

RISK MANAGEMENT FUND



The RISK MANAGEMENT FUND records the transactions associated with the City of Allentown's self-insurance program. It is supported by other City funds to pay for all claims and premiums, and to hold in trust those reserves required to fund anticipated losses. Costs involved with the self-insurance program include loss payments, excess insurance premiums, claims adjustment services, and loss prevention services.

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)

	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Final Budget	2009 Actual & Estimated	2010 Final Budget
Risk Management Fund						4,576,040	
Workers' Compensation Trust						1,021,127	
Escrowed Funds						-	
Opening Balance - Cash Basis 12/31/08						5,597,167	3,708,622
Revenues:							
Transfers from Funds							
6200 Retiree Health Benefit Reimb.	388,520	531,446	528,199	626,918	598,337	598,337	669,157
6210 Active Employee Benefit Reimb.	291,950	314,172	169,727	170,788	210,712	210,712	407,457
6220 Inactive Employee Benefit Reimb.	99,754	94,293	90,433	97,737	105,436	53,500	96,000
6418 Investment Income	47,060	141,495	299,700	166,093	206,360	144,452	151,750
6615 Claims Paid - Reimb. Risk	66,517	33,945	769,788	24,853	43,075	43,075	45,000
6688 Miscellaneous	28,161	79,368	821,237	375,274	430,116	430,116	159,000
6690 State Aid for Pension	724	861	859	1,426	900	900	1,760
7121 General Fund	9,770,829	12,319,755	8,516,979	8,625,126	9,043,850	8,433,190	8,968,360
7122 Water Fund	1,254,191	1,398,672	1,461,781	1,536,740	1,600,400	1,471,878	1,407,520
7123 Sewer Fund	1,639,167	1,843,545	1,841,606	1,618,484	1,707,263	1,623,107	1,571,110
7124 Trexler Fund	245,732	330,081	300,208	300,208	289,688	289,688	186,200
7125 CDBG	7,353	-	7,353	-	7,353	7,353	7,574
7126 Liquid Fuels Fund	198,836	265,232	276,736	277,288	296,125	296,125	279,300
7127 Golf Course Fund	149,150	53,628	75,856	66,176	70,813	70,813	59,850
7128 Solid Waste Fund	474,000	463,410	483,948	502,675	552,875	467,620	437,300
7129 Risk Fund	20,786	24,112	24,064	28,876	30,900	30,900	31,920
7130 911 Fund	-	273,336	336,896	379,008	410,713	410,713	422,940
Total Revenue	14,682,730	18,167,351	16,005,370	14,797,670	15,604,913	14,582,478	14,902,198
Total Funds Available						20,179,645	18,610,820
Expenditures:							
02 Permanent Wages	116,143	110,102	99,811	145,345	146,750	139,046	149,008
11 Shift Differential	-	-	-	12	-	-	-
12 FICA	8,679	8,276	7,539	11,059	11,226	10,637	11,399
14 Pension	1,229	1,530	4,233	4,780	4,108	4,108	6,459
16 Insurance - Employee Group	20,786	24,112	24,064	28,876	30,900	30,900	31,920
Total Personnel	146,837	144,020	135,647	190,072	192,984	184,691	198,786
28 Mileage Reimbursement	42	94	-	-	50	-	-
32 Publications & Memberships	220	272	251	256	400	400	500
34 Training & Prof. Development	315	297	451	956	1,200	1,122	1,200
35 Insurance - BC/BS	4,344,460	4,125,653	4,021,324	3,443,504	9,844,000	9,033,061	9,614,742
36 Insurance - Property & Casualty	264,274	348,492	294,291	535,248	578,100	575,000	585,000
37 Insurance - Dental, Life, Rx	2,888,013	3,163,527	3,485,649	3,499,980	3,745,000	3,914,777	3,898,861
38 Insurance - Other Employee	21,730	25,000	26,527	20,308	30,000	27,000	30,000
39 Insurance- HMO	2,927,862	2,935,654	4,393,268	5,521,889	-	-	-
44 Professional Service Fees	44,753	197,252	165,963	393,650	533,000	505,332	258,000
46 Other Contract Services	20,824	7,536	18,599	28,544	25,000	24,954	25,000
Total Services & Charges	10,512,493	10,803,777	12,406,323	13,444,335	14,756,750	14,081,646	14,413,303
56 Uniforms	84	-	-	-	100	93	100
58 Office Supplies	-	-	89	-	-	-	-
68 Operating Materials & Supplies	-	200	795	1,247	1,500	491	2,500
Total Materials & Supplies	84	200	884	1,247	1,600	584	2,600
72 Equipment	-	-	1,836	-	-	-	-
Total Capital Outlays	-	-	1,836	-	-	-	-
80 Self-Insured Losses	1,876,517	1,792,826	2,042,820	2,036,595	2,153,000	2,148,766	2,253,000
86 General City Charges	43,181	43,181	45,325	46,000	48,300	48,300	50,715
99 Reserve for Encumbrances	21,701	-	-	31,350	-	7,036	-
Total Sundry	1,941,399	1,836,007	2,088,145	2,113,945	2,201,300	2,204,102	2,303,715
Total Expenditures	12,600,813	12,784,004	14,632,835	15,749,599	17,152,634	16,471,023	16,918,404
Closing Balance						3,708,622	1,692,415

PROGRAM DETAIL

Bureau: Risk Management	No: 02-8001	Department: Finance	Program: Property & Casualty	No: 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.

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.

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 2010.
 - Identifying insurance coverage gaps and evaluates feasibility of purchasing coverage by July 1, 2010.
- 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**

		2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Final Budget	2009 Actual & Estimated	2010 Final Budget			
Personnel Detail		Number of Permanent Positions					Salaries	#	#	Salaries	
15N	Risk & Safety Manager	0.5	0.5	0.5	0.5	0.5	32,954	0.5	31,225	0.5	33,492
13N	Risk Manager	0.2	0.2	-	-	-	-	-	-	-	-
12N	Accountant	-	-	0.5	0.5	0.5	30,057	0.5	28,474	0.5	30,498
09N	Office Manager	-	-	-	0.2	0.2	10,364	0.2	9,824	0.2	10,514
Total Positions		0.7	0.7	1.0	1.2	1.2		1.2		1.2	
Account Detail											
0001-02	PERMANENT WAGES	39,823	39,142	49,906	72,673	73,375	69,523	74,504			
0001-11	SHIFT DIFFERENTIAL	-	-	-	6	-	-	-			
0001-12	FICA	2,981	2,950	3,769	5,529	5,613	5,319	5,700			
0001-14	PENSION	413	526	2,116	2,390	2,054	2,054	3,230			
0001-16	INSURANCE - EMPLOYEE GRP	7,275	8,439	12,032	14,438	15,450	15,450	15,960			
Personnel		50,492	51,057	67,823	95,036	96,492	92,346	99,393			
0001-28	MILEAGE REIMBURSEMENT	42	94	-	-	50	-	-			
0001-32	PUBLICATIONS & MEMBERSHIP	155	181	160	-	-	-	-			
0001-36	INS - PROPERTY & CASUALTY	223,199	161,036	256,481	431,545	463,100	460,000	470,000			
0001-44	PROF SERVICES FEES	10,500	176,948	135,964	348,839	475,000	447,332	200,000			
0001-46	OTHER CONTRACT SERVICES	20,824	7,536	18,599	28,544	25,000	24,954	25,000			
Services & Charges		254,720	345,795	411,204	808,928	963,150	932,286	695,000			
0001-58	OFFICE SUPPLIES	-	-	89	-	-	-	-			
0001-68	OPERATING MATERIALS & SUPP	-	146	795	1,247	1,500	491	2,500			
Materials & Supplies		-	146	884	1,247	1,500	491	2,500			
0001-72	EQUIPMENT	-	-	1,836	-	-	-	-			
Capital Outlays		-	-	1,836	-	-	-	-			
0001-80	SELF-INSURED LOSSES	1,244,527	1,077,014	1,370,006	1,263,965	1,400,000	1,388,766	1,500,000			
0001-86	GENERAL CITY CHARGES	25,072	25,072	26,325	27,000	28,350	28,350	29,768			
0001-99	RESERVE FOR ENCUMBRANCES	21,701	-	-	31,350	-	7,036	-			
Sundry		1,291,300	1,102,086	1,396,331	1,322,315	1,428,350	1,424,152	1,529,768			
Total	PROPERTY & CASUALTY	1,596,512	1,499,084	1,878,078	2,227,526	2,489,492	2,449,275	2,326,661			

PROGRAM DETAIL

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

Goal(s):

To protect City employees and 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 2010.

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**

		2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Final Budget	2009 Actual & Estimated		2010 Final Budget		
Personnel Detail		Number of Permanent Positions				Salaries	#	#	Salaries		
15N	Risk & Safety Manager	0.5	0.5	0.5	0.5	0.5	32,954	0.5	31,225	0.5	33,492
13N	Risk Manager	0.8	0.8	-	-	-	-	-	-	-	-
12N	Accountant	-	-	-	0.5	0.5	30,057	0.5	28,474	0.5	30,498
09N	Office Manager	-	-	-	0.2	0.2	10,364	0.2	9,824	0.2	10,514
Total Positions		1.3	1.3	0.5	1.2	1.2		1.2		1.2	
Account Detail											
0002-02	PERMANENT WAGES	76,320	70,960	49,905	72,672		73,375		69,523		74,504
0001-11	SHIFT DIFFERENTIAL	-	-	-	6		-		-		-
0002-12	FICA	5,698	5,326	3,770	5,530		5,613		5,319		5,700
0002-14	PENSION	816	1,004	2,117	2,390		2,054		2,054		3,230
0002-16	INSURANCE - EMPLOYEE GRP	13,511	15,673	12,032	14,438		15,450		15,450		15,960
	Personnel	96,345	92,963	67,824	95,036		96,492		92,346		99,393
0002-32	PUBLICATIONS & MEMBERSHIP	65	91	91	256		400		400		500
0002-34	TRAINING & PROF. DEVELOP	315	297	451	956		1,200		1,122		1,200
0002-36	INS - PROPERTY & CASUALTY	41,075	187,456	37,810	103,703		115,000		115,000		115,000
0002-38	INS - OTHER EMPLOYEE	21,730	25,000	26,527	20,308		30,000		27,000		30,000
0002-44	PROF SERVICES FEES	34,253	20,304	29,999	44,811		58,000		58,000		58,000
	Services & Charges	97,438	233,148	94,878	170,034		204,600		201,522		204,700
0002-56	UNIFORMS	84	-	-	-		100		93		100
0002-68	OPERATING MATERIALS & SUPP	-	54	-	-		-		-		-
	Materials & Supplies	84	54	-	-		100		93		100
0002-80	SELF-INSURED LOSSES	631,990	715,812	672,814	772,630		753,000		760,000		753,000
0002-86	GENERAL CITY CHARGES	18,109	18,109	19,000	19,000		19,950		19,950		20,948
	Sundry	650,099	733,921	691,814	791,630		772,950		779,950		773,948
Total	WORKERS' COMPENSATION	843,966	1,060,086	854,516	1,056,700		1,074,142		1,073,911		1,078,141

PROGRAM DETAIL

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

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**

		2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Final Budget	2009 Actual & Estimated	2010 Final Budget	
Personnel Detail		Number of Permanent Positions				Salaries	#	#	Salaries
Total Positions		-	-	-	-	-	-	-	
Account Detail									
0003-35	INSURANCE - HEALTH	4,344,460	4,125,653	4,021,324	3,443,504	9,844,000	9,033,061	9,614,742	
0003-37	INS - DENTAL, LIFE, PRESCRIPTION DRUG	2,888,013	3,163,527	3,485,649	3,499,980	3,745,000	3,914,777	3,898,861	
0003-39	INSURANCE - HMO	2,927,862	2,935,654	4,393,268	5,521,889	-	-	-	
	Services & Charges	10,160,335	10,224,834	11,900,241	12,465,373	13,589,000	12,947,838	13,513,603	
Total	EMPLOYEE HEALTH BENEFITS	10,160,335	10,224,834	11,900,241	12,465,373	13,589,000	12,947,838	13,513,603	

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