
JUNE

SELF-INSURANCE CLAIM FUND

2021

**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 June 2021, the Self-Insurance fund is reporting an increase to net position of \$202,000 year-to-date compared to a decrease of \$518,000 recorded for the same time period in 2020. Total revenues decreased \$297,000 and total expenses decreased \$1 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 2021 and 2020 were \$652,000 and \$949,000, respectively. The decrease in revenue is due to the decrease in premium and interest income in 2021.

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.

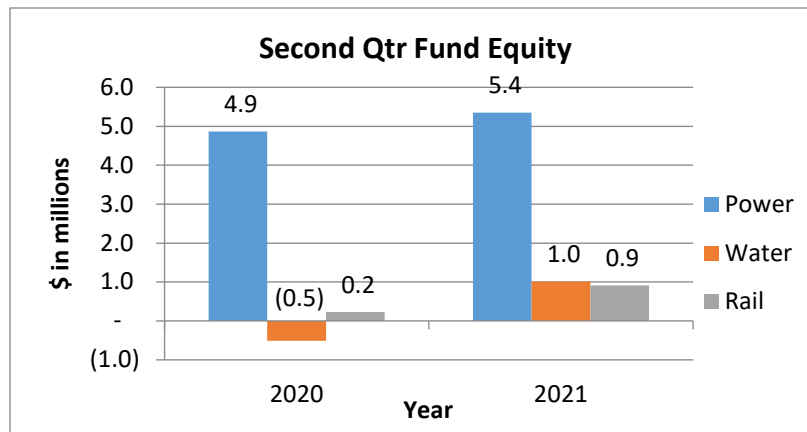
Total expenses at the end of the second quarter of 2021 and 2020 were \$450,000 and \$1.5 million respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense were \$377,000 in the second quarter of 2021, a decrease of \$1 million compared to the same quarter of 2020. The decrease is primarily due to the decrease in Rail claims.

Litigation Expense and Settlements in the second quarter of 2021 increased by \$10,000 compared to the same quarter in 2020, primarily due to the increase in handling expenses for Power and the Service Division.

Incidental and Administrative Expense decreased by \$6,000 in the second quarter of 2021 compared to the same quarter in 2020.

The Fund's equity was \$7.3 million and \$4.6 million through June of 2021 and 2020, 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)
June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	<u>\$10,422,708</u>	<u>\$9,849,826</u>
TOTAL ASSETS	<u><u>\$10,422,708</u></u>	<u><u>\$9,849,826</u></u>
 NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	<u>\$7,276,650</u>	<u>\$4,581,221</u>
TOTAL NET POSITION	7,276,650	4,581,221
CURRENT LIABILITIES		
Accounts Payable Claims	3,144,175	5,264,158
Accounts Payable Claims Handling	<u>1,884</u>	<u>4,447</u>
TOTAL LIABILITIES	<u>3,146,058</u>	<u>5,268,605</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$10,422,708</u></u>	<u><u>\$9,849,826</u></u>

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

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

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2021 and June 30, 2020

			YEAR-TO-DATE			
	June 2021	June 2020	June 2021	June 2020	2021/2020 VARIANCE	PERCENT CHANGE
INCOME						
Premiums	\$126,480	\$153,333	\$758,878	\$920,000	(\$161,122)	-17.5%
Interest	7,115	12,387	(107,105)	28,952	(136,057)	-469.9%
TOTAL INCOME	133,595	165,720	651,773	948,952	(297,179)	-31.3%
EXPENSES						
Claims	179,090	1,081,008	377,150	1,399,078	(1,021,928)	-73.0%
Litigation Expense and Settlements	14,883	905	25,953	15,600	10,353	66.4%
Incidental and Administrative Expense	5,552	6,248	46,399	51,938	(5,539)	-10.7%
TOTAL EXPENSES	199,525	1,088,161	449,502	1,466,616	(1,017,114)	-69.4%
CHANGE IN NET POSITION	(\$65,930)	(\$922,441)	202,271	(517,664)	719,935	139.1%
TOTAL NET POSITION - JANUARY 1			7,074,379	5,098,885	1,975,494	
TOTAL NET POSITION - JUNE 30			\$7,276,650	\$4,581,221	\$2,695,429	

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)
June 30, 2021 and June 30, 2020

	YEAR TO DATE	
	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$758,878	\$920,000
Claims Paid	(327,779)	(141,767)
Administrative and Other Expenses	(74,662)	(90,020)
Net Cash Flows from Operating Activities	356,437	688,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(107,105)	28,952
Net Cash Flows from Investing Activities	(107,105)	28,952
Net Change in Cash and Equity Cash and Equity in Pooled Investments	249,332	717,165
Cash and Equity in Pooled Investments at January 1	10,173,376	9,132,661
Cash and Equity in Pooled Investments at June 30	<u>\$10,422,708</u>	<u>\$9,849,826</u>

	YEAR TO DATE	
	June 30, 2021	June 30, 2020
Reconciliation of Net Income to Net Cash Flows from Operating Activities:		
Net Income	\$202,271	(\$517,664)
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income (Expenses)	107,105	(28,952)
Cash from Changes in Operating Assets and Liabilities:		
Accounts Payable Claims	49,371	1,257,312
Accounts Payable Claims Handling	(2,309)	(22,483)
Total Adjustments	154,166	1,205,877
Net Cash Flows from Operating Activities	<u>\$356,437</u>	<u>\$688,213</u>

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

Equity Distribution (Unaudited) as of June 30, 2021

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2021	\$5,295,280	\$880,946	\$898,153	\$7,074,379
Contributions (Premiums)	518,878	120,000	120,000	758,878
Claims (1)	(250,788)	15,546	(68,505)	(303,747)
Claims Handling Expense (2)	(19,701)	(35)	(242)	(19,978)
Administrative Expenses (3)	(122,976)	7,052	(9,853)	(125,777)
Interest Income (4)	<u>(69,582)</u>	<u>(12,776)</u>	<u>(24,747)</u>	<u>(107,105)</u>
Balance June 30, 2021	<u>\$5,351,111</u>	<u>\$1,010,733</u>	<u>\$914,806</u>	<u>\$7,276,650</u>

- (1) Service divisions' claims of \$73,403 have been deducted from this area.
- (2) Service divisions' claims hand handling of \$5,975 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 \$79,378 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)
June 30, 2021

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2021)

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Divison	Total
Over \$5,000	1	5	1	2	9
\$1,001 - 5,000	6	4	1	1	12
\$501 - 1,000	3	6	-	-	9
\$100 - 500	2	12	-	1	15
Less than \$100	-	1	-	-	1
	12	28	2	4	46
Total Dollar Amount of Claims Paid	\$24,599	\$180,154	\$50,468	\$72,558	\$327,779

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2021

Over \$50,000	3	-	2	1	6
\$10,000 - 50,000	7	4	3	-	14
Less than \$10,000	157	71	10	-	238
	167	75	15	1	258
Total Dollar Amount Accrued for Known Claims	\$986,650	\$138,927	\$1,226,206	\$350,844	\$2,702,627
Total Dollar Amount Accrued for Unknown Claims	\$202,243	\$51,088	\$184,832	\$3,385	\$441,548
Total Dollar Amount Accrued for All Claims	\$1,188,893	\$190,015	\$1,411,038	\$354,229	\$3,144,175

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

Claims Statistics Detail (Unaudited)
June 30, 2021

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2021)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	1	5	1	-
\$1,001 - 5,000	6	4	1	-
\$501 - 1,000	2	6	-	-
\$100 - 500	2	12	-	-
Less than \$100	-	1	-	-
	11	28	2	-
Total Dollar Amount of Claims Paid	\$23,936	\$180,154	\$50,468	-
Average Dollar Amount of Claims Paid	\$2,176	\$6,434.06	\$25,234	-

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2021

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	3	-	2	1
\$10,000 - 50,000	6	4	3	-
Less than \$10,000	140	62	4	-
	149	66	9	1
Total Dollar Amount Accrued for Known Claims	\$944,450	\$126,927	\$1,211,456	\$350,844
Total Dollar Amount Accrued for Unknown Claims	\$202,243	\$51,088	\$184,832	\$3,385
Total Dollar Amount Accrued for All Claims	\$1,146,693	\$178,015	\$1,396,288	\$354,229

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	Svc. Divs.
-	-	-	2	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	4	-	-	-	-	-	-
\$663	-	-	\$72,558	-	-	-	-	-	-
\$663	-	-	\$18,140	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
17	9	6	-	-	-	-	-	-	-
18	9	6	-	-	-	-	-	-	-
\$42,200	\$12,000	\$14,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$42,200	\$12,000	\$14,750	-	-	-	-	-	-	-



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