

**CITY OF APPLETON 2019 BUDGET**

**RISK MANAGEMENT**

**Human Resources Director: Sandra A. Matz**

**Deputy Director of Human Resources: Debra M. Van Den Bogart**

# CITY OF APPLETON 2019 BUDGET RISK MANAGEMENT

## MISSION STATEMENT

To establish and maintain a successful risk management program and to provide on-going support and training to all City Departments and staff as well as prompt and fair service to the public.

## DISCUSSION OF SIGNIFICANT 2018 EVENTS

The Risk Management staff continued to manage organizational liability through a variety of efforts. Some of the highlights in 2018 include:

- \*Solicited quotes and compared current property insurance coverage limits, deductibles, and premiums
- \*Transitioned property insurance coverage to the Municipal Property Insurance Company (MPIC) saving over \$60,000 in premiums and improving the overall coverage and protection for the City.
- \*Reviewed over 100 special events and assured adequate risk transfer.
- \*Assisted the Special Events Committee with improving the process for review of events.
- \*Worked with Legal Services to synchronize the insurance requirements with City ordinances.
- \*Updated the Risk Management Manual as part of the succession plan.
- \*Worked through the transition to a new Risk Manager following the retirement of a long-term employee.
- \*Completed safety training for all required employees and supervisors.
- \*Continued to log safety data sheets and audit the system.
- \*Completed Safety Data Sheet training for all city employees.
- \*Settled a potential very high-dollar worker's compensation claim.
- \*Conducted an RFP for the third party administration of worker's compensation.
- \* Staff completed our annual training requirements including the respirator medical surveillance program and respirator fit testing for all employees who are required to wear respirators. Annual hearing tests completed in the fall to ensure compliance with the hearing conservation program.
- \*Staff also is initiating a program to streamline the process for employees to complete all occupational medical requirements on one date.
- \*Worked with the operational departments to create an insurance requirements listing for contracts to assist project managers at soliciting quotes and securing adequate insurance.
- \*Worked through an issue that involved several potential claimants and involved a large dollar loss.
- \*Negotiated a reduced increase to occupational health costs from 19.6% to 10.4% increase.
- \*Initiated discussion for better ways to make sure new assets are adequately and timely added to list for insurance.

## CITY OF APPLETON 2019 BUDGET RISK MANAGEMENT

### MAJOR 2019 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 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

Conduct an audit 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 in case of any claims against the City

Work with insurance provider annually to assess City buildings to make sure the value of our property is adequately covered for insurance purposes

Continue to provide all applicable staff training in the safety/loss prevention areas

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

Analyze workers' compensation statistics and work with departments to develop appropriate courses of action

Work with vendors such as CVMIC to make sure all safety related education is available to our employees

Reprioritized responsibilities to meet the demands of the department during the transition to a new Risk Manager

DEPARTMENT BUDGET SUMMARY							
Programs		Actual		Budget			%
Unit	Title	2016	2017	Adopted 2018	Amended 2018	2019	Change *
<b>Program Revenues</b>		\$ 3,086,949	\$ 1,797,442	\$ 1,678,622	\$ 1,678,622	\$ 1,593,655	-5.06%
<b>Program Expenses</b>							
6210	Property & Liability Mgt.	3,294,080	1,279,496	1,399,052	1,399,052	1,418,693	1.40%
6220	Loss Control	149,670	159,499	157,338	157,338	174,962	11.20%
<b>Total Program Expenses</b>		\$ 3,443,750	\$ 1,438,995	\$ 1,556,390	\$ 1,556,390	\$ 1,593,655	2.39%
<b>Expenses Comprised Of:</b>							
Personnel		353,590	357,979	338,094	338,094	375,226	10.98%
Administrative Expense		2,235,974	1,050,986	1,193,321	1,193,321	1,185,884	-0.62%
Supplies & Materials		2,797	2,509	2,600	2,600	2,800	7.69%
Purchased Services		851,285	27,370	22,250	22,250	29,620	33.12%
Utilities		104	151	125	125	125	0.00%
Repair & Maintenance		-	-	-	-	-	N/A
Capital Expenditures		-	-	-	-	-	N/A
<b>Full Time Equivalent Staff:</b>							
Personnel allocated to programs		2.98	2.98	2.98	2.98	2.98	

## CITY OF APPLETON 2019 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 Strategy #1: "Prompt delivery of 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
- Review discounting opportunities for workers' compensation claims

**Major changes in Revenue, Expenditures, or Programs:**

The uninsured losses for workers' compensation claims are trending low at mid year for 2018. However, the estimate for 2019 is based on a three year history of workers' compensation claims paid which accounts for the increase in 2019. We continue to work with departments on safety training and equipment usage in an effort to reduce the number and severity of claims, but many of the current claims are the result of unforeseeable accidents as well as the rising cost of medical care.

Increase to consulting services is due to an actuarial study which is done every other year and is planned again in 2019.

### PERFORMANCE INDICATORS

	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Target 2018</u>	<u>Projected 2018</u>	<u>Target 2019</u>
<b>Client Benefits/Impacts</b>					
Insurance Costs					
Average workers' compensation costs per claim*	\$ 6,539	\$ 6,785	\$ 8,000	\$ 9,600	\$ 8,000
Avg cost per general liability claim*	\$ 467	\$ 188	\$ 400	\$ 100	\$ 400
Avg cost per auto liability claim*	\$ 3,090	\$ 1,616	\$ 500	\$ 3,000	\$ 2,000
<b>Strategic Outcomes</b>					
Minimize claims expense					
\$ value of claims paid*	\$ 404,798	\$ 461,718	\$ 450,000	\$ 400,000	\$ 450,000
\$ value of subrogation recovery*	\$ 31,804	\$ 20,542	\$ 35,000	\$ 10,000	\$ 25,000
<b>Work Process Outputs</b>					
Insurance Coverage Maintenance					
# of insurance policy renewals	10	9	10	10	10
# of new insurance policies purchased	2	2	2	2	0
Number of claims filed					
General liability	34	48	40	55	40
Auto liability	24	24	30	20	20
Workers' comp - lost time	7	6	10	5	5
Workers' comp - medical only	46	55	48	35	40

\* Initial claims in year presented only

**CITY OF APPLETON 2019 BUDGET  
RISK MANAGEMENT**

**Property & Liability Management**

**Business Unit 6210**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2016	2017	Adopted 2018	Amended 2018	2019
<b>Revenues</b>					
4710 Interest Income	\$ 21	\$ 77	\$ -	\$ -	\$ -
4801 Charges for Serv.- Nontax	1,366,467	1,721,859	1,622,222	1,622,222	1,544,553
5004 Sales of City Property	-	775	-	-	-
5035 Other Reimbursements	63,848	70,175	56,400	56,400	49,102
5082 Insurance Proceeds	1,656,613	4,556	-	-	-
<b>Total Revenue</b>	<b>\$ 3,086,949</b>	<b>\$ 1,797,442</b>	<b>\$ 1,678,622</b>	<b>\$ 1,678,622</b>	<b>\$ 1,593,655</b>
<b>Expenses</b>					
6101 Regular Salaries	\$ 157,676	\$ 159,747	\$ 162,027	\$ 162,027	\$ 168,733
6105 Overtime	151	4	-	-	-
6150 Fringes	69,242	67,188	45,957	45,957	59,109
6206 Parking Permits	1,224	1,260	1,260	1,260	1,080
6301 Office Supplies	786	731	1,200	1,200	1,200
6327 Miscellaneous Equipment	-	-	300	300	300
6401 Accounting/Audit	2,228	1,674	1,600	1,600	1,470
6403 Bank Services	-	-	-	-	-
6404 Consulting Services	4,000	12,491	5,000	5,000	12,500
6501 Insurance	472,664	481,952	513,708	513,708	474,301
6599 Other Contracts / Obligations	832,805	-	-	-	-
6626 Uninsured Losses	1,013,695	146,644	113,000	113,000	120,000
6627 Uninsured Losses - WC	739,609	407,805	555,000	555,000	580,000
<b>Total Expense</b>	<b>\$ 3,294,080</b>	<b>\$ 1,279,496</b>	<b>\$ 1,399,052</b>	<b>\$ 1,399,052</b>	<b>\$ 1,418,693</b>

**DETAILED SUMMARY OF 2019 PROPOSED EXPENDITURES > \$15,000**

Insurance

Liability	\$ 104,100
Excess liability	8,800
Employment practice	27,000
Equipment breakdown	8,000
Package property	205,461
Auto physical damage	31,500
Excess workers' compensation	89,440
	<u>\$ 474,301</u>

Uninsured Losses

General liability	\$ 55,000
Automobile	65,000
	<u>\$ 120,000</u>

Uninsured Losses - WC

Medical payments	\$ 580,000
	<u>\$ 580,000</u>

## CITY OF APPLETON 2019 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 Strategy #1: "Prompt delivery of excellent services", #3: "Recognize and grow everyone's talents."

**Objectives:**

- Continue training employees on usage of the automated external defibrillators (AED), CPR and first aid
- Facilitate new employee orientation and new supervisor orientation classes
- Conduct training with volunteers, seasonal and part-time employees in the areas of harassment and discrimination, right to know, workplace violence, blood borne pathogens, and drug-free workplace policies
- Continue to offer required training to all general employees and supervisors
- Continue with safety day presentations to cover required safety policies and updates
- Conduct blood borne pathogen training for supervisors and new employees
- Attend departmental safety committee meetings
- Respond to and document ergonomic concerns and implement solutions
- Conduct annual hearing tests on required personnel
- Review and develop programs to promote safety, reduce injuries and reduce claims
- Conduct annual lead testing
- Conduct respirator fit testing and obtain proper medical clearance for respirator usage
- Conduct confined space entry training
- Conduct trenching and excavation training
- Provide training on the use of the Safety Data Sheets (SDS) labeling system. Use SDS online system for labeling secondary containers.

**Major changes in Revenue, Expenditures, or Programs:**

Increase to regular salaries due to the inclusion of the cost of accumulated sick leave for a staff member who reaches 20 years of service in 2019. Per accounting rules, this cost must be included as a salary cost.

### PERFORMANCE INDICATORS

	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Target 2018</u>	<u>Projected 2018</u>	<u>Target 2019</u>
<b>Client Benefits/Impacts</b>					
Safety and loss prevention knowledge					
# of people who attended safety training classes	156	174	175	160	165
<b>Strategic Outcomes</b>					
Convenient, understandable safety policies & procedures					
# of safety inspections conducted	131	126	130	136	130
# of safety problems	194	144	150	100	125
# of safety corrections	188	129	150	85	100
<b>Work Process Outputs</b>					
Employees Educated					
# of topics covered during each safety class	16	21	15	18	20
Avg employees per session	26	28	26	26	27

**CITY OF APPLETON 2019 BUDGET  
RISK MANAGEMENT**

**Safety/Loss Prevention**

**Business Unit 6220**

**PROGRAM BUDGET SUMMARY**

Description	Actual		Budget		
	2016	2017	Adopted 2018	Amended 2018	2019
Expenses					
6101 Regular Salaries	\$ 92,629	\$ 94,690	\$ 95,932	\$ 95,932	\$ 108,001
6105 Overtime	70	60	-	-	-
6150 Fringes	33,821	36,290	34,178	34,178	39,383
6201 Training\Conferences	6,158	11,152	7,400	7,400	7,500
6303 Memberships & Licenses	110	110	210	210	210
6305 Awards & Recognition	-	(25)	140	140	140
6307 Food & Provisions	1,728	1,358	1,403	1,403	1,453
6315 Books & Library Materials	112	61	150	150	150
6320 Printing & Reproduction	1,835	2,456	1,800	1,800	2,000
6323 Safety Supplies	851	(8)	100	100	100
6327 Miscellaneous Equipment	-	-	250	250	250
6404 Consulting Services	10,652	11,404	14,000	14,000	14,000
6413 Utilities	104	151	125	125	125
6599 Other Contracts / Obligations	1,600	1,800	1,650	1,650	1,650
<b>Total Expense</b>	<b>\$ 149,670</b>	<b>\$ 159,499</b>	<b>\$ 157,338</b>	<b>\$ 157,338</b>	<b>\$ 174,962</b>

**DETAILED SUMMARY OF 2019 PROPOSED EXPENDITURES > \$15,000**

None

**CITY OF APPLETON 2019 BUDGET**  
**RISK MANAGEMENT FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

<b>Revenues</b>	2016 Actual	2017 Actual	2018 Budget	2018 Projected	2019 Budget
Charges for Services	\$ 1,366,467	\$ 1,721,859	\$ 1,622,222	\$ 1,633,035	\$ 1,544,553
Other	63,848	70,175	56,400	58,000	49,102
Total Revenues	<u>1,430,315</u>	<u>1,792,034</u>	<u>1,678,622</u>	<u>1,691,035</u>	<u>1,593,655</u>
<b>Expenses</b>					
Litigation Fees	830,596	-	-	-	-
Other Operating Expenses	2,613,154	1,438,995	1,556,390	1,456,390	1,593,655
Total Expenses	<u>3,443,750</u>	<u>1,438,995</u>	<u>1,556,390</u>	<u>1,456,390</u>	<u>1,593,655</u>
Operating Income (Loss)	(2,013,435)	353,039	122,232	234,645	-
<b>Non-Operating Revenues (Expenses)</b>					
Investment Income	21	77	-	-	-
Other Non-Operating Income	66,605	775	-	-	-
Insurance Proceeds - Fox River	1,590,008	4,556	-	-	-
Total Non-Operating	<u>1,656,634</u>	<u>5,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(356,801)	358,447	122,232	234,645	-
Fund Balance - Beginning	<u>78,087</u> *	<u>(278,714)</u>	<u>79,733</u>	<u>79,733</u>	<u>314,378</u>
Fund Balance - Ending	<u>\$ (278,714)</u>	<u>\$ 79,733</u>	<u>\$ 201,965</u>	<u>\$ 314,378</u>	<u>\$ 314,378</u>

\* as restated per new pension standards

**SCHEDULE OF CASH FLOWS**

Cash - Beginning of Year	\$ (47,648)	\$ 186,997
+ Change in Net Assets	234,645	-
Working Cash - End of Year	<u>\$ 186,997</u>	<u>\$ 186,997</u>



