
JUNE

SELF-INSURANCE CLAIM FUND

2015

**FINANCIAL
REPORT**



Public Utility Board

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Vice-Chair

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Member

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Member

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 \$182,000 year-to-date 2015 compared to a net gain of \$55,000 recorded for the same time period in 2014. Total revenues increased by \$100,000 while total expenses decreased \$28,000 year-to-date.

Revenues

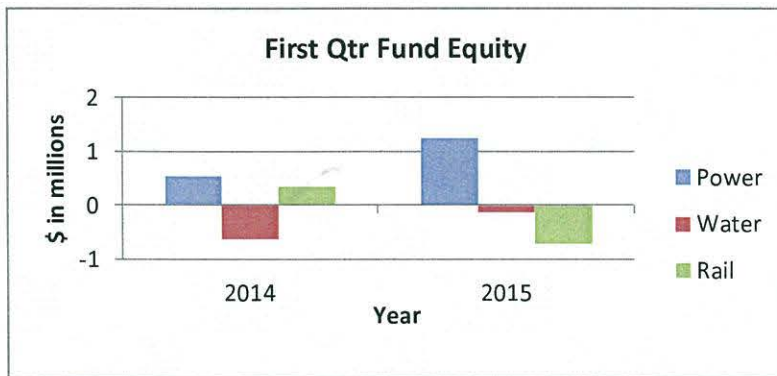
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the second quarter of 2015 and 2014 were \$620,000 and \$520,000 respectively.

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 second quarter of 2015 and 2014 were \$462,000 and \$490,000 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 \$415,000 and \$835,000 through June 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 - JUNE 30, 2015 AND JUNE 30, 2014

| | 2015 | 2014 |
|---|--------------------|--------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and Equity in Pooled Investments | \$6,557,064 | \$5,893,832 |
| TOTAL ASSETS | \$6,557,064 | \$5,893,832 |
| NET POSITION AND LIABILITIES | | |
| NET POSITION | | |
| Restricted: | | |
| Interfund Contributions | \$414,732 | \$834,896 |
| TOTAL NET POSITION | 414,732 | 834,896 |
| CURRENT LIABILITIES | | |
| Accounts Payable Claims | 6,086,713 | 5,032,392 |
| Accounts Payable Claims Handling | 55,619 | 26,544 |
| TOTAL LIABILITIES | 6,142,332 | 5,058,936 |
| TOTAL NET POSITION AND LIABILITIES | \$6,557,064 | \$5,893,832 |

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
JUNE 30, 2015 AND JUNE 30, 2014

| | <u>JUNE 2015</u> | <u>JUNE 2014</u> |
|---|------------------------------|------------------------------|
| INCOME | | |
| Premiums | \$103,333 | \$86,667 |
| Interest | <u>4,885</u> | <u>4,326</u> |
| TOTAL INCOME | 108,218 | 90,993 |
| EXPENSES | | |
| Claims | 135,672 | 78,739 |
| Litigation Expense and Settlements | 52,751 | 21,895 |
| Incidental and Administrative Expense | <u>10,974</u> | <u>10,248</u> |
| TOTAL EXPENSES | <u>199,397</u> | <u>110,882</u> |
| CHANGE IN NET POSITION | <u><u>(\$91,179)</u></u> | <u><u>(\$19,889)</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 2015 Financial Report.

| YEAR-TO-DATE | | | |
|--------------|--------------|-----------------------|-------------------|
| JUNE 2015 | JUNE 2014 | 2015/2014 VARIANCE | PERCENT CHANGE |
| \$620,000 | \$520,002 | \$ 99,998 | 19.2% |
| 23,481 | 25,125 | (1,644) | -6.5% |
| 643,481 | 545,127 | 98,354 | 18.0% |
| 264,800 | 382,875 | (118,075) | -30.8% |
| 131,254 | 38,658 | 92,596 | 239.5% |
| 65,642 | 68,455 | (2,813) | -4.1% |
| 461,696 | 489,988 | (28,292) | -5.8% |
| 181,785 | 55,139 | 126,646 | 229.7% |
| 232,947 | 779,757 | (546,810) | |
| \$414,732 | \$834,896 | (\$420,164) | |

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

STATEMENTS OF CASH FLOWS

| | YEAR TO DATE | |
|--|------------------|------------------|
| | June 30, 2015 | June 30, 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Premiums Received | \$620,000 | \$520,002 |
| Claims Paid | (117,306) | (210,002) |
| Administrative and Other Expenses | (196,499) | (123,119) |
| Net Cash Provided by Operating Activities | 306,195 | 186,881 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest Received | 23,481 | 25,125 |
| Net Cash Provided by Financing Activities | 23,481 | 25,125 |
| Net Increase in Cash and Equity in Pooled Investments | 329,676 | 212,006 |
| Cash and Equity in Pooled Investments at January 1 | 6,227,388 | 5,681,826 |
| Cash and Equity in Pooled Investments at June 30 | \$6,557,064 | \$5,893,832 |

| | YEAR TO DATE | |
|--|-------------------------|-------------------------|
| | June 30, 2015 | June 30, 2014 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Net Income | \$181,785 | \$55,139 |
| Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities: | | |
| Interest Income | (23,481) | (25,125) |
| 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 | 147,492 | 172,873 |
| Accounts Payable Claims Handling | 12,755 | (7,581) |
| Total Adjustments | <u>124,410</u> | <u>131,742</u> |
| Net Cash Provided by Operating Activities | <u><u>\$306,195</u></u> | <u><u>\$186,881</u></u> |

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

EQUITY DISTRIBUTION AS OF JUNE 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) | 450,000 | 120,000 | 50,000 | 620,000 |
| Claims (1) | (180,377) | (60,579) | (6,221) | (247,177) |
| Claims Handling Expense | (130,884) | (370) | - | (131,254) |
| Administrative Expenses (2) | (68,728) | (13,458) | (1,079) | (83,265) |
| Interest Income (3) | <u>71,263</u> | <u>(7,380)</u> | <u>(40,402)</u> | <u>23,481</u> |
| Balance June 30, 2015 | <u><u>\$1,258,681</u></u> | <u><u>(\$130,353)</u></u> | <u><u>(\$713,596)</u></u> | <u><u>\$414,732</u></u> |

- (1) Service divisions' claims of \$17,623 have been deducted from this area.
- (2) Service divisions' claims and handling of \$17,623 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, 2015

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

| | <u>Tacoma Power</u> | <u>Tacoma Water</u> | <u>Tacoma Rail</u> | <u>Svc. Divs.</u> | <u>Total</u> |
|---|-------------------------|-------------------------|------------------------|-----------------------|--------------|
| Over \$5,000 | 3 | 2 | - | 1 | 6 |
| \$1,001 - 5,000 | 16 | 1 | - | - | 17 |
| \$501 - 1,000 | 4 | 2 | - | - | 6 |
| \$100 - 500 | 6 | 8 | - | 2 | 16 |
| Less than \$100 | 8 | - | - | - | 8 |
| | <u>37</u> | <u>13</u> | <u>-</u> | <u>3</u> | <u>53</u> |
| Total Dollar Amount of Claims Paid | \$60,093 | \$39,878 | \$ - | \$ 17,336 | \$117,307 |

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2015

| | | | | | |
|--|---------------------------|-------------------------|---------------------------|-----------------------|---------------------------|
| Over \$50,000 | 13 | - | 3 | - | 16 |
| \$10,000 - 50,000 | 20 | 14 | 6 | - | 40 |
| Less than \$10,000 | 229 | 76 | 9 | 2 | 316 |
| | <u>262</u> | <u>90</u> | <u>18</u> | <u>2</u> | <u>372</u> |
| Total Dollar Amount Accrued for Known Claims | \$2,958,133 | \$427,231 | \$2,147,721 | \$ 2,287 | \$5,535,372 |
| 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>\$3,276,010</u></u> | <u><u>\$539,206</u></u> | <u><u>\$2,264,787</u></u> | <u><u>\$6,710</u></u> | <u><u>\$6,086,713</u></u> |

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

CLAIMS STATISTICS DETAIL - JUNE 30, 2015

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

| Range | Non-Vehicular Bodily Injury/Property Damage | | | |
|--|--|-----------------|----------------|---------------|
| | Tacoma Power | Tacoma Water | Tacoma Rail | Svc. Divs. |
| Over \$5,000 | 3 | 2 | - | 1 |
| \$1,001 - 5,000 | 12 | 1 | - | - |
| \$501 - 1,000 | 3 | 2 | - | - |
| \$100 - 500 | 6 | 8 | - | 2 |
| Less than \$100 | 7 | - | - | - |
| | <u>31</u> | <u>13</u> | <u>-</u> | <u>3</u> |
| Total Dollar Amount of Claims Paid | \$54,514 | \$39,877 | - | \$17,336 |
| Median Dollar Amount of Claims Paid | \$1,759 | \$3,067 | - | \$5,779 |

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2015

| Range | Non-Vehicular Bodily Injury/Property Damage | | | |
|--|--|-------------------------|---------------------------|-----------------------|
| | Tacoma Power | Tacoma Water | Tacoma Rail | Svc. Divs. |
| Over \$50,000 | 12 | - | 3 | - |
| \$10,000 - 50,000 | 20 | 14 | 5 | - |
| Less than \$10,000 | 226 | 69 | 8 | 2 |
| | <u>258</u> | <u>83</u> | <u>16</u> | <u>2</u> |
| Total Dollar Amount Accrued for Known Claims . | \$2,899,132 | \$418,331 | \$2,137,221 | \$2,287 |
| Total Dollar Amount Accrued for Unknown Claims | <u>\$317,877</u> | <u>\$111,975</u> | <u>\$117,066</u> | <u>\$4,423</u> |
| Total Dollar Amount Accrued for All Claims ... | <u><u>\$3,217,009</u></u> | <u><u>\$530,306</u></u> | <u><u>\$2,254,287</u></u> | <u><u>\$6,710</u></u> |

| 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 | - | - | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| 1 | - | - | - | - | - | - | - | - | - |
| 6 | - | - | - | - | - | - | - | - | - |
| \$5,579 | - | - | - | - | - | - | - | - | - |
| \$930 | - | - | - | - | - | - | - | - | - |

| Vehicular Bodily Injury/Property Damage | | | | Hazardous Waste | | Contract/Harassment | | | |
|--|---------|----------|---|--------------------|---|---------------------|---|---|---|
| 1 | - | - | - | - | - | - | - | - | - |
| - | - | 1 | - | - | - | - | - | - | - |
| 3 | 7 | 1 | - | - | - | - | - | - | - |
| 4 | 7 | 2 | - | - | - | - | - | - | - |
| \$59,001 | \$8,900 | 10,500 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| \$59,001 | \$8,900 | \$10,500 | - | - | - | - | - | - | - |



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