
MARCH

SELF-INSURANCE CLAIM FUND

2020

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

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DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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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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Management Discussion and Analysis

As of March 2020, the Self-Insurance fund is reporting an increase to net position of \$130,000 year-to-date in 2020 compared to an increase of \$539,000 recorded for the same time period in 2019. Total revenues decreased \$92,000, while total expenses increased \$316,000 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 2020 and 2019 were \$449,000 and \$542,000 respectively. The decrease in revenue is due to the decrease in interest income in 2020.

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 incurred.

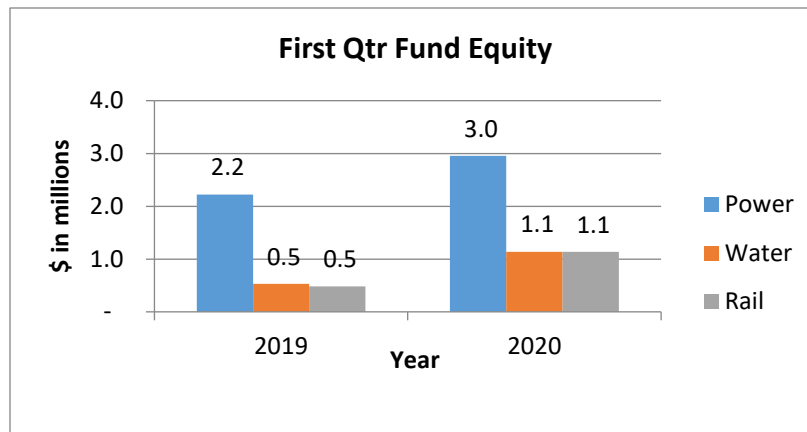
Total expenses at the end of the first quarter of 2020 and 2019 were \$319,000 and \$3,000 respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense was \$286,000 in the first quarter of 2020, an increase of \$611,000 (187.9%) compared to the first quarter of 2019. The increase is primarily due to the increase of \$350,000 and \$159,000 in Service division and Power claims respectively.

Litigation Expense and Settlements in the first quarter of 2020 decreased by \$289,000 (99.8%) compared to the same quarter in 2019, primarily due to the decrease of \$270,000 in handling expenses for Power.

Incidental and Administrative Expense decreased by \$5,000 in the first quarter of 2020 compared to the same quarter in 2019.

The Fund's equity was \$5.3 million and \$3.2 million through March of 2020 and 2019 respectively. The graph on the following page provides a visual presentation on how the Fund's equity is shared.



Request for Information

Self-Insurance financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	2020	2019
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$9,485,531	\$7,981,845
TOTAL ASSETS	<u>\$9,485,531</u>	<u>\$7,981,845</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$5,229,378	\$3,234,972
TOTAL NET POSITION	5,229,378	3,234,972
CURRENT LIABILITIES		
Accounts Payable Claims	4,253,847	4,726,166
Accounts Payable Claims Handling	2,306	20,707
Interdivision Payable	-	-
TOTAL LIABILITIES	<u>4,256,153</u>	<u>4,746,873</u>
TOTAL NET POSITION AND LIABILITIES	<u>\$9,485,531</u>	<u>\$7,981,845</u>

These statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	MARCH 2020	MARCH 2019
	<u> </u>	<u> </u>
INCOME		
Premiums	\$153,333	\$153,333
Interest	14,132	14,724
	<u> </u>	<u> </u>
TOTAL INCOME	167,465	168,057
 EXPENSES		
Claims	262,610	(67,752)
Litigation Expense and Settlements	-	43,695
Incidental and Administrative Expense	7,053	12,279
	<u> </u>	<u> </u>
TOTAL EXPENSES	269,663	(11,778)
	<u> </u>	<u> </u>
CHANGE IN NET POSITION	<u>(\$102,198)</u>	<u>\$179,835</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - MARCH 31		

YEAR-TO-DATE			
MARCH 2020	MARCH 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$460,000	\$460,000	\$0	0.0%
(10,749)	81,869	(92,618)	-113.1%
449,251	541,869	(92,618)	-17.1%
285,584	(324,992)	610,576	187.9%
518	289,689	(289,171)	-99.8%
32,656	37,890	(5,234)	-13.8%
318,758	2,587	316,171	12221.5%
130,493	539,282	(408,789)	-75.8%
5,098,885	2,695,690	2,403,195	
<u>\$5,229,378</u>	<u>\$3,234,972</u>	<u>\$1,994,406</u>	

These statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Statements of Cash Flows (Unaudited)
March 31, 2020 and March 31, 2019

	YEAR TO DATE	
	March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$460,000	\$460,000
Claims Paid	(38,583)	(308,311)
Administrative and Other Expenses	(57,798)	(119,366)
Net Cash Flows from Operating Activities	363,619	32,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(10,749)	81,869
Net Cash Flows from Investing Activities	(10,749)	81,869
Net Change in Cash and Equity Cash and Equity in Pooled Investments	352,870	114,192
Cash and Equity in Pooled Investments at January 1	9,132,661	7,867,653
Cash and Equity in Pooled Investments at March 31	<u>\$9,485,531</u>	<u>\$7,981,845</u>

	YEAR TO DATE	
	March 31, 2020	March 31, 2019
Reconciliation of Net Income to Net Cash Flows from Operating Activities:		
Net Income	\$130,493	\$539,282
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income (Expenses)	10,749	(81,869)
Cash from Changes in Operating Assets and Liabilities:		
Interdivision Payable	-	(10,610)
Accounts Payable Claims	247,001	(433,303)
Accounts Payable Claims Handling	(24,624)	18,823
Total Adjustments	233,126	(506,959)
Net Cash Flows from Operating Activities	<u>\$363,619</u>	<u>\$32,323</u>

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Equity Distribution (Unaudited) as of March 31, 2020

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2020	\$3,414,539	\$695,989	\$988,357	\$5,098,885
Contributions (Premiums)	250,000	60,000	150,000	460,000
Claims (1)	144,621	(78,893)	(1,312)	64,416
Claims Handling Expense (2)	-	(242)	(35)	(277)
Administrative Expenses (3)	(847,102)	463,519	686	(382,897)
Interest Income (4)	<u>(7,190)</u>	<u>(1,732)</u>	<u>(1,827)</u>	<u>(10,749)</u>
Balance March 31, 2020	<u>\$2,954,868</u>	<u>\$1,138,641</u>	<u>\$1,135,869</u>	<u>\$5,229,378</u>

(1) Service divisions' claims of \$350,000 have been deducted from this area.

(2) Service divisions' claims hand handling of \$241 have been deducted from this area. 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) Service divisions' claims handling of \$350,241 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.

(4) 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 (Unaudited)
March 31, 2020

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2020)

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division	Total
Over \$5,000	1	1	-	-	2
\$1,001 - 5,000	1	1	1	-	3
\$501 - 1,000	2	-	-	-	2
\$100 - 500	1	1	-	-	2
Less than \$100	-	-	-	-	-
	5	3	1	-	9
Total Dollar Amount of Claims Paid	\$23,878	\$13,393	\$1,312	-	\$38,583

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2020

Over \$50,000	13	1	1	1	16
\$10,000 - 50,000	9	3	2	-	14
Less than \$10,000	229	85	7	1	322
	251	89	10	2	352
Total Dollar Amount Accrued for Known Claims	\$3,066,118	\$282,976	\$217,869	\$350,500	\$3,917,463
Total Dollar Amount Accrued for Unknown Claims	\$87,756	\$49,851	\$198,267	\$510	\$336,384
Total Dollar Amount Accrued for All Claims	\$3,153,874	\$332,827	\$416,136	\$351,010	\$4,253,847

City of Tacoma, Washington
Department of Public Utilities
Self-Insurance Claim Fund

Claims Statistics Detail (Unaudited)
March 31, 2020

NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2020)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	1	1	-	-
\$1,001 - 5,000	-	1	1	-
\$501 - 1,000	1	-	-	-
\$100 - 500	-	1	-	-
Less than \$100	-	-	-	-
	<u>2</u>	<u>3</u>	<u>1</u>	<u>-</u>
Total Dollar Amount of Claims Paid	\$18,792	\$13,393	\$1,312	-
Average Dollar Amount of Claims Paid	\$9,396	\$4,464	\$1,312	-

NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2020

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	13	1	1	1
\$10,000 - 50,000	8	3	2	-
Less than \$10,000	<u>210</u>	<u>75</u>	<u>2</u>	<u>1</u>
	231	79	5	2
Total Dollar Amount Accrued for Known Claims	\$3,018,618	\$263,976	\$205,119	\$350,500
Total Dollar Amount Accrued for Unknown Claims	<u>\$87,756</u>	<u>\$49,851</u>	<u>\$198,267</u>	<u>\$510</u>
Total Dollar Amount Accrued for All Claims	<u>\$3,106,374</u>	<u>\$313,827</u>	<u>\$403,386</u>	<u>\$351,010</u>

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
Tacoma Power	Tacoma Water	Tacoma Rail	Service Division	Tacoma Power	Tacoma Water	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
\$5,086	-	-	-	-	-	-	-	-	-
\$1,695	-	-	-	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
19	10	5	-	-	-	-	-	-	-
20	10	5	-	-	-	-	-	-	-
\$47,500	\$19,000	\$12,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$47,500	\$19,000	\$12,750	-	-	-	-	-	-	-



The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.