

**Fund Purpose**

The Risk Management Fund is an Internal Service Fund established to safeguard the financial security of the County by protecting its human, financial, and property assets from the adverse impact of loss by identifying and analyzing risks, considering alternatives and selecting risk treatment devices (control, reduction, retention, transfer), implementing appropriate treatment devices, preparing and guarding against catastrophic fiscal loss.

<b>Financial Summary</b>	2006	2007	2007	2008	Change From 2007	
	Actual	Adopted Budget	Estimate	Budget	\$	%
<b>Revenues</b>						
General Government	\$0	\$0	\$0	\$0	\$0	N/A
Fines/Licenses	\$0	\$0	\$0	\$0	\$0	N/A
Charges for Service	\$0	\$0	\$0	\$0	\$0	N/A
Interdepartmental (a)	\$959,868	\$983,920	\$983,920	\$1,087,550	\$103,630	10.5%
Other Revenue (b)	\$514,207	\$652,000	\$652,000	\$650,000	(\$2,000)	-0.3%
Appr. Fund Balance (c)	\$510,054	\$422,884	\$422,884	\$463,898	\$41,014	9.7%
<b>County Tax Levy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Total Revenue Sources (a)(b)(c)</b>	<b>\$1,984,129</b>	<b>\$2,058,804</b>	<b>\$2,058,804</b>	<b>\$2,201,448</b>	<b>\$142,644</b>	<b>6.9%</b>
<b>Expenditures</b>						
Personnel Costs	\$229,173	\$300,582	\$290,442	\$286,114	(\$14,468)	-4.8%
Operating Expenses	\$1,724,653	\$1,673,561	\$1,717,645	\$1,839,248	\$165,687	9.9%
Interdept. Charges	\$79,331	\$84,661	\$84,661	\$76,086	(\$8,575)	-10.1%
Fixed Assets	\$0	\$0	\$0	\$0	\$0	N/A
Debt Principle (memo) (d)	\$125,214	\$134,283	\$134,283	\$0	(\$134,283)	-100.0%
<b>Total Expenditures (d)</b>	<b>\$2,033,157</b>	<b>\$2,058,804</b>	<b>\$2,092,748</b>	<b>\$2,201,448</b>	<b>\$142,644</b>	<b>6.9%</b>
Operating Inc./(Loss) (d)	(\$49,028)	-	(\$33,944)	-	-	N/A

**Position Summary (FTE)**

Regular Positions	3.20	3.20	3.20	3.20	0.00
Extra Help	0.00	0.00	0.04	0.00	0.00
Overtime	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>3.20</b>	<b>3.20</b>	<b>3.24</b>	<b>3.20</b>	<b>0.00</b>

(a) Interdepartmental revenues from charges to insured departments include tax levy funding.

(b) Other Revenues includes recoveries, which is decreased to reflect historical data.

(c) Risk Management Fund balance appropriations are as follows: 2006 Budget \$233,565 General Liability/Auto Liability/Other, \$250,832 Worker's Compensation; 2007 Budget \$166,359 General Liability/Auto Liability/Other, \$256,525 Worker's Compensation; 2008 Budget \$150,320 General Liability/Auto Liability/Other, \$313,578 Worker's Compensation.

(d) Total Expenditures and Net Operating Income exclude debt service principle payments to conform to financial accounting standards.

**Major Departmental Strategic Outcomes and Objectives for 2008**

**County-Wide Key Strategic Outcome: A County that provides cost-effective services delivered with competence and skill.**

Objective: Target worker's compensation loss control efforts so as to reduce worker's compensation claims.

Key Outcome Indicator: Target benchmark is Bureau of Labor Statistics (BLS), U.S. Department of Labor, most current incident rates, at the time the benchmark is established for Wisconsin local government. BLS incident rates are commonly used to evaluate Worker's Compensation Claims experience. These rates can help determine both problem areas and progress in preventing work-related injuries and illnesses comparing ones performance to similar entities. Objective is to out perform other local governments in the state of Wisconsin. Incident rates represent the number of injuries and illnesses per 100 full-time workers calculated as (N/EH) x 200,000 where N = number of injuries and illnesses per 100 full-time workers, EH = total hours worked by all employees, 200,000 = base for 100 equivalent full-time workers per BLS.

Performance Measure:

	2006 Actual	2007 Target	2007 Estimate	2008 Target
Total cases incident rate	7.7	<6.4	7.6	<6.0
Days away from work incident rate	1.7	<2.8	1.4	<2.4

**General/Auto Liability & Other Insurance****Program Description**

Management of the County's property and liability risks, safety and security programs and transfer of risk to insurance carriers or others where appropriate. Risk Management develops and implements a program which includes risk exposure identification and analysis, loss prevention and control, education and training of employees, contract monitoring and review, claims administration, self-insured loss reserve funding and insurance purchasing to reduce loss occurrences and their financial impact. Risk Management also monitors the County's investment in Wisconsin Municipal Mutual Insurance Company (WMMIC). This mutual insurance company was created by a group of large Wisconsin municipalities to provide general and police professional liability, errors and omissions and vehicle liability excess coverage for member counties (11) and cities (3).

	2006 Actual	2007 Budget	2007 Estimate	2008 Budget	Budget Change
<b>Staffing (FTE)</b>	<b>1.90</b>	<b>1.90</b>	<b>1.94</b>	<b>1.95</b>	<b>0.05</b>
Interdepartmental (a)	\$611,945	\$627,300	\$627,300	\$644,550	\$17,250
Other Revenue	\$448,793	\$570,000	\$570,000	\$570,000	\$0
Appr. Fund Balance	\$259,222	\$166,359	\$166,359	\$150,320	(\$16,039)
<b>County Tax Levy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Revenues (a)</b>	<b>\$1,319,960</b>	<b>\$1,363,659</b>	<b>\$1,363,659</b>	<b>\$1,364,870</b>	<b>\$1,211</b>
Personnel Costs	\$159,878	\$179,242	\$133,942	\$176,348	(\$2,894)
Operating Expenses	\$846,843	\$1,100,936	\$1,075,022	\$1,114,144	\$13,208
Interdept. Charges	\$77,321	\$83,481	\$83,481	\$74,378	(\$9,103)
Fixed Assets (Memo)	\$0	\$0	\$0	\$0	\$0
Debt-Principle (Memo) (b)	\$125,214	\$134,283	\$134,283	\$0	(\$134,283)
<b>Total Expenditures (b)</b>	<b>\$1,084,042</b>	<b>\$1,363,659</b>	<b>\$1,292,445</b>	<b>\$1,364,870</b>	<b>\$1,211</b>

<b>Operating Inc. /(Loss)(b)</b>	<b>\$235,918</b>	<b>-</b>	<b>\$71,214</b>	<b>-</b>	<b>-</b>
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(a) Interdepartmental revenues from charges to insured departments include tax levy funding.

(b) Total Expenditures and Net Operating Income exclude debt service principal to conform to financial accounting standards.

## General/Auto Liability &amp; Other Insurance (cont.)



## Program Highlights

Interdepartmental Revenues, which are department insurance charges, are held at a 2.75% increase, or \$17,250, with the assistance of \$150,320 in Risk Management Fund Balance (prior years retained earnings). Other Revenue includes investment income, insurance company dividends and recoveries.

Personnel costs decreased \$2,894 due to division reorganization with 75% of the Risk/Purchasing Manager's position allocated to Risk Management, of which, 80% is allocated to this Program, and the remaining 25% to Purchasing, partially offset by the transfer of 25% Clerk Typist I-II from Administration to this Program to reflect consolidated/shared receptionist duties with DOA business office. Operating expenses increase by \$13,208 primarily due to an increase in Estimated Future Claims payments, based on historical trends. Interdepartmental charges decrease \$9,103 and debt principle decrease \$134,283 due to the retirement of WMMIC debt payment.

## Workers' Compensation

## Program Description

Workers' Compensation provides for self-insured worker's compensation claims administration, excess worker's compensation insurance coverage, self-insured loss reserve funding and employee safety and loss control programs to prevent workplace injuries.

	2006 Actual	2007 Budget	2007 Estimate	2008 Budget	Budget Change
<b>Staffing (FTE)</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.25</b>	<b>(0.05)</b>
Interdepartmental (a)	\$347,923	\$356,620	\$356,620	\$443,000	\$86,380
Other Revenue	\$65,414	\$82,000	\$82,000	\$80,000	(\$2,000)
Appr. Fund Balance	\$250,832	\$256,525	\$256,525	\$313,578	\$57,053
<b>County Tax Levy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Revenues (a)</b>	<b>\$664,169</b>	<b>\$695,145</b>	<b>\$695,145</b>	<b>\$836,578</b>	<b>\$141,433</b>
Personnel Costs	\$69,295	\$121,340	\$156,500	\$109,766	(\$11,574)
Operating Expenses	\$877,810	\$572,625	\$642,623	\$725,104	\$152,479
Interdept. Charges	\$2,010	\$1,180	\$1,180	\$1,708	\$528
Fixed Assets (Memo)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$949,115</b>	<b>\$695,145</b>	<b>\$800,303</b>	<b>\$836,578</b>	<b>\$141,433</b>
<b>Operating Inc. /(Loss)</b>	<b>(\$284,946)</b>	<b>\$0</b>	<b>(\$105,158)</b>	<b>\$0</b>	<b>\$0</b>

(a) Interdepartmental revenues from charges to insured departments include tax levy funding.



## Program Highlights

Interdepartmental Revenues include department insurance charges, which increased 24% or \$86,380 to better reflect historical claims payout patterns. Loss payouts have been increasing over the last several years, and chargebacks to departments need to reflect the increased claim costs. Other Revenue includes investment income and claims recoveries which decrease \$2,000 based on historical data. Fund Balance (prior years retained earnings) of \$313,578 is budgeted to help offset department insurance chargeback increases.

Personnel costs decreased \$11,574 due to division restructuring with 75% of the Risk/Purchasing Manager position allocated to Risk Management, of which, 20% is allocated to this Program, and the remaining 25% to the Purchasing division. Operating expenses increase by \$152,479 primarily due to an increase in estimated future claims payments based on historical trends. Interdepartmental charges increase due to anticipated Collections charges for case assignments.



### Activity – Risk Management Fund Overall

<u>Output Indicators:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Actual</u>	2007 <u>Estimate</u>
Safety Inspections/Surveys	20	18	12	4	20
Safety Meetings	23	19	18	13	15
Training In-services	20	18	19	10	15
Beat Articles/Flyers	2	2	2	1	3
Contracts & Ins Certificates Reviewed	499	507	561	404	405
<u>Efficiency Indicators:</u>					
Total Purchased Insurance Premium	\$586,723	\$666,926	\$632,437	\$596,890	\$629,577
Cost of Insurance Per \$1,000 of County Expenditures*	\$3.21	\$3.36	\$2.98	\$2.81	\$2.83
Total R. M. Expenditures	\$1,316,747	\$1,959,440	\$1,970,802	\$1,984,129	\$2,058,804
Cost of Risk Per \$1,000 of County Expenditures*	\$7.20	\$9.87	\$9.27	\$9.34	\$9.25

\*excludes capital projects & debt service

Note: Output indicators low in 2006 given 7 month staff vacancy.



### Activity – General/Auto Liability & Other Insurance Program

<u>Output Indicators:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Actual</u>	2007 <u>Estimate</u>
#Property/Auto Physical Claims	66	51	58	45	52
Paid & Reserve Net of Subro	\$126,757	\$141,625	\$351,240	\$165,758	NA
Average Cost Per Claim	\$1,921	\$2,777	\$6,056	\$3,684	NA
Subrogation Collections	\$50,706	\$19,143	\$28,883	\$32,067	NA
#General/Auto Liability Claims	57	60	69	53	72
Paid & Reserve	\$135,694	\$118,511	\$392,829	\$93,555	NA
Average Cost Per Claim	\$2,381	\$1,975	\$5,693	\$1,765	NA

Note: Accident year claims data valued as of 3/31/07.

NA=estimates not available due to need for actuarial analysis.



### Activity – Workers' Compensation Program

<u>Output Indicators:</u>	2003 <u>Actual</u>	2004 <u>Actual</u>	2005 <u>Actual</u>	2006 <u>Actual</u>	2007 <u>Estimate</u>
# Worker's Compensation Claims	97	122	125	125	148
Paid & Reserve Net of Subro	\$547,562	\$437,442	\$692,258	\$714,241	NA
Average Cost Per Claim	\$5,645	\$3,586	\$5,538	\$5,714	NA

Note: Accident year claims data valued as of 04/30/07.

\$ Includes legal expenses and disability pay.

NA=estimates not available due to need for actuarial analysis.