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**SEPTEMBER**

***SELF-INSURANCE CLAIM FUND***

**2014**

**FINANCIAL  
REPORT**





# Public Utility Board

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Vice-Chair

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ANDREW CHERULLO  
Finance Director

DEPARTMENT OF PUBLIC UTILITIES  
CITY OF TACOMA



## MANAGEMENT ANALYSIS

The Self-Insurance fund is reporting a net gain of \$356,000 year-to-date 2014 compared to a net gain of \$493,000 recorded for the same time period in 2013. Total revenues increased by \$27,000 while total expenses increased \$164,000 year-to-date.

### Revenues

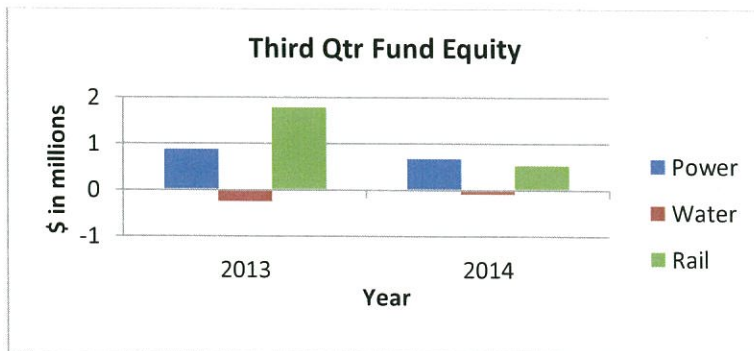
Self-Insurance fund revenues are contributions from the Power, Water and Rail divisions and the interest earned. Total revenues at the end of the third quarter of 2014 and 2013 were \$818,000 and \$791,000 respectively.

### Expenses

Self-Insurance fund expenses include claims and handling expenses paid during the year, 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 2014 and 2013 were \$462,000 and \$298,000 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 \$1.1 million and \$2.4 million through September of 2014 and 2013 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, 2014 AND SEPTEMBER 30, 2013

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	\$6,038,426	\$5,450,837
TOTAL ASSETS .....	\$6,038,426	\$5,450,837
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	\$2,579,119	\$2,579,119
Unrestricted .....	(1,443,430)	(168,081)
TOTAL NET POSITION .....	1,135,689	2,411,038
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	4,897,165	3,037,916
Accounts Payable Claims Handling .....	5,572	1,883
TOTAL LIABILITIES .....	4,902,737	3,039,799
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b>\$6,038,426</b>	<b>\$5,450,837</b>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 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, 2014 AND SEPTEMBER 30, 2013

	<u>SEPTEMBER</u> <u>2014</u>	<u>SEPTEMBER</u> <u>2013</u>
<b>INCOME</b>		
Premiums .....	\$86,667	\$86,667
Interest .....	<u>4,547</u>	<u>3,965</u>
 TOTAL INCOME .....	 91,214	 90,632
 <b>EXPENSES</b>		
Claims .....	(127,110)	(330,067)
Litigation Expense and Settlements .....	12,192	9,689
Incidental and Administrative Expense .....	<u>9,444</u>	<u>9,888</u>
 TOTAL EXPENSES .....	 <u>(105,474)</u>	 <u>(310,490)</u>
 CHANGE IN NET POSITION .....	 <u>\$196,688</u>	 <u>\$401,122</u>
 <b>TOTAL NET POSITION - JANUARY 1 .....</b>		
 <b>TOTAL NET POSITION - SEPTEMBER 30 .....</b>		

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2014 Financial Report.*

YEAR-TO-DATE			
SEPTEMBER 2014	SEPTEMBER 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$780,003	\$780,003	\$ -	-
<u>38,207</u>	<u>11,435</u>	<u>26,772</u>	234.1%
818,210	791,438	26,772	3.4%
283,664	(14,260)	297,924	2089.2%
79,777	206,102	(126,325)	-61.3%
<u>98,837</u>	<u>106,345</u>	<u>(7,508)</u>	-7.1%
<u>462,278</u>	<u>298,187</u>	<u>164,091</u>	55.0%
355,932	493,251	(137,319)	-27.8%
<u>779,757</u>	<u>1,917,787</u>	<u>(1,138,030)</u>	
<u>\$1,135,689</u>	<u>\$2,411,038</u>	<u>(\$1,275,349)</u>	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received .....	\$780,003	\$780,003
Claims Paid .....	(246,018)	(299,181)
Administrative and Other Expenses .....	(215,592)	419,297
Net Cash Provided by Operating Activities .....	318,393	900,119
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received .....	38,207	41,193
Net Cash Used in Financing Activities ..	38,207	41,193
Net Increase in Cash and Equity in Pooled Investments .....	356,600	941,312
Cash and Equity in Pooled Investments at January 1 .....	5,681,826	4,509,525
Cash and Equity in Pooled Investments at September 30 .....	\$6,038,426	\$5,450,837

	YEAR TO DATE	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Income .....	\$355,932	\$493,251
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Interest Income .....	(38,207)	(41,193)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Receivable .....	-	850,000
Interdivision Payable .....	(8,425)	(10,103)
Accounts Payable Claims .....	37,647	(313,442)
Accounts Payable Claims Handling .....	(28,554)	(78,394)
Total Adjustments .....	<u>(37,539)</u>	<u>406,868</u>
Net Cash Provided by Operating Activities	<u>\$318,393</u>	<u>\$900,119</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2014

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2014 .....	\$264,676	(\$171,949)	\$687,030	\$779,757
Contributions (Premiums) .....	607,500	135,000	37,503	\$780,003
Claims (1) .....	(84,220)	(31,047)	(161,629)	(\$276,896)
Claims Handling Expense .....	(79,777)	-	-	(\$79,777)
Administrative Expenses (2) .....	(51,135)	(9,681)	(44,789)	(\$105,605)
Interest Income (3) .....	<u>22,874</u>	<u>(2,704)</u>	<u>18,037</u>	<u>\$38,207</u>
Balance September 30, 2014 .....	<u><u>\$679,918</u></u>	<u><u>(\$80,381)</u></u>	<u><u>\$536,152</u></u>	<u><u>\$1,135,689</u></u>

- (1) Service divisions' claims of \$6,768 have been deducted from this area.
- (2) Service divisions' claims and handling of \$6,768 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, 2014

**NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2014)**

	<u>Tacoma Power</u>	<u>Tacoma Water</u>	<u>Tacoma Rail</u>	<u>Svc. Divs.</u>	<u>Total</u>
Over \$5,000 .....	5	2	8	-	15
\$1,001 - 5,000 .....	15	4	-	2	21
\$501 - 1,000 .....	7	1	-	-	8
\$100 - 500 .....	12	4	1	3	20
Less than \$100 .....	6	-	1	1	8
	<u>45</u>	<u>11</u>	<u>10</u>	<u>6</u>	<u>72</u>
Total Dollar Amount of Claims Paid .....	\$89,144	\$36,359	\$113,778	\$6,737	\$246,018

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2014**

Over \$50,000 .....	12	-	-	-	12
\$10,000 - 50,000 .....	3	7	1	-	11
Less than \$10,000 .....	206	68	1	2	277
	<u>221</u>	<u>75</u>	<u>2</u>	<u>2</u>	<u>300</u>
Total Dollar Amount Accrued for Known Claims .....	\$2,858,963	\$271,223	\$1,120,853	\$2,032	\$4,253,071
Total Dollar Amount Accrued for Unknown Claims .....	<u>\$332,080</u>	<u>\$177,578</u>	<u>\$110,500</u>	<u>\$23,936</u>	<u>\$644,094</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$3,191,043</u></u>	<u><u>\$448,801</u></u>	<u><u>\$1,231,353</u></u>	<u><u>\$25,968</u></u>	<u><u>\$4,897,165</u></u>

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

CLAIMS STATISTICS DETAIL - SEPTEMBER 30, 2014

**NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2014)**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000 .....	5	2	4	-
\$1,001 - 5,000 .....	9	3	-	-
\$501 - 1,000 .....	6	1	-	-
\$100 - 500 .....	12	4	1	1
Less than \$100 .....	5	-	-	1
	37	10	5	2
Total Dollar Amount of Claims Paid .....	\$75,893	\$33,729	\$77,592	\$136
Average Dollar Amount of Claims Paid .....	\$2,051	\$3,373	\$15,518	\$68

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2014**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000 .....	12	-	-	-
\$10,000 - 50,000 .....	3	7	1	-
Less than \$10,000 .....	190	62	1	2
	205	69	2	2
Total Dollar Amount Accrued for Known Claims .	\$2,843,863	\$259,073	\$1,120,853	\$2,032
Total Dollar Amount Accrued for Unknown Claims .....	\$332,080	\$177,578	\$110,500	\$23,936
Total Dollar Amount Accrued for All Claims ...	<u>\$3,175,943</u>	<u>\$436,651</u>	<u>\$1,231,353</u>	<u>\$25,968</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	-	-	-	-	-	-	-
6	1	-	2	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	2	-	-	-	-	-	-
1	-	1	-	-	-	-	-	-	-
8	1	5	4	-	-	-	-	-	-
\$13,251	\$2,630	\$36,186	\$6,601	-	-	-	-	-	-
\$1,656	-	\$7,237	\$1,650	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16	6	-	-	-	-	-	-	-	-
16	6	-	-	-	-	-	-	-	-
\$15,100	\$12,150	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$15,100</u>	<u>\$12,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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