
MARCH

SELF-INSURANCE CLAIM FUND

2018

**FINANCIAL
REPORT**



Public Utility Board

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WOODROW JONES
Vice-Chair

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BRYAN FLINT
Member

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LINDA MCCREA
Interim Director of Utilities/CEO

CHRIS ROBINSON
Power Superintendent/COO

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

MANAGEMENT ANALYSIS

The Self Insurance fund is reporting a net loss of \$951,000 year-to-date 2018 compared to a net loss of \$227,000 recorded for the same time period in 2017. Total revenues increased \$1.8 million while total expenses increased \$2.6 million year-to-date.

Revenues

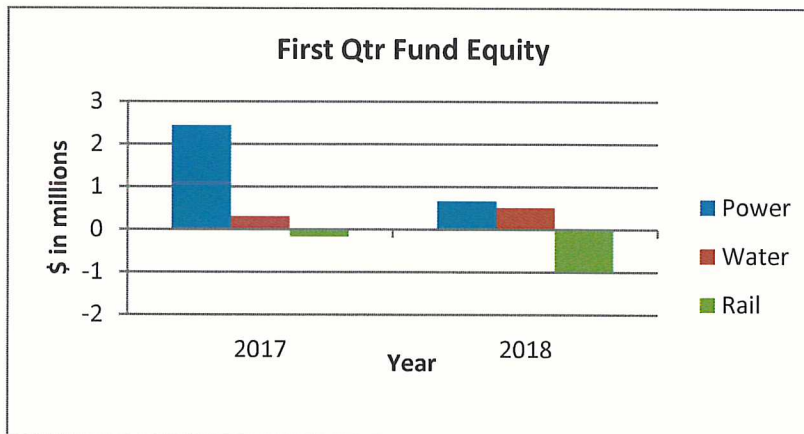
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the first quarter of 2018 and 2017 were \$2.2 million and \$304,000 respectively.

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 2018 and 2017 were \$3.1 million and \$531,000 respectively. The change in expenses from year to year is primarily due to adjustments in expected future claims and 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 \$199,000 and \$2.6 million through March of 2018 and 2017 respectively. The following graph provides a visual presentation as to how the Fund's equity is shared.



Linda McCrea

Linda McCrea
Interim Director of Utilities/CEO

Andrew Cherullo

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, 2018 AND MARCH 31, 2017

	2018	2017
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$5,504,928	\$7,663,108
TOTAL ASSETS	\$5,504,928	\$7,663,108
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$198,946	\$2,579,493
TOTAL NET POSITION	198,946	2,579,493
CURRENT LIABILITIES		
Accounts Payable Claims	5,298,500	5,074,086
Accounts Payable Claims Handling	4,957	9,529
Tax-related Payables	2,525	-
TOTAL LIABILITIES	5,305,982	5,083,615
TOTAL NET POSITION AND LIABILITIES	\$5,504,928	\$7,663,108

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 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, 2018 AND MARCH 31, 2017

	<u>MARCH</u> <u>2018</u>	<u>MARCH</u> <u>2017</u>
INCOME		
Premiums	\$1,828,333	\$86,667
Interest	<u>\$6,188</u>	<u>7,177</u>
 TOTAL INCOME	 1,834,521	 93,844
EXPENSES		
Claims	(258,844)	330,785
Litigation Expense and Settlements	2,489	65,303
Incidental and Administrative Expense	<u>14,885</u>	<u>16,878</u>
 TOTAL EXPENSES	 <u>(241,470)</u>	 <u>412,966</u>
 CHANGE IN NET POSITION	 <u>\$2,075,991</u>	 <u>(\$319,122)</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 2018 Financial Report.

YEAR-TO-DATE			
MARCH 2018	MARCH 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$2,085,000	\$260,000	\$ 1,825,000	701.9%
67,220	43,639	23,581	54.0%
<u>2,152,220</u>	<u>303,639</u>	<u>1,848,581</u>	<u>608.8%</u>
3,019,838	385,825	2,634,013	682.7%
19,712	107,289	(87,577)	-81.6%
64,132	37,483	26,649	71.1%
<u>3,103,682</u>	<u>530,597</u>	<u>2,573,085</u>	<u>484.9%</u>
(951,462)	(226,958)	(724,504)	319.2%
<u>1,150,408</u>	<u>2,806,451</u>	<u>(1,656,043)</u>	
<u>\$198,946</u>	<u>\$2,579,493</u>	<u>(\$2,380,547)</u>	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2018	MARCH 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$2,085,000	\$260,000
Claims Paid	(3,570,228)	(121,763)
Administrative and Other Expenses	(105,622)	(151,897)
Net Cash Used in		
Operating Activities	(1,590,850)	(13,660)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	67,220	43,639
Net Cash Provided by		
Financing Activities	67,220	43,639
 Net Increase (Decrease) in		
Cash and Equity in Pooled Investments	(1,523,630)	29,979
 Cash and Equity in Pooled		
Investments at January 1	7,028,558	7,633,129
 Cash and Equity in Pooled		
Investments at March 31	\$5,504,928	\$7,663,108

	YEAR TO DATE	
	MARCH 31, 2018	MARCH 31, 2017
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Net Loss	(\$951,462)	(\$226,958)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Interest Income	(67,220)	(43,639)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Interdivision Payable	(8,910)	(12,222)
Accounts Payable Claims	(558,692)	264,063
Accounts Payable Claims Handling	(7,091)	5,096
Tax-related Payables	2,525	-
Total Adjustments	(639,388)	213,298
Net Cash Used in Operating Activities.....	<u>(\$1,590,850)</u>	<u>(\$13,660)</u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2018

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2018	\$2,104,983	\$384,479	(\$1,339,054)	\$1,150,408
Contributions (Premiums)	1,875,000	60,000	150,000	\$2,085,000
Claims	(3,290,192)	70,354	200,000	(\$3,019,838)
Claims Handling Expense	(8,304)	(11,303)	(105)	(\$19,712)
Administrative Expenses	(69,596)	1,246	4,218	(\$64,132)
Interest Income (1)	<u>52,028</u>	<u>10,602</u>	<u>4,590</u>	<u>\$67,220</u>
Balance March 31, 2018	<u><u>\$663,919</u></u>	<u><u>\$515,378</u></u>	<u><u>(\$980,351)</u></u>	<u><u>\$198,946</u></u>

(1) Effective 2017, interest income has been allocated to each division based on the allocated cash balance as of the date of this statement.

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

CLAIMS STATISTICS SUMMARY - MARCH 31, 2018

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2018)

	<u>Tacoma Power</u>	<u>Tacoma Water</u>	<u>Tacoma Rail</u>	<u>Svc. Divs.</u>	<u>Total</u>
Over \$5,000	6	1	-	-	7
\$1,001 - 5,000	5	3	-	-	8
\$501 - 1,000	2	1	-	-	3
\$100 - 500	2	1	-	-	3
Less than \$100	1	-	-	-	1
	<u>16</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>22</u>
Total Dollar Amount of Claims Paid	\$3,555,755	\$14,473	\$ -	\$ -	\$3,570,228

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2018

Over \$50,000	11	-	-	-	11
\$10,000 - 50,000	14	2	6	-	22
Less than \$10,000	273	92	4	4	373
	<u>298</u>	<u>94</u>	<u>10</u>	<u>4</u>	<u>406</u>
Total Dollar Amount Accrued for Known Claims	\$3,102,124	\$169,256	\$177,500	\$1,156	\$3,450,036
Total Dollar Amount Accrued for Unknown Claims	<u>\$483,963</u>	<u>\$181,413</u>	<u>\$1,177,856</u>	<u>\$5,232</u>	<u>\$1,848,464</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,586,087</u></u>	<u><u>\$350,669</u></u>	<u><u>\$1,355,356</u></u>	<u><u>\$6,388</u></u>	<u><u>\$5,298,500</u></u>

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

CLAIMS STATISTICS DETAIL - MARCH 31, 2018

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2018)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	5	1	-	-
\$1,001 - 5,000	5	1	-	-
\$501 - 1,000	2	1	-	-
\$100 - 500	2	1	-	-
Less than \$100	1	-	-	-
	<u>15</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total Dollar Amount of Claims Paid	\$3,534,755	\$10,259	\$ -	\$ -
Median Dollar Amount of Claims Paid	\$235,650	\$2,565	\$ -	\$ -

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2018

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	11	-	-	-
\$10,000 - 50,000	14	2	6	-
Less than \$10,000	257	84	4	4
	<u>282</u>	<u>86</u>	<u>10</u>	<u>4</u>
Total Dollar Amount Accrued for Known Claims ..	\$3,080,239	\$156,950	\$177,500	\$1,156
Total Dollar Amount Accrued for Unknown Claims	<u>\$483,963</u>	<u>\$181,413</u>	<u>\$1,177,856</u>	<u>\$5,232</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,564,202</u></u>	<u><u>\$338,363</u></u>	<u><u>\$1,355,356</u></u>	<u><u>\$6,388</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.
1	-	-	-	-	-	-	-	-	-
-	2	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	2	-	-	-	-	-	-	-	-
\$21,000	\$4,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$21,000	\$2,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16	8	-	-	-	-	-	-	-	-
16	8	-	-	-	-	-	-	-	-
\$21,885	\$12,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$21,885</u>	<u>\$12,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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