
MARCH

FLEET SERVICES FUND

2020

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

KAREN LARKIN

Chair

BRYAN FLINT

Vice-Chair

MARK PATTERSON

Secretary

CHRISTINE COOLEY

Member

CARLOS M. WATSON

Member

JACKIE FLOWERS

Director of Utilities

DON ASHMORE

Utilities Fleet Manager

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

FLEET SERVICES 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 Analysis1

Statements of Net Position (Unaudited).....3

Statements of Revenues, Expenses and Changes in Net Position (Unaudited).....5

Statements of Cash Flows (Unaudited).....7

Equity Distribution (Unaudited).....9

Supplemental Data 10

Management Discussion and Analysis

Fleet Services is reporting a net operating loss of \$143,000 year-to-date 2020 compared to a net gain of \$29,000 recorded for the same time period in 2019. Operating revenues decreased \$18,000 and expenses increased \$153,000 respectively, resulting in a net decrease in operating income of \$172,000 compared to 2019.

Revenues

Fleet Services operating revenue is comprised of five categories: Maintenance, Capital Recovery, Administrative Overhead, Fuel and Fuel Loading, and Pool Car Rentals. Operating revenues were \$2.0 million at the end of the 1st quarter of both 2020 and 2019.

Maintenance revenues are mainly related to staff labor and were \$724,000 and \$742,000 at the end of the first quarter of both 2020 and 2019 respectively.

Capital Recovery revenues are collected on each vehicle and piece of equipment based on anticipated equipment replacement needs for each business unit. Capital recovery revenues were \$895,000 and \$911,000 in 2020 and 2019 respectively.

Administrative Overhead revenue is the fee charged for each vehicle that is in service. The number of vehicles in service varies from month to month and the rate can vary based on type of vehicle. Administrative Overhead revenue was \$354,000 and \$340,000 in 2020 and 2019 respectively.

Fuel and Fuel Loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$16,000 and \$14,000 in 2020 and 2019 respectively.

Pool Car Rental revenues are based on usage and were \$26,000 and \$27,000 for 2020 and 2019 respectively.

Expenses

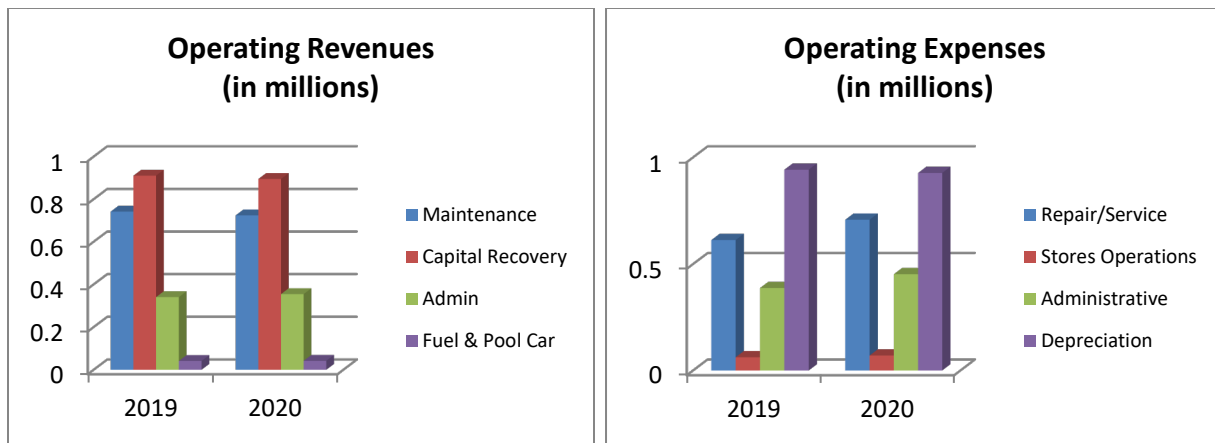
Fleet Services operating expenses are comprised of four major categories: Repairs and Servicing, Stores Operations, Administration and Depreciation. Fleet Services expenses were \$2.2 million and \$2.0 million year-to-date through the first quarter of 2020 and 2019 respectively.

Repairs and Servicing expense relates to shop operations which provide preventive and corrective maintenance and repairs to vehicles and pieces of equipment for Tacoma Public Utilities and other service groups. Repairs and Servicing expenses were \$708,000 and \$613,000 for 2020 and 2019 respectively. The overall increase is related to increases in the cost of parts.

Stores Operations expense is a parts warehouse maintained by Fleet which had expenses of \$70,000 and \$62,000 in 2020 and 2019 respectively.

Administration expenses were \$453,000 and \$387,000 in 2020 and 2019 respectively. The increase is primarily related to the addition of new staff.

Depreciation expense was \$927,000 and \$942,000 in 2020 and 2019 respectively.



Non-Operating Revenues (Expenses)

Interest expense was \$73,000 and interest income was \$109,000 for the first quarters of 2020 and 2019 respectively. This is primarily due to the reversal of the 2019 GASB 31 Gain/ Loss entry.

There was a gain on disposition of equipment for the first quarter of 2020 of \$5,000 compared to no disposition of equipment in 2019 for the same time period.

Request for Information

Fleet Services Fund 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
Fleet Services Fund

Statements of Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	48,361,883	47,942,365
Power-Operated Equipment	16,309,867	16,702,090
Accumulated Depreciation	<u>(40,996,274)</u>	<u>(39,496,538)</u>
Total Fixed Assets .	25,011,788	26,484,229
Construction Work in Progress	<u>2,265,746</u>	<u>816,740</u>
Net Fixed Assets	27,277,534	27,300,969
CURRENT		
Current Fund Cash & Equity in Pooled Investments	16,190,605	16,330,792
Interdivision Receivable	-	(252)
Materials and Supplies	<u>383,228</u>	<u>340,761</u>
Total Current Assets	16,573,833	16,671,301
OTHER ASSETS		
Net Pension Asset	<u>-</u>	<u>367,979</u>
TOTAL ASSETS	<u>43,851,367</u>	<u>44,340,249</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	<u>1,213,509</u>	<u>471,904</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$45,064,876</u></u>	<u><u>\$44,812,153</u></u>

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

	2020	2019
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$27,277,534	\$27,300,969
Restricted for:		
Tacoma Power	18,095,346	18,095,346
Tacoma Water	7,199,933	7,199,933
Tacoma Rail	981,147	981,147
Net Pension Asset	-	367,979
Unrestricted	(12,750,825)	(10,544,535)
TOTAL NET POSITION	40,803,135	43,400,839
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	168,248	458,121
Wages Payable	151,589	120,364
Interdivision Payable	-	(252)
Total Current Liabilities	319,837	578,233
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	226,663	206,696
Net Pension Liability	1,025,298	-
Other Long-Term Liabilities	2,555,220	-
Total Long-Term Liabilities	3,807,181	206,696
TOTAL LIABILITIES	4,127,018	784,929
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	134,723	626,385
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$45,064,876	\$44,812,153

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	MARCH 2020	MARCH 2019
OPERATING REVENUE		
Maintenance Revenue	\$295,160	\$286,972
Capital Recovery	290,514	702,761
Administrative Overhead	117,142	113,843
Fuel and Fuel Loading	4,805	4,915
Pool Car Rental	7,531	12,036
Total Operating Revenue	715,152	1,120,527
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	235,690	193,345
Outside Services	173	192
Total Repairs and Servicing	235,863	193,537
Stores Operations	21,783	23,183
Administration	158,174	129,575
Depreciation	308,643	317,506
Total Operating Expenses	724,463	663,801
OPERATING INCOME	(9,311)	456,726
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	15,580	10,625
Gain (Loss) on Disposition of Equipment	-	-
Total Non-Operating Revenues (Expenses)	15,580	10,625
CHANGE IN NET POSITION	\$6,269	\$467,351
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

YEAR TO DATE			
MARCH 2020	MARCH 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$724,077	\$741,643	(\$17,566)	-2.4%
894,923	910,552	(15,629)	-1.7%
354,430	340,363	14,067	4.1%
15,562	14,056	1,506	10.7%
26,386	27,202	(816)	-3.0%
2,015,378	2,033,816	(18,438)	-0.9%
689,393	612,292	77,101	12.6%
18,484	405	18,079	4464.0%
707,877	612,697	95,180	15.5%
70,344	62,112	8,232	13.3%
452,581	387,496	65,085	16.8%
927,107	942,321	(15,214)	-1.6%
2,157,909	2,004,626	153,283	7.6%
(142,531)	29,190	(171,721)	-588.3%
(73,309)	108,658	(181,967)	-167.5%
4,775	-	4,775	N/A
(68,534)	108,658	(177,192)	-163.1%
(211,065)	137,848	(\$348,913)	-253.1%
41,014,200	43,262,991		
<u>\$40,803,135</u>	<u>\$43,400,839</u>		

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

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Statements of Cash Flows (Unaudited)
March 31, 2020 and March 31, 2019

	YEAR TO DATE	
	MARCH 31, 2020	MARCH 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$2,216,156	\$2,600,657
Cash Paid to Suppliers	(1,677,940)	(453,560)
Cash Paid to Employees	(830,672)	(734,104)
Net Cash From Operating Activities	(292,456)	1,412,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(416,350)	(1,275,929)
Disposition of Equipment/Scrap	4,775	-
Net Cash From Financing Activities	(411,575)	(1,275,929)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	(73,309)	108,658
Net Cash From Investing Activities	(73,309)	108,658
Net Change in Cash and Equity in Pooled Investments	(777,340)	245,722
Cash and Equity in Pooled Investments at January 1	16,967,945	16,085,070
Cash and Equity in Pooled Investments at March 31	\$16,190,605	\$16,330,792

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

	YEAR TO DATE	
	MARCH 31, 2020	MARCH 31, 2019
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	(\$142,531)	\$29,190
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization	927,107	942,321
Accounts Receivable	200,778	184,049
Interdivision Receivable	-	382,793
Materials and Supplies	(3,705)	17,307
Accounts Payable & Other	(1,329,654)	(179,679)
Interdivision Payable	-	(330)
Absences Payable	55,549	37,342
Total Adjustments	(149,925)	1,383,803
Net Cash from Operating Activities	(\$292,456)	\$1,412,993

City of Tacoma, Washington
Department of Public Utilities
Fleet Services Fund

Equity Distribution (Unaudited)
As of March 31, 2020

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2020	\$26,037,747	\$13,631,688	\$1,344,765	\$41,014,200
Contributions During Year	-	-	-	-
Equity Contributions at March 31, 2020	26,037,747	13,631,688	1,344,765	41,014,200
Current Year Operations:				
Total Operating Revenue *	1,279,457	669,841	66,080	2,015,378
Less: Repairs & Servicing Expense *	449,393	235,274	23,210	707,877
Admin and Stores Operations Expense **	382,280	122,139	18,506	522,925
Depreciation Expense	664,287	229,541	33,279	927,107
Total Expenses	1,495,960	586,954	74,995	2,157,909
Net Operating Revenue	(216,503)	82,887	(8,915)	(142,531)
Add: Other Income ***	(43,505)	(22,781)	(2,248)	(68,534)
Net Operating Results	(260,008)	60,106	(11,163)	(211,065)
Total Equity	\$25,777,739	\$13,691,794	\$1,333,602	\$40,803,135

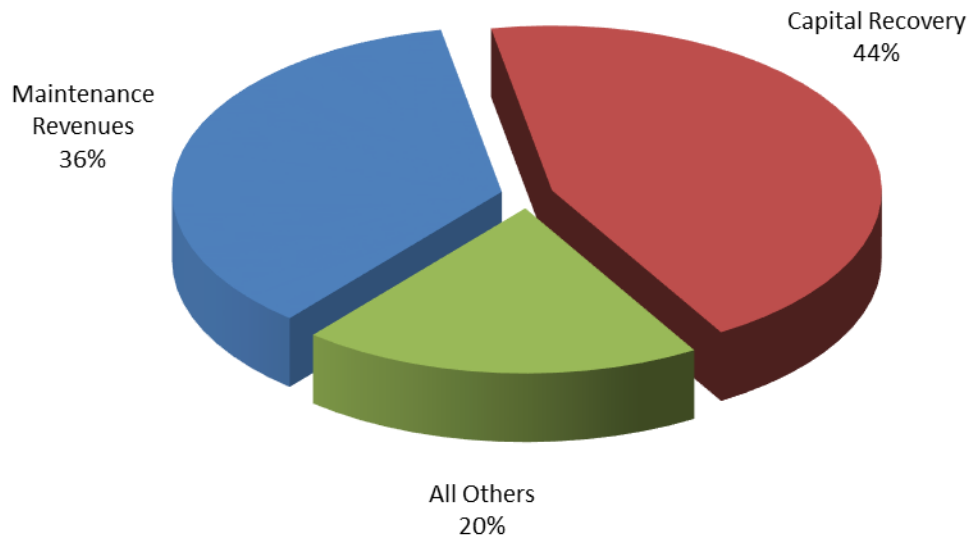
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

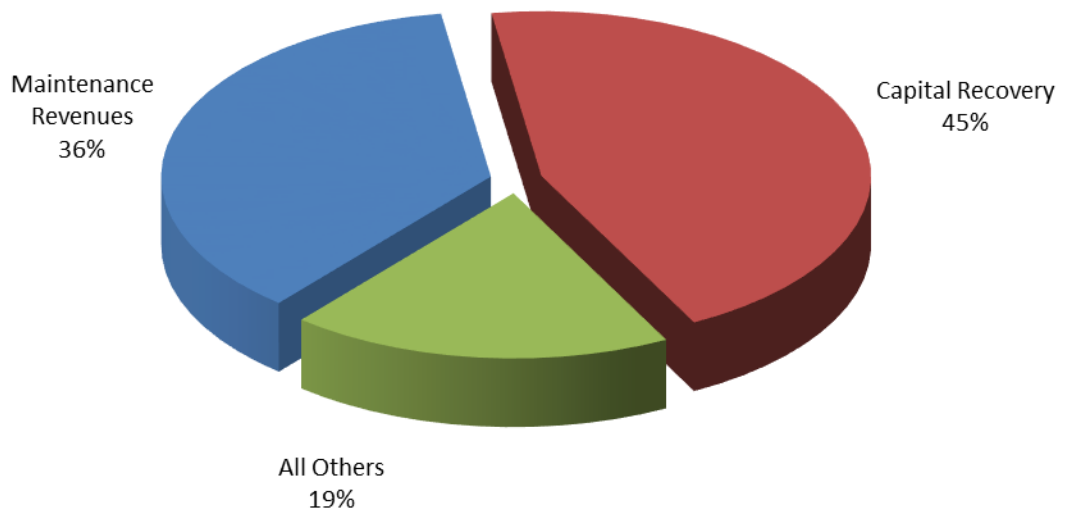
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

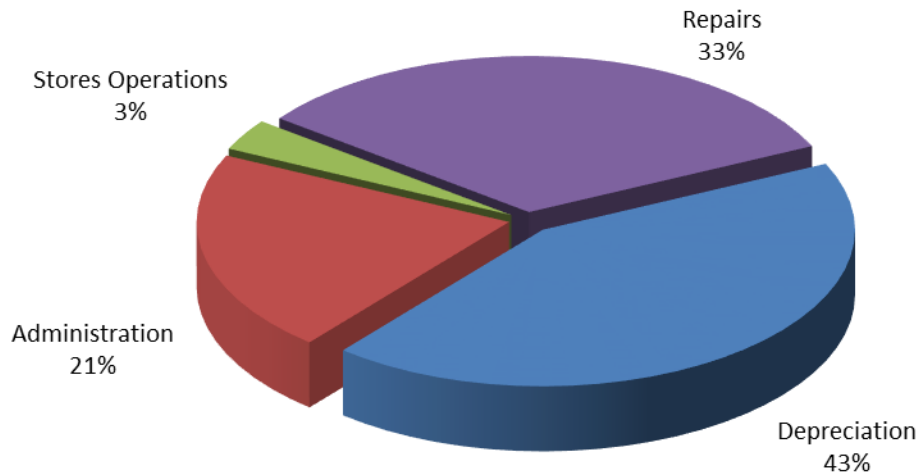
TOTAL OPERATING REVENUES
Year to Date - March 2020 (\$2,015,378)



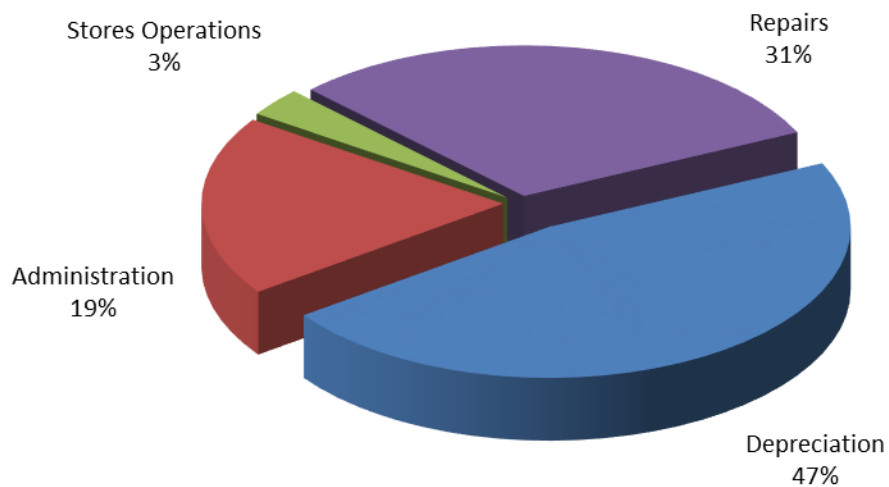
TOTAL OPERATING REVENUES
Year to Date - March 2019 (\$2,033,816)



TOTAL OPERATING EXPENSES
Year to Date - March 2020 (\$2,157,909)



TOTAL OPERATING EXPENSES
Year to Date - March 2019 (\$2,004,626)





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.