

# COMPCONTROL<sup>®</sup>

The Official KMIT Member Newsletter

## Preparing For Payroll Audits

Plain and simple, payroll audits are a legally-required, “necessary evil” of the workers compensation insurance business. Work comp premiums are based on payroll amounts (by job classification). The only way of determining the actual amount of payroll in any given entity over any given time frame is to do an “after-the-fact” detailed audit of that entity’s actual payroll. The premium paid at the start of a coverage year (for KMIT members, the coverage year is the calendar year) is based on an estimate of that upcoming year’s payroll (again, by specific job class code). Though it behooves both the insured (in this case, the city), as well as the insurer (KMIT), to get the estimate as close as humanly possible, it simply is not humanly possible to project out a year in advance and get every single job class code perfect, as to total payroll in that specific code; hence, the need for the audit.

As mentioned elsewhere in this publication, KMIT contracts with **ChoicePoint, Inc.** for its annual payroll auditing services. Our contact person is Carma Drehle-Neth, Wichita, who directs a group of auditors for this region. Each December, the KMIT pool administrator meets with Ms. Drehle-Neth, to pass on detailed payroll estimates from the current year (audit year), and to determine which KMIT cities will get a “desk” (on site, or personal) audit, and which will be audited via phone. About ½ of all KMIT members (mostly the smaller cities) are audited by phone each year. The entire top half (in terms of premium amount) or so of our cities, plus somewhat of a sampling of some the others, are given desk audits. All KMIT members will be contacted to set an audit appointment, regardless of which audit, starting in mid-January of 2004. Remember, this upcoming audit will be for the actual calendar year of 2003. **Please agree to an appointment time with the auditor as soon as possible.** Each auditor is doing additional KMIT audits, along with audits for other clients, and his/her schedule is very full...it is not a good idea to put off, and it is difficult to reschedule, a KMIT payroll audit. ChoicePoint is required by its contract with KMIT to get the payroll audits done in a timely fashion.

Upon submission of the completed and authenticated audit, by ChoicePoint, to KMIT, one of two things will happen: (1) the city gets a check back from KMIT because the estimate of payroll was high; or, (2) the city gets a statement for additional charges back from KMIT because the estimate was low. One of those two outcomes **MUST** occur.

But, the need for the expediency of the payroll goes far beyond just getting the books right—the completion of the entire audit (all members) is crucial for legally-required financial management obligations (to the Kansas Insurance Department) to be made on a schedule which keeps KMIT compliant. The audit completion and submission triggers a series of processes which must be finished

*(Continued on page 3)*

*Kansas Municipal Insurance Trust  
Board of Trustees & Key Contacts*

Carol Eddington - *President*  
Oswego

Rhonda Schuetz - *Vice President*  
Hiawatha

Keith DeHaven - *Treasurer*  
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Don Osenbaugh  
Pool Administrator/Agent

Victoria Vanderhoof  
Claims Adjuster  
Insurance Management Associates

Paul Davis  
Assistant Risk Control Manager  
Insurance Management Associates

Wendy Flowers                      Bret Glendening  
Co-Editor                              Co-Editor/KMIT Agent

*CompControl* is a publication of the League of Kansas Municipalities and the Kansas Municipal Insurance Trust for the purposes of educating and informing cities about loss control methods and risk management. If you have any questions concerning KMIT workers' compensation or risk management that you would like to see answered in this newsletter, please direct those inquiries to:

**Kansas Municipal Insurance Trust**  
300 SW 8th Avenue  
Topeka, KS 66603  
Phone: (785) 354-9565  
Fax: (785) 354-4186  
[wflowers@lkm.org](mailto:wflowers@lkm.org)

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*Letter from the Pool Administrator*

**Dear KMIT Members and Others,**

Happy Holidays!

It has been another good year for the **KMIT** pool. As previously noted, six more cities joined our group in 2003, thus bringing our total membership up to 114 (counting the League). Our **KMIT** Annual Meeting was held in October, and two new Trustees were elected...**Bill Powers**, City Administrator of Ulysses, and **Linda Jones**, City Clerk of Osage City. Retiring Trustees were **Kelly DeMeritt**, Atchison, and **Willis Heck**, Newton. Following the annual meeting, the Board met, and elected new officers, to serve until next October: **Carol Eddington** (Oswego) is the new President; **Rhonda Schuetz** (Hiawatha) is Vice President; **Keith DeHaven** (Sedgwick) is Treasurer; and **Gary Hobbie** (Russell) stays on the Executive Committee as Past President. The next meeting of the Board is in Great Bend, on December 12.

Renewal applications have been submitted by all 114 members, and we expect to get the **2004 quotes** out to each **KMIT** city on or very near **December 1**. Premium payments are due upon receipt, but we do realize that some, if not many, cities budget the premium to be paid out of the '04 budget. Premium payments are considered late after January 31, 2004. And, PLEASE contact **Bret Glendening** if you have *any* premium question(s).

In this issue, you will find our **annual volunteer reminder**, and an enclosed spreadsheet listing all the **KMIT** volunteer "elections" on record at the Div. of Work Comp. Please read the reminder closely, and double-check the spreadsheet for correctness. **KMIT** is not required by law, and **will not pay claims for volunteers not properly "elected"**, so we need to get this right. Also, please note and remember that cities must pay a premium for volunteers...meaning that our **payroll auditors** (from ChoicePoint) **will be asking city staff detailed questions about the tracking of volunteer hours** (audits begin in late January, and must all be completed in about 4-5 weeks). Speaking of **payroll audits**...this edition also features **tips for payroll audit preparation** for our members, in advance of the reps from ChoicePoint.

Lastly, look for notice of **special regional supervisor seminars**, coming to three locations in the middle part of the state next February. The morning sessions at each site will highlight **risk management for the supervisor**; afternoon sessions will cover **work comp management**, again for supervisors. This training is specifically intended for ALL supervisors, in all city departments, at all levels.

**Don Osenbaugh**  
Pool Administrator

(Continued from page 1)

in very short order: (1) the annual actuarial study, then (2) the annual KMIT financial audit, then (3) the submission of that audit to the KID—which is due, believe it or not, by the end of the first quarter (March 31), by statute. And, none of those tasks can proceed, until ALL of the audits are completed by ChoicePoint. So, getting your audit done as quickly as possible *really* is crucial to the continued success of your KMIT pool.

Some logical steps cities should take in preparation for work comp payroll audits would include:

1. Well in advance of a phone call from the auditor, **designate a specific city person** to take on this task...and be sure that person knows he/she has been selected.
2. Be sure your designated staff person is very **familiar with the payroll records**, and also understand the various positions by class code. (This year's premium quote gives each city's specific utilized class codes.)
3. **Agree to meet with the auditor** (whether by phone or at the city offices) as soon as possible.
4. **Keep the appointment** date.

Each city's full cooperation with the payroll auditor is important to the city as well as to the entire pool, and is much appreciated by the KMIT staff and by the other cities in the KMIT pool.

If you have any questions concerning the payroll audit process, please don't hesitate to contact Don Osenbaugh or Bret Glendening.

## “Safe Cities” as of October 31, 2003

If you would like assistance returning an injured employee to work, or need ideas for modified duty, please contact Victoria Vanderhoof, 1-877-502-9897 or [victoria.vanderhoof@imacorp.com](mailto:victoria.vanderhoof@imacorp.com).



Abilene	Concordia	Greeley	Melvorn	Satanta
Allen	Conway Springs	Grenola	Moline	Sedan
Altamont	Council Grove	Hesston	Montezuma	Sedgwick
Andale	Cullison	Hiawatha	Mound City	Spearsville
Andover	De Soto	Hillsboro	Neodesha	Spring Hill
Baldwin City	Douglass	Holcomb	Oberlin	Stafford
Basehor	Edgerton	Hoxie	Ogden	Tescott
Bel Aire	Elkhart	Jetmore	Olpe	Tipton
Beverly	Esbon	Johnson City	Osage City	Tonganoxie
Bird City	Ford	Kingman	Oskaloosa	Treece
Brewster	Fort Scott	Kinsley	Ozawkie	Turon
Caldwell	Fowler	Lenora	Park City	Ulysses
Centralia	Frankfort	Lincoln Center	Peabody	WaKeeney
Chautauqua	Glasco	LKM	Princeton	Wakefield
Cheney	Glen Elder	McFarland	Ransom	Walton
Cherryvale	Grainfield	Medicine Lodge	Roeland Park	Wellington
			Rose Hill	Wellsville

# Annual KMIT Volunteer Reminder

The following is a checklist for the coverage of volunteers in **KMIT** cities:

1. Emergency services volunteers are **automatically covered** for work comp in Kansas. No form or authorization of any kind is required **OR** desired (by KMIT or by the Division of Work Comp) to extend work comp benefits to those volunteers serving as fire fighters, police officers and in EMS.
2. **KMIT** member cities must pay a premium for emergency services volunteers. Members should estimate this part of the payroll when requested by **KMIT** in the fall. (contact Bret Glendening, at 785-354-9565 or [bglendening@lkm.org](mailto:bglendening@lkm.org) with any question about how to do this). And, the **KMIT** payroll auditors, from ChoicePoint will want to know how many such volunteers you have, and other details.
3. Volunteers other than those above are NOT automatically covered by **KMIT**. Cities wishing to provide work comp benefits to non-emergency volunteers MUST submit a form WC-123 to the Workers Compensation Division of the Kansas Human Resources Department, and **copy KMIT**. Forms may be obtained of the Division's website, see <http://www2.hr.state.ks.us/wc/html/wcfrmpdf.htm>, or the KMIT website, [www.kmit.net](http://www.kmit.net).
4. Premiums must also be paid for non-emergency volunteers. Cities will be expected to estimate, and then track, the number of hours worked by such volunteers. The premium required will be based on the number of hours and the wages typically paid by the city for tasks being performed by volunteers.
5. If a city chooses to discontinue coverage of any or all of its non-emergency volunteers, they must submit another form to the Division (WC-124), and **copy KMIT**.
6. Cities should be VERY SPECIFIC in electing to cover volunteers, and should complete the required forms in such a way so as to insure that ONLY those specifically spelled out volunteers are covered.
7. Submitting a second election form without first withdrawing the first one will result in both forms being active, by STATE LAW.
8. **KMIT** maintains a spreadsheet list of all non-emergency volunteers currently covered for work comp by our member cities. If you aren't sure which, if any, non-emergency volunteers are covered by your city, or if you have ANY question(s) at all about volunteers, please contact Don Osenbaugh, at 316-259-3847 or [dosenbaugh@cox.net](mailto:dosenbaugh@cox.net).



Happy Holidays  
From the  
KMIT Staff

# Claims

## 2003 Frequency and Cost Analysis - Top 5 1/1/03 through 10/31/03

<u>By Job Classification</u>	<u>Frequency</u>	<u>Claims Cost</u>
Police Officers & Drivers	130	\$ 419,511
Municipal	93	205,707
Firefighters & Drivers	57	113,060
Park	53	53,160
Waterworks	40	83,685

<u>By Accident Type</u>	<u>Frequency</u>	<u>Claims Cost</u>
Strain or injury by lifting, pushing, carrying, etc.	130	\$ 350,267
Miscellaneous cause	81	28,351
Fall or slip injury	74	191,890
Struck or injured by falling object, hand tool, etc.	53	80,722
Occupational Hazards	51	53,946

<u>By Body Part</u>	<u>Frequency</u>	<u>Claims Cost</u>
Low Back Area	72	\$ 167,877
Knee	43	224,053
Finger(s)	42	31,900
Eye(s)	31	4,792
Hand	30	48,904

*Note - The above figures are based on claims as of October 31, 2003. Amounts listed for claim costs are amounts incurred to date.*

## Your Pool In Action

We encourage you to make copies of  
this newsletter and distribute to all  
city employees.

# Member Notes



## KMIT Calendar

### December

12 KMIT Board of Trustees Meeting, *Great Bend*

### February

12 Regional Supervisor Training, *Hutchinson*  
19 Regional Supervisor Training, *Newton*  
26 Regional Supervisor Training, *Winfield*  
27 KMIT Board of Trustees Meeting, *Augusta*

## Revenues & Expenses October 31, 2003

### Combined Assets

Cash In Bank	1,926,466
Premiums Outstanding	
Investments	<u>1,605,567</u>
Total Assets	3,532,033

### Combined Liabilities & Equity

Claims and Accrued Expenses Outstanding	1,607,473
Reserved for Losses	596,642
Incurred But Not Reported (IBNR)	<u>747,162</u>
Total Liabilities	<u>2,951,277</u>
KMIT Statutory Fund Balance	<u>580,756</u>
Total Liabilities and Equity	3,532,033

## Kansas Municipal Insurance Trust

300 SW 8th Avenue  
Topeka, KS 66603

# **Regional Supervisor Training**

**February 2004**



**“Risk Management for Supervisors”**  
**“Work Comp Management for Supervisors”**

**Morning and Afternoon Workshops—  
each taught at three sites:**

**Hutchinson, February 12**

**Newton, February 19**

**Winfield, February 26**

**“Risk Management for Supervisors”** is a 2¾ hour course designed for all levels of supervisors working in any and all city departments, including: front line supervisors, forepersons or group leaders, small city department heads, city clerks and administrators. Functions such as general public works, utilities, police and fire, and office management are all applicable to this training. This training will be taught by Dave McKinney, a risk management specialist with IMA-Wichita, and will focus on all aspects of reducing risk in the city workplace.

**This course will begin at 9:00am, and end promptly at 11:45am.**

**“Work Comp Management for Supervisors”** is also a 2¾hour course, and is also designed for all levels of supervision, and all city departments. This workshop is *work-comp specific*, and will cover topics such as hiring the right person for the specific tasks to be done, what to do when injuries do occur, how to follow up on injuries, what forms are required, how to prevent fraud, and other work comp issues. This training will be taught by the KMIT training team: Victoria Vanderhoof (KMIT Claims Adjuster), Marcia Payne (Precept/CorVel), Bret Glendening (KMIT Agent/Compliance Officer) and Don Osenbaugh (KMIT Pool Administrator/Agent).

**This course will begin at 1:15pm, and end promptly at 4:00pm.**

**Cost:**

**One session (1/2 day)**

KMIT member employee.....\$25  
Others.....\$30

**Both sessions (all day, LUNCH NOT PROVIDED)**

KMIT member employee.....\$40  
Others.....\$50

**Registration:**

Name \_\_\_\_\_ Phone \_\_\_\_\_ Email \_\_\_\_\_

City \_\_\_\_\_

Position/Title/Dept. \_\_\_\_\_

Site (circle one): (1)Hutchinson, Feb 12 (2)Newton, Feb 19 (3)Winfield, Feb 26

[Exact meeting building sites and addresses will be announced later]

Sessions: (circle one): (1)Risk Management (2)Work comp (3)Both

Total amount due \$ \_\_\_\_\_

Please bill city \_\_\_\_\_ Payment enclosed \_\_\_\_\_

Return to Wendy Flowers, 300 S.W. 8<sup>th</sup> Ave., Topeka, KS 66603,  
or FAX to Wendy at 785-354-4186, or email [wflowers@lkm.org](mailto:wflowers@lkm.org)



# KMIT Volunteer Elections

## as of November 13, 2003

<u>City</u>	<u>Date of Election [2]</u>	<u>Name/Title of FORM 123 signer</u>	<u>Volunteers Elected</u>
Abilene	4/18/03	Penny Soukup, City Clerk	Convention & Visitors Bureau, Parks & Rec., Administration
Andale	5/24/90	Shirley Stuever, City Clerk	Work Release &/or Diversion prisoners doing Community Service Work.
Atchison	2/11/87	Joseph Turner, City Clerk	All Persons who have a contract of diversion to perform public service for the City of Atchison
Atchison	2/11/87	Joseph Turner, City Clerk	All Volunteers who are performing a service for the City of Atchison
Augusta	5/14/87 [1]	Elsie George, City Clerk	Tree pruning & D-0106, Street or Rd Constr-5506, Waterworks Oper. & D-7520, Elec. Power Line Constr. & D-7538, Sewer Dispos Plant Oper. & D-7580, Clerical Off. Empl-NOC-All Empl. & D-9220, Garbage Coll. & D-9430, Municipal, Twp, Co. or State Empl. NOC-9410
Baldwin City	3/31/93	Brian Wilcox, City Administrator	All other than Agricultural or Domestic Employees
Baldwin City	3/31/93	Brian Wilcox, City Administrator	all work other than Agricultural or Domestic
Centralia	5/10/02	Dorothy White, City Clerk	Fire Dept.* and Ambulance Service*
Columbus	10/17/96	Jeffery Clauson, City Administrator	All persons performing public or community service as a result of a contract of diversion
Concordia	4/30/90	Verna Ferguson, City Clerk	Those relating to community service because of a diversion contract, community corrections program, sentence suspension, probation condition, or in lieu of a fine.
Edgerton	12/18/02	Rita Moore, City Clerk	Concessions/Cleanup of grounds and City Building/Frontier Days volunteers/ two City Teen Dance volunteers/Christmas Lighting Event volunteers
Esbon	9/27/93	Patricia Windmuller, City Clerk	Office Assistant. (Does office work only in City Library)
Fredonia	1/30/91?	L.W. Marshall, Mayor	Recycling paper sorting
Ft. Scott	6/11/93	Nancy Calkins, Interim City Manager	fire department*, police department* and city volunteers
Galena	6/6/02	Jack Murray, City Manager	Cemetery, Streets, Water, Noxious Weed Abatement--LCCC inmates only
Great Bend	5/6/02	Howard Partington, City Administrator	All municipal volunteer workers, if any
Hesston	11/27/02	John Waltner, Mayor	All Volunteers. Do not exclude any.
Horton	8/20/92	Duane Lentz, Acting City Adm.	All Classes
Independence	12/14/90	Paul Sasse, City Manager	All Classifications
Lenora	5/3/89	Gloria Jones, City Clerk	firemen*
Leoti	6/30/93	Barbara Wilborn[?], City Clerk	Micellaneous duties such as watering downtown flower pots, cleaning city park, etc.
Marysville	5/20/02	Paula Holle, City Clerk	Firefighters*
Mission	7/31/02	Nancy Calkins, City Clerk	all volunteers, if any
Neodesha	9/25/03	Joe Kerby, City Administrator	Persons performing Public or Community Service
Newton	4/16/02	Dennis Quiring, Risk Manager	Police Reserves*, Fire Volunteers*, EMS Volunteers*, Library Volunteers
Oberlin	7/3/89	Robert Finkbiner, City Administrator	Firefighters*
Paola	2/16/88	Edward Dawson, City Manager	Light repair work such as patching plaster, painting and clearing brush
Spearville	8/14/89	Bruce ?, Mayor	Volunteer Fire Dept*
Tipton	4/18/02	Joanne Brummer, City Clerk	Firemen*
Wamego	6/27/88	Mark Arbuthnot, City Manager	1. Reserve Police officers* 2. Workers in City Park in "Old Dutch Mill" acting as Tour guides and helpers during the grinding of grain.

\* ALL volunteer emergency personnel (including firefighters, first responders, EMS personnel and police officers) are covered by statute, and DO NOT REQUIRE specific election via FORM 123--The Division of Workers Compensation has requested that no election form be submitted for emergency personnel.

[1] submitted on FORM 135 (4-87)--community service

[2] date form filed by Div. Of Workers Compensation, KDHR

[3] date signed or date received by KMIT

[4] submitted on FORM 135 (Rev. 10-00)--community service

The above listing of KMIT member volunteer elections is as of 11/13/03. **NO OTHER KMIT** member volunteers are covered by the KMIT pool excepting those listed above. If you have a question regarding this list or the election of coverage to volunteers, please contact KMIT. If you wish to change an election, you must submit a FORM 124 to The Division of Workers Compensation, KDHR.