

# 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 (081)

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Final Budget	2008 Actual & Estimated	2009 Final Budget
Risk Management Fund						6,760,546	
Workers' Compensation Trust						1,441,619	
Escrowed Funds						19,136	
<b>Opening Balance - Cash Basis 12/31/07</b>						<b>8,221,301</b>	<b>7,721,070</b>
<b>Revenues:</b>							
<b>Transfers from Funds</b>							
7121 General Fund	7,163,882	9,770,829	12,319,755	8,516,979	8,487,000	8,905,003	9,043,850
7122 Water Fund	993,788	1,254,191	1,398,672	1,461,781	1,608,000	1,688,567	1,600,400
7123 Sewer Fund	1,466,935	1,639,167	1,843,545	1,841,606	1,675,000	1,762,608	1,707,263
7124 Trexler Fund	63,266	245,732	330,081	300,208	282,752	282,752	289,688
7125 CDBG	7,353	7,353	-	7,353	7,353	7,353	7,353
7126 Liquid Fuels Fund	198,836	198,836	265,232	276,736	277,228	276,736	296,125
7129 Risk Fund	20,559	20,786	24,112	24,064	28,876	30,900	30,900
7127 Golf Course Fund	38,890	149,150	53,628	75,856	66,176	67,357	70,813
7128 Solid Waste Fund	296,698	474,000	463,410	483,948	519,248	506,654	552,875
7130 911 Fund	-	-	273,336	336,896	285,000	383,821	410,713
6690 State Aid for Pension	788	724	861	859	900	900	900
6200 Retiree Health Benefit Reimb.	-	388,520	531,446	528,199	525,000	569,845	598,337
6210 Active Employee Benefit Reimb.	-	291,950	314,172	169,727	275,000	200,678	210,712
6220 Inactive Employee Benefit Reimb.	-	99,754	94,293	90,433	83,000	100,415	105,436
6418 Investment Income	-	47,060	141,495	299,700	275,000	196,533	206,360
6615 Claims Paid - Reimb. Risk	20,427	66,517	33,945	769,788	50,000	41,024	43,075
6688 Miscellaneous	61,689	28,161	79,368	821,237	350,000	409,634	430,116
<b>Total Revenue</b>	<b>10,333,111</b>	<b>14,682,730</b>	<b>18,167,351</b>	<b>16,005,370</b>	<b>14,795,533</b>	<b>15,430,781</b>	<b>15,604,913</b>
<b>Total Funds Available</b>						<b>23,652,082</b>	<b>23,325,983</b>
<b>Expenditures:</b>							
02 Permanent Wages	115,827	116,143	110,102	99,811	143,662	143,662	146,750
12 FICA	8,723	8,679	8,276	7,539	10,990	10,990	11,226
14 Pension	1,168	1,229	1,530	4,233	8,160	8,160	4,108
16 Insurance - Employee Group	18,076	20,786	24,112	24,064	28,876	30,900	30,900
<b>Total Personnel</b>	<b>143,793</b>	<b>146,837</b>	<b>144,020</b>	<b>135,647</b>	<b>191,688</b>	<b>193,712</b>	<b>192,984</b>
26 Printing	-	-	-	-	100	-	-
28 Mileage Reimbursement	-	42	94	-	50	-	50
32 Publications & Memberships	252	220	272	251	200	400	400
34 Training & Prof. Development	317	315	297	451	800	1,100	1,200
35 Insurance - BC/BS	2,227,098	4,344,460	4,125,653	4,021,324	4,170,000	3,500,000	9,844,000
36 Insurance - Property & Casualty	226,494	264,274	348,492	294,291	401,000	524,000	578,100
37 Insurance - Dental, Life, Rx	3,226,866	2,888,013	3,163,527	3,485,649	3,750,000	3,500,000	3,745,000
38 Insurance - Other Employee	18,500	21,730	25,000	26,527	25,000	24,000	30,000
39 Insurance- HMO	4,973,631	2,927,862	2,935,654	4,393,268	4,200,000	5,700,000	-
44 Professional Service Fees	46,111	44,753	197,252	165,963	550,000	421,000	533,000
46 Other Contract Services	12,737	20,824	7,536	18,599	30,000	20,000	25,000
<b>Total Services &amp; Charges</b>	<b>10,732,006</b>	<b>10,512,493</b>	<b>10,803,777</b>	<b>12,406,323</b>	<b>13,127,150</b>	<b>13,690,500</b>	<b>14,756,750</b>
58 Office Supplies	-	84	-	89	100	-	100
68 Operating Materials & Supplies	176	-	200	795	1,600	800	1,500
<b>Total Materials &amp; Supplies</b>	<b>176</b>	<b>84</b>	<b>200</b>	<b>884</b>	<b>1,700</b>	<b>800</b>	<b>1,600</b>
72 Equipment	-	-	-	1,836	-	-	-
<b>Total Capital Outlays</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,836</b>	<b>-</b>	<b>-</b>	<b>-</b>
80 Self-Insured Losses	1,006,359	1,876,517	1,792,826	2,042,820	2,000,000	2,000,000	2,153,000
86 General City Charges	43,181	43,181	43,181	45,325	46,000	46,000	48,300
88 Interfund Transfers	2,483	-	-	-	-	-	-
99 Reserve for Encumbrances	4,055	21,701	-	-	-	-	-
<b>Total Sundry</b>	<b>1,056,078</b>	<b>1,941,399</b>	<b>1,836,007</b>	<b>2,088,145</b>	<b>2,046,000</b>	<b>2,046,000</b>	<b>2,201,300</b>
<b>Total Expenditures</b>	<b>11,932,053</b>	<b>12,600,813</b>	<b>12,784,004</b>	<b>14,632,835</b>	<b>15,366,538</b>	<b>15,931,012</b>	<b>17,152,634</b>
<b>Closing Balance</b>						<b>7,721,070</b>	<b>6,173,349</b>

## PROGRAM DETAIL

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<b>Bureau:</b> Risk Management	<b>No:</b> 02-8001	<b>Department:</b> Finance	<b>Program:</b> Property & Casualty	<b>No:</b> 0001
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### Program Description:

This program provides funding for bodily injury and property damage claims filed by third parties alleging City negligence. This program also provides funding for administrative expenses such as legal defense fees, claims management and loss prevention expenses, and excess insurance premiums. This program also reimburses City operating funds for losses to City-owned property (vehicles, structures, contents and other assets). The City has self-insured this risk since July 1979. Currently, we are retaining the full exposure of each general liability occurrence and \$100,000 of each occurrence for property losses. This program also includes property management which involves the administration of City-owned real property including such functions as recordkeeping, lease agreements, periodic inspections, public auctions and negotiated property sales.

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### Goal(s):

- To protect City assets from loss.
- To offer effective management of Property/Casualty claims.
- To assure an adequate useful life for leased City buildings and facilities.

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### Measurable Budget Year Objectives and Long Range Targets:

To manage the fund and enable it to respond to significant changes which have occurred within the insurance industry by:

- Assuring that adequate funding is available to obtain coverage during 2009.
- Identifying insurance coverage gaps and evaluates feasibility of purchasing coverage by July 1, 2009.

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

- Effectively managing the City's responsibility for Property/Casualty claims.
- Establishing a more tenant-involved system of managing City-owned homes.
- Inventorying and evaluating vacant City-owned land.
- To inspect and prioritize repairs and upgrades to City-owned buildings

**CITY OF ALLENTOWN  
PROGRAM BUDGET  
RESOURCE REQUIREMENTS**

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

		2004	2005	2006	2007	2008		2008		2009	
		Actual	Actual	Actual	Actual	Final	Final	Actual &	Actual &	Final	Final
						Budget	Budget	Estimated	Estimated	Budget	Budget
<b>Personnel Detail</b>		Number of Permanent Positions				Salaries	#	#	Salaries	#	Salaries
15N	Risk & Safety Manager	0.2	0.5	0.5	0.5	0.5	32,000	0.5	32,000	0.5	32,954
13N	Risk Manager	0.5	0.2	0.2	-	-	-	-	-	-	-
12N	Accountant	-	-	-	0.5	0.5	29,615	0.5	29,615	0.5	30,057
09N	Office Manager	-	-	-	-	0.2	10,216	0.2	10,216	0.2	10,364
<b>Total Positions</b>		<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>1.0</b>	<b>1.2</b>		<b>1.2</b>		<b>1.2</b>	
<b>Account Detail</b>											
0001-02	PERMANENT WAGES	39,619	39,823	39,142	49,906		71,831	71,831		73,375	
0001-12	FICA	2,989	2,981	2,950	3,769		5,495	5,495		5,613	
0001-14	PENSION	396	413	526	2,116		4,080	4,080		2,054	
0001-16	INSURANCE - EMPLOYEE GRP	6,327	7,275	8,439	12,032		14,438	15,450		15,450	
<b>Personnel</b>		<b>49,332</b>	<b>50,492</b>	<b>51,057</b>	<b>67,823</b>		<b>95,844</b>	<b>96,856</b>		<b>96,492</b>	
0001-26	PRINTING	-	-	-	-		100	-		-	
0001-28	MILEAGE REIMBURSEMENT	-	42	94	-		50	-		50	
0001-32	PUBLICATIONS & MEMBERSHIP	252	155	181	160		-	-		-	
0001-34	TRAINING & PROF. DEVELOP	13	-	-	-		-	-		-	
0001-36	INS - PROPERTY & CASUALTY	136,788	223,199	161,036	256,481		286,000	421,000		463,100	
0001-44	PROF SERVICES FEES	9,500	10,500	176,948	135,964		520,000	375,000		475,000	
0001-46	OTHER CONTRACT SERVICES	12,737	20,824	7,536	18,599		30,000	20,000		25,000	
<b>Services &amp; Charges</b>		<b>159,290</b>	<b>254,720</b>	<b>345,795</b>	<b>411,204</b>		<b>836,150</b>	<b>816,000</b>		<b>963,150</b>	
0001-58	OFFICE SUPPLIES	-	-	-	89		100	-		-	
0001-68	OPERATING MATERIALS & SUPP	71	-	146	795		1500	800		1,500	
<b>Materials &amp; Supplies</b>		<b>71</b>	<b>-</b>	<b>146</b>	<b>884</b>		<b>1600</b>	<b>800</b>		<b>1,500</b>	
0001-72	EQUIPMENT	-	-	-	1,836		-	-		-	
<b>Capital Outlays</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,836</b>		<b>-</b>	<b>-</b>		<b>-</b>	
0001-80	SELF-INSURED LOSSES	562,556	1,244,527	1,077,014	1,370,006		1,250,000	1,250,000		1,400,000	
0001-86	GENERAL CITY CHARGES	25,072	25,072	25,072	26,325		27,000	27,000		28,350	
0001-99	RESERVE FOR ENCUMBRANCES	4,055	21,701	-	-		-	-		-	
<b>Sundry</b>		<b>591,683</b>	<b>1,291,300</b>	<b>1,102,086</b>	<b>1,396,331</b>		<b>1,277,000</b>	<b>1,277,000</b>		<b>1,428,350</b>	
<b>Total</b>	<b>PROPERTY &amp; CASUALTY</b>	<b>800,376</b>	<b>1,596,512</b>	<b>1,499,084</b>	<b>1,878,078</b>		<b>2,210,594</b>	<b>2,190,656</b>		<b>2,489,492</b>	

## PROGRAM DETAIL

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<b>Bureau:</b> Risk Management	<b>No:</b> 02-8001	<b>Department:</b> Finance	<b>Program:</b> Workers' Compensation	<b>No:</b> 0002
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### 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.

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### 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.

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### 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 2009.

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.
- Improving 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.
- 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**

		2004	2005	2006	2007	2008	2008	2009			
		Actual	Actual	Actual	Actual	Final	Actual &	Final			
						Budget	Estimated	Budget			
<b>Personnel Detail</b>		Number of Permanent Positions				Salaries	#	#	Salaries		
15N	Risk & Safety Manager	0.5	0.5	0.5	0.5	0.5	32,000	0.5	32,000	0.5	32,954
13N	Risk Manager	0.8	0.8	0.8	-	-	-	-	-	-	-
12N	Accountant	-	-	-	-	0.5	29,615	0.5	29,615	0.5	30,057
09N	Office Manager	-	-	-	-	0.2	10,216	0.2	10,216	0.2	10,364
<b>Total Positions</b>		1.3	1.3	1.3	0.5	1.2		1.2		1.2	
<b>Account Detail</b>											
0002-02	PERMANENT WAGES	76,208	76,320	70,960	49,905	71,831	71,831	73,375			
0002-12	FICA	5,733	5,698	5,326	3,770	5,495	5,495	5,613			
0002-14	PENSION	772	816	1,004	2,117	4,080	4,080	2,054			
0002-16	INSURANCE - EMPLOYEE GRP	11,749	13,511	15,673	12,032	14,438	15,450	15,450			
	<b>Personnel</b>	94,462	96,345	92,963	67,824	95,844	96,856	96,492			
0002-32	PUBLICATIONS & MEMBERSHIP	-	65	91	91	200	400	400			
0002-34	TRAINING & PROF. DEVELOP	304	315	297	451	800	1,100	1,200			
0002-36	INS - PROPERTY & CASUALTY	89,706	41,075	187,456	37,810	115,000	103,000	115,000			
0002-38	INS - OTHER EMPLOYEE	18,500	21,730	25,000	26,527	25,000	24,000	30,000			
0002-44	PROF SERVICES FEES	36,611	34,253	20,304	29,999	30,000	46,000	58,000			
	<b>Services &amp; Charges</b>	145,121	97,438	233,148	94,878	171,000	174,500	204,600			
0002-56	UNIFORMS	-	84	-	-	-	-	100			
0002-68	OPERATING MATERIALS & SUPP	105	-	54	-	100	-	-			
	<b>Materials &amp; Supplies</b>	105	84	54	-	100	-	100			
0002-80	SELF-INSURED LOSSES	443,803	631,990	715,812	672,814	750,000	750,000	753,000			
0002-86	GENERAL CITY CHARGES	18,109	18,109	18,109	19,000	19,000	19,000	19,950			
0002-88	INTERFUND TRANSFERS	2,483	-	-	-	-	-	-			
	<b>Sundry</b>	464,395	650,099	733,921	691,814	769,000	769,000	772,950			
<b>Total</b>	<b>WORKERS' COMPENSATION</b>	704,083	843,966	1,060,086	854,516	1,035,944	1,040,356	1,074,142			

## PROGRAM DETAIL

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<b>Bureau:</b> Risk Management	<b>No:</b> 02-8001	<b>Department:</b> Finance	<b>Program:</b> Employee Health Benefits	<b>No:</b> 0003
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### **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.

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### **Goal(s):**

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

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### **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**

Personnel Detail	2004	2005	2006	2007	2008	2008	2009
	Actual	Actual	Actual	Actual	Final Budget	Actual & Estimated	Final Budget
	Number of Permanent Positions				Salaries	#	# Salaries
<b>Total Positions</b>	-	-	-	-	-	-	-
<b>Account Detail</b>							
0003-35 INSURANCE - HEALTH	2,227,098	4,344,460	4,125,653	4,021,324	4,170,000	3,500,000	9,844,000
0003-37 INS - DENTAL, LIFE, PRESCRIPTION DRUG	3,226,866	2,888,013	3,163,527	3,485,649	3,750,000	3,500,000	3,745,000
0003-39 INSURANCE - HMO	4,973,631	2,927,862	2,935,654	4,393,268	4,200,000	5,700,000	-
<b>Services &amp; Charges</b>	<b>10,427,595</b>	<b>10,160,335</b>	<b>10,224,834</b>	<b>11,900,241</b>	<b>12,120,000</b>	<b>12,700,000</b>	<b>13,589,000</b>
<b>Total EMPLOYEE HEALTH BENEFITS</b>	<b>10,427,595</b>	<b>10,160,335</b>	<b>10,224,834</b>	<b>11,900,241</b>	<b>12,120,000</b>	<b>12,700,000</b>	<b>13,589,000</b>

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