

CITY OF APPLETON 2024 BUDGET

RISK MANAGEMENT

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CITY OF APPLETON 2024 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 2023 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights of 2023 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, 2023, reviewed 64 special events to assure adequate risk transfer to the event sponsor.
- As of June 1, 2023, reviewed around 111 City service and construction contracts to ensure adequate risk transfer to the applicable contractor or vendor.
- Reviewed and suggested changes to the following policies: City Hall Emergency Procedures and Blood Borne Pathogens (annual review).
- As of June 1, 2023 completed building safety audits at the following locations: Parks, Recreation, and Facilities Management maintenance building and Schieg building.
- Pursued subrogation and restitution for damage to City property caused by third parties. As of June 1, 2023, \$20,356 has been recovered for losses that occurred in 2022 and 2023.
- Utilized data from risk information management system and various loss runs to identify loss-trend issues for the organization. This loss history information was reviewed with City leadership and included several suggested loss prevention and loss reduction strategies.
- Facilitated both Central and City Hall safety 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 2023: OSHA 30-hour course for various City supervisory staff (scheduled for early winter 2023), forklift train-the-trainer for various City personnel, various safety training for utilities department staff, driving safety review for Health and Community and Economic Development departments, and confined space training.
- 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, and playground safety inspection training for various parks maintenance staff.
- Coordinated with an industrial hygienist to perform air sampling and an assessment of these samples for lead and silica exposure for several work processes.
- 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., Defensive Driving, Protecting Municipal Employees for Opioid Exposure, etc).
- Formed committee to review and implement recommendations from the Appleton Police Department's security assessment for City Hall.
- Worked with City IT Department and commercial liability insurance carrier to correct issues with remote desktop system application. With these corrections, our 2023 deductible for cyber liability was reduced from \$400,000 per occurrence to \$200,000 per occurrence.

CITY OF APPLETON 2024 BUDGET RISK MANAGEMENT

MAJOR 2024 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			% Change *
		2021	2022	Adopted 2023	Amended 2023	2024	
Unit	Title						
Program Revenues		\$ 2,995,284	\$ 1,914,638	\$ 1,986,913	\$ 1,986,913	\$ 2,005,958	0.96%
Program Expenses							
6210	Property & Liability Mgt.	1,051,726	1,745,875	1,818,085	1,818,085	1,825,387	0.40%
6220	Loss Control	141,181	160,262	168,828	168,828	174,550	3.39%
Total Program Expenses		\$ 1,192,907	\$ 1,906,137	\$ 1,986,913	\$ 1,986,913	\$ 1,999,937	0.66%
Expenses Comprised Of:							
Personnel		311,846	359,086	398,804	398,804	405,566	1.70%
Training & Travel		2,419	1,684	9,300	9,300	9,300	0.00%
Supplies & Materials		3,557	4,710	5,965	5,965	5,965	0.00%
Purchased Services		688,013	726,219	792,844	792,844	799,106	0.79%
Miscellaneous Expense		187,072	814,438	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 2024 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 2024 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 and large-scale international events (e.g., Ukraine/Russia war) and b) the City has incurred several large property losses since 2019. It is anticipated that these insurance rates will continue to rise beyond 2024.

Within the insurance expense line, excluding WC TPA fees, premiums have decreased as Cities and Villages Mutual Insurance Company (CVMIC) has recently hired a new insurance broker which has been able to obtain more competitive pricing for these coverages. However, WC TPA fees are increasing, as per our written contract with CVMIC, which allows for a 7.5% increase from year to year, and also due to the City's claim frequency.

**CITY OF APPLETON 2024 BUDGET
RISK MANAGEMENT**

Property & Liability Management

Business Unit 6210

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2021	2022	Adopted 2023	Amended 2023	2024
Revenues					
471000 Interest on Investments (Loss)	\$ (5,646)	\$ (24,629)	\$ -	\$ -	\$ -
480100 General Charges for Svc	1,641,795	1,872,348	1,930,566	1,930,566	1,950,958
503500 Other Reimbursements	59,135	66,919	56,347	56,347	55,000
592100 Transfer In - General Fund	1,300,000	-	-	-	-
Total Revenue	\$ 2,995,284	\$ 1,914,638	\$ 1,986,913	\$ 1,986,913	\$ 2,005,958
Expenses					
610100 Regular Salaries	\$ 169,512	\$ 183,316	\$ 192,535	\$ 192,535	\$ 191,888
610500 Overtime Wages	197	578	-	-	-
615000 Fringes	22,694	36,282	62,866	62,866	64,553
620600 Parking Permits	1,260	1,260	1,440	1,440	1,440
630100 Office Supplies	708	1,018	1,000	1,000	1,000
632700 Miscellaneous Equipment	-	97	300	300	300
640100 Accounting/Audit Fees	1,779	1,784	1,500	1,500	1,500
640300 Bank Service Fees	286	487	-	-	-
640400 Consulting Services	25,419	7,995	8,300	8,300	8,300
650100 Insurance	642,798	698,620	770,144	770,144	776,406
662600 Uninsured Losses	(338,135)	304,440	160,000	160,000	160,000
662700 Uninsured Losses - W/C	525,208	509,998	620,000	620,000	620,000
Total Expense	\$ 1,051,726	\$ 1,745,875	\$ 1,818,085	\$ 1,818,085	\$ 1,825,387

DETAILED SUMMARY OF 2024 PROPOSED EXPENDITURES > \$15,000

Insurance		Uninsured Losses - W/C	
Liability	\$ 113,126	Police Department	\$ 133,867
Crime	4,182	Fire Department	91,794
Excess liability	7,989	Public Works Department	66,359
Cyber liability	-	Valley Transit	58,650
Employment practice	30,869	Library	43,507
Volunteer Blanket Accident	966	Water Utility	33,590
Equipment breakdown	26,281	Wastewater Utility	28,110
Package property	383,156	Stormwater Utility	19,640
Auto physical damage	58,201	Community Development	18,437
WC TPA & fees	18,500	Parks & Recreation Dept	17,269
Excess workers' compensation	133,136	Sanitation Department	17,090
	<u>\$ 776,406</u>	CEA	14,280
		Health Department	13,844
Uninsured Losses		Facilities Management	11,460
General liability	\$ 60,000	Parking Utility	10,120
Automobile	100,000	Information Technology	9,753
	<u>\$ 160,000</u>	Finance Department	8,794
		Human Resource Dept	8,733
		Legal Services Dept	8,287
		Mayor's Office	3,825
		Reid Golf Course	2,591
			<u>\$ 620,000</u>

**CITY OF APPLETON 2024 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 2024 BUDGET
RISK MANAGEMENT**

Safety/Loss Prevention

Business Unit 6220

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2021	2022	Adopted 2023	Amended 2023	2024
Expenses					
610100 Regular Salaries	\$ 84,436	\$ 99,673	\$ 105,651	\$ 105,651	\$ 108,818
610500 Overtime Wages	66	-	-	-	-
615000 Fringes	34,940	39,237	37,752	37,752	40,307
620100 Training/Conferences	1,099	34	7,500	7,500	7,500
620200 Mileage Reimbursement	60	390	360	360	360
630300 Memberships & Licenses	100	125	125	125	125
630500 Awards & Recognition	-	-	140	140	140
630700 Food & Provisions	458	252	1,400	1,400	1,400
631500 Books & Library Materials	-	150	150	150	150
632001 City Copy Charges	2,013	2,386	2,300	2,300	2,300
632002 Outside Printing	91	200	200	200	200
632300 Safety Supplies	82	249	100	100	100
632700 Miscellaneous Equipment	105	233	250	250	250
640400 Consulting Services	15,829	15,428	11,000	11,000	11,000
641307 Telephone	102	105	100	100	100
659900 Other Contracts/Obligation	1,800	1,800	1,800	1,800	1,800
Total Expense	\$ 141,181	\$ 160,262	\$ 168,828	\$ 168,828	\$ 174,550

DETAILED SUMMARY OF 2024 PROPOSED EXPENDITURES > \$15,000

None

**CITY OF APPLETON 2024 BUDGET
RISK MANAGEMENT**

	2021 <u>ACTUAL</u>	2022 <u>ACTUAL</u>	2023 <u>YTD ACTUAL</u>	2023 <u>ORIG BUD</u>	2023 <u>REVISED BUD</u>	2024 <u>BUDGET</u>
Program Revenues						
471000 Interest on Investments	(5,645)	(24,629)	1,441	-	-	-
480100 General Charges for Service	1,641,795	1,872,348	643,524	1,930,566	1,930,566	1,950,958
503500 Other Reimbursements	59,136	66,919	56,399	56,347	56,347	55,000
592100 Transfer In - General Fund	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PROGRAM REVENUES	2,995,286	1,914,638	701,364	1,986,913	1,986,913	2,005,958
Personnel						
610100 Regular Salaries	253,952	282,989	85,879	298,186	298,186	300,706
610500 Overtime Wages	262	578	687	-	-	-
615000 Fringes	88,568	99,842	31,216	100,618	100,618	104,860
617000 Pension Expense	(27,457)	(26,066)	-	-	-	-
617100 OPEB Expense	<u>(3,479)</u>	<u>1,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL PERSONNEL	311,846	359,086	117,782	398,804	398,804	405,566
Training~Travel						
620100 Training/Conferences	1,099	34	2,161	7,500	7,500	7,500
620200 Mileage Reimbursement	60	390	120	360	360	360
620600 Parking Permits	<u>1,260</u>	<u>1,260</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
TOTAL TRAINING / TRAVEL	2,419	1,684	3,721	9,300	9,300	9,300
Supplies						
630100 Office Supplies	708	1,018	165	1,000	1,000	1,000
630300 Memberships & Licenses	100	125	125	125	125	125
630500 Awards & Recognition	-	-	41	140	140	140
630700 Food & Provisions	458	252	1,034	1,400	1,400	1,400
631500 Books & Library Materials	-	150	-	150	150	150
632001 City Copy Charges	2,013	2,386	670	2,300	2,300	2,300
632002 Outside Printing	91	200	-	200	200	200
632300 Safety Supplies	82	249	-	100	100	100
632700 Miscellaneous Equipment	<u>105</u>	<u>330</u>	<u>-</u>	<u>550</u>	<u>550</u>	<u>550</u>
TOTAL SUPPLIES	3,557	4,710	2,035	5,965	5,965	5,965
Purchased Services						
640100 Accounting/Audit Fees	1,779	1,784	-	1,500	1,500	1,500
640300 Bank Service Fees	286	487	-	-	-	-
640400 Consulting Services	41,248	23,423	1,812	19,300	19,300	19,300
641307 Telephone	102	105	25	100	100	100
650100 Insurance	642,798	698,620	694,386	770,144	770,144	776,406
659900 Other Contracts/Obligation	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>
TOTAL PURCHASED SVCS	688,013	726,219	698,023	792,844	792,844	799,106
Miscellaneous Expense						
662600 Uninsured Losses	(338,136)	304,440	11,649	160,000	160,000	160,000
662700 Uninsured Losses - Workers' Comp	<u>525,208</u>	<u>509,998</u>	<u>130,301</u>	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
TOTAL MISCELLANEOUS	187,072	814,438	141,950	780,000	780,000	780,000
TOTAL EXPENSE	<u>1,192,907</u>	<u>1,906,137</u>	<u>963,511</u>	<u>1,986,913</u>	<u>1,986,913</u>	<u>1,999,937</u>

CITY OF APPLETON 2024 BUDGET
RISK MANAGEMENT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

Revenues	2021 Actual	2022 Actual	2023 Budget	2023 Projected	2024 Budget
Charges for Services	\$ 1,641,795	\$ 1,872,348	\$ 1,930,566	\$ 1,930,566	\$ 1,950,958
Other	59,135	66,919	56,347	56,347	55,000
Total Revenues	<u>1,700,930</u>	<u>1,939,267</u>	<u>1,986,913</u>	<u>1,986,913</u>	<u>2,005,958</u>
Expenses					
Operating Expenses	1,192,907	1,906,137	1,986,913	1,986,913	1,999,937
Total Expenses	<u>1,192,907</u>	<u>1,906,137</u>	<u>1,986,913</u>	<u>1,986,913</u>	<u>1,999,937</u>
Operating Income (Loss)	508,023	33,130	-	-	6,021
Non-Operating Revenues (Expenses)					
Investment Income	(5,646)	(24,629)	-	-	-
Other Non-Operating Income	1,300,000	-	-	-	-
Insurance Proceeds - Fox River	-	-	-	-	-
Transfer In - General Fund	-	-	-	-	-
Total Non-Operating	<u>1,294,354</u>	<u>(24,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	1,802,377	8,501	-	-	6,021
Fund Balance - Beginning	<u>(847,482)</u>	<u>954,895</u>	<u>963,396</u>	<u>963,396</u>	<u>963,396</u>
Fund Balance - Ending	<u>\$ 954,895</u>	<u>\$ 963,396</u>	<u>\$ 963,396</u>	<u>\$ 963,396</u>	<u>\$ 969,417</u>

SCHEDULE OF CASH FLOWS

Cash - Beginning of Year	\$ 1,526,323	\$ 1,526,323
+ Change in Net Assets	-	6,021
Working Cash - End of Year	<u>\$ 1,526,323</u>	<u>\$ 1,532,344</u>

