miscellaneous Expense	814,438	819,385	780,000	780,000	780,000	0.00%
Full Time Equivalent Staff:							
	Personnel allocated to programs	2.98	2.98	2.98	2.98	2.98	

* % change from prior year adopted budget
Risk Management.xls

**CITY OF APPLETON 2025 BUDGET
RISK MANAGEMENT**

Property & Liability Management

Business Unit 6210

PROGRAM MISSION

For the financial benefit of our citizens, we will proactively administer and manage a fiscally responsible risk management program.

PROGRAM NARRATIVE

Link to City Goals:

Implements Key Strategies #1: "Responsibly deliver excellent services", #2: "Encourage active community participation and involvement" and #4: "Continually assess trends affecting the community and proactively respond".

Objectives:

- Review all lines of insurance coverage for alternatives and cost reduction.
- Analyze statistical data and develop programs to reduce exposures.
- Proactively train and educate employees regarding risk management, safety and other loss control measures.
- Review discounting opportunities for workers' compensation claims.
- Review City contracts for adequate insurance requirements and proof of insurance.
- Thoroughly review and process all property/casualty losses to reduce the City's total cost of risk.
- Review special events for potential liability exposures, insurance requirements and proof of insurance (if required).

Major changes in Revenue, Expenditures, or Programs:

Our property package premiums and liability insurance premiums are increasing in 2025 largely due to the following: a) Both property and liability premiums are being impacted by the volatility in the secondary or re-insurance markets created by ongoing supply chain disruptions, labor shortages, record-setting inflation trends, growing possibility of a recession, unprecedented large civil lawsuit settlements, record-setting number of nuclear (at least \$10 million) and thermonuclear (more than \$100 million) verdicts in 2023, and large-scale international events (e.g., Ukraine/Russia and Israel/Hamas wars) and b) the City has incurred several large property losses since 2019. It is anticipated that these insurance rates will continue to rise beyond 2025.

In addition, our Workers Compensation Third Party Administrator (WC TPA) fees are increasing, as per our written contract with CVMIC, which allows up to a 7.5% increase from year to year, and also due to the City's worker's compensation claim frequency.

Due to rising inflation, the ascending complexity of the claims process and increase in the frequency of auto accidents with uninsured motorists, the City will begin purchasing vehicle collision coverage in CY2025 from CVMIC. Prior to this, the City was self-insured for its vehicle collision losses.

CITY OF APPLETON 2025 BUDGET RISK MANAGEMENT

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2022	2023	Adopted 2024	Amended 2024	2025
Revenues					
471000 Interest on Investments (Loss)	\$ (24,629)	\$ 50,959	\$ -	\$ -	\$ -
480100 General Charges for Svc	1,872,348	1,930,572	1,950,958	1,950,958	1,978,583
503000 Damage to City Property	-	72,292	-	-	-
503500 Other Reimbursements	66,919	66,516	55,000	55,000	56,620
Total Revenue	<u>\$ 1,914,638</u>	<u>\$ 2,120,339</u>	<u>\$ 2,005,958</u>	<u>\$ 2,005,958</u>	<u>\$ 2,035,203</u>
Expenses					
610100 Regular Salaries	\$ 183,316	\$ 176,499	\$ 191,888	\$ 191,888	\$ 197,000
610500 Overtime Wages	578	773	-	-	-
615000 Fringes	36,282	76,990	64,553	64,553	66,783
620600 Parking Permits	1,260	1,440	1,440	1,440	1,440
630100 Office Supplies	1,018	1,014	1,000	1,000	1,000
632700 Miscellaneous Equipment	97	33	300	300	300
640100 Accounting/Audit Fees	1,784	1,932	1,500	1,500	1,500
640300 Bank Service Fees	487	466	-	-	-
640400 Consulting Services	7,995	6,500	8,300	8,300	8,300
650100 Insurance	698,620	712,336	776,406	776,406	859,546
662600 Uninsured Losses	304,440	39,520	160,000	160,000	160,000
662700 Uninsured Losses - W/C	509,998	779,865	620,000	620,000	620,000
Total Expense	<u>\$ 1,745,875</u>	<u>\$ 1,797,368</u>	<u>\$ 1,825,387</u>	<u>\$ 1,825,387</u>	<u>\$ 1,915,869</u>

DETAILED SUMMARY OF 2025 PROPOSED EXPENDITURES > \$15,000

<u>Insurance</u>	<u>Uninsured Losses - W/C</u>
Liability	Police Department
\$ 115,804	\$ 106,752
Crime	Fire Department
3,610	110,983
Excess liability	Public Works Department
7,854	84,641
Employment practice	Valley Transit
26,764	58,310
Volunteer Blanket Accident	Library
1,109	37,112
Equipment breakdown	Water Utility
33,426	33,760
Package property	Wastewater Utility
406,145	29,500
Auto physical damage	Stormwater Utility
123,198	28,070
WC TPA & fees	Community Development
19,415	12,522
Excess workers' compensation	Parks & Recreation Dept
122,221	22,022
<u>\$ 859,546</u>	Sanitation Department
	16,990
	CEA
	14,200
	Health Department
	12,483
	Facilities Management
	11,390
	Parking Utility
	10,060
	Information Technology
	8,157
	Finance Department
	4,145
	Human Resource Dept
	6,354
	Legal Services Dept
	5,610
	Mayor's Office
	4,169
	Reid Golf Course
	2,770
	<u>\$ 620,000</u>
<u>Uninsured Losses</u>	
General liability	
\$ 60,000	
Automobile	
100,000	
<u>\$ 160,000</u>	

**CITY OF APPLETON 2025 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM MISSION

For the benefit of City employees, we will identify, educate and promote loss prevention programs in order to provide a safe and healthy work environment.

PROGRAM NARRATIVE

Link to City Goals:

Implements Key Strategies #1: "Responsibly deliver excellent services", and #3: "Recognize and grow everyone's talents".

Objectives:

Participate in new employee orientation and new supervisor orientation classes.

Continue to conduct or facilitate required safety training for employees and authorized volunteers.

Continue to conduct or facilitate other loss control training for all employees and authorized volunteers.

Attend departmental safety committee meetings.

Facilitate central safety committee meetings and executive safety committee meetings.

Respond to and document ergonomic concerns and implement solutions.

Facilitate annual hearing tests on required personnel.

Facilitate annual lead testing.

Review and develop programs to promote safety, reduce injuries and reduce claims.

Facilitate annual respirator fit testing and obtain proper medical clearance for employee respirator usage.

Provide comprehensive safety training to help educate supervisors and employees in identifying and stopping potential hazards in the workplace such as offering OSHA 10-hour and OSHA 30-hour training courses.

Continue to conduct safety audits of City buildings to identify safety hazards.

Continue to review all injury and accident reports as well as workers' compensation and liability loss runs to identify potential loss control measures to prevent accident or injury re-occurrence.

Major changes in Revenue, Expenditures, or Programs:

No major changes.

**CITY OF APPLETON 2025 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2022	2023	Adopted 2024	Amended 2024	2025
Expenses					
610100 Regular Salaries	\$ 99,673	\$ 105,184	\$ 108,818	\$ 108,818	\$ 112,258
610500 Overtime Wages	-	66	-	-	-
615000 Fringes	39,237	39,194	40,307	40,307	41,780
620100 Training/Conferences	34	7,367	7,500	7,500	7,500
620200 Mileage Reimbursement	390	401	360	360	360
630300 Memberships & Licenses	125	125	125	125	125
630500 Awards & Recognition	-	91	140	140	140
630700 Food & Provisions	252	1,139	1,400	1,400	1,400
631500 Books & Library Materials	150	78	150	150	150
632001 City Copy Charges	2,386	2,554	2,300	2,300	2,300
632002 Outside Printing	200	-	200	200	200
632300 Safety Supplies	249	130	100	100	100
632700 Miscellaneous Equipment	233	250	250	250	250
640400 Consulting Services	15,428	13,897	11,000	11,000	11,000
641307 Telephone	105	103	100	100	100
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800
Total Expense	<u>\$ 160,262</u>	<u>\$ 172,379</u>	<u>\$ 174,550</u>	<u>\$ 174,550</u>	<u>\$ 179,463</u>

DETAILED SUMMARY OF 2025 PROPOSED EXPENDITURES > \$15,000

None

**CITY OF APPLETON 2025 BUDGET
RISK MANAGEMENT**

	2022 <u>ACTUAL</u>	2023 <u>ACTUAL</u>	2024 <u>YTD ACTUAL</u>	2024 <u>ORIG BUD</u>	2024 <u>REVISED BUD</u>	2025 <u>BUDGET</u>
Program Revenues						
471000 Interest on Investments	(24,629)	50,958	1,674	-	-	-
480100 General Charges for Service	1,872,348	1,930,572	-	1,950,958	1,950,958	1,978,583
503000 Damage to City Property	-	72,291	-	-	-	-
503500 Other Reimbursements	<u>66,919</u>	<u>66,516</u>	<u>56,774</u>	<u>55,000</u>	<u>55,000</u>	<u>56,620</u>
TOTAL PROGRAM REVENUES	<u>1,914,638</u>	<u>2,120,337</u>	<u>58,448</u>	<u>2,005,958</u>	<u>2,005,958</u>	<u>2,035,203</u>
Personnel						
610100 Regular Salaries	282,989	281,683	79,170	300,706	300,706	309,258
610500 Overtime Wages	578	837	101	-	-	-
615000 Fringes	99,842	97,898	27,701	104,860	104,860	108,563
617000 Pension Expense	(26,066)	19,050	-	-	-	-
617100 OPEB Expense	<u>1,743</u>	<u>(764)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PERSONNEL	<u>359,086</u>	<u>398,704</u>	<u>106,972</u>	<u>405,566</u>	<u>405,566</u>	<u>417,821</u>
Training~Travel						
620100 Training/Conferences	34	7,367	659	7,500	7,500	7,500
620200 Mileage Reimbursement	390	401	90	360	360	360
620600 Parking Permits	<u>1,260</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
TOTAL TRAINING / TRAVEL	<u>1,684</u>	<u>9,208</u>	<u>2,189</u>	<u>9,300</u>	<u>9,300</u>	<u>9,300</u>
Supplies						
630100 Office Supplies	1,018	1,014	121	1,000	1,000	1,000
630300 Memberships & Licenses	125	125	125	125	125	125
630500 Awards & Recognition	-	91	-	140	140	140
630700 Food & Provisions	252	1,139	671	1,400	1,400	1,400
631500 Books & Library Materials	150	78	-	150	150	150
632001 City Copy Charges	2,386	2,554	470	2,300	2,300	2,300
632002 Outside Printing	200	-	-	200	200	200
632300 Safety Supplies	249	130	-	100	100	100
632700 Miscellaneous Equipment	<u>330</u>	<u>283</u>	<u>-</u>	<u>550</u>	<u>550</u>	<u>550</u>
TOTAL SUPPLIES	<u>4,710</u>	<u>5,414</u>	<u>1,387</u>	<u>5,965</u>	<u>5,965</u>	<u>5,965</u>
Purchased Services						
640100 Accounting/Audit Fees	1,784	1,932	-	1,500	1,500	1,500
640300 Bank Service Fees	487	466	-	-	-	-
640400 Consulting Services	23,423	20,397	11,690	19,300	19,300	19,300
641307 Telephone	105	103	36	100	100	100
650100 Insurance	698,620	712,336	728,316	776,406	776,406	859,546
659900 Other Contracts/Obligation	<u>1,800</u>	<u>1,800</u>	<u>1,801</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>
TOTAL PURCHASED SVCS	<u>726,219</u>	<u>737,034</u>	<u>741,843</u>	<u>799,106</u>	<u>799,106</u>	<u>882,246</u>
Miscellaneous Expense						
662600 Uninsured Losses	304,440	39,520	40,743	160,000	160,000	160,000
662700 Uninsured Losses - Workers' Comp	<u>509,998</u>	<u>779,865</u>	<u>154,507</u>	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
TOTAL MISCELLANEOUS	<u>814,438</u>	<u>819,385</u>	<u>195,250</u>	<u>780,000</u>	<u>780,000</u>	<u>780,000</u>
TOTAL EXPENSE	<u>1,906,137</u>	<u>1,969,745</u>	<u>1,047,641</u>	<u>1,999,937</u>	<u>1,999,937</u>	<u>2,095,332</u>

CITY OF APPLETON 2025 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2022 Actual	2023 Actual	2024 Budget	2024 Projected	2025 Budget
Charges for Services	\$ 1,872,348	\$ 1,930,572	\$ 1,950,958	\$ 1,950,958	\$ 1,978,583
Other	66,919	138,808	55,000	55,000	56,620
Total Revenues	<u>1,939,267</u>	<u>2,069,380</u>	<u>2,005,958</u>	<u>2,005,958</u>	<u>2,035,203</u>
Expenses					
Operating Expenses	1,906,137	1,969,747	1,999,937	1,999,937	2,095,332
Total Expenses	<u>1,906,137</u>	<u>1,969,747</u>	<u>1,999,937</u>	<u>1,999,937</u>	<u>2,095,332</u>
Operating Income (Loss)	33,130	99,633	6,021	6,021	(60,129)
Non-Operating Revenues (Expenses)					
Investment Income	(24,629)	50,959	-	-	-
Other Non-Operating Income	-	-	-	-	-
Transfer In - General Fund	-	-	-	-	-
Total Non-Operating	<u>(24,629)</u>	<u>50,959</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	8,501	150,592	6,021	6,021	(60,129)
Fund Balance - Beginning	<u>954,902</u>	<u>963,403</u>	<u>1,113,995</u>	<u>1,113,995</u>	<u>1,120,016</u>
Fund Balance - Ending	<u>\$ 963,403</u>	<u>\$ 1,113,995</u>	<u>\$ 1,120,016</u>	<u>\$ 1,120,016</u>	<u>\$ 1,059,887</u>

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ 1,509,191	\$ 1,515,212
+ Change in Net Assets	<u>6,021</u>	<u>(60,129)</u>
Working Cash - End of Year	<u>\$ 1,515,212</u>	<u>\$ 1,455,083</u>

