



# **ANNUAL REPORT OF OTHER REQUIRED INFORMATION**

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**FISCAL YEAR 2003**  
*September 1, 2002 - August 31, 2003*





STATE OFFICE *of* RISK MANAGEMENT

300 W. 15<sup>TH</sup>, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777  
(512) 475-1440, FAX (512) 472-0234 / WWW.SORM.STATE.TX.US

December 31, 2003

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LAVEY, ARM

RAY "TOM"  
PACE

EXECUTIVE  
DIRECTOR:

RON JOSSELET,  
ARM, CPCU

Honorable Rick Perry, Governor  
Mr. John Keel, Director, Legislative Budget Board  
Mr. Lawrence F. Alwin, CPA, State Auditor

Dear State Leaders:

We are pleased to submit the *Annual Report of Other Required Information* for the State Office of Risk Management for the year ended August 31, 2003, in compliance with TEX. GOV'T CODE ANN. §2101.0115. The accompanying report has not been audited and is considered to be independent of the agency's *Annual Financial Report*.

If you have any questions regarding this report, please contact Stuart B. Cargile, SORM's Director of Accounting, at (512) 936-1523.

Sincerely,

Clarence R. "Ron" Josselet, ARM, CPCU  
EXECUTIVE DIRECTOR  
State Risk Manager

Attachment

cc: SORM Board of Directors:  
Martha Rider, Chairman  
Ronald R. Beals, M.D., Vice Chairman  
Micaela Alvarez, J.D.  
Gerald Lavey  
Ray "Tom" Pace

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*State Office of Risk Management (479)*  
*Unaudited*

**SCHEDULE 1**

**SCHEDULE OF PROFESSIONAL / CONSULTING FEES AND LEGAL SERVICE FEES**

For the Fiscal Year Ended August 31, 2003

<u>NAME</u>	<u>TYPE OF SERVICE RENDERED</u>	<u>AMOUNT</u>
<b>Professional / Consulting Fees:</b>		
Argus Services Corporation	Professional Services	\$ 1,279,956.25
KPMG LLP	Professional Services	3,000.00
New Horizon Computer	Training	396.00
Rupert and Associates	Financial & Accounting Services	4,500.00
Rudd and Wisdom	Professional Services	12,000.00
Trailblazer Electronic	Training	4,129.41
Workers Assistance Program	Professional Services	991.30
Workers Compensation Research	Professional Services	<u>(142.60)</u>
<b>Total Professional / Consulting Fees and Legal Service Fees</b>		<b>\$ <u><u>1,304,830.36</u></u></b>

*State Office of Risk Management (479)*  
*Unaudited*

**SCHEDULE 2**  
**SCHEDULE OF SPACE OCCUPIED**  
For the Fiscal Year Ended August 31, 2003

**State-Owned Buildings:**

<u>Location</u>	<u>Address</u>	<u>Type</u>	<u>FTEs</u>	<u>Area in Square Feet</u>
Austin, Texas	William P. Clements Building	Office	119.7	19,303
Total Space				<u>19,303</u>

**State Office of Risk Management (479)**  
**Unaudited**

**SCHEDULE 3**  
**APPROPRIATION ITEM TRANSFER SCHEDULE \***  
For the Fiscal Year Ended August 31, 2003

ITEM OF APPROPRIATION

A. Goal: Management Risk and Administer Claims

Strategies:

	Transfer In	Transfer Out	Net Transfer
A.1.1 13001 Risk Management Program			
1 S.B.1 77th Leg. R.S. Art IX, SECTION 10.23 Pg. IX-87-88 (HB 2976)	\$ 6,044.28	\$	\$ 6,044.28
A.2.1 13002 Pay Workers' Compensation			
1 S.B.1 77th Leg. R.S. Art IX, SECTION 10.23 Pg. IX-87-88 (HB 2976)	\$ 14,103.33	\$	\$ 14,103.33
4 Process Committed budget transfer for 7% reduction FY 2003		(222,320.17)	(222,320.17)
	\$ 14,103.33	\$ (222,320.17)	\$ (208,216.84)
A.1.1 13003 Workers' Compensation Payments			
1 S.B.1 77th Leg. R.S. Art IX, SECTION 10.23 Pg. IX-87-88 (HB 2976)	\$	\$ (20,147.61)	\$ (20,147.61)
2 S.B.1 77th Leg. R.S. Art IX, SECTION 10.39 Pg. IX-93, HB 2600 (Reduction)		(2,724,958.00)	(2,724,958.00)
	\$	\$ (2,724,958.00)	\$ (2,745,105.61)
Rider 27992 Contingent Appropriation for HB 2600			
1 Process Committed budget transfer for 7% reduction FY 2003	\$	\$ (128,756.49)	\$ (128,756.49)
Rider 27087 Contingent Appropriation for HB 2976			
1 S.B.1 77th Leg. R.S. Art IX, SECTION 10.23 Pg. IX-87-88 (HB 2976)	\$	\$ (20,147.61)	\$ (20,147.61)
2 S.B.1 77th Leg. R.S. Art IX, SECTION 10.23 Pg. IX-87-88 (HB 2976)	20,147.61		20,147.61
	\$ \$ 20,147.61	\$ \$ (20,147.61)	\$
Total Goal A: Management Risk and Administer Claims	\$ 40,295.22	\$ (3,116,329.88)	\$ (3,076,034.66)
Net Appropriation Transfers	\$ 40,295.22	\$ (3,116,329.88)	\$ (3,076,034.66)

Notes:

\* This schedule does not include the transfers for Benefit Replacement Pay, Longevity Increase or the 4%/\$100 Pay Raise.

*State Office of Risk Management (479)*  
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**SCHEDULE 4**  
**HUB STRATEGIC PLAN PROGRESS REPORT**  
For the Fiscal Year Ended August 31, 2003

(Source: Texas Government Code, Title 10, Subtitle D, Section 2161.124)

<b>Goal = Strategic Plan HUB Goal Actual = % Spent with HUBs from HUB Report</b>	<b>Actual for FY 2002</b>	<b>Actual for FY 2003</b>	<b>Goal for FY 2004</b>
Heavy Construction other than building contracts	0.0% *	0.0% *	N/A
Building Construction, including general contractors and operative builders contracts	0.0% *	0.0% *	N/A
Special Trade Construction contracts	0.0% *	0.0% *	N/A
Professional Services contracts	0.0% **	0.0% **	20.0%
Other Services contracts	95.2%	94.3%	33.0%
Commodities contracts	63.9%	71.7%	12.6%

\* The State Office of Risk Management does not historically make procurements in these categories.

\*\* The State Office of Risk Management did not have expenditures in this category for FY2002 and FY2003.

*State Office of Risk Management (479)*

*Unaudited*

**SCHEDULE 5**

**SCHEDULE OF RECYCLED, REMANUFACTURED, AND ENVIRONMENTALLY SENSITIVE PURCHASES**

For the Fiscal Year Ended August 31, 2003

E1, E2, or E3	Description	Total Expenditures		
		Non-Delegated	Delegated	Total
Total E1 - Including 1st Choice	Recycled	\$ 2,531.04	\$ 850.70	\$ 3,381.74
Total E2 - Including 1st Choice	Remanufactured	-	-	-
Total E-3 - Including 1st Choice	Environmentally Sensitive	66,401.28	-	66,401.28
<b>Total of E1, E2, E3 - Including Recycled 1st Choice Targeted Totals</b>		<b>\$ 68,932.32</b>	<b>\$ 850.70</b>	<b>\$ 69,783.02</b>

FY 2003 - 1st Choice Targeted Commodities	Expenditures			% Spent on 1st Choice Products 100*[A/(A+B)]
	1st Choice Products (A)	Virgin Counterpart (B)	Total (A+B)	
Motor Oil & Lubricants	\$ -	\$ -	\$ -	100%
Toilet Paper, Toilet Seat Covers & Paper Towels	-	-	-	100%
Printing paper, Copier Paper & Computer Paper	-	-	-	100%
Business Envelopes	-	-	-	100%
Plastic Trash Bags	-	-	-	100%
Plastic Covered Binders	-	-	-	100%
Recycling Containers	-	-	-	100%
Photocopiers	-	-	-	100%
<b>Total - 1st Choice Targeted Commodities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100%</b>

Summary of Total Number of FY 2003 Justification Letters	Total Cost	Total Quantity	Total Not Available	Total Other
Motor Oil & Lubricants	\$ -	0	0	0
Toilet Paper, Toilet Seat Covers & Paper Towels	-	0	0	0
Printing paper, Copier Paper & Computer Paper	-	0	0	0
Business Envelopes	-	0	0	0
Plastic Trash Bags	-	0	0	0
Plastic Covered Binders	-	0	0	0
Recycling Containers	-	0	0	0
Photocopiers	-	0	0	0
<b>Total Number(s)</b>	<b>\$ -</b>	<b>0</b>	<b>0</b>	<b>0</b>



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**SCHEDULE 6**  
**SCHEDULE OF INDIRECT COST**  
For the Fiscal Year Ended August 31, 2003

A.	Payroll-Related Costs		
	FICA Employer Matching Contribution	\$	328,385.05
	Group Health Insurance		566,364.32
	Retirement		262,442.41
	Unemployment		<u>8,391.04</u>
	Total Payroll-Related Costs	\$	<u>1,165,582.82</u>
	Workers' Compensation	\$	20,647.56
	Benefit Replacement Pay (BRP)		<u>37,675.37</u>
	Total Workers' Compensation and BRP	\$	<u>58,322.93</u>
B.	Indirect Costs(not reported on operating statements)		
	Bond Debt Service Payments	\$	0.00
	Other (if applicable)		<u>0.00</u>
	Total Indirect Costs (not reported on operating statements)	\$	<u>0.00</u>
C.	Indirect Costs - Statewide Full Cost Allocation Plan (based on FY2003 data)		
	Comptroller	\$	191,285.00
	DIR		1,054.00
	TBPC		102,540.00
	Budget		1,682.00
	State Senate		1,690.00
	House of Representatives		2,062.00
	Legislative Council		1,484.00
	Legislative Budget Board		7,992.00
	Reference Library		1,605.00
	Sunset Advisory Committee		1,649.00
	Building Depreciation		43,290.00
	USAS Depreciation		<u>116,272.00</u>
	Total Indirect Costs - Statewide Full Cost Allocation Plan	\$	<u>472,605.00</u>
	<b>TOTAL INDIRECT COSTS</b>	\$	<u><u>1,696,510.75</u></u>



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