
SEPTEMBER

SELF-INSURANCE CLAIM FUND

2020

**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 2020, the Self-Insurance fund is reporting a net gain of \$54,000 year-to-date in 2020 compared to a net gain of \$2.1 million recorded for the same time period in 2019. Total revenues decreased \$105,000, while total expenses increased \$1.9 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 2020 and 2019 were \$1.4 million and \$1.6 million respectively. The decrease in revenue is due to the decrease in interest income in 2020.

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.

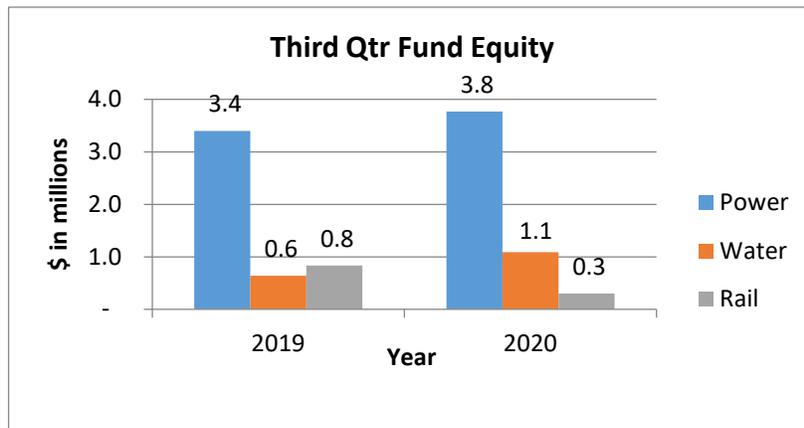
Total expenses at the end of the third quarter of 2020 and 2019 were \$1.4 million and a negative \$504,000 respectively. The change in expenses from year-to-year is primarily due to adjustments in expected future claims and developments accrued by the Fund. Negative claims expense is generally the result 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 \$1.3 million in the third quarter of 2020, an increase of \$2.2 million (241.3%) compared to the third quarter of 2019. This is primarily due to the increase of \$1.1 million, \$632,000, and \$365,000 in Rail, Power, and Service Division claims respectively.

Litigation Expense and Settlements in the third quarter of 2020 decreased by \$300,000 (92.9%) compared to the same quarter in 2019, primarily due to the decrease of \$277,000 in handling expenses for Power.

Incidental and Administrative Expense decreased by \$12,000 (13.8%) in the third quarter of 2020 compared to the same quarter in 2019.

The Fund's equity was \$5.2 million and \$4.8 million through September of 2020 and 2019 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, 2020 and September 30, 2019

	2020	2019
ASSETS		
CURRENT		
Cash and Equity in Pooled Investments	\$10,296,454	\$8,638,111
TOTAL ASSETS	\$10,296,454	\$8,638,111
NET POSITION AND LIABILITIES		
NET POSITION		
Restricted:		
Interfund Contributions	\$5,153,026	\$4,751,439
TOTAL NET POSITION	5,153,026	4,751,439
CURRENT LIABILITIES		
Accounts Payable Claims	5,140,358	3,871,719
Accounts Payable Claims Handling	3,070	14,953
TOTAL LIABILITIES	5,143,428	3,886,672
TOTAL NET POSITION AND LIABILITIES	\$10,296,454	\$8,638,111

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, 2020 and September 30, 2019

	<u>September 2020</u>	<u>September 2019</u>
INCOME		
Premiums	\$153,333	\$153,333
Interest	<u>11,621</u>	<u>15,167</u>
 TOTAL INCOME	 164,954	 168,500
 EXPENSES		
Claims	(112,511)	(849,954)
Litigation Expense and Settlements	747	26,324
Incidental and Administrative Expense	<u>6,902</u>	<u>7,316</u>
 TOTAL EXPENSES	 <u>(104,862)</u>	 <u>(816,314)</u>
 CHANGE IN NET POSITION	 <u>\$269,816</u>	 <u>\$984,814</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - SEPTEMBER 30		

YEAR-TO-DATE			
September 2020	September 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$1,380,000	\$1,380,000	-	0.0%
66,110	171,439	(105,329)	-61.4%
1,446,110	1,551,439	(105,329)	-6.8%
1,293,186	(915,458)	2,208,644	241.3%
23,088	323,344	(300,256)	-92.9%
75,695	87,804	(12,109)	-13.8%
1,391,969	(504,310)	1,896,278	376.0%
54,141	2,055,749	(2,001,608)	-97.4%
5,098,885	2,695,690	2,403,195	
\$5,153,026	4,751,439	\$401,587	

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, 2020 and September 30, 2019

	YEAR TO DATE	
	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Received	\$1,380,000	\$1,380,000
Claims Paid	(159,675)	(572,292)
Administrative and Other Expenses	(122,642)	(208,689)
Net Cash Flows from Operating Activities	1,097,683	599,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	66,110	171,439
Net Cash Flows from Investing Activities	66,110	171,439
Net Change in Cash and Equity Cash and Equity in Pooled Investments	1,163,793	770,458
Cash and Equity in Pooled Investments at January 1	9,132,661	7,867,653
Cash and Equity in Pooled Investments at September 30	\$10,296,454	\$8,638,111

	YEAR TO DATE	
	September 30, 2020	September 30, 2019
Reconciliation of Net Income (Loss) to Net Cash Flows from Operating Activities:		
Net Income (Loss)	\$54,141	\$2,055,749
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows from Operating Activities:		
Interest Income	(66,110)	(171,439)
Cash from Changes in Operating Assets and Liabilities:		
Interdivision Payable	-	(10,610)
Accounts Payable Claims	1,133,513	(1,287,751)
Accounts Payable Claims Handling	(23,860)	13,070
Total Adjustments	<u>1,043,542</u>	<u>(1,456,730)</u>
Net Cash Flows from Operating Activities	<u>\$1,097,683</u>	<u>\$599,019</u>

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

Equity Distribution (Unaudited) as of September 30, 2020

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2020	\$3,414,539	\$695,989	\$988,357	\$5,098,885
Contributions (Premiums)	750,000	180,000	450,000	1,380,000
Claims (1)	238,373	(96,281)	(1,066,959)	(924,867)
Claims Handling Expense (2)	(16,819)	(5,068)	(35)	(21,922)
Administrative Expenses (3)	(663,297)	303,422	(85,305)	(445,180)
Interest Income (4)	45,053	9,274	11,783	66,110
Balance September 30, 2020	<u>\$3,767,849</u>	<u>\$1,087,336</u>	<u>\$297,841</u>	<u>\$5,153,026</u>

(1) Service divisions' claims of \$368,319 have been deducted from this area.

(2) Service divisions' claims handling of \$1,166 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 \$369,485 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, 2020

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2020)

	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division	Total
Over \$5,000	4	3	1	1	9
\$1,001 - 5,000	10	5	1	-	16
\$501 - 1,000	3	3	-	1	7
\$100 - 500	2	1	-	1	4
Less than \$100	1	1	-	1	3
	<u>20</u>	<u>13</u>	<u>2</u>	<u>4</u>	<u>39</u>
Total Dollar Amount of Claims Paid	\$76,115	\$56,281	\$8,959	\$18,320	\$159,675

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2020

Over \$50,000	10	1	2	1	14
\$10,000 - 50,000	8	2	3	-	13
Less than \$10,000	236	86	8	1	331
	<u>254</u>	<u>89</u>	<u>13</u>	<u>2</u>	<u>358</u>
Total Dollar Amount Accrued for Known Claims	\$2,920,129	\$257,476	\$1,275,869	\$350,500	\$4,803,974
Total Dollar Amount Accrued for Unknown Claims	<u>\$87,756</u>	<u>\$49,851</u>	<u>\$198,267</u>	<u>\$510</u>	<u>\$336,384</u>
Total Dollar Amount Accrued for All Claims	<u>\$3,007,885</u>	<u>\$307,327</u>	<u>\$1,474,136</u>	<u>\$351,010</u>	<u>\$5,140,358</u>

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

Claims Statistics Detail (Unaudited)
 September 30, 2020

NUMBER OF CLAIMS PAID (JANUARY 1 - SEPTEMBER 30, 2020)

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$5,000	2	2	-	-
\$1,001 - 5,000	6	5	-	-
\$501 - 1,000	3	3	-	-
\$100 - 500	1	1	-	-
Less than \$100	1	1	-	1
	13	12	-	1
Total Dollar Amount of Claims Paid	\$24,230	\$48,667	-	\$30
Average Dollar Amount of Claims Paid	\$1,864	\$4,056	-	\$30

NUMBER OF CLAIMS ACCRUED AT SEPTEMBER 30, 2020

Range	Non-Vehicular Bodily Injury/Property Damage			
	Tacoma Power	Tacoma Water	Tacoma Rail	Service Division
Over \$50,000	10	1	2	1
\$10,000 - 50,000	7	2	3	-
Less than \$10,000	217	76	3	1
	234	79	8	2
Total Dollar Amount Accrued for Known Claims	\$2,872,629	\$238,476	\$1,263,119	\$350,500
Total Dollar Amount Accrued for Unknown Claims	87,756	49,851	198,267	510
Total Dollar Amount Accrued for All Claims	\$2,960,385	\$288,327	\$1,461,386	\$351,010

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	-	-	-	-	-	-
4	-	1	-	-	-	-	-	-	-
-	-	-	1	-	-	-	-	-	-
1	-	-	1	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7	1	2	3	-	-	-	-	-	-
\$51,885	\$7,614	8,959	\$18,290	-	-	-	-	-	-
\$7,412	\$7,614	\$4,480	\$6,097	-	-	-	-	-	-

Vehicular Bodily Injury/Property Damage				Hazardous Waste		Contract/Harassment			
-	-	-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-	-	-
19	10	5	-	-	-	-	-	-	-
20	10	5	-	-	-	-	-	-	-
\$47,500	\$19,000	\$12,750	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$47,500	\$19,000	\$12,750	-	-	-	-	-	-	-



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.