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*MARCH*

*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 March 2021, the Self-Insurance fund is reporting an increase to net position of \$76,000 year-to-date compared to an increase of \$130,000 recorded for the same time period in 2020. Total revenues decreased \$200,000 and total expenses decreased \$145,000 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 2021 and 2020 were \$249,000 and \$449,000, respectively. The decrease in revenue is mainly due to the decrease in 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.

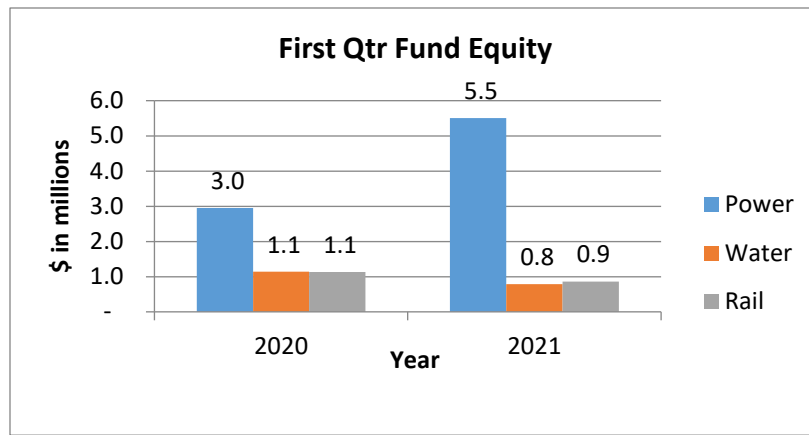
Total expenses at the end of the first quarter of 2021 and 2020 were \$174,000 and \$319,000 , respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense was \$140,000 in the first quarter of 2021, a decrease of \$145,000 compared to the first quarter of 2020. The decrease is primarily due to the decrease in Service Division claims.

Litigation Expense and Settlements in the first quarter of 2021 increased by \$5,000 compared to the same quarter in 2020, primarily due to the increase in handling expenses for the Service Division.

Incidental and Administrative Expense decreased by \$5,000 in the first quarter of 2021 compared to the same quarter in 2020.

The Fund's equity was \$7.2 million and \$5.3 million through March 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)  
 March 31, 2021 and March 31, 2010

	2021	2020
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Equity in Pooled Investments	\$10,229,686	\$9,485,531
<b>TOTAL ASSETS</b>	<b>\$10,229,686</b>	<b>\$9,485,531</b>
 <b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Restricted:		
Interfund Contributions	\$7,150,198	\$5,229,378
TOTAL NET POSITION	7,150,198	5,229,378
<b>CURRENT LIABILITIES</b>		
Accounts Payable Claims	3,077,604	4,253,847
Accounts Payable Claims Handling	1,884	2,306
TOTAL LIABILITIES	3,079,488	4,256,153
<b>TOTAL NET POSITION AND LIABILITIES</b>	<b>\$10,229,686</b>	<b>\$9,485,531</b>

*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)  
 March 31, 2021 and March 31, 2020

			YEAR-TO-DATE		2021/2020 VARIANCE	PERCENT CHANGE
	March 2021	March 2020	March 2021	March 2020		
<b>INCOME</b>						
Premiums	\$126,480	\$153,333	\$379,439	\$460,000	(80,561)	-17.5%
Interest	8,283	14,132	(130,026)	(10,749)	(119,277)	-1109.7%
<b>TOTAL INCOME</b>	<b>134,763</b>	<b>167,465</b>	<b>249,413</b>	<b>449,251</b>	<b>(199,838)</b>	<b>-44.5%</b>
<b>EXPENSES</b>						
Claims	128,198	262,610	140,059	285,584	(145,525)	-51.0%
Litigation Expense and Settlements	4,125	-	5,784	518	5,266	1016.6%
Incidental and Administrative Expense	6,796	7,053	27,751	32,656	(4,905)	-15.0%
<b>TOTAL EXPENSES</b>	<b>139,119</b>	<b>269,663</b>	<b>173,594</b>	<b>318,758</b>	<b>(145,164)</b>	<b>-45.5%</b>
<b>CHANGE IN NET POSITION</b>	<b><u>(\$4,356)</u></b>	<b><u>(\$102,198)</u></b>	75,819	130,493	(54,674)	-41.9%
<b>TOTAL NET POSITION - JANUARY 1</b>			<b><u>7,074,379</u></b>	<b><u>5,098,885</u></b>	<b><u>1,975,494</u></b>	
<b>TOTAL NET POSITION - MARCH 31</b>			<b><u>\$7,150,198</u></b>	<b><u>\$5,229,378</u></b>	<b><u>\$1,920,820</u></b>	

*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, 2021 and March 31, 2020

	YEAR TO DATE	
	March 31, 2021	March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Received	\$379,439	\$460,000
Claims Paid	(157,258)	(38,583)
Administrative and Other Expenses	(35,845)	(57,798)
Net Cash Flows from Operating Activities	186,336	363,619
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	(130,026)	(10,749)
Net Cash Flows from Investing Activities	(130,026)	(10,749)
Net Change in Cash and Equity Cash and Equity in Pooled Investments	56,309	352,870
Cash and Equity in Pooled Investments at January 1	10,173,376	9,132,661
Cash and Equity in Pooled Investments at March 31	\$10,229,686	\$9,485,531

	YEAR TO DATE	
	March 31, 2021	March 31, 2020
<b>Reconciliation of Net Income to Net Cash Flows from Operating Activities:</b>		
Net Income	\$75,819	\$130,493
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income (Expenses)	130,026	10,749
Cash from Changes in Operating Assets and Liabilities:		
Accounts Payable Claims	(17,200)	247,001
Accounts Payable Claims Handling	(2,309)	(24,624)
Total Adjustments	<u>110,517</u>	<u>233,126</u>
Net Cash Flows from Operating Activities	<u>\$186,336</u>	<u>\$363,619</u>

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

Equity Distribution (Unaudited) as of March 31, 2021

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2021	\$5,295,280	\$880,946	\$898,153	\$7,074,379
Contributions (Premiums)	259,439	60,000	60,000	379,439
Claims (1)	7,022	(29,623)	(48,468)	(71,069)
Claims Handling Expense (2)	-	(35)	-	(35)
Administrative Expenses (3)	25,931	(109,505)	(18,916)	(102,490)
Interest Income (4)	<u>(84,907)</u>	<u>(15,463)</u>	<u>(29,656)</u>	<u>(130,026)</u>
Balance March 31, 2021	<u>\$5,502,765</u>	<u>\$786,320</u>	<u>\$861,113</u>	<u>\$7,150,198</u>

(1) Service divisions' claims of \$68,990 have been deducted from this area.

(2) Service divisions' claims handling of \$5,749 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 \$74,739 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, 2021

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2021)**

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division	Total
Over \$5,000	-	1	1	2	4
\$1,001 - 5,000	3	2	1	-	6
\$501 - 1,000	2	2	-	-	4
\$100 - 500	-	4	-	1	5
Less than \$100	-	-	-	-	-
	<u>5</u>	<u>9</u>	<u>2</u>	<u>3</u>	<u>19</u>
Total Dollar Amount of Claims Paid	\$10,377	\$27,423	\$50,468	\$68,990	\$157,258

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2021**

Over \$50,000	2	1	2	1	6
\$10,000 - 50,000	5	4	3	-	12
Less than \$10,000	157	70	10	-	237
	<u>164</u>	<u>75</u>	<u>15</u>	<u>1</u>	<u>255</u>
Total Dollar Amount Accrued for Known Claims	\$743,061	\$336,825	\$1,206,170	\$350,000	\$2,636,056
Total Dollar Amount Accrued for Unknown Claims	<u>\$202,243</u>	<u>\$51,088</u>	<u>\$184,832</u>	<u>\$3,385</u>	<u>\$441,548</u>
Total Dollar Amount Accrued for All Claims	<u>\$945,304</u>	<u>\$387,913</u>	<u>\$1,391,002</u>	<u>\$353,385</u>	<u>\$3,077,604</u>

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

Claims Statistics Detail (Unaudited)  
 March 31, 2021

**NUMBER OF CLAIMS PAID (JANUARY 1 - MARCH 31, 2021)**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	-	1	1	-
\$1,001 - 5,000	3	2	1	-
\$501 - 1,000	1	2	-	-
\$100 - 500	-	4	-	-
Less than \$100	-	-	-	-
	<u>4</u>	<u>9</u>	<u>2</u>	<u>-</u>
Total Dollar Amount of Claims Paid	\$9,714	\$27,423	\$50,468	-
Average Dollar Amount of Claims Paid	\$2,429	\$3,047	\$25,234	-

**NUMBER OF CLAIMS ACCRUED AT MARCH 31, 2021**

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	2	1	2	1
\$10,000 - 50,000	4	4	3	-
Less than \$10,000	140	61	4	-
	<u>146</u>	<u>66</u>	<u>9</u>	<u>1</u>
Total Dollar Amount Accrued for Known Claims	\$700,861	\$324,825	\$1,191,420	\$350,000
Total Dollar Amount Accrued for Unknown Claims	<u>\$202,243</u>	<u>\$51,088</u>	<u>\$184,832</u>	<u>\$3,385</u>
Total Dollar Amount Accrued for All Claims	<u>\$903,104</u>	<u>\$375,913</u>	<u>\$1,376,252</u>	<u>\$353,385</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
-	-	-	2	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1	-	-	3	-	-	-	-	-	-
\$663	-	-	\$68,990	-	-	-	-	-	-
\$663	-	-	\$22,997	-	-	-	-	-	-

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	-	-	-	-	-	-	-



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.