

Risk Management

Mission

To provide policy direction and effective management and financial support systems for all of the City's insurance coverage for employees, buildings, and equipment.

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CITY OF ALLENTOWN

FUND SUMMARY - RISK MANAGEMENT FUND

| | 2003 Actual | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Budget | 2007 Actual & Estimated | 2008 Budget |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|----------------|
| Risk Management Fund | 2,256,104 | 977,077 | (3,368,483) | (951,622) | 3,399,520 | 4,282,619 | 6,435,357 |
| Workers' Compensation Trust | 637,983 | 971,321 | 2,041,433 | 1,583,300 | 1,550,000 | 1,674,461 | 1,850,000 |
| Escrowed Funds | 90,366 | 5,756 | (25,046) | 96,317 | 3,500 | 149,725 | 150,000 |
| Opening Balance | 2,984,452 | 1,954,154 | (1,352,096) | 727,995 | 4,960,373 | 6,106,805 | 8,435,357 |
| Revenues: | | | | | | | |
| Transfers from Funds | | | | | | | |
| General Fund | 6,203,302 | 7,163,882 | 9,770,829 | 12,319,755 | 8,700,000 | 8,700,000 | 8,487,000 |
| Water Fund | 721,317 | 993,788 | 1,254,191 | 1,398,672 | 1,450,000 | 1,450,000 | 1,608,000 |
| Sewer Fund | 820,809 | 1,466,935 | 1,639,167 | 1,843,545 | 1,900,000 | 1,900,000 | 1,675,000 |
| Trexler Fund | 57,684 | 63,266 | 245,732 | 330,081 | 330,000 | 330,000 | 282,752 |
| CDBG | 113,873 | 7,353 | 7,353 | - | 7,353 | 7,353 | 7,353 |
| Liquid Fuels Fund | 189,852 | 198,836 | 198,836 | 265,232 | 265,000 | 265,000 | 277,228 |
| Risk Fund | 18,930 | 20,559 | 20,786 | 24,112 | 24,000 | 24,000 | 28,876 |
| Golf Course Fund | 25,683 | 38,890 | 149,150 | 53,628 | 113,000 | 113,000 | 66,176 |
| Solid Waste Fund | 253,981 | 296,698 | 474,000 | 463,410 | 463,000 | 463,000 | 519,248 |
| 911 Fund | - | - | - | 273,336 | - | 285,000 | 285,000 |
| State Aid for Pension | 738 | 788 | 724 | 861 | 900 | 858 | 900 |
| Retiree Health Benefit Reimb. | - | - | 388,520 | 531,446 | 450,000 | 535,000 | 525,000 |
| Active Employee Benefit Reimb. | - | - | 291,950 | 314,172 | 275,000 | 275,000 | 275,000 |
| Inactive Employee Benefit Reimb. | - | - | 99,754 | 94,293 | 83,000 | 83,000 | 83,000 |
| Investment Income | 42,365 | - | 47,060 | 141,495 | 225,000 | 225,000 | 275,000 |
| Claims Paid - Reimb. Risk | 55,839 | 20,427 | 66,517 | 33,945 | 45,000 | 675,000 | 50,000 |
| Miscellaneous | 32,204 | 61,689 | 28,161 | 79,368 | 20,000 | 550,000 | 350,000 |
| Total Revenue | 8,536,578 | 10,394,856 | 14,682,730 | 18,167,351 | 14,351,253 | 15,881,211 | 14,795,533 |
| Total Funds Available | 11,521,030 | 12,349,010 | 13,330,634 | 18,895,346 | 19,311,626 | 21,988,016 | 23,230,890 |
| Expenditures: | | | | | | | |
| 02 Permanent Wages | 113,270 | 115,827 | 116,143 | 110,102 | 108,800 | 108,800 | 143,662 |
| 06 Premium Pay | - | - | - | - | - | - | - |
| 12 FICA | 8,492 | 8,723 | 8,679 | 8,276 | 8,324 | 8,324 | 10,990 |
| 14 Pension | 1,180 | 1,168 | 1,229 | 1,530 | 6,800 | 6,800 | 8,160 |
| 16 Insurance - Employee Group | 18,446 | 18,076 | 20,786 | 24,112 | 24,064 | 24,064 | 28,876 |
| Total Personnel | 139,388 | 143,793 | 146,837 | 144,020 | 147,988 | 147,988 | 191,688 |
| 26 Printing | - | - | - | 94 | - | - | 100 |
| 28 Mileage Reimbursement | - | - | 42 | - | 100 | - | 50 |
| 32 Publications & Memberships | 339 | 252 | 220 | 272 | 150 | - | 200 |
| 34 Training & Prof. Development | 941 | 317 | - | 297 | 200 | 91 | 800 |
| 35 Insurance - BC/BS | 1,716,143 | 2,227,098 | 4,344,460 | 4,125,653 | 5,100,000 | 3,750,000 | 4,170,000 |
| 36 Insurance - Property & Casualty | 242,096 | 266,494 | 264,274 | 348,492 | 375,000 | 375,000 | 401,000 |
| 37 Insurance - Dental, Life, Rx | 3,174,791 | 3,226,866 | 2,888,013 | 3,163,527 | 3,350,000 | 3,350,000 | 3,750,000 |
| 38 Insurance - Other Employee | 22,887 | 18,500 | 21,730 | 25,000 | 30,000 | 15,000 | 25,000 |
| 39 Insurance- HMO | 4,461,673 | 4,973,631 | 2,927,862 | 2,935,654 | 3,670,000 | 3,900,000 | 4,200,000 |
| 44 Professional Service Fees | 30,793 | 46,111 | 44,750 | 197,252 | 182,000 | 265,746 | 550,000 |
| 46 Other Contract Services | 19,982 | 12,737 | 20,824 | 7,536 | 30,000 | 20,084 | 30,000 |
| Total Services & Charges | 9,669,645 | 10,732,006 | 10,512,175 | 10,803,777 | 12,737,450 | 11,675,921 | 13,127,150 |

CITY OF ALLENTOWN

FUND SUMMARY - RISK MANAGEMENT FUND

| | <u>2003 Actual</u> | <u>2004 Actual</u> | <u>2005 Actual</u> | <u>2006 Actual</u> | <u>2007 Budget</u> | <u>2007 Actual & Estimated</u> | <u>2008 Budget</u> |
|-----------------------------------|------------------------|-----------------------------------|------------------------|-------------------------|-------------------------|--|-------------------------|
| 58 Office Supplies | - | - | 84 | - | - | 89 | 100 |
| 68 Operating Materials & Supplies | <u>667</u> | <u>176</u> | <u>-</u> | <u>199</u> | <u>500</u> | <u>100</u> | <u>1,600</u> |
| Total Materials & Supplies | 667 | 176 | 84 | 199 | 500 | 189 | 1,700 |
| 80 Self-Insured Losses | 515,201 | 1,006,359 | 1,876,517 | 1,797,436 | 1,500,000 | 1,687,218 | 2,000,000 |
| 86 General City Charges | 43,181 | 43,181 | 45,325 | 43,109 | 45,325 | 39,105 | 46,000 |
| 88 Interfund Transfers | 2,483 | 2,483 | - | - | - | - | - |
| 99 Reserve for Encumbrances | <u>1,042,463</u> | <u>4,055</u> | <u>21,701</u> | <u>-</u> | <u>-</u> | <u>2,238</u> | <u>-</u> |
| Total Sundry | 1,603,328 | 1,056,078 | 1,943,543 | 1,840,545 | 1,545,325 | 1,728,561 | 2,046,000 |
| Total Expenditures | 11,413,028 | 11,932,053 | 12,602,639 | 12,788,541 | 14,431,263 | 13,552,659 | 15,366,538 |
| Closing Balance | <u>108,001</u> | <u>< 1,352,096 ></u> | <u>727,995</u> | <u>6,106,805</u> | <u>4,880,363</u> | <u>8,435,357</u> | <u>7,864,352</u> |

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

**FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0001 PROPERTY & CASUALTY**

| | | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 | | 2008 | | |
|---------------------------------|--------------------------------|--------------------------------------|----------------|------------------|------------------|------------------|--------------------|------------|--------------|------------------|-----------------|
| | | Actual | Actual | Actual | Actual | Budget | Actual & Estimated | | Final Budget | | |
| Personnel Detail | | Number of Permanent Positions | | | | | Salaries | # | | # | Salaries |
| 13N | Risk Manager | 0.5 | 0.5 | 0.2 | 0.2 | - | - | - | - | - | |
| 9N | Office Manager | - | - | - | - | - | - | - | 0.2 | 10,216 | |
| 12N | Accountant | - | - | - | - | 0.5 | 25,000 | 0.5 | 0.5 | 29,615 | |
| 15N | Risk & Safety Manager | 0.2 | 0.2 | 0.5 | 0.5 | 0.5 | 29,400 | 0.5 | 0.5 | 32,000 | |
| Total Positions | | 0.7 | 0.7 | 0.7 | 0.7 | 1.0 | | 1.0 | 1.2 | | |
| Account Detail | | | | | | | | | | | |
| 0001-02 | PERMANENT WAGES | 38,527 | 39,619 | 39,823 | 39,142 | 54,400 | 54,400 | | | 71,831 | |
| 0001-12 | FICA | 2,889 | 2,989 | 2,981 | 2,950 | 4,162 | 4,162 | | | 5,495 | |
| 0001-14 | PENSION | 402 | 396 | 413 | 526 | 3,400 | 3,400 | | | 4,080 | |
| 0001-16 | INSURANCE - EMPLOYEE GRP | 5,756 | 6,327 | 7,275 | 8,439 | 12,032 | 12,032 | | | 14,438 | |
| Personnel | | 47,574 | 49,332 | 50,492 | 51,057 | 73,994 | 73,994 | | | 95,844 | |
| 0001-26 | PRINTING | - | - | - | - | - | - | | | 100 | |
| 0001-28 | MILEAGE REIMBURSEMENT | - | - | 42 | 94 | 100 | | | | 50 | |
| 0001-32 | PUBLICATIONS & MEMBERSHIP | 198 | 252 | 155 | 181 | 50 | | | | | |
| 0001-34 | TRAINING & PROF. DEVELOP | 81 | 13 | - | - | - | | | | | |
| 0001-36 | INS - PROPERTY & CASUALTY | 241,933 | 136,788 | 223,199 | 161,036 | 260,000 | 259,200 | | | 286,000 | |
| 0001-44 | PROF SERVICES FEES | 9,330 | 9,500 | 10,500 | 176,948 | 157,000 | 251,550 | | | 520,000 | |
| 0001-46 | OTHER CONTRACT SERVICES | 19,982 | 12,737 | 20,824 | 7,536 | 30,000 | 20,084 | | | 30,000 | |
| Services & Charges | | 271,524 | 159,290 | 254,720 | 345,795 | 447,150 | 530,834 | | | 836,150 | |
| 0001-58 | OFFICE SUPPLIES | - | - | - | - | - | 89 | | | 100 | |
| 0001-68 | OPERATING MATERIALS & SUPP | 361 | 71 | - | 146 | 400 | 100 | | | 1,500 | |
| Materials & Supplies | | 361 | 71 | - | 146 | 400 | 189 | | | 1,600 | |
| 0001-80 | SELF-INSURED LOSSES | 305,409 | 562,556 | 1,244,527 | 1,077,014 | 750,000 | 1,087,218 | | | 1,250,000 | |
| 0001-86 | GENERAL CITY CHARGES | 25,072 | 25,072 | 25,072 | 25,072 | 26,325 | 21,937 | | | 27,000 | |
| 0001-88 | INTERFUND TRANSFERS | 1 | - | - | - | - | - | | | - | |
| 0001-90 | REFUNDS | - | - | - | - | - | - | | | - | |
| 0001-99 | RESERVE FOR ENCUMBRANCES | 640,803 | 4,055 | 21,701 | - | - | 2,238 | | | - | |
| Sundry | | 971,285 | 591,683 | 1,291,300 | 1,102,086 | 776,325 | 1,111,393 | | | 1,277,000 | |
| Total | PROPERTY & CASUALTY | 1,290,744 | 800,376 | 1,596,512 | 1,499,084 | 1,297,869 | 1,716,410 | | | 2,210,594 | |

PROGRAM DETAIL

| | | | | |
|-----------------------------------|-----------------------|-------------------------------|--|--------------------|
| Bureau: Risk Management | No: 02-8001 | Department: Finance | Program: Workers' Compensation | No: 0002 |
|-----------------------------------|-----------------------|-------------------------------|--|--------------------|

Program Description:

This program funds benefits for City employees injured while working for the City. Payments include medical expenses, indemnity (at 66-2/3% of annual pay), claims management, loss prevention, and excess insurance premiums. The City has self-insured this risk since January 1978. Since October 2003 we have retained the first \$450,000 of each occurrence. Risk Management performs all the functions associated with the administration of the Risk Management fund. This program includes those safety functions intended to protect the City and its employees against loss and injury. It includes the elimination of risks through analysis, inspections, accident/incident investigation, employee training, contract review and all the functions associated with Safety Management for the City. This program is responsible for City-building ADA requirements and manages the CDL drug and alcohol testing programs.

Goal(s):

To protect City assets from loss. To offer the most effective management of Workers' Compensation claims. To ensure through monitoring and evaluation that supervisors and employees are knowledgeable and accountable for safety performance in carrying out their job duties. To improve existing and initiate new safety programs and activities.

Measurable Budget Year Objectives and Long Range Targets:

To manage the fund enabling it to respond to the significant changes which have occurred within the insurance industry by assuring that adequate funding is available to obtain coverage during 2005.

To improve claim monitoring and attempt to reduce cost of claims and claims administration by:

- Using the computerized claims information system, in conjunction with on-line access to adjuster's files.
- Maintaining the frequency of follow-up with injured employees in order to show the City's interest and concern for their return to work.

To provide a safe and healthful work environment for City employees by:

- Review existing safety programs and implement new safety programs.
- Develop safety training programs and conduct training sessions on numerous safety and health topics.
- Manage CDL drug and alcohol testing program.
- Assist City managers in the reduction of accidents and severity rates of injury and illnesses.
- Train municipal employees in community CPR, AED, and First Aid including annual recertification.
- Oversee established bureau safety committees.

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

**FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0002 WORKERS COMPENSATION**

| | | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 | 2008 | |
|---------------------------------|------------------------------|--------------------------------------|---------|---------|-----------|-----------------|--------------------|--------------|-----------------|
| | | Actual | Actual | Actual | Actual | Budget | Actual & Estimated | Final Budget | |
| Personnel Detail | | Number of Permanent Positions | | | | Salaries | # | # | Salaries |
| 13N | Risk Manager | 0.8 | 0.8 | 0.8 | 0.8 | - | - | - | |
| 9N | Office Manager | - | - | - | - | - | - | 0.2 | |
| 12N | Accountant | - | - | - | - | 0.5 | 25,000 | 0.5 | |
| 15N | Risk & Safety Manager | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 29,400 | 0.5 | |
| Total Positions | | 1.3 | 1.3 | 1.3 | 1.3 | 1.0 | 0.5 | 1.2 | |
| Account Detail | | | | | | | | | |
| 0002-02 | PERMANENT WAGES | 74,743 | 76,208 | 76,320 | 70,960 | 54,400 | 54,000 | 71,831 | |
| 0002-12 | FICA | 5,603 | 5,733 | 5,698 | 5,326 | 4,162 | 4,162 | 5,495 | |
| 0002-14 | PENSION | 778 | 772 | 816 | 1,004 | 3,400 | 3,400 | 4,080 | |
| 0002-16 | INSURANCE - EMPLOYEE GRP | 10,690 | 11,749 | 13,511 | 15,673 | 12,032 | 12,032 | 14,438 | |
| Personnel | | 91,814 | 94,462 | 96,345 | 92,963 | 73,994 | 73,594 | 95,844 | |
| 0002-26 | PRINTING | - | - | - | - | - | - | - | |
| 0002-28 | MILEAGE REIMBURSEMENT | - | - | - | - | - | - | - | |
| 0002-32 | PUBLICATIONS & MEMBERSHIP | 141 | - | 65 | 91 | 100 | 91 | 200 | |
| 0002-34 | TRAINING & PROF. DEVELOP | 860 | 304 | 315 | 297 | 200 | - | 800 | |
| 0002-36 | INS - PROPERTY & CASUALTY | 163 | 89,706 | 41,075 | 187,456 | 115,000 | 115,000 | 115,000 | |
| 0002-38 | INS - OTHER EMPLOYEE | 22,887 | 18,500 | 21,730 | 25,000 | 25,000 | 14,196 | 25,000 | |
| 0002-44 | PROF SERVICES FEES | 21,464 | 36,611 | 34,253 | 20,304 | 30,000 | 28,797 | 30,000 | |
| Services & Charges | | 45,514 | 145,121 | 97,438 | 233,148 | 170,300 | 158,084 | 171,000 | |
| 0002-56 | UNIFORMS | - | - | 84 | - | - | - | - | |
| 0002-68 | OPERATING MATERIALS & SUPP | 306 | 105 | - | 54 | 100 | - | 100 | |
| Materials & Supplies | | 306 | 105 | 84 | 54 | 100 | - | 100 | |
| 0002-80 | SELF-INSURED LOSSES | 209,793 | 443,803 | 631,990 | 715,812 | 750,000 | 600,000 | 750,000 | |
| 0002-86 | GENERAL CITY CHARGES | 18,109 | 18,109 | 18,109 | 18,109 | 19,000 | 17,166 | 19,000 | |
| 0002-88 | INTERFUND TRANSFERS | 2,483 | 2,483 | - | - | - | - | - | |
| 0002-99 | RESERVE FOR ENCUMBRANCES | 401,660 | - | - | - | - | - | - | |
| Sundry | | 632,045 | 464,395 | 650,099 | 733,921 | 769,000 | 617,166 | 769,000 | |
| Total | WORKERS' COMPENSATION | 769,680 | 704,083 | 843,966 | 1,060,086 | 1,013,394 | 848,844 | 1,035,944 | |

PROGRAM DETAIL

| | | | | |
|-----------------------------------|-----------------------|-------------------------------|---|--------------------|
| Bureau: Risk Management | No: 02-8001 | Department: Finance | Program: Employee Health Benefits | No: 0003 |
|-----------------------------------|-----------------------|-------------------------------|---|--------------------|

Program Description:

This program centralizes the payment of health care costs. This program provides the funding and administration for all City employee-related health care, disability and life insurance benefit programs.

Goal(s):

To provide conscientious, cost-effective administration of the employee benefit programs.

Measurable Budget Year Objectives and Long Range Targets:

- To provide funding on a timely basis for payment of all health benefit insurance premiums.
- To provide a budget mechanism to enable clear recording of expenditures for the City's health care, disability and life insurance programs.

**CITY OF ALLENTOWN
PROGRAM BUDGET
RESOURCE REQUIREMENTS**

FUND 081 RISK MANAGEMENT
DEPT 02 FINANCE
BUREAU 8001 RISK MANAGEMENT
PROGRAM 0003 EMPLOYEE HEALTH BENEFITS

| | | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 | 2008 | |
|-------------------------|---------------------------------------|-------------------------------|------------|------------|------------|------------|--------------------|--------------|----------|
| | | Actual | Actual | Actual | Actual | Budget | Actual & Estimated | Final Budget | |
| Personnel Detail | | Number of Permanent Positions | | | | Salaries | # | # | Salaries |
| | Total Positions | - | - | - | - | - | - | - | |
| Account Detail | | | | | | | | | |
| 0003-35 | INS - BC/BS | 1,716,143 | 2,227,098 | 4,344,460 | 4,125,653 | 5,100,000 | 3,750,000 | 4,170,000 | |
| 0003-37 | INS - DENTAL, LIFE, PRESCRIPTION DRUG | 3,174,791 | 3,226,866 | 2,888,013 | 3,163,527 | 3,350,000 | 3,350,000 | 3,750,000 | |
| 0003-39 | INSURANCE - HMO | 4,461,673 | 4,973,631 | 2,927,862 | 2,935,654 | 3,670,000 | 3,900,000 | 4,200,000 | |
| 0003-99 | RESERVE FOR ENCUMBRANCES | (3,116) | - | - | - | - | - | - | |
| | Services & Charges | 9,349,491 | 10,427,595 | 10,160,335 | 10,224,834 | 12,120,000 | 11,000,000 | 12,120,000 | |
| Total | EMPLOYEE HEALTH BENEFITS | 9,349,491 | 10,427,595 | 10,160,335 | 10,224,834 | 12,120,000 | 11,000,000 | 12,120,000 | |

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