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**SEPTEMBER**

***SELF-INSURANCE CLAIM FUND***

**2013**

**FINANCIAL  
REPORT**





# Public Utility Board

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Chair

WOODROW JONES

Vice-Chair

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Secretary

MARK PATTERSON

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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 \$493,000 for the third quarter 2013 compared to a net gain of \$152,000 recorded for the same time period in 2012. Total revenues decreased by \$1.2 million while total expenses decreased \$1.5 million year-to-date.

### Revenues

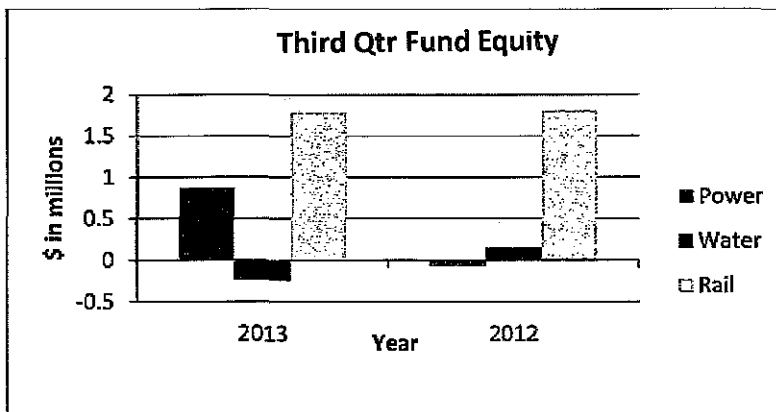
Self Insurance fund revenues are contributions from the Power, Water and Rail funds and the interest earned. Total revenues for third quarter of 2013 and 2012 were \$791,000 and \$2.0 million respectively. The decrease of \$1.2 million in premiums is due to a one time transfer from Tacoma Power and Water in 2012.


### 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 for third quarter 2013 and 2012 were \$298,000 and \$1.8 million 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 \$2.4 and \$1.9 million for the third quarter of 2013 and 2012 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, 2013 AND SEPTEMBER 30, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments .....	\$5,450,837	\$4,588,609
<b>TOTAL ASSETS</b> .....	<u>\$5,450,837</u>	<u>\$4,588,609</u>
 <b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions .....	\$2,579,119	\$2,579,119
Unrestricted .....	<u>(168,081)</u>	<u>(686,057)</u>
<b>TOTAL NET POSITION</b> .....	2,411,038	1,893,062
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims .....	3,037,916	2,672,719
Accounts Payable Claims Handling .....	<u>1,883</u>	<u>22,828</u>
<b>TOTAL LIABILITIES</b> .....	<u>3,039,799</u>	<u>2,695,547</u>
<b>TOTAL NET POSITION AND LIABILITIES</b> .....	<u>\$5,450,837</u>	<u>\$4,588,609</u>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2012 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, 2013 AND SEPTEMBER 30, 2012

	<u>SEPTEMBER</u> <u>2013</u>	<u>SEPTEMBER</u> <u>2012</u>
<b>INCOME</b>		
Premiums .....	\$86,667	\$62,000
Interest .....	<u>3,965</u>	<u>6,405</u>
 TOTAL INCOME .....	 90,632	 68,405
 <b>EXPENSES</b>		
Claims .....	(330,067)	230,626
Litigation Expense and Settlements .....	9,689	83,321
Incidental and Administrative Expense .....	<u>9,888</u>	<u>10,208</u>
 TOTAL EXPENSES .....	 <u>(310,490)</u>	 <u>324,155</u>
 CHANGE IN NET POSITION .....	 <u>\$401,122</u>	 <u>(\$255,750)</u>
 TOTAL NET POSITION - JANUARY 1 .....		
 TOTAL NET POSITION - SEPTEMBER 30 .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the September 2013 Financial Report.*

YEAR-TO-DATE			
SEPTEMBER 2013	SEPTEMBER 2012	2013/2012 VARIANCE	PERCENT CHANGE
\$780,003	\$1,934,377	(\$1,154,374)	-59.7%
11,435	35,946	(24,511)	-68.2%
791,438	1,970,323	(1,178,885)	-59.8%
(14,260)	798,251	(812,511)	-101.8%
206,102	922,437	(716,335)	-77.7%
106,345	97,455	8,890	9.1%
298,187	1,818,143	(1,519,956)	-83.6%
493,251	152,180	341,071	224.1%
1,917,787	1,740,882	176,905	
<u>\$2,411,038</u>	<u>\$1,893,062</u>	<u>\$517,976</u>	

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2013	SEPTEMBER 30, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received .....	\$780,003	\$1,934,377
Claims Paid .....	(299,181)	(283,270)
Administrative and Other Expenses .....	419,297	(1,060,739)
Net Cash Provided by Operating Activities .....	900,119	590,368
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	41,193	63,836
Net Cash Provided by Financing Activities .....	41,193	63,836
Net Increase in Cash and Equity in Pooled Investments .....	941,312	654,204
Cash and Equity in Pooled Investments at January 1 .....	4,509,525	3,934,405
Cash and Equity in Pooled Investments at September 30 .....	\$5,450,837	\$4,588,609

	YEAR TO DATE	
	SEPTEMBER 30, 2013	SEPTEMBER 30, 2012
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Net Income .....	\$493,251	\$152,180
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Interest Income .....	(41,193)	(63,836)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Interdivision Receivable .....	850,000	-
Interdivision Payable .....	(10,103)	(10,812)
Accounts Payable Claims .....	(313,442)	514,980
Accounts Payable Claims Handling .....	(78,394)	(2,144)
Total Adjustments .....	406,868	438,188
Net Cash Provided by Operating Activities	<u>\$900,119</u>	<u>\$590,368</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2013

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2013 .....	\$75,681	\$29,254	\$1,812,852	\$1,917,787
Contributions (Premiums) .....	607,500	135,000	37,503	\$780,003
Claims (1) .....	292,816	(256,831)	(12,453)	\$23,532
Claims Handling Expense .....	(180,823)	8,871	(34,150)	(\$206,102)
Administrative Expenses (2) .....	72,871	(161,342)	(27,146)	(\$115,617)
Interest Income (3) .....	<u>4,137</u>	<u>(1,168)</u>	<u>8,466</u>	<u>\$11,435</u>
Balance September 30, 2013 .....	<u><u>\$872,182</u></u>	<u><u>(\$246,216)</u></u>	<u><u>\$1,785,072</u></u>	<u><u>\$2,411,038</u></u>

- (1) Service divisions' claims of \$9,272 have been deducted from this area.
- (2) Service divisions' claims and handling of \$9,272 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, 2013

**NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2013)**

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000 .....	4	8	-	-	12
\$1,001 - 5,000 .....	9	2	5	2	18
\$501 - 1,000 .....	3	2	-	1	6
\$100 - 500 .....	10	10	-	3	23
Less than \$100 .....	-	3	1	1	5
	<u>26</u>	<u>25</u>	<u>6</u>	<u>7</u>	<u>64</u>
Total Dollar Amount of Claims Paid .....	\$101,440	\$178,484	\$12,453	\$6,804	\$299,181

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2013**

Over \$50,000 .....	11	-	-	-	11
\$10,000 - 50,000 .....	3	6	-	-	9
Less than \$10,000 .....	210	69	-	2	281
	<u>224</u>	<u>75</u>	<u>0</u>	<u>2</u>	<u>301</u>
Total Dollar Amount Accrued for Known Claims .....	\$2,314,627	\$263,358	\$17,500	\$2,467	\$2,597,952
Total Dollar Amount Accrued for Unknown Claims .....	<u>\$236,080</u>	<u>\$92,465</u>	<u>\$90,000</u>	<u>\$21,419</u>	<u>\$439,964</u>
Total Dollar Amount Accrued for All Claims	<u><u>\$2,550,707</u></u>	<u><u>\$355,823</u></u>	<u><u>\$107,500</u></u>	<u><u>\$23,886</u></u>	<u><u>\$3,037,916</u></u>

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

CLAIMS STATISTICS DETAIL - SEPTEMBER 30, 2013

**NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2013)**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000 .....	1	8	-	-
\$1,001 - 5,000 .....	7	2	2	-
\$501 - 1,000 .....	3	2	-	1
\$100 - 500 .....	8	10	-	3
Less than \$100 .....	-	3	-	1
	19	25	2	5
Total Dollar Amount of Claims Paid .....	\$51,531	\$178,484	\$5,491	\$1,471
Average Dollar Amount of Claims Paid .....	\$2,712	\$7,139	\$2,745	\$294

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2013**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000 .....	11	-	-	-
\$10,000 - 50,000 .....	3	6	-	-
Less than \$10,000 .....	191	63	-	2
	205	69	0	2
Total Dollar Amount Accrued for Known Claims .	\$2,263,542	\$248,208	\$12,500	\$2,467
Total Dollar Amount Accrued for Unknown Claims .....	\$236,080	\$92,465	\$90,000	\$21,419
Total Dollar Amount Accrued for All Claims ...	\$2,499,622	\$340,673	\$102,500	\$23,886



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	-	-	-	-	-	-	-	-	-
2	-	3	2	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
7	-	4	2	-	-	-	-	-	-
\$49,909	-	\$6,962	\$5,333	-	-	-	-	-	-
\$7,130	-	\$1,740	\$2,667	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
18	6	-	-	-	-	1	-	-	-
18	6	-	-	-	-	1	-	-	-
\$41,537	\$15,150	\$5,000	-	-	-	\$9,548	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$41,537</u>	<u>\$15,150</u>	<u>\$5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$9,548</u>	<u>-</u>	<u>-</u>	<u>-</u>



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