
SEPTEMBER

SELF-INSURANCE CLAIM FUND

2015

**FINANCIAL
REPORT**



Public Utility Board

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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 \$1.8 million year-to-date 2015 compared to a net gain of \$356,000 recorded for the same time period in 2014. Total revenues increased by \$150,000 while total expenses decreased \$1.3 million year-to-date.

Revenues

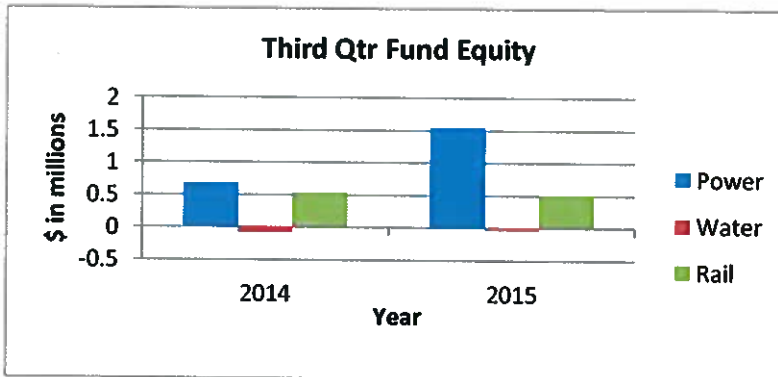
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the third quarter of 2015 and 2014 were \$968,000 and \$818,000 respectively.

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 third quarter of 2015 and 2014 were (\$828,000) and \$462,000 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 \$2.0 million and \$1.1 million through September of 2015 and 2014 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 - SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014

	2015	2014
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$6,685,412	\$6,038,426
TOTAL ASSETS	\$6,685,412	\$6,038,426
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$2,029,209	\$1,135,689
TOTAL NET POSITION	2,029,209	1,135,689
CURRENT LIABILITIES		
Accounts Payable Claims	4,652,870	4,897,165
Accounts Payable Claims Handling	3,333	5,572
TOTAL LIABILITIES	4,656,203	4,902,737
TOTAL NET POSITION AND LIABILITIES	\$6,685,412	\$6,038,426

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014

	<u>SEPTEMBER</u> 2015	<u>SEPTEMBER</u> 2014
INCOME		
Premiums	\$103,333	\$86,667
Interest	<u>5,154</u>	<u>4,547</u>
 TOTAL INCOME	 108,487	 91,214
 EXPENSES		
Claims	(10,571)	(127,110)
Litigation Expense and Settlements	20,009	12,192
Incidental and Administrative Expense	<u>10,932</u>	<u>9,444</u>
 TOTAL EXPENSES	 <u>20,370</u>	 <u>(105,474)</u>
 CHANGE IN NET POSITION	 <u>\$88,117</u>	 <u>\$196,688</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - SEPTEMBER 30		

These statements should be read in conjunction with the Management Discussion and Analysis in the September 2015 Financial Report.

YEAR-TO-DATE			
SEPTEMBER 2015	SEPTEMBER 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$930,000	\$780,003	\$ 149,997	19.2%
<u>37,983</u>	<u>38,207</u>	<u>(224)</u>	-0.6%
967,983	818,210	149,773	18.3%
(1,121,102)	283,664	(1,404,766)	-495.2%
195,372	79,777	115,595	144.9%
<u>97,451</u>	<u>98,837</u>	<u>(1,386)</u>	-1.4%
<u>(828,279)</u>	<u>462,278</u>	<u>(1,290,557)</u>	-279.2%
1,796,262	355,932	1,440,330	404.7%
<u>232,947</u>	<u>779,757</u>	<u>(546,810)</u>	
<u><u>\$2,029,209</u></u>	<u><u>\$1,135,689</u></u>	<u><u>\$893,520</u></u>	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2015	SEPTEMBER 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$930,000	\$780,003
Claims Paid	(165,249)	(246,018)
Administrative and Other Expenses	(344,710)	(215,592)
Net Cash Provided by Operating Activities	420,041	318,393
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	37,983	38,207
Net Cash Provided by Financing Activities	37,983	38,207
 Net Increase in Cash and Equity in Pooled Investments	458,024	356,600
 Cash and Equity in Pooled Investments at January 1	6,227,388	5,681,826
 Cash and Equity in Pooled Investments at September 30	\$6,685,412	\$6,038,426

	YEAR TO DATE	
	SEPTMBER 30, 2015	SEPTMBER 30, 2014
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Net Income	\$1,796,262	\$355,932
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income	(37,983)	(38,207)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Receivable	-	-
Interdivision Payable	(12,356)	(8,425)
Accounts Payable Claims	(1,286,352)	37,646
Accounts Payable Claims Handling	(39,530)	(28,553)
Total Adjustments	<u>(1,376,221)</u>	<u>(37,539)</u>
Net Cash Provided by Operating Activities	<u>\$420,041</u>	<u>\$318,393</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2015

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2015	\$1,117,407	(\$168,566)	(\$715,894)	\$232,947
Contributions (Premiums)	675,000	180,000	75,000	930,000
Claims (1)	(95,873)	(40,703)	1,274,932	1,138,386
Claims Handling Expense	(194,672)	(406)	(294)	(195,372)
Administrative Expenses (2)	14,880	2,105	(131,720)	(114,735)
Interest Income (3)	<u>28,933</u>	<u>(526)</u>	<u>9,576</u>	<u>37,983</u>
Balance September 30, 2015	<u><u>\$1,545,675</u></u>	<u><u>(\$28,096)</u></u>	<u><u>\$511,600</u></u>	<u><u>\$2,029,209</u></u>

- (1) Service divisions' claims of \$17,284 have been deducted from this area.
- (2) Service divisions' claims and handling of \$17,284 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 - SEPTEMBER 30, 2015

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2015)

	<u>Tacoma Power</u>	<u>Tacoma Water</u>	<u>Tacoma Rail</u>	<u>Svc. Divs.</u>	<u>Total</u>
Over \$5,000	5	2	2	1	10
\$1,001 - 5,000	27	3	1	-	31
\$501 - 1,000	6	3	-	2	11
\$100 - 500	9	11	-	2	22
Less than \$100	12	-	-	-	12
	<u>59</u>	<u>19</u>	<u>3</u>	<u>5</u>	<u>86</u>
Total Dollar Amount of Claims Paid	\$88,735	\$43,758	\$13,786	\$18,970	\$165,249

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2015

Over \$50,000	12	-	1	-	13
\$10,000 - 50,000	20	13	6	-	39
Less than \$10,000	228	73	10	2	313
	<u>260</u>	<u>86</u>	<u>17</u>	<u>2</u>	<u>365</u>
Total Dollar Amount Accrued for Known Claims	\$2,844,958	\$403,473	\$852,782	\$316	\$4,101,529
Total Dollar Amount Accrued for Unknown Claims	<u>\$317,877</u>	<u>\$111,975</u>	<u>\$117,066</u>	<u>\$4,423</u>	<u>\$551,341</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,162,835</u></u>	<u><u>\$515,448</u></u>	<u><u>\$969,848</u></u>	<u><u>\$4,739</u></u>	<u><u>\$4,652,870</u></u>

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

CLAIMS STATISTICS DETAIL - SEPTEMBER 30, 2015

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2015)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	5	2	2	1
\$1,001 - 5,000	21	2	1	-
\$501 - 1,000	5	3	-	2
\$100 - 500	9	11	-	2
Less than \$100	11	-	-	-
	51	18	3	5
Total Dollar Amount of Claims Paid	\$78,952	\$42,749	\$13,786	\$18,970
Average Dollar Amount of Claims Paid	\$1,548	\$2,375	\$4,595	\$3,794

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2015

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	11	-	1	-
\$10,000 - 50,000	20	13	5	-
Less than \$10,000	223	66	9	2
	254	79	15	2
Total Dollar Amount Accrued for Known Claims .	\$2,784,549	\$394,573	\$842,282	\$316
Total Dollar Amount Accrued for Unknown Claims	\$317,877	\$111,975	\$117,066	\$4,423
Total Dollar Amount Accrued for All Claims ...	\$3,102,426	\$506,548	\$959,348	\$4,739

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.
-	-	-	-	-	-	-	-	-	-
6	1	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
8	1	-	-	-	-	-	-	-	-
\$9,783	\$1,009	-	-	-	-	-	-	-	-
\$1,223	\$1,009	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
1	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
5	7	1	-	-	-	-	-	-	-
6	7	2	-	-	-	-	-	-	-
\$60,409	\$8,900	\$10,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$60,409</u>	<u>\$8,900</u>	<u>\$10,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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