
JUNE

FLEET SERVICES FUND

2019

**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

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 gain of \$128,000 year-to-date 2019 compared to a net loss of \$1.0 million recorded for the same period in 2018. Operating revenues increased \$1.2 million and operating expenses increased \$35,000 respectively, resulting in a net increase in operating income of \$1.1 million compared to 2018.

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 \$4.2 million and \$3.0 million at the end of the 2nd quarter of 2019 and 2018 respectively.

Maintenance revenues are mainly related to staff labor and were \$1.5 million and \$1.0 million at the end of the second quarter of both 2019 and 2018 respectively. This was primarily due to an hourly shop rate increase implemented in January 2019.

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 \$1.8 million and \$1.3 million in 2019 and 2018 respectively. The increase is due to Tacoma Water and Tacoma Rail contributing to their replacement costs. Tacoma Power did not contribute in 2018, but has started contributions in 2019.

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 \$729,000 and \$670,000 in 2019 and 2018 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 \$30,000 and \$32,000 in 2019 and 2018 respectively.

Pool car revenues are based on usage and were \$61,000 and \$57,000 for 2019 and 2018 respectively.

Expenses

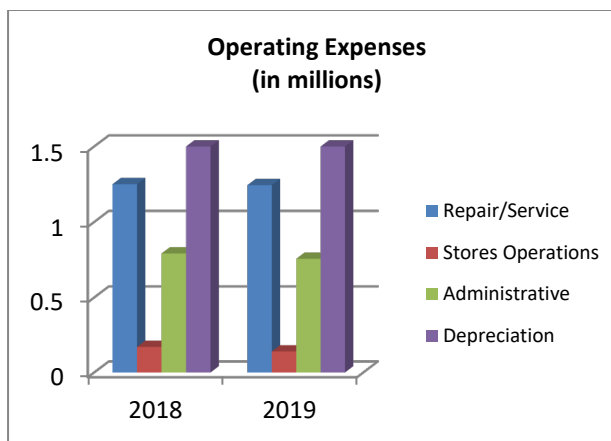
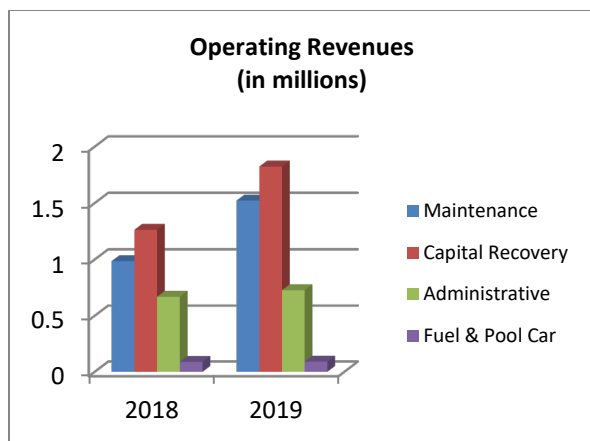
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.0 million year-to-date through the second quarter of both 2019 and 2018.

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 \$1.2 million and \$1.3 million for 2019 and 2018 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$140,000 and \$170,000 in 2019 and 2018 respectively.

Administration expenses were \$757,000 and \$792,000 in 2019 and 2018 respectively.

Depreciation expense was \$1.9 million and \$1.8 million in 2019 and 2018 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$134,000 and \$161,000 for the first two quarters of 2019 and 2018 respectively.

Gain on disposition of equipment year-to-date 2019 was \$103,000 compared to \$33,000 for the same period in 2018.

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)
June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
FIXED		
Office Furniture and Equipment.....	\$616,901	\$616,901
Stores and Shop Equipment.....	719,411	719,411
Transportation Equipment.....	47,643,966	44,425,903
Power-Operated Equipment.....	16,490,855	16,723,966
Accumulated Depreciation.....	<u>(39,657,083)</u>	<u>(38,974,938)</u>
Total Fixed Assets.....	25,814,050	23,511,243
Construction Work in Progress.....	<u>1,370,703</u>	<u>2,238,098</u>
Net Fixed Assets.....	27,184,753	25,749,341
CURRENT		
Current Fund Cash & Equity in Pooled Investments.....	16,292,304	17,765,016
Materials and Supplies.....	<u>350,161</u>	<u>330,518</u>
Total Current Assets.....	16,642,465	18,095,534
OTHER ASSETS		
Net Pension Asset.....	<u>367,979</u>	<u>-</u>
TOTAL ASSETS.....	<u>44,195,197</u>	<u>43,844,875</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension.....	<u>471,904</u>	<u>915,881</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u><u>\$44,667,101</u></u>	<u><u>\$44,760,756</u></u>

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

	<u>2019</u>	<u>2018</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets.....	\$27,184,753	\$25,749,341
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.....	<u>(10,199,907)</u>	<u>(8,760,447)</u>
TOTAL NET POSITION.....	43,629,251	43,265,320
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other.....	131,705	152,886
Wages Payable.....	<u>73,064</u>	<u>70,041</u>
Total Current Liabilities.....	204,769	222,927
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual.....	206,696	209,679
Net Pension Liability.....	<u>-</u>	<u>874,422</u>
Total Long-term Liabilities.....	206,696	1,084,101
TOTAL LIABILITIES.....	<u>411,465</u>	<u>1,307,028</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension.....	<u>626,385</u>	<u>188,408</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS.....	<u>\$44,667,101</u>	<u>\$44,760,756</u>

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

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
OPERATING REVENUE		
Maintenance Revenue.....	\$256,329	\$179,045
Capital Recovery.....	301,804	210,595
Administrative Overhead.....	116,975	113,400
Fuel and Fuel Loading.....	4,866	5,231
Pool Car Rental.....	12,155	10,253
Total Operating Revenue.....	692,129	518,524
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations.....	210,802	216,056
Outside Services.....	2,096	527
Total Repairs and Servicing.....	212,898	216,583
Stores Operations.....	23,811	27,669
Administration.....	112,018	124,028
Depreciation.....	314,593	298,778
Total Operating Expenses.....	663,320	667,058
OPERATING INCOME.....	28,809	(148,534)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income.....	11,555	6,337
Gain (Loss) on Disposition of Equipment.....	-	-
Sale of Scrap.....	-	-
Total Non-Operating Revenues (Expenses).....	11,555	6,337
CHANGE IN NET POSITION.....	\$40,364	(\$142,197)
TOTAL NET POSITION - JANUARY 1.....		
TOTAL NET POSITION - JUNE 30.....		

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			
JUNE 2019	JUNE 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$1,522,852	\$986,039	\$536,813	54.4%
1,823,689	1,263,506	560,183	44.3%
728,842	670,277	58,565	8.7%
30,103	32,358	(2,255)	-7.0%
<u>61,366</u>	<u>56,929</u>	<u>4,437</u>	7.8%
4,166,852	3,009,109	1,157,743	38.5%
1,220,479	1,221,240	(761)	-0.1%
<u>23,704</u>	<u>29,395</u>	<u>(5,691)</u>	-19.4%
1,244,183	1,250,635	(6,452)	-0.5%
140,159	170,307	(30,148)	-17.7%
756,523	791,700	(35,177)	-4.4%
<u>1,898,302</u>	<u>1,791,858</u>	<u>106,444</u>	5.9%
4,039,167	4,004,500	34,667	0.9%
127,685	(995,391)	1,123,076	112.8%
134,073	160,549	(26,476)	-16.5%
103,202	33,231	69,971	210.6%
<u>1,300</u>	<u>-</u>	<u>1,300</u>	100.0%
238,575	193,780	44,795	23.1%
366,260	(801,611)	\$1,167,871	145.7%
<u>43,262,991</u>	<u>44,066,931</u>		
<u><u>\$43,629,251</u></u>	<u><u>\$43,265,320</u></u>		

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

Statements of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers.....	\$4,733,442	\$3,113,130
Cash Paid to Suppliers.....	(1,120,470)	(1,105,558)
Cash Paid to Employees.....	(1,528,619)	(1,528,362)
Net Cash From Operating Activities.....	2,084,353	479,210
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net.....	(2,069,000)	(1,560,468)
Disposition of Equipment/Scrap.....	57,808	33,231
Net Cash From Financing Activities.....	(2,011,192)	(1,527,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received.....	134,073	160,549
Net Cash From Investing Activities	134,073	160,549
Net Change in Cash and Equity in Pooled Investments.....	207,234	(887,478)
Cash and Equity in Pooled Investments at January 1	16,085,070	18,652,494
Cash and Equity in Pooled Investments at June 30	<u>\$16,292,304</u>	<u>\$17,765,016</u>

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	
	JUNE 30,	JUNE 30,
	2019	2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	\$127,685	(\$995,391)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization.....	1,898,302	1,791,858
Accounts Receivable.....	184,049	98,535
Interdivision Receivable.....	382,541	5,486
Materials and Supplies.....	7,907	(20,525)
Accounts Payable & Other.....	(506,095)	(389,460)
Interdivision Payable.....	(78)	(12,786)
Absences Payable.....	(9,958)	1,493
Total Adjustments.....	1,956,668	1,474,601
Net Cash From Operating Activities.....	<u>\$2,084,353</u>	<u>\$479,210</u>

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

Equity Distribution (Unaudited)
As of June 30, 2019

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2019.....	\$28,114,073	\$13,712,607	\$1,436,311	\$43,262,991
Contributions During Year.....	-	-	-	-
Equity Contributions at June 30, 2019.....	28,114,073	13,712,607	1,436,311	43,262,991
Current Year Operations:				
Total Operating Revenue *.....	2,707,792	1,320,722	138,338	4,166,852
Less: Repairs & Servicing Expense *	808,522	394,355	41,306	1,244,183
Administration Expense **.....	656,776	207,067	32,839	896,682
Depreciation Expense.....	1,364,320	468,236	65,746	1,898,302
Total Expenses.....	2,829,618	1,069,658	139,891	4,039,167
Net Operating Revenue.....	(121,826)	251,064	(1,553)	127,685
Add: Other Income ***.....	154,453	76,225	7,897	238,575
Net Operating Results.....	32,627	327,289	6,344	366,260
Total Equity.....	<u>\$28,146,700</u>	<u>\$14,039,896</u>	<u>\$1,442,655</u>	<u>\$43,629,251</u>

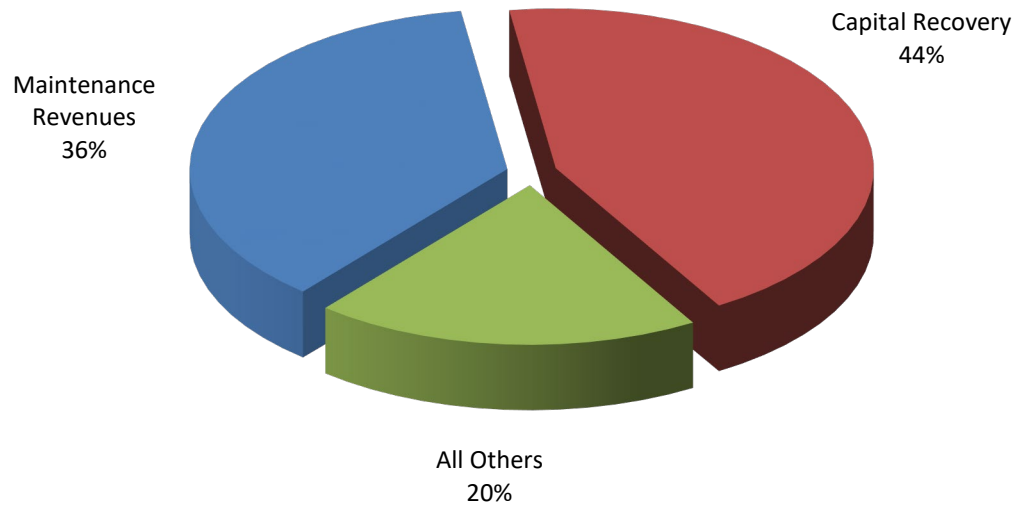
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

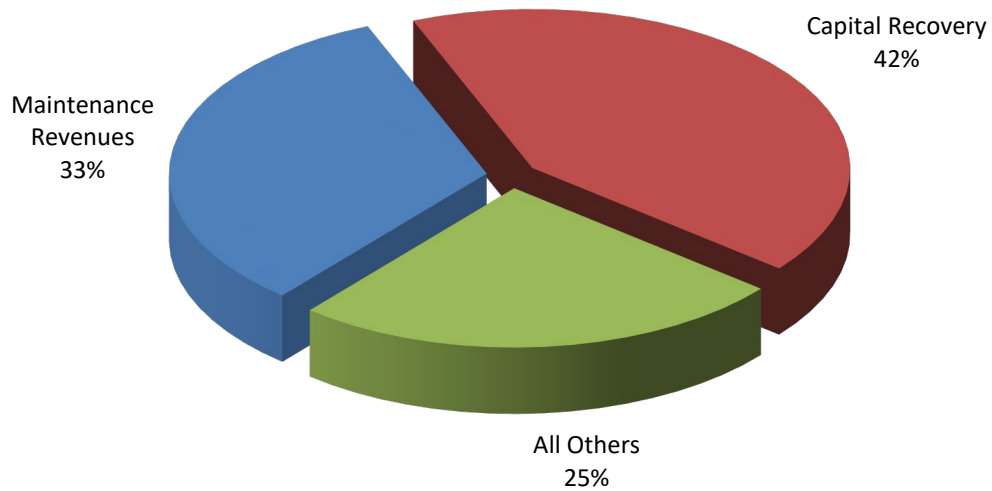
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

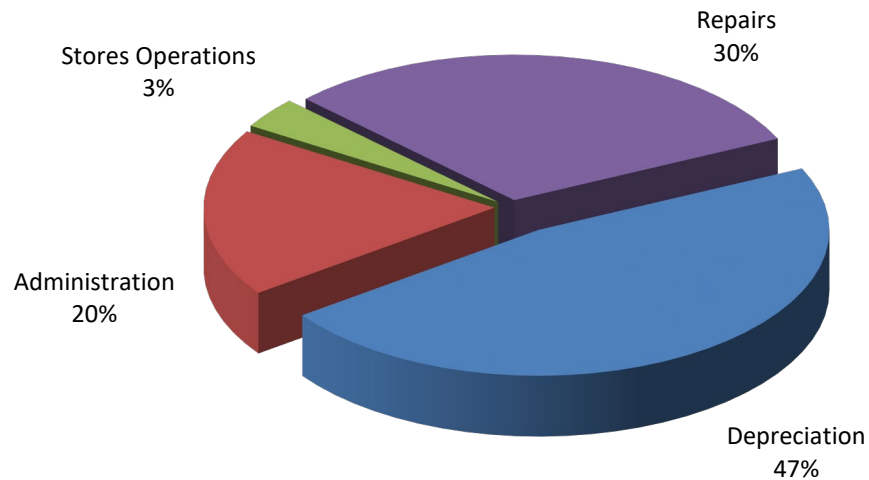
TOTAL OPERATING REVENUES
Year to Date - June 2019 (\$4,166,852)



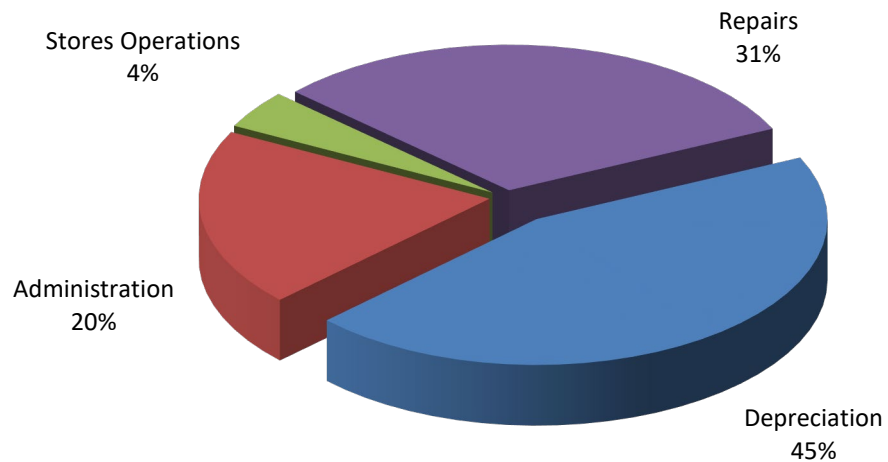
TOTAL OPERATING REVENUES
Year to Date - June 2018 (\$3,009,109)



TOTAL OPERATING EXPENSES
Year to Date - June 2019 (\$4,039,167)



TOTAL OPERATING EXPENSES
Year to Date - June 2018 (\$4,004,500)





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.