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**SEPTEMBER**

***SELF-INSURANCE CLAIM FUND***

**2019**

**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 September 2019, the Self-Insurance fund is reporting an increase to net position of \$2.1 million year-to-date in 2019 compared to an increase of \$316,000 recorded for the same time period in 2018. Total revenues decreased \$1.4 million, while total expenses decreased \$3.2 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 third quarter of 2019 and 2018 were \$1.6 million and \$3.0 million respectively. The decrease in revenue is due to the additional contribution from Power in 2018.

### 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.

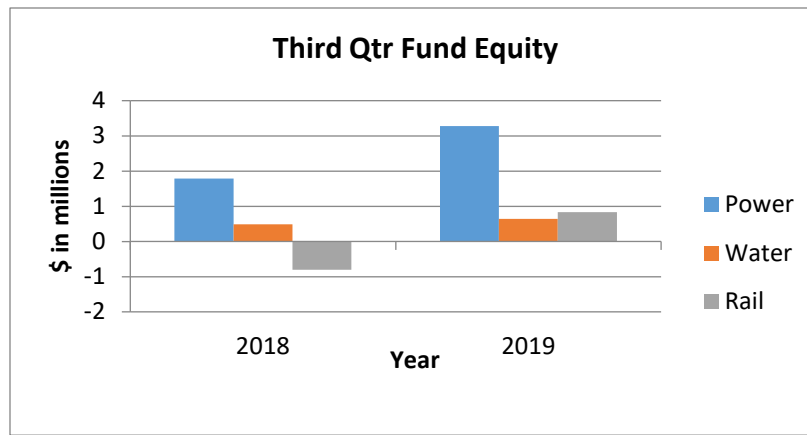
Total expenses at the end of the third quarter of 2019 and 2018 were a negative \$504,000 and a positive \$2.7 million respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally 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 was negative \$915,000 in the third quarter of 2019, a decrease of \$3.4 million (137.5%) compared to the third quarter of 2018. The decrease is primarily due to the decrease of \$3.3 million and \$58,000 in Power claims and in Water respectively, offset with the increase in claims of \$10,000 from Rail.

Litigation expense and settlements in the third quarter of 2019 increased by \$242,000 compared to the same quarter in 2018, primarily due to the increase in handling expenses for Power.

Incidental and administrative expense decreased by \$51,000 due to decreases in the purchase of software and assessments.

The Fund's equity was \$4.8 million and \$1.5 million through September of 2019 and 2018 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)  
September 30, 2019 and September 30, 2018

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments	\$8,638,111	\$7,737,384
<b>TOTAL ASSETS</b>	<u>\$8,638,111</u>	<u>\$7,737,384</u>
 <b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions	\$4,751,439	\$1,466,451
<b>TOTAL NET POSITION</b>	4,751,439	1,466,451
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims	3,871,719	6,264,230
Accounts Payable Claims Handling	14,953	6,703
<b>TOTAL LIABILITIES</b>	<u>3,886,672</u>	<u>6,270,933</u>
<b>TOTAL NET POSITION AND LIABILITIES</b>	<u>\$8,638,111</u>	<u>\$7,737,384</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)  
September 30, 2019 and September 30, 2018

	SEPTEMBER 2019	SEPTEMBER 2018
	<u>2019</u>	<u>2018</u>
<b>INCOME</b>		
Premiums	\$153,333	\$128,333
Interest	<u>15,167</u>	<u>11,497</u>
 TOTAL INCOME	 168,500	 139,830
 <b>EXPENSES</b>		
Claims	(849,954)	260,018
Litigation Expense and Settlements	26,324	8,273
Incidental and Administrative Expense	<u>7,316</u>	<u>12,053</u>
 TOTAL EXPENSES	 <u>(816,314)</u>	 <u>280,344</u>
 CHANGE IN NET POSITION	 <u><u>\$984,814</u></u>	 <u><u>(\$140,514)</u></u>
 <b>TOTAL NET POSITION - JANUARY 1</b>		
 <b>TOTAL NET POSITION - SEPTEMBER 30</b>		

YEAR-TO-DATE			
SEPTEMBER 2019	SEPTEMBER 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$1,380,000	\$2,855,000	(\$1,475,000)	-51.7%
171,439	125,405	46,034	36.7%
1,551,439	2,980,405	(1,428,966)	-47.9%
(915,458)	2,443,844	(3,359,302)	-137.5%
323,344	81,682	241,662	295.9%
87,804	138,836	(51,032)	-36.8%
(504,310)	2,664,362	(3,168,672)	-118.9%
2,055,749	316,043	1,739,706	550.5%
2,695,690	1,150,408	1,545,282	
\$4,751,439	\$1,466,451	\$3,284,988	

*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)  
September 30, 2019 and September 30, 2018

	YEAR TO DATE	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received	\$1,380,000	\$2,855,000
Claims Paid	(572,292)	(2,028,504)
Administrative and Other Expenses	(208,689)	(243,075)
Net Cash Flows from Operating Activities	599,019	583,421
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Received	171,439	125,405
Net Cash Flows from Financing Activities	171,439	125,405
Net Increase (Decrease) in Cash and Equity in Pooled Investments	770,458	708,826
Cash and Equity in Pooled Investments at January 1	7,867,653	7,028,558
Cash and Equity in Pooled Investments at September 30	<u>\$8,638,111</u>	<u>\$7,737,384</u>

	YEAR TO DATE	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
<b>Reconciliation of Net Income (Loss) to Net Cash Flows from Operating Activities:</b>		
Net Income (Loss)	\$2,055,749	\$316,043
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income	(171,439)	(125,405)
Cash from Changes in Operating Assets and Liabilities:		
Interdivision Payable	(10,610)	(8,910)
Accounts Payable Claims	(1,287,751)	407,038
Accounts Payable Claims Handling	13,070	(5,345)
Total Adjustments	(1,456,730)	267,378
Net Cash Flows from Operating Activities	<u>\$599,019</u>	<u>\$583,421</u>

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

Equity Distribution (Unaudited) as of September 30, 2019

	<u>TACOMA POWER</u>	<u>TACOMA WATER</u>	<u>TACOMA RAIL</u>	<u>TOTAL</u>
Balance January 1, 2019	\$1,912,388	\$456,220	\$327,082	\$2,695,690
Contributions (Premiums)	750,000	180,000	450,000	1,380,000
Claims	871,340	(19,965)	67,755	919,130
Claims Handling Expense	(293,852)	-	(29,492)	(323,344)
Administrative Expenses	(88,910)	3,073	(5,639)	(91,476)
Interest Income (1)	<u>129,142</u>	<u>17,657</u>	<u>24,640</u>	<u>171,439</u>
Balance September 30, 2019	<u><u>\$3,280,108</u></u>	<u><u>\$636,985</u></u>	<u><u>\$834,346</u></u>	<u><u>\$4,751,439</u></u>

(1) 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)  
September 30, 2019

**NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2019)**

	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.	Total
Over \$5,000	6	3	1	-	10
\$1,001 - 5,000	10	9	1	1	21
\$501 - 1,000	10	2	-	-	12
\$100 - 500	3	7	-	1	11
Less than \$100	3	3	-	1	7
	32	24	2	3	61
Total Dollar Amount of Claims Paid	\$315,197	\$221,263	\$32,245	\$3,587	\$572,292

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2019**

Over \$50,000	14	1	1	-	16
\$10,000 - 50,000	7	1	2	-	10
Less than \$10,000	264	91	9	2	366
	285	93	12	2	392
Total Dollar Amount Accrued for Known Claims	\$3,140,520	\$218,926	\$208,475	\$610	\$3,568,531
Total Dollar Amount Accrued for Unknown Claims	\$73,920	\$32,029	\$196,309	\$930	\$303,188
Total Dollar Amount Accrued for All Claims	<u>\$3,214,440</u>	<u>\$250,955</u>	<u>\$404,784</u>	<u>\$1,540</u>	<u>\$3,871,719</u>

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

Claims Statistics Detail (Unaudited)  
September 30, 2019

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$5,000	3	3	1	-
\$1,001 - 5,000	4	8	1	-
\$501 - 1,000	7	2	-	-
\$100 - 500	2	7	-	1
Less than \$100	2	3	-	-
	18	23	2	1
Total Dollar Amount of Claims Paid	243,956	217,351	\$32,245	\$164
Average Dollar Amount of Claims Paid	\$13,553	\$9,450	\$16,122	\$164

**NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2019**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Svc. Divs.
Over \$50,000	14	1	1	-
\$10,000 - 50,000	7	1	1	-
Less than \$10,000	246	83	5	2
	267	85	7	2
Total Dollar Amount Accrued for Known Claims	\$3,116,820	\$203,926	\$169,725	\$610
Total Dollar Amount Accrued for Unknown Claims	73,920	32,029	196,309	930
Total Dollar Amount Accrued for All Claims	<u>\$3,190,740</u>	<u>\$235,955</u>	<u>\$366,034</u>	<u>\$1,540</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	-	-	-	-	-	-	-	-	-
6	1	-	1	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
1	-	-	1	-	-	-	-	-	-
14	1	-	2	-	-	-	-	-	-
\$71,241	\$3,912	-	\$3,423	-	-	-	-	-	-
\$5,089	\$3,912	-	\$1,711	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-	-
18	8	4	-	-	-	-	-	-	-
18	8	5	-	-	-	-	-	-	-
\$23,700	\$15,000	\$38,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$23,700	\$15,000	\$38,750	-	-	-	-	-	-	-



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.