
JUNE

SELF-INSURANCE CLAIM FUND

2022

**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 2022, the Self-Insurance fund is reporting an increase to net position of \$451,000 year-to-date compared to an increase of \$202,000 recorded for the same time period in 2021. Total revenues increased \$147,000 and total expenses decreased \$102,000 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 second quarter of 2022 and 2021 were \$798,000 and \$652,000, respectively. The increase in revenue is due to the increase in interest income in 2022.

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.

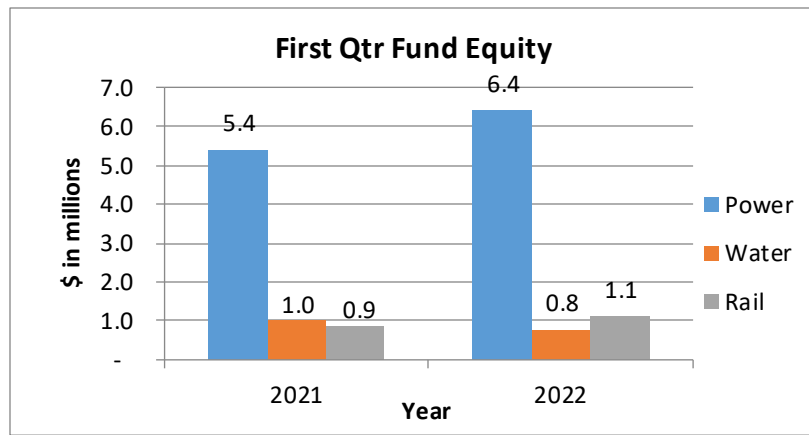
Total expenses at the end of the second quarter of 2022 and 2021 were \$348,000 and \$450,000, respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result of adjustments to the liability where expected claims were accrued in one quarter and subsequently denied or revised in the next quarter.

Claims expense were \$301,000 in the second quarter of 2022, a decrease of \$76,000 compared to the same quarter of 2021. The decrease is primarily due to the decrease in Power, Rail, and Support Service claims.

Litigation Expense and Settlements in the second quarter of 2022 decreased by \$23,000 compared to the same quarter in 2021, primarily due to the decrease in handling expenses for the Service Division.

Incidental and Administrative Expense decreased by \$3,000 in the second quarter of 2022 compared to the same quarter in 2021.

The Fund's equity was \$8.3 million and \$7.3 million through June of 2022 and 2021, 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, 2022 and June 31, 2021

	2022	2021
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$11,247,506	\$10,422,708
TOTAL ASSETS	\$11,247,506	\$10,422,708
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$8,345,167	\$7,276,650
TOTAL NET POSITION	8,345,167	7,276,650
CURRENT LIABILITIES		
Accounts Payable Claims	2,898,376	3,144,174
Accounts Payable Claims Handling	3,963	1,884
TOTAL LIABILITIES	2,902,339	3,146,058
TOTAL NET POSITION AND LIABILITIES	\$11,247,506	\$10,422,708

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, 2022 and June 30, 2021

			YEAR-TO-DATE		2022/2021 VARIANCE	PERCENT CHANGE
	June 2022	June 2021	June 2022	June 2021		
INCOME						
Premiums	\$126,480	\$126,480	\$758,878	\$758,878	\$0	0.0%
Interest	10,738	7,116	39,438	(107,105)	146,543	136.8%
TOTAL INCOME	137,218	133,596	798,316	651,773	146,543	22.5%
EXPENSES						
Claims	100,936	179,090	300,763	377,150	(76,387)	-20.3%
Litigation Expense and Settlements	-	14,883	2,995	25,953	(22,958)	-88.5%
Incidental and Administrative Expense	6,761	5,553	43,890	46,399	(2,509)	-5.4%
TOTAL EXPENSES	107,697	199,526	347,648	449,502	(101,854)	-22.7%
CHANGE IN NET POSITION	\$29,521	(\$65,930)	450,668	202,271	248,397	122.8%
TOTAL NET POSITION - JANUARY 1			7,894,499	7,074,379	820,120	
TOTAL NET POSITION - JUNE 30			\$8,345,167	\$7,276,650	\$1,068,517	

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, 2022 and June 30, 2021

	YEAR TO DATE	
	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$758,878	\$758,878
Claims Paid	(470,660)	(327,779)
Administrative and Other Expenses	(44,805)	(74,662)
Net Cash Flows from Operating Activities	243,413	356,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	39,438	(107,105)
Net Cash Flows from Investing Activities	39,438	(107,105)
Net Change in Cash and Equity Cash and Equity in Pooled Investments	282,851	249,332
Cash and Equity in Pooled Investments at January 1	10,964,655	10,173,376
Cash and Equity in Pooled Investments at June 30	\$11,247,506	\$10,422,708

	YEAR TO DATE	
	June 30, 2022	June 30, 2021
Reconciliation of Net Income to Net Cash Flows from Operating Activities:		
Net Income	\$450,668	\$202,271
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income (Expenses)	(39,438)	107,105
Cash from Changes in Operating Assets and Liabilities:		
Accounts Payable Claims	(169,896)	49,371
Accounts Payable Claims Handling	2,079	(2,309)
Total Adjustments	<u>(207,255)</u>	<u>154,166</u>
Net Cash Flows from Operating Activities	<u>\$243,413</u>	<u>\$356,437</u>

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

Equity Distribution (Unaudited) as of June 30, 2022

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2022	\$5,997,327	\$841,229	\$1,055,943	\$7,894,499
Contributions (Premiums)	518,878	120,000	120,000	758,878
Claims (1)	(144,480)	(294,179)	(38,662)	(477,321)
Claims Handling Expense	(733)	-	(2,262)	(2,995)
Administrative Expenses (2)	45,081	91,327	(3,740)	132,668
Interest Income (3)	26,158	4,248	9,032	39,438
Balance June 30, 2022	<u>\$6,442,231</u>	<u>\$762,625</u>	<u>\$1,140,311</u>	<u>\$8,345,167</u>

(1) Service divisions' claims of \$176,558 have been added to this area.

(2) Service divisions' claims handling of \$176,558 have been deducted from 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.

(3) 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, 2022

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2022)

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Divison	Total
Over \$5,000	6	4	-	2	12
\$1,001 - 5,000	6	11	1	2	20
\$501 - 1,000	2	9	1	-	12
\$100 - 500	1	10	-	3	14
Less than \$100	1	-	-	-	1
	16	34	2	7	59
Total Dollar Amount of Claims Paid	\$119,631	\$161,679	\$5,064	\$184,286	\$470,660

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2022

Over \$50,000	2	1	2	-	5
\$10,000 - 50,000	7	4	3	-	14
Less than \$10,000	159	69	10	-	238
	168	74	15	-	257
Total Dollar Amount Accrued for Known Claims	\$828,661	\$389,460	\$1,241,070	-	\$2,459,191
Total Dollar Amount Accrued for Unknown Claims	\$184,178	\$58,471	\$192,609	\$3,927	\$439,185
Total Dollar Amount Accrued for All Claims	\$1,012,839	\$447,931	\$1,433,679	\$3,927	\$2,898,376

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

Claims Statistics Detail (Unaudited)
 June 30, 2022

NUMBER OF CLAIMS PAID (JANUARY 1 - JUNE 30, 2022)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	6	4	-	-
\$1,001 - 5,000	6	11	-	1
\$501 - 1,000	2	9	1	-
\$100 - 500	1	10	-	2
Less than \$100	-	-	-	-
	15	34	1	3
Total Dollar Amount of Claims Paid	\$123,407	\$161,679	\$544	\$1,500
Average Dollar Amount of Claims Paid	\$8,227	\$4,755	\$544	\$500

NUMBER OF CLAIMS ACCRUED AT JUNE 30, 2022

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	2	1	2	-
\$10,000 - 50,000	6	4	3	-
Less than \$10,000	142	60	4	-
	150	65	9	-
Total Dollar Amount Accrued for Known Claims	\$701,761	\$382,460	\$1,239,570	-
Total Dollar Amount Accrued for Unknown Claims	\$184,178	\$58,471	\$192,609	\$3,927
Total Dollar Amount Accrued for All Claims	\$885,939	\$440,931	\$1,432,179	\$3,927

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	-	-	-	-	-	-	-	-	-
1	-	1	4	-	-	-	-	-	-
(\$3,776)	-	\$4,520	\$182,786	-	-	-	-	-	-
(\$3,776)	-	\$4,520	\$45,697	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
17	9	6	-	-	-	-	-	-	-
18	9	6	-	-	-	-	-	-	-
\$126,900	\$7,000	\$1,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$126,900	\$7,000	\$1,500	-	-	-	-	-	-	-



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