
SEPTEMBER

SELF-INSURANCE CLAIM FUND

2021

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

MARK PATTERSON
Chair

CHRISTINE COOLEY
Vice-Chair

CARLOS M. WATSON
Secretary

HOLLAND COHEN
Member

JOHN O'LOUGHLIN
Member

JACKIE FLOWERS
Director of Utilities

CHRIS ROBINSON
Power Superintendent/COO

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

This page has been left blank intentionally.

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES

SELF-INSURANCE CLAIM FUND

TABLE OF CONTENTS

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.

Management Discussion and Analysis	1
Statements of Net Position (Unaudited)	3
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)	5
Statements of Cash Flows (Unaudited)	6
Equity Distribution (Unaudited)	8
Claims Statistics Summary (Unaudited)	9
Claims Statistics Detail (Unaudited)	10

This page has been left blank intentionally.

Management Discussion and Analysis

As of September 2021, the Self-Insurance fund is reporting an increase to net position of \$388,000 year-to-date compared to an increase of \$54,000 recorded for the same time period in 2020. Total revenues decreased \$394,000 and total expenses decreased \$727,000 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 2021 and 2020 were \$1.1 million and \$1.4 million, 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.

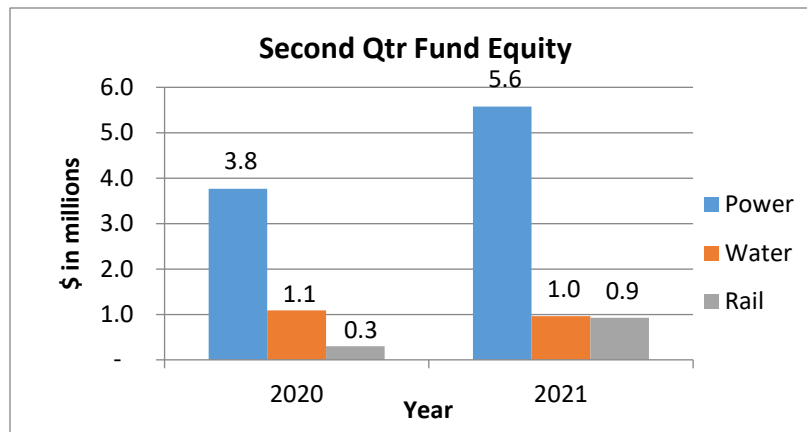
Total expenses at the end of the third quarter of 2021 and 2020 were \$665,000 and \$1.4 million, respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense were \$554,000 in the third quarter of 2021, a decrease of \$739,000 compared to the same quarter of 2020. The decrease is primarily due to the decrease in Rail and the Service Division claims.

Litigation Expense and Settlements in the third quarter of 2021 increased by \$19,000 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 \$8,000 in the third quarter of 2021 compared to the same quarter in 2020.

The Fund's equity was \$7.5 million and \$5.2 million through September 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)
September 30, 2021 and September 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	<u>\$10,686,035</u>	<u>\$10,296,454</u>
TOTAL ASSETS	<u><u>\$10,686,035</u></u>	<u><u>\$10,296,454</u></u>
 NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	<u>\$7,462,190</u>	<u>\$5,153,026</u>
TOTAL NET POSITION	7,462,190	5,153,026
CURRENT LIABILITIES		
Accounts Payable Claims	3,221,961	5,140,358
Accounts Payable Claims Handling	<u>1,884</u>	<u>3,070</u>
TOTAL LIABILITIES	<u>3,223,845</u>	<u>5,143,428</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$10,686,035</u></u>	<u><u>\$10,296,454</u></u>

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

This page has been left blank intentionally.

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

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

	YEAR-TO-DATE					
	September 2021	September 2020	September 2021	September 2020	2021/2020 VARIANCE	PERCENT CHANGE
INCOME						
Premiums	\$126,480	\$153,333	\$1,138,317	\$1,380,000	(\$241,683)	-17.5%
Interest	6,907	11,621	(85,858)	66,110	(151,968)	-229.9%
TOTAL INCOME	133,387	164,954	1,052,459	1,446,110	(393,651)	-27.2%
EXPENSES						
Claims	164,046	(112,511)	554,297	1,293,186	(738,889)	-57.1%
Litigation Expense and Settlements	6,404	747	42,313	23,088	19,225	83.3%
Incidental and Administrative Expense	6,691	6,902	68,038	75,695	(7,657)	-10.1%
TOTAL EXPENSES	177,141	(104,862)	664,648	1,391,969	(727,320)	-52.3%
CHANGE IN NET POSITION	(\$43,754)	\$269,816	387,811	54,141	333,670	616.3%
TOTAL NET POSITION - JANUARY 1			7,074,379	5,098,885	1,975,494	
TOTAL NET POSITION - SEPTEMBER 30			\$7,462,190	\$5,153,026	\$2,309,164	

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, 2021 and September 30, 2020

	YEAR TO DATE	
	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$1,138,317	\$1,380,000
Claims Paid	(429,815)	(159,675)
Administrative and Other Expenses	(109,985)	(122,642)
Net Cash Flows from Operating Activities	598,517	1,097,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(85,858)	66,110
Net Cash Flows from Investing Activities	(85,858)	66,110
Net Change in Cash and Equity Cash and Equity in Pooled Investments	512,659	1,163,793
Cash and Equity in Pooled Investments at January 1	10,173,376	9,132,661
Cash and Equity in Pooled Investments at September 30	<u>\$10,686,035</u>	<u>\$10,296,454</u>

	YEAR TO DATE	
	September 30, 2021	September 30, 2020
Reconciliation of Net Income to Net Cash Flows from Operating Activities:		
Net Income	\$387,811	\$54,141
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income (Expenses)	85,858	(66,110)
Cash from Changes in Operating Assets and Liabilities:		
Accounts Payable Claims	127,157	1,133,513
Accounts Payable Claims Handling	(2,309)	(23,860)
Total Adjustments	210,706	1,043,542
Net Cash Flows from Operating Activities	<u>\$598,517</u>	<u>\$1,097,683</u>

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

Equity Distribution (Unaudited) as of September 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)	778,317	180,000	180,000	1,138,317
Claims (1)	(297,720)	(64,428)	(118,746)	(480,894)
Claims Handling Expense (2)	(34,934)	(112)	(242)	(35,288)
Administrative Expenses (3)	(111,207)	(21,575)	(15,684)	(148,466)
Interest Income (4)	(56,164)	(9,871)	(19,823)	(85,858)
Balance September 30, 2021	<u>\$5,573,572</u>	<u>\$964,960</u>	<u>\$923,658</u>	<u>\$7,462,190</u>

(1) Service divisions' claims of \$73,403 have been deducted from this area.

(2) Service divisions' claims handling of \$7,025 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 \$80,428 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)
September 30, 2021

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

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division	Total
Over \$5,000	3	7	1	2	13
\$1,001 - 5,000	9	6	1	2	18
\$501 - 1,000	3	19	-	-	22
\$100 - 500	3	24	-	1	28
Less than \$100	1	1	-	-	2
	19	57	2	5	83
Total Dollar Amount of Claims Paid	\$78,206	\$227,533	\$50,468	\$73,608	\$429,815

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2021

Over \$50,000	3	-	3	1	7
\$10,000 - 50,000	6	5	3	-	14
Less than \$10,000	162	71	9	-	242
	171	76	15	1	263
Total Dollar Amount Accrued for Known Claims	\$981,600	\$171,520	\$1,276,449	\$350,844	\$2,780,413
Total Dollar Amount Accrued for Unknown Claims	\$202,243	\$51,088	\$184,832	\$3,385	\$441,548
Total Dollar Amount Accrued for All Claims	\$1,183,843	\$222,608	\$1,461,281	\$354,229	\$3,221,961

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

Claims Statistics Detail (Unaudited)
September 30, 2021

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

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	2	7	1	-
\$1,001 - 5,000	9	6	1	1
\$501 - 1,000	2	19	-	-
\$100 - 500	3	23	-	-
Less than \$100	1	1	-	-
	17	56	2	1
Total Dollar Amount of Claims Paid	\$61,281	\$227,287	\$50,468	\$1,050
Average Dollar Amount of Claims Paid	\$3,605	\$4,059	\$25,234	\$1,050

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2021

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	3	-	3	1
\$10,000 - 50,000	5	5	3	-
Less than \$10,000	143	61	4	-
	151	66	10	1
Total Dollar Amount Accrued for Known Claims	\$939,400	\$159,520	\$1,261,699	\$350,844
Total Dollar Amount Accrued for Unknown Claims	\$202,243	\$51,088	\$184,832	\$3,385
Total Dollar Amount Accrued for All Claims	\$1,141,643	\$210,608	\$1,446,531	\$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	Service Division
1	-	-	2	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	1	-	1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2	1	-	4	-	-	-	-	-	-
\$16,925	\$246	-	\$72,558	-	-	-	-	-	-
\$8,463	\$246	-	\$18,140	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
19	10	5	-	-	-	-	-	-	-
20	10	5	-	-	-	-	-	-	-
\$42,200	\$12,000	\$14,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$42,200	\$12,000	\$14,750	-	-	-	-	-	-	-



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.