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*MARCH*

*SELF-INSURANCE CLAIM FUND*

2015

**FINANCIAL  
REPORT**





# Public Utility Board

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Chair

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Vice-Chair

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Secretary

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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 \$103,000 year-to-date 2015 compared to a net loss of \$53,000 recorded for the same time period in 2014. Total revenues increased by \$47,000 while total expenses decreased \$109,000 year-to-date.

### Revenues

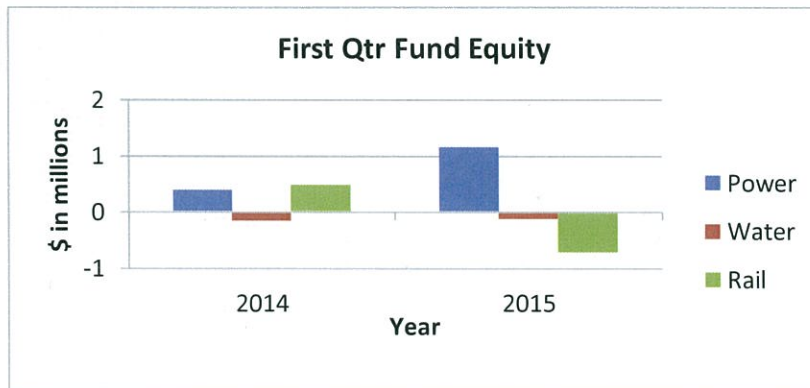
Self Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the first quarter of 2015 and 2014 were \$319,000 and \$272,000 respectively.

### 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 2015 and 2014 were \$216,000 and \$325,000 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 \$336,000 and \$727,000 through March 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 - MARCH 31, 2015 AND MARCH 31, 2014

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	\$6,348,231	\$5,822,688
TOTAL ASSETS .....	\$6,348,231	\$5,822,688
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	\$336,325	\$726,984
TOTAL NET POSITION .....	336,325	726,984
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	6,007,467	5,093,820
Accounts Payable Claims Handling .....	4,439	1,884
TOTAL LIABILITIES .....	6,011,906	5,095,704
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b>\$6,348,231</b>	<b>\$5,822,688</b>

*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  
MARCH 31, 2015 AND MARCH 31, 2014

	<u>MARCH 2015</u>	<u>MARCH 2014</u>
<b>INCOME</b>		
Premiums .....	\$103,333	\$86,667
Interest .....	<u>4,412</u>	<u>4,282</u>
 TOTAL INCOME .....	 107,745	 90,949
<b>EXPENSES</b>		
Claims .....	101,007	\$250,991
Litigation Expense and Settlements .....	32,160	\$3,768
Incidental and Administrative Expense .....	<u>10,612</u>	<u>12,027</u>
 TOTAL EXPENSES .....	 <u>143,779</u>	 <u>266,786</u>
 CHANGE IN NET POSITION .....	 <u><u>(\$36,034)</u></u>	 <u><u>(\$175,837)</u></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 2015 Financial Report.*

YEAR-TO-DATE			
MARCH 2015	MARCH 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$310,000	\$260,001	\$ 49,999	19.2%
9,030	12,099	(3,069)	-25.4%
319,030	272,100	46,930	17.2%
138,468	290,140	(151,672)	-52.3%
44,727	738	43,989	5960.6%
32,457	33,995	(1,538)	-4.5%
215,652	324,873	(109,221)	-33.6%
103,378	(52,773)	156,151	295.9%
232,947	779,757	(546,810)	
\$336,325	\$726,984	(\$390,659)	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received .....	\$310,000	\$260,001
Claims Paid .....	(70,221)	(55,839)
Administrative and Other Expenses .....	(127,966)	(75,399)
Net Cash Provided by Operating Activities .....	111,813	128,763
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received .....	9,030	12,099
Net Cash Provided by Financing Activities .....	9,030	12,099
 Net Increase in Cash and Equity in Pooled Investments .....	120,843	140,862
 Cash and Equity in Pooled Investments at January 1 .....	6,227,388	5,681,826
 Cash and Equity in Pooled Investments at March 31 .....	\$6,348,231	\$5,822,688

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Income .....	\$103,378	(\$52,773)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income .....	(9,030)	(12,099)
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 .....	68,246	234,301
Accounts Payable Claims Handling .....	(38,425)	(32,241)
Total Adjustments .....	<u>8,435</u>	<u>181,536</u>
Net Cash Provided by Operating Activities	<u><u>\$111,813</u></u>	<u><u>\$128,763</u></u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 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) .....	225,000	60,000	25,000	310,000
Claims (1) .....	(116,350)	(4,782)	-	(121,132)
Claims Handling Expense .....	(44,727)	-	-	(44,727)
Administrative Expenses (2) .....	(48,357)	(1,436)	-	(49,793)
Interest Income (3) .....	<u>31,259</u>	<u>(3,167)</u>	<u>(19,062)</u>	<u>9,030</u>
Balance March 31, 2015 .....	<u><u>\$1,164,232</u></u>	<u><u>(\$117,951)</u></u>	<u><u>(\$709,956)</u></u>	<u><u>\$336,325</u></u>

- (1) Service divisions' claims of \$17,336 have been deducted from this area.
- (2) Service divisions' claims and handling of \$17,336 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, 2015

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2015)**

	<u>Tacoma Power</u>	<u>Tacoma Water</u>	<u>Tacoma Rail</u>	<u>Svc. Divs.</u>	<u>Total</u>
Over \$5,000 .....	2	-	-	1	3
\$1,001 - 5,000 .....	7	1	-	-	8
\$501 - 1,000 .....	2	1	-	-	3
\$100 - 500 .....	4	5	-	2	11
Less than \$100 .....	3	-	-	-	3
	<u>18</u>	<u>7</u>	<u>-</u>	<u>3</u>	<u>28</u>
Total Dollar Amount of Claims Paid .....	\$48,565	\$4,320	\$ -	\$ 17,336	\$70,221

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2015**

Over \$50,000 .....	11	-	3	-	14
\$10,000 - 50,000 .....	22	13	6	-	41
Less than \$10,000 .....	<u>225</u>	<u>73</u>	<u>8</u>	<u>1</u>	<u>307</u>
	258	86	17	1	362
Total Dollar Amount Accrued for Known Claims .....	\$2,905,634	\$406,991	\$2,141,500	\$2,001	\$5,456,126
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>\$3,223,511</u></u>	<u><u>\$518,966</u></u>	<u><u>\$2,258,566</u></u>	<u><u>\$6,424</u></u>	<u><u>\$6,007,467</u></u>

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

CLAIMS STATISTICS DETAIL - MARCH 31, 2015

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2015)**

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 .....	2	1	-	-
\$100 - 500 .....	4	5	-	2
Less than \$100 .....	2	-	-	-
	<u>14</u>	<u>7</u>	<u>-</u>	<u>3</u>
Total Dollar Amount of Claims Paid .....	\$44,979	\$4,320	-	\$17,336
Median Dollar Amount of Claims Paid .....	\$3,213	\$617	-	\$5,779

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2015**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000 .....	11	-	3	-
\$10,000 - 50,000 .....	22	13	5	-
Less than \$10,000 .....	222	66	7	1
	<u>255</u>	<u>79</u>	<u>15</u>	<u>1</u>
Total Dollar Amount Accrued for Known Claims .	\$2,896,634	\$398,091	\$2,131,000	\$ 2,001
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>\$3,214,511</u></u>	<u><u>\$510,066</u></u>	<u><u>\$2,248,066</u></u>	<u><u>\$6,424</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.
-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
\$3,586	-	-	-	-	-	-	-	-	-
\$897	-	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
3	7	1	-	-	-	-	-	-	-
3	7	2	-	-	-	-	-	-	-
\$9,000	\$8,900	\$ 10,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$9,000</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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