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***MARCH***

***FLEET SERVICES FUND***

**2021**  
**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

FLEET SERVICES 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

Fleet Services is reporting a net operating loss of \$372,000 year-to-date 2021 compared to a net operating loss of \$143,000 recorded for the same time period in 2020. Operating revenues decreased \$1.2 million and expenses decreased \$1.0 million respectively, resulting in a net increase in operating loss of \$230,000 compared to 2020.

### 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 \$800,000 and \$2.0 million at the end of the 1st quarter of 2021 and 2020, respectively.

Maintenance revenues are mainly related to staff labor and were \$439,000 and \$724,000 at the end of the first quarter of both 2021 and 2020, 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 zero and \$895,000 in 2021 and 2020 respectively. Per ordinance number 28688, in 2020 Fleet Services transferred operating division fleet assets to Power, Rail, and Water for funding flexibility. Fleet Services Fund continues to maintain the purchasing and maintenance responsibilities. Fleet Services only earns capital recovery revenues on pool vehicles beginning January 1, 2021.

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 \$314,000 and \$354,000 in 2021 and 2020, 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 \$15,000 and \$16,000 in 2021 and 2020, respectively.

Pool car revenues are based on usage and were \$5,000 and \$26,000 for 2021 and 2020, respectively.

### Expenses

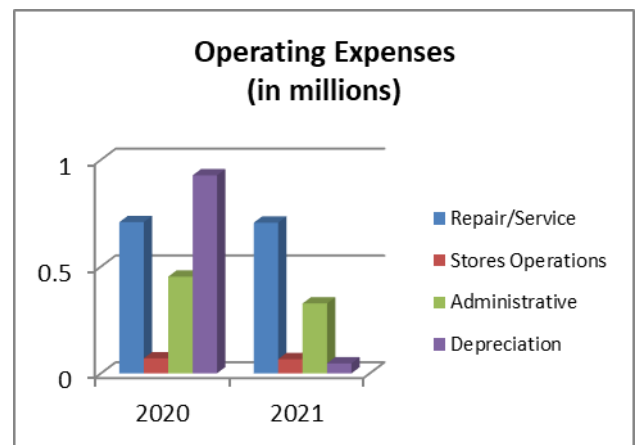
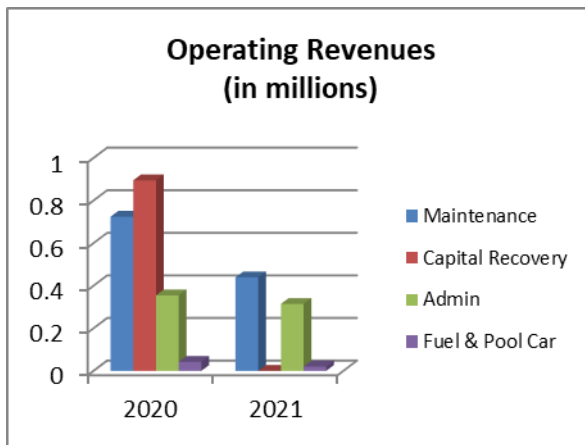
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$1.1 million and \$2.2 million year-to-date through the first quarter of 2021 and 2020, respectively.

Repairs and service 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. Repair and service expenses were \$705,000 and \$708,000 for 2021 and 2020, respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$66,000 and \$70,000 in 2021 and 2020, respectively.

Administration expenses were \$327,000 and \$453,000 in 2021 and 2020, respectively.

Depreciation expense was \$47,000 and \$927,000 in 2021 and 2020, respectively. Depreciation decreased significantly compared to prior year because in 2020 Fleet Services transferred operating division fleet assets to Power, Rail, and Water for funding flexibility.



### Non-Operating Revenues (Expenses)

There was a gain on disposition of equipment for the first quarter of 2021 of \$368,000 compared to \$5,000 in 2020 for the same time period. Included in this gain is \$329,000, which belongs to the divisions and will be transferred to the divisions in November 2021.

The Transfer In for first quarter of 2021 was \$447,000 which represents reimbursements from the divisions for Construction Work in Progress payments made by Fleet.

### 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, 2021 and March 31, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>FIXED</b>		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	2,489,652	48,361,883
Power-Operated Equipment	70,766	16,309,867
Accumulated Depreciation	<u>(3,035,563)</u>	<u>(40,996,274)</u>
Total Fixed Assets	861,167	25,011,788
Construction Work in Progress	<u>3,378,376</u>	<u>2,265,746</u>
Net Fixed Assets	4,239,543	27,277,534
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	240,354	16,190,605
Materials and Supplies	<u>380,280</u>	<u>383,228</u>
Total Current Assets	620,634	16,573,833
<b>OTHER ASSETS</b>		
Net Pension Asset	<u>165,846</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>5,026,023</u>	<u>43,851,367</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pension	<u>492,034</u>	<u>1,213,509</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$5,518,057</u></u>	<u><u>\$45,064,876</u></u>

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



	2021	2020
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$4,239,543	\$27,277,534
Restricted for:		
Tacoma Power	-	18,095,346
Tacoma Water	-	7,199,933
Tacoma Rail	-	981,147
Net Pension Asset	165,846	-
Unrestricted	(2,578,653)	(12,750,825)
<b>TOTAL NET POSITION</b>	<b>1,826,736</b>	<b>40,803,135</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other	66,247	168,248
Wages Payable	165,373	151,589
Total Current Liabilities	231,620	319,837
<b>LONG-TERM LIABILITIES</b>		
Employee Vacation and Sick Leave Accrual	261,400	226,663
Net Pension Liability	-	1,025,298
Other Long-Term Liabilities	2,566,294	2,555,220
Total Long-Term Liabilities	2,827,694	3,807,181
<b>TOTAL LIABILITIES</b>	<b>3,059,314</b>	<b>4,127,018</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows for Pension	632,007	134,723
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$5,518,057</b>	<b>\$45,064,876</b>

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

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)  
March 31, 2021 and March 31, 2020

			YEAR TO DATE			
	MARCH 2021	MARCH 2020	MARCH 2021	MARCH 2020	2021/2020 VARIANCE	PERCENT CHANGE
<b>OPERATING REVENUE</b>						
Maintenance Revenue	\$173,719	\$295,160	\$438,965	\$724,077	(\$285,112)	-39.4%
Capital Recovery	-	290,514	-	894,923	(894,923)	-100.0%
Administrative Overhead	81,991	117,143	314,111	354,430	(40,319)	-11.4%
Fuel and Fuel Loading	5,958	4,805	14,633	15,562	(929)	-6.0%
Pool Car Rental	1,773	7,531	5,444	26,386	(20,942)	-79.4%
Total Operating Revenue	263,441	715,153	773,153	2,015,378	(1,242,225)	-61.6%
<b>OPERATING EXPENSES</b>						
Repairs and Servicing						
Shop Operations	251,497	235,690	675,396	689,393	(13,997)	-2.0%
Outside Services	276	173	29,854	18,484	11,370	61.5%
Total Repairs and Servicing	251,773	235,863	705,250	707,877	(2,627)	-0.4%
Stores Operations	21,752	21,783	65,949	70,344	(4,395)	-6.2%
Administration	103,617	158,174	327,397	452,581	(125,184)	-27.7%
Depreciation	15,543	308,643	46,658	927,107	(880,449)	-95.0%
Total Operating Expenses	392,685	724,463	1,145,254	2,157,909	(1,012,655)	-46.9%
<b>OPERATING INCOME (LOSS)</b>	(129,244)	(9,310)	(372,101)	(142,531)	(229,570)	-161.1%
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest Income	(55)	15,580	(209,429)	(73,309)	(136,120)	-185.7%
Gain (Loss) on Disposition of Equipment	-	-	367,991	4,775	363,216	7606.6%
Sale of Scrap	-	-	6,306	-	6,306	N/A
Total Non-Operating Revenues (Expenses)	(55)	15,580	164,868	(68,534)	233,402	340.6%
Net Gain/Loss Before Transfers	(129,299)	6,270	(207,233)	(211,065)	3,832	1.8%
Transfers In	447,345	-	447,345	-	447,345	N/A
<b>CHANGE IN NET POSITION</b>	<u>\$318,046</u>	<u>\$6,270</u>	240,112	(211,065)	\$451,177	213.8%
<b>TOTAL NET POSITION - JANUARY 1</b>			<u>1,586,624</u>	<u>41,014,200</u>		
<b>TOTAL NET POSITION - MARCH 31</b>			<u>\$1,826,736</u>	<u>\$40,803,135</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, 2021 and March 31, 2020

	YEAR TO DATE	
	MARCH 31, 2021	MARCH 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash From Customers	\$773,153	\$2,216,156
Cash Paid to Suppliers	(990,317)	(1,677,940)
Cash Paid to Employees	(845,907)	(830,672)
Net Cash From Operating Activities	(1,063,071)	(292,456)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net	(1,772)	(416,350)
Payments of capital expenditures on behalf of the divisions	(1,060,057)	-
Transfers In	447,345	-
Disposition of Equipment/Scrap	374,297	4,775
Net Cash From Financing Activities	(240,187)	(411,575)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	(209,429)	(73,309)
Net Cash From Investing Activities	(209,429)	(73,309)
Net Change in Cash and Equity in Pooled Investments	(1,512,687)	(777,340)
Cash and Equity in Pooled Investments at January 1	1,753,041	16,967,945
Cash and Equity in Pooled Investments at March 31	\$240,354	\$16,190,605

*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,	MARCH 31,
	2021	2020
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:</b>		
Operating Income (Loss)	(\$372,101)	(\$142,531)
Depreciation Expense	46,658	927,107
Pension Withdrawal Expense	11,074	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Accounts Receivable	-	200,778
Materials and Supplies	(5,149)	(3,705)
Accounts Payable & Other	(783,412)	(1,329,654)
Absences Payable	39,859	55,549
Total Adjustments	(690,970)	(149,925)
Net Cash From Operating Activities	(\$1,063,071)	(\$292,456)

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

Equity Distribution (Unaudited)  
As of March 31, 2021

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	FLEET SERVICES FUND	TOTAL
Balance January 1, 2021	(\$609,295)	\$2,843,021	(\$647,102)	-	\$1,586,624
Reallocation of equity *	2,449,489	(2,842,901)	649,920	(256,508)	-
Balance January 1, 2021 (Restated)	1,840,194	120	2,818	(256,508)	1,586,624
Contributions During Year	-	-	-	-	-
Equity Contributions at March 31, 2021	1,840,194	120	2,818	(256,508)	1,586,624
Current Year Operations:					
Total Operating Revenue	-	-	-	773,153	773,153
Less: Repairs & Servicing Expense	-	-	-	705,250	705,250
Admin and Stores Operations Expense **	22,629	4,156	1,567	364,994	393,346
Depreciation Expense	-	-	-	46,658	46,658
Total Expenses	22,629	4,156	1,567	1,116,902	1,145,254
Net Operating Revenue	(22,629)	(4,156)	(1,567)	(343,749)	(372,101)
Add: Other Income (Loss) **	296,651	43,750	16,500	(192,033)	164,868
Add: Transfer In	-	-	-	447,345	447,345
Net Operating Results	274,022	39,594	14,933	(88,437)	240,112
Total Equity ***	\$2,114,216	\$39,714	\$17,751	(\$344,945)	\$1,826,736

\* The reallocation of equity is the difference in equity allocation methods between what were applied in previous years and the actual allocation in 2020 based on the actual asset balances that were funded by the divisions. The reallocation of equity also includes Construction Work in Progress (CWIP) which was carried over from 2020 and funded by the divisions. Per ordinance number 28688, in 2020 Fleet Services transferred operating division fleet assets to the divisions. Fleet Services transferred completed assets to the divisions in 2020. Fleet Services will transfer CWIP in the amount of \$1.8 million to the divisions in April 2021.

\*\* In 2021, Fleet earned a total gain of \$370,000 from disposition of equipment and scrap sales and incurred related expenses of \$30,000. Included in this is a net amount of \$329,000, net between gain of \$357,000 and expenses of \$28,000, which belongs to the divisions and will be transferred to the divisions in November 2021.

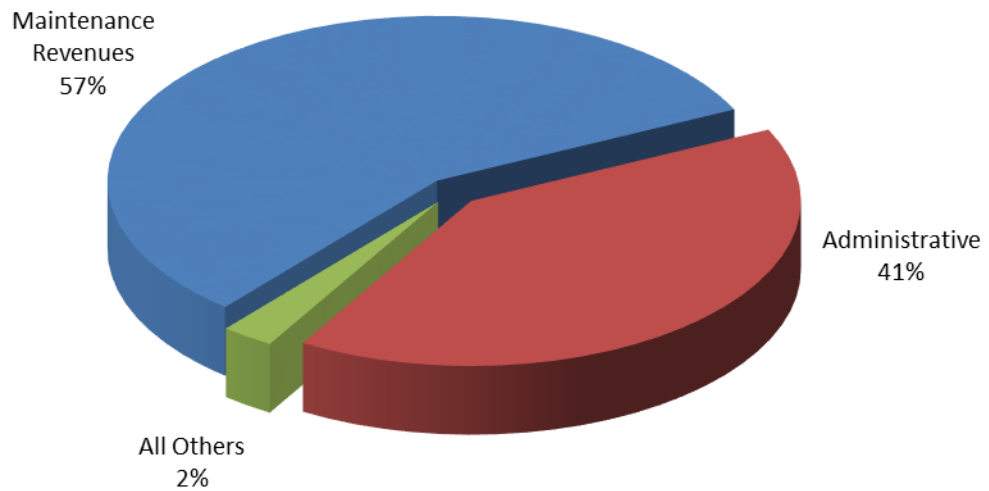
\*\*\* There will be no equity balances to the divisions by end of November 2021.

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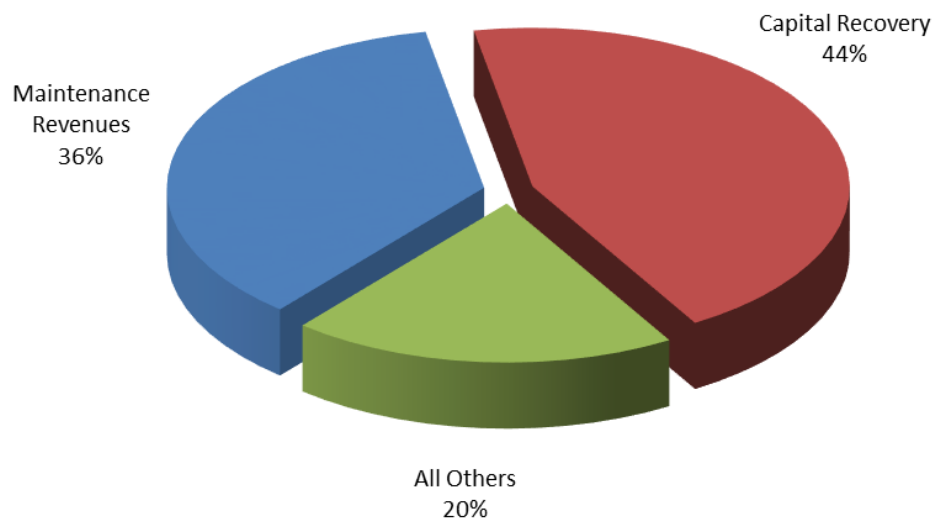


## **Supplemental Data**

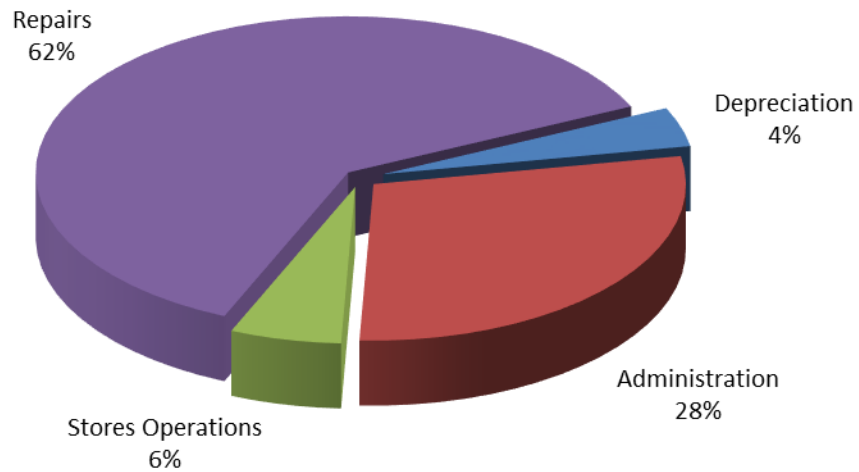
**TOTAL OPERATING REVENUES**  
**Year to Date - March 2021 (\$773,153)**



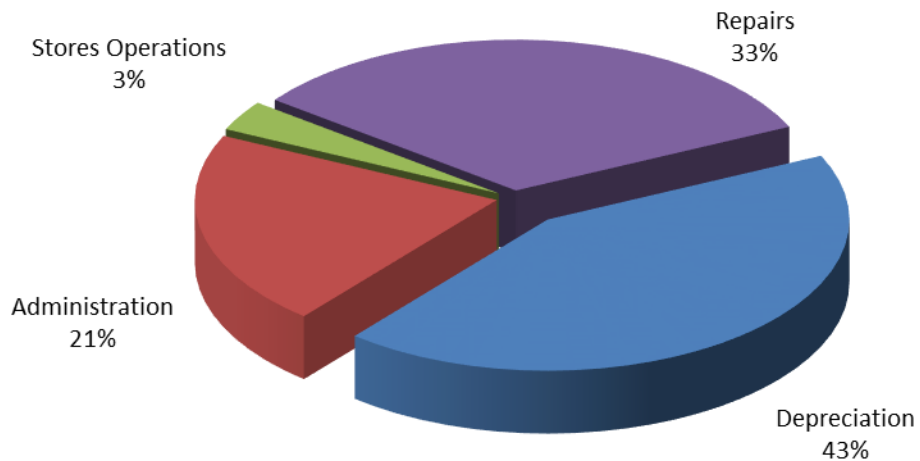
**TOTAL OPERATING REVENUES**  
**Year to Date - March 2020 (\$2,015,378)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - March 2021 (\$1,145,254)**



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





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