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**MARCH**

***SELF-INSURANCE CLAIM FUND***

**2016**

**FINANCIAL  
REPORT**





# Public Utility Board

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Vice-Chair

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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 \$246,000 year-to-date 2016 compared to a net gain of \$103,000 recorded for the same time period in 2015. Total revenues increased \$26,000 while total expenses decreased \$116,000 year-to-date.

### Revenues

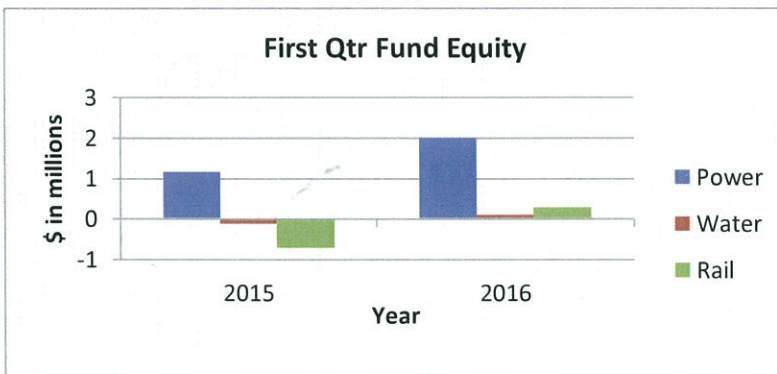
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the first quarter of 2016 and 2015 were \$345,000 and \$319,000 respectively.


### Expenses

Self Insurance fund expenses include claims and handling expenses paid during the quarter, 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 first quarter of 2016 and 2015 were \$100,000 and \$216,000 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 \$2.4 million and \$336,000 through March of 2016 and 2015 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 - MARCH 31, 2016 AND MARCH 31, 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	\$7,060,099	\$6,348,231
TOTAL ASSETS .....	\$7,060,099	\$6,348,231
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	\$2,394,094	\$336,325
TOTAL NET POSITION .....	2,394,094	336,325
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	4,662,606	6,007,467
Accounts Payable Claims Handling .....	3,399	4,439
TOTAL LIABILITIES .....	4,666,005	6,011,906
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b>\$7,060,099</b>	<b>\$6,348,231</b>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2015 Annual Report.*

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
MARCH 31, 2016 AND MARCH 31, 2015

	<u>MARCH 2016</u>	<u>MARCH 2015</u>
<b>INCOME</b>		
Premiums .....	\$103,333	\$103,333
Interest .....	<u>5,610</u>	<u>4,412</u>
 TOTAL INCOME .....	 108,943	 107,745
<b>EXPENSES</b>		
Claims .....	33,658	\$101,007
Litigation Expense and Settlements .....	4,698	\$32,160
Incidental and Administrative Expense .....	<u>10,668</u>	<u>10,612</u>
 TOTAL EXPENSES .....	 <u>49,024</u>	 <u>143,779</u>
 CHANGE IN NET POSITION .....	 <u>\$59,919</u>	 <u>(\$36,034)</u>
TOTAL NET POSITION - JANUARY 1 .....		
TOTAL NET POSITION - MARCH 31 .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the March 2016 Financial Report.*

YEAR-TO-DATE			
MARCH 2016	MARCH 2015	2016/2015 VARIANCE	PERCENT CHANGE
\$310,000	\$310,000	\$ -	0.0%
<u>35,489</u>	<u>9,030</u>	<u>26,459</u>	293.0%
345,489	319,030	26,459	8.3%
61,259	138,468	(77,209)	-55.8%
9,738	44,727	(34,989)	-78.2%
<u>28,867</u>	<u>32,457</u>	<u>(3,590)</u>	-11.1%
<u>99,864</u>	<u>215,652</u>	<u>(115,788)</u>	-53.7%
245,625	103,378	142,247	137.6%
<u>2,148,469</u>	<u>232,947</u>	<u>1,915,522</u>	
<u><u>\$2,394,094</u></u>	<u><u>\$336,325</u></u>	<u><u>\$2,057,769</u></u>	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2016	MARCH 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received .....	\$310,000	\$310,000
Claims Paid .....	(90,882)	(70,221)
Administrative and Other Expenses .....	(50,439)	(127,966)
Net Cash Provided by Operating Activities .....	168,679	111,813
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received .....	35,489	9,030
Net Cash Provided by Financing Activities .....	35,489	9,030
 Net Increase in Cash and Equity in Pooled Investments .....	204,168	120,843
 Cash and Equity in Pooled Investments at January 1 .....	6,855,931	6,227,388
 Cash and Equity in Pooled Investments at March 31 .....	\$7,060,099	\$6,348,231

	YEAR TO DATE	
	MARCH 31, 2016	MARCH 31, 2015
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Income .....	\$245,625	\$103,378
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income .....	(35,489)	(9,030)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Payable .....	(11,339)	(12,356)
Accounts Payable Claims .....	(29,623)	68,246
Accounts Payable Claims Handling .....	(495)	(38,425)
Total Adjustments .....	<u>(76,946)</u>	<u>8,435</u>
Net Cash Provided by Operating Activities	<u><u>\$168,679</u></u>	<u><u>\$111,813</u></u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2016

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2016 .....	\$1,781,711	\$70,547	\$296,211	\$2,148,469
Contributions (Premiums) .....	225,000	60,000	25,000	310,000
Claims (1) .....	(20,412)	(19,200)	(17,891)	(57,503)
Claims Handling Expense .....	(1,265)	-	(8,473)	(9,738)
Administrative Expenses (2) .....	(11,298)	(10,007)	(11,318)	(32,623)
Interest Income (3) .....	<u>29,698</u>	<u>1,525</u>	<u>4,266</u>	<u>35,489</u>
Balance March 31, 2016 .....	<u><u>\$2,003,434</u></u>	<u><u>\$102,865</u></u>	<u><u>\$287,795</u></u>	<u><u>\$2,394,094</u></u>

- (1) Service divisions' claims of \$3,756 have been deducted from this area.
- (2) Service divisions' claims and handling of \$3,756 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 - MARCH 31, 2016

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2016)**

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000 .....	2	-	1	-	3
\$1,001 - 5,000 .....	5	1	-	-	6
\$501 - 1,000 .....	1	1	-	-	2
\$100 - 500 .....	-	2	-	-	2
Less than \$100 .....	-	1	-	-	1
	<u>8</u>	<u>5</u>	<u>1</u>	<u>-</u>	<u>14</u>
Total Dollar Amount of Claims Paid .....	\$67,746	\$5,244	\$ 17,891	\$ -	\$90,881

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2016**

Over \$50,000 .....	11	-	4	-	15
\$10,000 - 50,000 .....	25	10	5	-	40
Less than \$10,000 .....	<u>230</u>	<u>57</u>	<u>8</u>	<u>5</u>	<u>300</u>
	266	67	17	5	355
Total Dollar Amount Accrued for Known Claims .....	\$2,588,376	\$346,536	\$1,035,282	\$4,385	\$3,974,579
Total Dollar Amount Accrued for Unknown Claims .....	<u>\$428,046</u>	<u>\$137,434</u>	<u>\$118,938</u>	<u>\$3,609</u>	<u>\$688,027</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,016,422</u></u>	<u><u>\$483,970</u></u>	<u><u>\$1,154,220</u></u>	<u><u>\$7,994</u></u>	<u><u>\$4,662,606</u></u>

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

CLAIMS STATISTICS DETAIL - MARCH 31, 2016

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2016)**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000 .....	2	-	1	-
\$1,001 - 5,000 .....	4	1	-	-
\$501 - 1,000 .....	1	-	-	-
\$100 - 500 .....	-	2	-	-
Less than \$100 .....	-	1	-	-
	7	4	1	-
Total Dollar Amount of Claims Paid .....	\$65,167	\$4,326	\$17,891	-
Median Dollar Amount of Claims Paid .....	\$9,310	\$1,082	\$17,891	-

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2016**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000 .....	11	-	4	-
\$10,000 - 50,000 .....	24	10	4	-
Less than \$10,000 .....	223	51	6	5
	258	61	14	5
Total Dollar Amount Accrued for Known Claims .	\$2,561,376	\$334,536	\$1,022,282	\$ 4,385
Total Dollar Amount Accrued for Unknown Claims .....	\$428,046	\$137,434	\$118,938	\$3,609
Total Dollar Amount Accrued for All Claims ...	\$2,989,422	\$471,970	\$1,141,220	\$7,994



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.
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	1	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	1	-	-	-	-	-	-	-	-
\$2,579	\$918	-	-	-	-	-	-	-	-
\$2,579	\$918	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	1	-	-	-	-	-	-	-
7	6	2	-	-	-	-	-	-	-
8	6	3	-	-	-	-	-	-	-
\$27,000	\$12,000	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$27,000	\$12,000	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



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