2011 BUDGET

DEPARTMENT OF BUSINESS ADMINISTRATION

Mayor

Business Administration

Finance

Information Services

Human Resources

Parking Bureau

White Rose Comm TV
Internal Services

What is it?

Why do we need it?

How does it work?
What is it?

Internal Services is comprised of five areas in the Department of Business Administration.

- Business Administration
- Human Resources
- Risk Management
- Central Services
- Information Services

The services provided by these areas are beneficial to every department in the City.
Why do we need it?

Sharing the cost of operating Internal Services using the allocation methods described later:

- Distributes the burden in a manner that is fair and equitable
- Ensures that the City is reimbursed for the cost associated with employees paid from various funds and grants
- Reflects an accurate picture of the “true” cost of an employee
How does it work?

**EXPENSE**
- Business Administration
- Human Resources
- Risk Management
- Central Services
- Information Services

Internal Services
$11,510,363

**REVENUE**
- All Departments
- All Funds
Business Administration

- The Business Administrator is the Chief Administrative Officer of the City.

- The budget for Business Administration totals $1,193,323
  - $61,579 is charged to General Fund
  - $150,572 is charged to WRTC
  - $981,172 is charged to Internal Services.

- The O & E Pension contribution of $759,447 is paid from this budget.

- The remainder covers salaries for the Business Administrator and the Grant Coordinator along with normal office expenses.
Business Administration

- The budget for Business Administration also includes Special Projects $189,000 and 2010 Bond Issue Project $515,000
• All aspects of employee relations are handled by Human Resources.

• The budget for Human Resources is entirely paid from Internal Services and totals $477,593.

• The salaries for the Deputy B.A. of Human Resources, Benefit Coordinator, H.R. Specialist and Administrative Assistant along with arbitration costs, employee benefit audit and advertising are contained in the Human Resources budget.
Risk Management

- Risk Management is by far the largest component of Internal Services totaling $8,750,500

- Health/Dental/Vision Insurance Paid Claims
- Life Insurance
- Stop Loss Insurance
- Health Administrative
- Workers’ Comp Insurance
- Unemployment Insurance
- Property Insurance
- Prescription Paid Claims
- Self Insured Losses
- Bond Insurance
- General Liability Insurance
- Police Profession Liability Insurance
- Public Official Insurance
- Auto Insurance
Central Services

- The Central Services budget was established to cover items that are used City-wide.

- The budget includes items such as postage, telephones, wireless communications, envelopes, janitorial supplies as well as one Administrative Support person.

- The budget is $643,815.
Information Services

• Management of the City’s information system and information technology including the electronic mail, calendar system, Internet and Intranet web sites are the primary responsibility of Information Services.

• They handle the administration, growth and maintenance of the city’s network including all aspects of both hardware and software.

• The entire cost of this division totals $645,283
Allocation Methods

The method used for allocating the cost varies depending upon many factors such as who benefits from the service, job classifications, bargaining unit affiliation, etc.
Business Administration  ALLOCATION METHOD

Total cost of Business Administration $981,172
Minus the O&E MMO payment - 759,447

$221,725

Divided by the number of employees / 419
Cost per employee $ 529

O&E MMO payment / O&E employees = $3,669 additional
Human Resources ALLOCATION METHOD

Total cost of Human Resources $447,593
(excluding $30,000 civil services)

Divided by the number of employees / 419

Cost per employee $1,068
Central Services  ALLOCATION METHOD

Total cost of Central Services   $643,815

Divided by the number of employees   /   419

Cost per employee  $ 1,537
Information Services  ALLOCATION METHOD

Total cost of Information Services  $645,283

Divided by the number of users / 224

Cost per user  $ 2,881
Risk Management ALLOCATION METHODS

Risk Management is allocated using various methods depending upon the type of insurance and the employee/retiree involved.

- Health/Dental/Vision Claims
- Life Insurance
- Stop Loss Insurance
- Health Administrative
- Workmens Comp Insurance
- Unemployment Insurance
- Prescription Claims
- Self Insured Losses
- Bond Insurance
- General Liability
- Police Profession
- Public Officials

*The cost per insurance type is calculated individually.*
Health/Dental Vision Insurance

The cost of Health/Dental/Vision is calculated by using the amount per year for the last 5 years per location –the high and low years are removed – figure what proportion each location used of the total amount spent. The proportion is divided among locations for the budget year divided by the number of covered employees. The cost is reduced by the anticipated revenue for premiums and Cobra payments.

The budget year amount is projected using straight line analysis & % of inflation predicted for the current claims.

Location = 5 unions, Non-affiliated, retirees grouped by benefits/age
Life Insurance

Stop/Loss Insurance

*Life Insurance* is calculated based on the premium per thousand dollars of insurance per employee.

*Stop/Loss Insurance* is based on the projection of the Third Party Administrator
Health Administrative

Workmens Compensation Insurance

Health Administrative is mandated by the contract with Blue Cross

Workmens Compensation premium is based on the anticipated salary in each classification multiplied by the risk factor associated.
Unemployment Insurance is budgeted based on the number of employees anticipated to be receiving benefits in 2011. Benefits are based on salary.

Prescription Paid Claims are budgeted using a combination of % increase predicted plus a straight line analysis. Extra weight is placed on the most recent year.
General Liability Insurance

Police Professional & Public Officials

General Liability Insurance is calculated by dividing the premium by the number of employees.

Police Professional is based on the premium and deductibles and charged directly to the Police Budget.

Public Officials is based on the premium for the term year and charged to the associated departments.
Allocations

All allocations methods and calculations are built in to the Budget Based Accounting System. The associated costs are automatically distributed to the correct line item in each department. The allocations are based on the employee payroll allocations.

The Budget Based Accounting System has taken a very cumbersome calculation and turned it into a one button operation that benefits the City tremendously when dealing with funds and grants.
Business Administration

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Budget</th>
<th>O &amp; E MMO</th>
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Human Resources

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<tr>
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<td>$358,829</td>
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Risk Management

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<td>2007</td>
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Central Services

Total Budget

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<tr>
<td>2006</td>
<td>$363,457</td>
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<td>2010</td>
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Bar graph showing the growth in Central Services budget from 2006 to 2011.
Information Services

Total Budget

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<th>Amount</th>
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<tbody>
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<td>2006</td>
<td>$338,057</td>
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Parking

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<tr>
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<td>2010</td>
<td>$ 1,153,657</td>
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<td>2011</td>
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# Department of Business Administration

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<tr>
<td>Central Services</td>
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| Total                        | $28,359,568| $28,226,263| $29,697,043| $31,450,508| $33,325,383| $31,534,243|

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The chart above illustrates the budget allocation for different departments from 2006 to 2011.