
JUNE

SELF-INSURANCE CLAIM FUND

2014

**FINANCIAL
REPORT**



Public Utility Board

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Vice-Chair

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WILLIAM A. GAINES
Director of Utilities/CEO

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT ANALYSIS

The Self-Insurance fund is reporting a net gain of \$55,000 year-to-date 2014 compared to a net gain of \$37,000 recorded for the same time period in 2013. Total revenues increased by \$25,000 while total expenses increased \$8,000 year-to-date.

Revenues

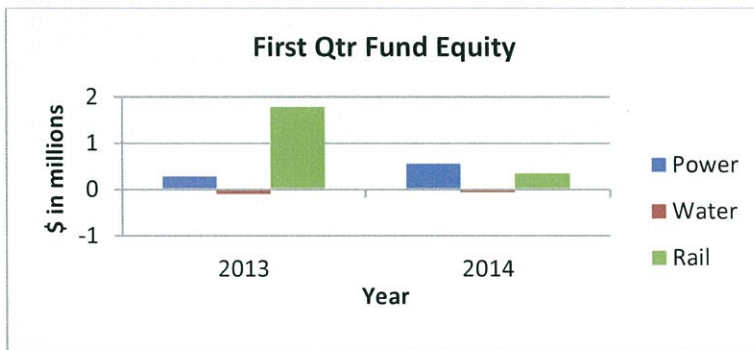
Self-Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the second quarter of 2014 and 2013 were \$545,000 and \$520,000 respectively.

Expenses

Self-Insurance fund expenses include claims and handling expenses paid during the year, adjustments to accrued claims and administrative expenses. Support Services claims and handling expenses are allocated to Power and Water only and based on each fund's percentage of combined claims and handling expenses for the year-to-date. Administrative expenses are allocated to Power, Water and Rail funds based on each fund's percentage of total claims paid.

Total expenses at the end of the second quarter of 2014 and 2013 were \$490,000 and \$482,000 respectively. The change in expenses from year to year is primarily due to adjustments in expected future developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised the next quarter.

The Fund's equity was \$835,000 and \$2.0 million through June of 2014 and 2013 respectively. The following graph provides a visual presentation as to how the Fund's equity is shared.




William A. Gaines
Director of Utilities/CEO


Andrew Cherullo
Finance Director

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES

SELF-INSURANCE CLAIM FUND

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Note: These financial statements are interim, unaudited reports prepared primarily for the use of management. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles.

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CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

STATEMENTS OF NET POSITION - JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$5,893,832	\$5,377,570
TOTAL ASSETS	\$5,893,832	\$5,377,570
 NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$2,579,119	\$2,579,119
Unrestricted	(1,744,223)	(623,894)
TOTAL NET POSITION	834,896	1,955,225
CURRENT LIABILITIES		
Accounts Payable Claims	5,032,392	3,416,892
Accounts Payable Claims Handling	26,544	5,453
TOTAL LIABILITIES	5,058,936	3,422,345
TOTAL NET POSITION AND LIABILITIES	\$5,893,832	\$5,377,570

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2014 AND JUNE 30, 2013

	<u>JUNE 2014</u>	<u>JUNE 2013</u>
INCOME		
Premiums	\$86,667	\$86,667
Interest	<u>4,326</u>	<u>3,915</u>
 TOTAL INCOME	 90,993	 90,582
 EXPENSES		
Claims	78,739	3,731
Litigation Expense and Settlements	21,895	32,192
Incidental and Administrative Expense	<u>10,248</u>	<u>11,997</u>
 TOTAL EXPENSES	 <u>110,882</u>	 <u>47,920</u>
 CHANGE IN NET POSITION	 <u><u>(\$19,889)</u></u>	 <u><u>\$42,662</u></u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - JUNE 30		

These statements should be read in conjunction with the Management Discussion and Analysis in the June 2014 Financial Report.

YEAR-TO-DATE			
JUNE 2014	JUNE 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$520,002	\$520,002	\$ -	-
25,125	(201)	25,326	12600.0%
545,127	519,801	25,326	4.9%
382,875	305,907	76,968	25.2%
38,658	100,794	(62,136)	-61.6%
68,455	75,662	(7,207)	-9.5%
489,988	482,363	7,625	1.6%
55,139	37,438	17,701	47.3%
779,757	1,917,787	(1,138,030)	
\$834,896	\$1,955,225	(\$1,120,329)	

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2014	JUNE 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$520,002	\$260,001
Claims Paid	(210,002)	(60,496)
Administrative and Other Expenses	(123,119)	646,971
Net Cash Provided by Operating Activities	186,881	846,476
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	25,125	13,101
Net Cash Used in Financing Activities ..	25,317	13,101
Net Increase in Cash and Equity in Pooled Investments	212,006	859,577
Cash and Equity in Pooled Investments at January 1	5,681,826	4,509,525
Cash and Equity in Pooled Investments at June 30	\$5,893,832	\$5,369,102

	YEAR TO DATE	
	JUNE 30, 2014	JUNE 30, 2013
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Net Income	\$55,139	\$37,438
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Interest Income	(25,125)	(13,101)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Receivable	-	850,000
Interdivision Payable	(8,425)	(10,103)
Accounts Payable Claims	172,873	136,373
Accounts Payable Claims Handling	(7,581)	(74,773)
Total Adjustments	<u>131,742</u>	<u>888,396</u>
Net Cash Provided by Operating Activities	<u>\$186,881</u>	<u>\$925,834</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

EQUITY DISTRIBUTION AS OF JUNE 30, 2014

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2014	\$264,676	(\$171,949)	\$687,030	\$779,757
Contributions (Premiums)	405,000	90,000	25,002	\$520,002
Claims (1)	(71,995)	17,396	(321,872)	(\$376,471)
Claims Handling Expense	(38,658)	-	-	(\$38,658)
Administrative Expenses (2)	(25,845)	4,063	(53,077)	(\$74,859)
Interest Income (3)	<u>16,543</u>	<u>(1,877)</u>	<u>10,459</u>	<u>\$25,125</u>
Balance June 30, 2014	<u>\$549,721</u>	<u>(\$62,367)</u>	<u>\$347,542</u>	<u>\$834,896</u>

- (1) Service divisions' claims of \$6,404 have been deducted from this area.
- (2) Service divisions' claims and handling of \$6,404 have been added to Administrative expenses. These costs have been allocated to Power and Water divisions based on the ratio of claims activity to date. Service division does not provide support to Rail.
- (3) Interest income has been allocated to each division in the same ratio as its fund balance at January 1, plus contributions and expenses to date.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

CLAIMS STATISTICS SUMMARY - JUNE 30, 2014

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2014)

	<u>Tacoma Power</u>	<u>Tacoma Water</u>	<u>Tacoma Rail</u>	<u>Svc. Divs.</u>	<u>Total</u>
Over \$5,000	4	1	7	-	12
\$1,001 - 5,000	10	4	-	2	16
\$501 - 1,000	6	1	-	-	7
\$100 - 500	8	1	1	2	12
Less than \$100	4	-	1	-	5
	<u>32</u>	<u>7</u>	<u>9</u>	<u>4</u>	<u>52</u>
Total Dollar Amount of Claims Paid	\$74,610	\$20,557	\$108,558	\$ 6,277	\$210,002

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2014

Over \$50,000	13	-	2	-	15
\$10,000 - 50,000	8	9	4	-	21
Less than \$10,000	189	71	2	2	264
	<u>210</u>	<u>80</u>	<u>8</u>	<u>2</u>	<u>300</u>
Total Dollar Amount Accrued for Known Claims	\$2,861,272	\$238,582	\$1,286,316	\$ 2,128	\$4,388,298
Total Dollar Amount Accrued for Unknown Claims	<u>\$332,080</u>	<u>\$177,578</u>	<u>\$110,500</u>	<u>\$23,936</u>	<u>\$644,094</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,193,352</u></u>	<u><u>\$416,160</u></u>	<u><u>\$1,396,816</u></u>	<u><u>\$26,064</u></u>	<u><u>\$5,032,392</u></u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
SELF-INSURANCE CLAIM FUND

CLAIMS STATISTICS DETAIL - JUNE 30, 2014

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2014)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	4	1	3	-
\$1,001 - 5,000	6	3	-	-
\$501 - 1,000	5	1	-	-
\$100 - 500	8	1	1	1
Less than \$100	3	-	-	-
	26	6	4	1
Total Dollar Amount of Claims Paid	\$66,186	\$17,927	\$72,372	\$111
Median Dollar Amount of Claims Paid	\$2,546	\$2,988	\$18,093	\$111

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2014

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	13	-	2	-
\$10,000 - 50,000	8	9	4	-
Less than \$10,000	180	62	2	2
	201	71	8	2
Total Dollar Amount Accrued for Known Claims .	\$2,846,172	\$226,432	\$1,286,316	\$2,128
Total Dollar Amount Accrued for Unknown Claims	\$332,080	\$177,578	\$110,500	\$23,936
Total Dollar Amount Accrued for All Claims ...	\$3,178,252	\$404,010	\$1,396,816	\$26,064

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Tacoma Power	Tacoma Water	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
-	-	4	-	-	-	-	-	-	-
4	1	-	2	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
1	-	1	-	-	-	-	-	-	-
6	1	5	3	-	-	-	-	-	-
\$8,424	\$2,630	\$36,186	\$6,166	-	-	-	-	-	-
\$1,404	-	\$7,237	\$2,055	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
9	9	-	-	-	-	-	-	-	-
9	9	-	-	-	-	-	-	-	-
\$15,100	\$12,150	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$15,100</u>	<u>\$12,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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