
JUNE

SELF-INSURANCE CLAIM FUND

2017

**FINANCIAL
REPORT**



Public Utility Board

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Director of Utilities/CEO

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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 \$2.7 million year-to-date 2017 compared to a net gain of \$466,000 recorded for the same time period in 2016. Total revenues decreased \$88,000 while total expenses increased \$3.0 million year-to-date.

Revenues

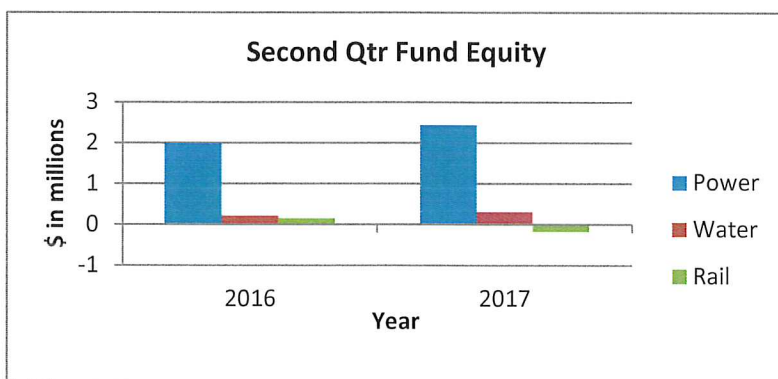
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the second quarter of 2017 and 2016 were \$584,000 and \$672,000 respectively.

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 2017 and 2016 were \$3.3 million and \$205,000 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 \$116,000 and \$2.6 million through June of 2017 and 2016 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, 2017 AND JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	<u>\$6,925,749</u>	<u>\$7,257,738</u>
TOTAL ASSETS	<u><u>\$6,925,749</u></u>	<u><u>\$7,257,738</u></u>
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	<u>\$115,925</u>	<u>\$2,614,699</u>
TOTAL NET POSITION	115,925	2,614,699
CURRENT LIABILITIES		
Accounts Payable Claims	6,803,250	4,634,409
Accounts Payable Claims Handling	<u>6,574</u>	<u>8,630</u>
TOTAL LIABILITIES	<u>6,809,824</u>	<u>4,643,039</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$6,925,749</u></u>	<u><u>\$7,257,738</u></u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 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, 2017 AND JUNE 30, 2016

	<u>JUNE 2017</u>	<u>JUNE 2016</u>
INCOME		
Premiums	\$86,667	\$103,333
Interest	<u>6,729</u>	<u>5,682</u>
TOTAL INCOME	93,396	109,015
EXPENSES		
Claims	2,502,208	(2,479)
Litigation Expense and Settlements	31,371	14,081
Incidental and Administrative Expense	<u>11,564</u>	<u>8,853</u>
TOTAL EXPENSES	<u>2,545,143</u>	<u>20,455</u>
CHANGE IN NET POSITION	<u>(\$2,451,747)</u>	<u>\$88,560</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 2017 Financial Report.

YEAR-TO-DATE			
JUNE 2017	JUNE 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$520,000	\$620,000	\$ (100,000)	-16.1%
64,071	51,630	12,441	24.1%
584,071	671,630	(87,559)	-13.0%
2,954,338	110,223	2,844,115	2580.3%
248,617	37,325	211,292	566.1%
71,642	57,852	13,790	23.8%
3,274,597	205,400	3,069,197	1494.3%
(2,690,526)	466,230	(3,156,756)	-677.1%
2,806,451	2,148,469	657,982	
\$115,925	\$2,614,699	(\$2,498,774)	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2017	JUNE 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$520,000	\$620,000
Claims Paid	(941,110)	(175,331)
Administrative and Other Expenses	(350,341)	(94,492)
Net Cash Provided by (Used in)		
Operating Activities	(771,451)	350,177
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Received	64,071	51,630
Net Cash Provided by		
Financing Activities	64,071	51,630
Net Increase in Cash and		
Equity in Pooled Investments	(707,380)	401,807
Cash and Equity in Pooled		
Investments at January 1	7,633,129	6,855,931
Cash and Equity in Pooled		
Investments at June 30	\$6,925,749	\$7,257,738

	YEAR TO DATE	
	JUNE 30, 2017	JUNE 30, 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Net Income	(\$2,690,526)	\$466,230
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income	(64,071)	(51,630)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Payable	(12,222)	(11,339)
Accounts Payable Claims	1,993,227	(57,820)
Accounts Payable Claims Handling	2,141	4,736
Total Adjustments	<u>1,919,075</u>	<u>(116,053)</u>
Net Cash (Used in) Provided by Operating Activities	<u><u>(\$771,451)</u></u>	<u><u>\$350,177</u></u>

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

EQUITY DISTRIBUTION AS OF JUNE 30, 2017

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2017	\$2,407,775	\$278,502	\$120,174	\$2,806,451
Contributions (Premiums)	350,000	120,000	50,000	520,000
Claims	(2,445,288)	(34,613)	(474,437)	(2,954,338)
Claims Handling Expense	(27,457)	(910)	(220,250)	(248,617)
Administrative Expenses	(55,309)	(795)	(15,538)	(71,642)
Interest Income (1)	<u>53,304</u>	<u>7,260</u>	<u>3,507</u>	<u>64,071</u>
Balance June 30, 2017	<u><u>\$283,025</u></u>	<u><u>\$369,444</u></u>	<u><u>(\$536,544)</u></u>	<u><u>\$115,925</u></u>

(1) Prior to 2017, 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. 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 - JUNE 30, 2017

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2017)

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000	5	3	7	-	15
\$1,001 - 5,000	12	7	-	-	19
\$501 - 1,000	4	-	-	-	4
\$100 - 500	1	9	-	-	10
Less than \$100	3	1	-	-	4
	25	20	7	-	52
Total Dollar Amount of Claims Paid	\$88,700	\$64,465	\$787,945	\$ -	\$941,110

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2017

Over \$50,000	13	-	2	-	15
\$10,000 - 50,000	23	6	9	-	38
Less than \$10,000	295	66	15	3	379
	331	72	26	3	432
Total Dollar Amount Accrued for Known Claims	\$5,055,619	\$258,124	\$778,199	\$655	\$6,092,597
Total Dollar Amount Accrued for Unknown Claims	\$412,474	\$155,722	\$136,830	\$5,627	\$710,653
Total Dollar Amount Accrued for All Claims	\$5,468,093	\$413,846	\$915,029	\$6,282	\$6,803,250

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

CLAIMS STATISTICS DETAIL - JUNE 30, 2017

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2017)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	5	3	7	-
\$1,001 - 5,000	12	6	-	-
\$501 - 1,000	4	-	-	-
\$100 - 500	1	9	-	-
Less than \$100	2	1	-	-
	24	19	7	-
Total Dollar Amount of Claims Paid	\$88,627	\$63,162	\$787,945	-
Median Dollar Amount of Claims Paid	\$3,693	\$3,324	\$112,564	-

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2017

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	13	-	2	-
\$10,000 - 50,000	22	6	6	-
Less than \$10,000	276	59	13	3
	311	65	21	3
Total Dollar Amount Accrued for Known Claims .	\$5,020,504	\$246,618	\$690,699	\$655
Total Dollar Amount Accrued for Unknown Claims	\$412,474	\$155,722	\$136,830	\$5,627
Total Dollar Amount Accrued for All Claims ...	\$5,432,978	\$402,340	\$827,529	\$6,282

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	-	-	-	-	-	-	-	-
\$73	\$1,303	-	-	-	-	-	-	-	-
\$73	-	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	3	-	-	-	-	-	-	-
19	7	2	-	-	-	-	-	-	-
20	7	5	-	-	-	-	-	-	-
\$35,115	\$11,506	\$87,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$35,115</u>	<u>\$11,506</u>	<u>\$87,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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