

COUNTY EXECUTIVE'S 2007 BUDGET

DEPT: DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT

UNIT NO. 1150

FUND: Internal Service - 0040

OPERATING AUTHORITY & PURPOSE

The Department of Administrative Services is created pursuant to Section 59.52(1) of the Wisconsin Statutes and Chapter 32 of the Milwaukee County Ordinances. Risk Management is responsible for administering the County's risk management program. Section 59.52(11)(a) of the Wisconsin Statutes authorizes the County to provide public liability and property damage insurance, either from commercial companies or by self-insurance created by setting up an annual fund for such a purpose, or by a combination thereof, covering without exclusion because of enumeration, motor vehicles, malfeasance of professional employees, maintenance and operation of County highways, parks, parkways and airports, and other County activities involving the possibility of damage to the general public, and provide fire and casualty insurance for all County property.

Section 59.52 (11)(d) of the Wisconsin Statutes authorizes the County to provide for the protection of the County and public against loss or damage resulting from the act, neglect or default of County officers, department administrators and employees, and to contract for and procure bonds or contracts of insurance to accomplish that purpose, either from commercial companies or by self-insurance created by setting up an annual fund for such purpose or by a combination thereof. Section 65.90(6) of the Wisconsin Statutes allows any county having a population of 500,000 or more to establish, maintain and levy a tax for a liability reserve fund for the purpose of paying liability claims or premiums on insurance to pay such claims. The annual taxes levied for the purpose may not exceed the level necessary to collect the amount recommended by an actuary, in accordance with generally accepted actuarial principles.

BUDGET SUMMARY				
Account Summary	2005 Actual	2006 Budget	2007 Budget	2006/2007 Change
Personal Services (w/o EFB)	\$ 364,397	\$ 363,456	\$ 355,706	\$ (7,750)
Employee Fringe Benefits (EFB)	207,254	206,371	298,804	92,433
Services	53,188	55,382	58,832	3,450
Commodities	2,529	8,270	7,970	(300)
Other Charges	5,533,105	5,597,439	5,834,578	237,139
Debt & Depreciation	1,101	18,939	18,939	0
Capital Outlay	0	0	0	0
Capital Contra	0	0	0	0
County Service Charges	148,070	132,259	136,763	4,504
Abatements	(273,635)	(259,849)	(133,187)	126,662
Total Expenditures	\$ 6,036,009	\$ 6,122,267	\$ 6,578,405	\$ 456,138
Direct Revenue	70,010	188,706	174,371	(14,335)
State & Federal Revenue	0	0	0	0
Indirect Revenue	6,089,384	6,291,601	6,590,404	298,803
Total Revenue	\$ 6,159,394	\$ 6,480,307	\$ 6,764,775	\$ 284,468
Direct Total Tax Levy	(123,385)	(358,040)	(186,370)	171,670

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ADDITIONAL COSTS NOT INCLUDED IN TAX LEVY*				
Account Summary	2005 Actual	2006 Budget	2007 Budget	2006/2007Change
Central Service Allocation	\$ 82,264	\$ 64,016	\$ 75,221	\$ 11,205
Courthouse Space Rental	29,952	31,218	29,502	(1,716)
Tech Support & Infrastructure	11,869	14,545	13,353	(1,192)
Distribution Services	623	917	1,206	289
Telecommunications	997	518	1,018	500
Record Center	1,602	1,036	2,116	1,080
Radio	0	0	0	0
Computer Charges	4,757	8,783	2,939	(5,844)
Applications Charges	11,571	8,816	6,356	(2,460)
Total Charges	\$ 143,635	\$ 129,849	\$ 131,711	\$ 1,862
Direct Property Tax Levy	\$ (123,385)	\$ (358,040)	\$ (186,370)	\$ 171,670
Total Property Tax Levy	\$ 20,250	\$ (228,191)	\$ (54,659)	\$ 173,532

* These costs are included in other departmental and non-departmental budgets. They are reflected here to show the "total" amount of tax levy support for this Department.

PERSONNEL SUMMARY				
	2005 Actual	2006 Budget	2007 Budget	2006/2007Change
Personal Services (w/o EFB)	\$ 364,397	\$ 363,456	\$ 355,706	\$ (7,750)
Employee Fringe Benefits (EFB)	\$ 207,254	\$ 206,371	\$ 298,804	\$ 92,433
Position Equivalent (Funded)*	5.5	5.8	5.0	(0.8)
% of Gross Wages Funded	90.7	95.8	89.9	(5.9)
Overtime (Dollars)**	\$ 0	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Position)	0.0	0.0	0.0	0.0

* For 2005 Actuals, the Position Equivalent is the budgeted amount.

** Delineated for information. (Also included in personal services.)

PERSONNEL CHANGES				
Job Title/Classification	Action	Number of Positions/ Total FTE	Division	Cost of Positions (Excluding Fringe Benefits)
None				
			TOTAL	\$ 0

MISSION

It is the mission of Risk Management to protect the health and safety of employees, citizens and users of the facilities and services of Milwaukee County, through the use of risk management, claims management and employee safety techniques.

Insurance Policy and Services and Claims Management (Workers' Compensation).

The **Administration Section** supervises the professional staff, coordinates activities between departments, submits reports, reviews contracts for liability exposures and prepares budget documents. The unit is responsible for internal service fund accounting and cost allocations to departments. County-wide loss control activities are also administered by this section.

DEPARTMENT DESCRIPTION

The Risk Management Section includes the following sections: Administration, Self-Insurance,

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The **Self-Insurance Section** is responsible for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses.

The **Insurance Policy and Services Section** is responsible for selection of brokers, requests for proposals, determination of deductibles, limits and coverage, researching the market and negotiating with brokers and companies for bundled and unbundled insurance services.

The **Claims Management Section** is responsible for administering the Workers' Compensation claims of employees who sustain job-related injuries for medical-only and lost-time claims, and coordination of the return-to-work program. In addition, a database is maintained for all claims.

BUDGET HIGHLIGHTS

ADMINISTRATION

- Personal Services expenditures without fringe benefits decrease \$7,750, from \$363,456 to \$355,706. Funded positions decrease 0.8 due to Vacancy and Turnover adjustments.
- The Governmental Accounting Standards Board (GASB) statement number 45 (GASB-45), issued in 2004, will become effective for Milwaukee County in 2007. This statement establishes standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expenditures and related liabilities. For the County, this OPEB cost is for post retirement health insurance and life insurance benefits for eligible employees. Beginning in 2007, Milwaukee County is required to accrue for the annual cost of OPEB earned by an employee during the year (normal cost) plus the amortization of past service costs earned by an employee prior to the effective date of the new governmental accounting standard. In order to comply with Wisconsin state statutes, proprietary fund departments must follow governmental accounting rules and use accrual accounting. Risk Management has a budgeted amount of \$74,800 included for OPEB liability.
- Direct revenue is budgeted at \$174,371, and is comprised of \$60,371 from the Milwaukee Public

Museum insurance premiums, \$85,000 of projected dividends from Wisconsin County Mutual, \$22,500 from the Safety Trust Fund and \$6,500 from subrogation recoveries.

- Total administration expenditures, net of abatements, are charged out to other County Departments. In 2007, the methodology for this crosscharge was modified yielding an increase of total tax levy of \$171,670.

SELF-INSURANCE

- Expenditures for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses increases \$15,200 to from \$860,300 to \$875,500 in 2007. This expense is fully charged out to County Departments.

INSURANCE POLICY AND SERVICES

- Insurance purchases are reduced \$68,859 from \$1,972,127 to \$1,903,268. This is primarily due to a decrease in airport liability insurance. This expense is fully charged out to County Departments.

CLAIMS MANAGEMENT (WORKERS' COMPENSATION)

- Workers' Compensation self-insurance expenditures increase \$290,798, from \$2,765,012 to \$3,055,810 due to the increased cost of health care, and an increase of State mandated benefits for disability. This expense is fully charged out to County departments.
- A charge for administration of the Workers' Compensation program is issued to all County Departments as part of the Risk Management administration crosscharge.
- All departments are required to operate within their expenditure appropriations and their overall budgets. Pursuant to Section 59.60(12), Wisconsin Statutes, "No payment may be authorized or made and no obligation incurred against the county unless the county has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the director first certifies that a sufficient unencumbered balance

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is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this subsection is void. A county officer who knowingly violates this subsection is

jointly and severely liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."

ACTIVITY AND STATISTICAL SUMMARY				
	2005 <u>Budget</u>	2005 <u>Actual</u>	2006 <u>Budget</u>	2007 <u>Budget</u>
<u>Risk Financing Cost</u>				
Retained Losses (Self-Insured)	\$ 863,000	\$ 863,000	\$ 860,300	\$ 875,500
Net Insurance Premiums	\$ 1,968,140	\$ 1,979,327	\$ 1,843,627	\$ 1,747,557
Workers' Compensation Claims Processed	1,075	1,014	1,075	1,075
Dollar Amount of Claims Processed	\$ 2,674,146	\$ 2,726,794	\$ 2,765,012	\$ 3,055,810