
SEPTEMBER

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 \$189,000 year-to-date 2019 compared to a net loss of \$1.7 million recorded for the same time period in 2018. Operating revenues increased \$1.7 million and expenses decreased \$170,000 respectively, resulting in a net increase in operating income of \$1.9 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 Rental. Operating revenues were \$6.2 million and \$4.5 million at the end of the third quarter of 2019 and 2018.

Maintenance revenues are mainly related to staff labor and were \$2.2 million and \$1.5 million at the end of the third quarter of 2019 and 2018. 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 \$2.7 million and \$1.9 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 \$1.1 million and \$1.0 million 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 \$45,000 and \$49,000 in 2019 and 2018 respectively.

Pool car revenues are based on usage and were \$103,000 and \$91,000 for 2019 and 2018 respectively.

Expenses

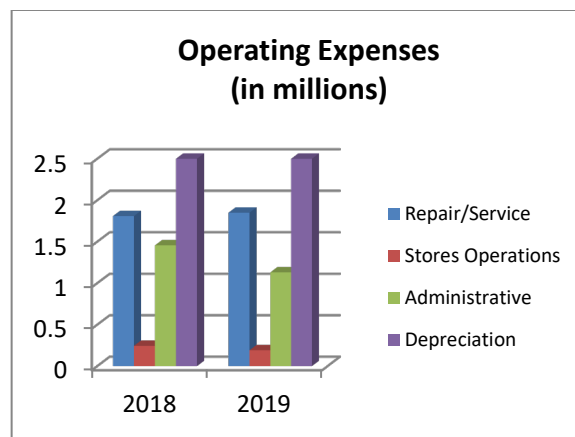
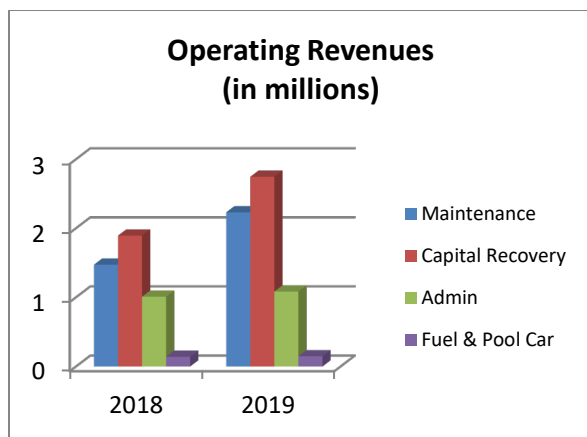
Fleet Services operating expenses are comprised of four major categories: Repairs and Service, Stores Operations, Administration and Depreciation. Fleet Services expenses were \$6.0 million and \$6.2 million year-to-date through the third quarter of 2019 and 2018.

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 \$1.8 million in both 2019 and 2018 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$192,000 and \$245,000 in 2019 and 2018.

Administration expenses were \$1.1 million and \$1.5 million in 2019 and 2018 respectively.

Depreciation expense was \$2.8 million and \$2.7 million in 2019 and 2018 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$154,000 and \$183,000 for the third quarter of 2019 and 2018 respectively.

Gain on disposition of equipment for the third quarter of 2019 was \$103,000 compared to \$186,000 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)
September 30, 2019 and September 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	48,910,318	43,742,716
Power-Operated Equipment	16,556,949	16,375,559
Accumulated Depreciation	<u>(40,605,816)</u>	<u>(38,837,108)</u>
Total Fixed Assets	26,197,763	22,617,479
Construction Work in Progress	<u>785,564</u>	<u>4,072,240</u>
Net Fixed Assets	26,983,327	26,689,719
CURRENT		
Current Fund Cash & Equity in Pooled Investments	16,563,593	16,569,563
Materials and Supplies	<u>342,451</u>	<u>334,125</u>
Total Current Assets	16,906,044	16,903,688
OTHER ASSETS		
Net Pension Asset	<u>367,979</u>	<u>-</u>
TOTAL ASSETS	<u>44,257,350</u>	<u>43,593,407</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	<u>471,904</u>	<u>915,881</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$44,729,254</u></u>	<u><u>\$44,509,288</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	\$26,983,327	\$26,689,719
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>(9,918,020)</u>	<u>(10,204,584)</u>
TOTAL NET POSITION	43,709,712	42,761,561
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	63,192	370,858
Wages Payable	<u>123,269</u>	<u>104,360</u>
Total Current Liabilities	186,461	475,218
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>393,157</u>	<u>1,559,319</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><u>\$44,729,254</u></u>	<u><u>\$44,509,288</u></u>

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

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

	SEPTEMBER 2019	SEPTEMBER 2018
OPERATING REVENUE		
Maintenance Revenue	\$216,048	\$143,806
Capital Recovery	308,461	206,327
Administrative Overhead	118,322	111,865
Fuel and Fuel Loading	4,847	4,871
Pool Car Rental	14,842	10,357
Total Operating Revenue	<u>662,520</u>	<u>477,226</u>
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	191,987	169,118
Outside Services	2,268	80
Total Repairs and Servicing	<u>194,255</u>	<u>169,198</u>
Stores Operations	(1,937)	17,826
Administration	126,737	406,312
Depreciation	322,774	290,386
Total Operating Expenses	<u>641,829</u>	<u>883,722</u>
OPERATING INCOME	20,691	(406,496)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	5,224	11,166
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	<u>5,224</u>	<u>11,166</u>
CHANGE IN NET POSITION	<u><u>\$25,915</u></u>	<u><u>(\$395,330)</u></u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - SEPTEMBER 30		

YEAR TO DATE		
SEPTEMBER 2019	SEPTEMBER 2018	2019/2018 VARIANCE
\$2,230,742	\$1,471,818	\$758,924
2,746,050	1,893,338	852,712
1,083,712	1,008,779	74,933
45,113	48,979	(3,866)
102,810	91,462	11,348
6,208,427	4,514,376	1,694,051
1,821,214	1,761,413	59,801
28,734	47,396	(18,662)
1,849,948	1,808,809	41,139
192,129	244,927	(52,798)
1,130,805	1,456,749	(325,944)
2,847,035	2,678,937	168,098
6,019,917	6,189,422	(169,505)
188,510	(1,675,046)	1,863,556
153,709	183,245	(29,536)
103,202	185,876	(82,674)
1,300	555	745
258,211	369,676	(111,465)
446,721	(1,305,370)	1,752,091
43,262,991	44,066,931	
<u>\$43,709,712</u>	<u>\$42,761,561</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)
September 30, 2019 and September 30, 2018

	YEAR TO DATE	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$6,775,017	\$4,618,397
Cash Paid to Suppliers	(1,462,322)	(1,478,518)
Cash Paid to Employees	(2,229,382)	(2,204,561)
Net Cash From Operating Activities	3,083,313	935,318
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(2,816,307)	(3,387,925)
Disposition of Equipment/Scrap	57,808	186,431
Net Cash From Financing Activities	(2,758,499)	(3,201,494)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	153,709	183,245
Net Cash From Investing Activities	153,709	183,245
Net Change in Cash and Equity in Pooled Investments	478,523	(2,082,931)
Cash and Equity in Pooled Investments at January 1	16,085,070	18,652,494
Cash and Equity in Pooled Investments at September 30	<u>\$16,563,593</u>	<u>\$16,569,563</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	
	SEPTEMBER 30,	SEPTEMBER 30,
	2019	2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	\$188,510	(\$1,675,046)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization	2,847,035	2,678,937
Accounts Receivable	184,049	98,535
Interdivision Receivable	382,541	5,486
Materials and Supplies	15,617	(24,132)
Accounts Payable & Other	(574,608)	(171,488)
Interdivision Payable	(78)	(12,786)
Absences Payable	40,247	35,812
Total Adjustments	2,894,803	2,610,364
Net Cash From Operating Activities	<u>\$3,083,313</u>	<u>\$935,318</u>

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

Equity Distribution (Unaudited)
As of September 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 September 30, 2019	28,114,073	13,712,607	1,436,311	43,262,991
Current Year Operations:				
Total Operating Revenue *	4,034,491	1,967,819	206,117	6,208,427
Less: Repairs & Servicing Expense *	1,202,173	586,358	61,417	1,849,948
Admin and Stores Operations Expense **	968,742	306,614	47,578	1,322,934
Depreciation Expense	2,043,189	702,919	100,927	2,847,035
Total Expenses	4,214,104	1,595,891	209,922	6,019,917
Net Operating Revenue	(179,613)	371,928	(3,805)	188,510
Add: Other Income ***	166,572	83,092	8,547	258,211
Net Operating Results	(13,041)	455,020	4,742	446,721
Total Equity	<u>\$28,101,032</u>	<u>\$14,167,627</u>	<u>\$1,441,053</u>	<u>\$43,709,712</u>

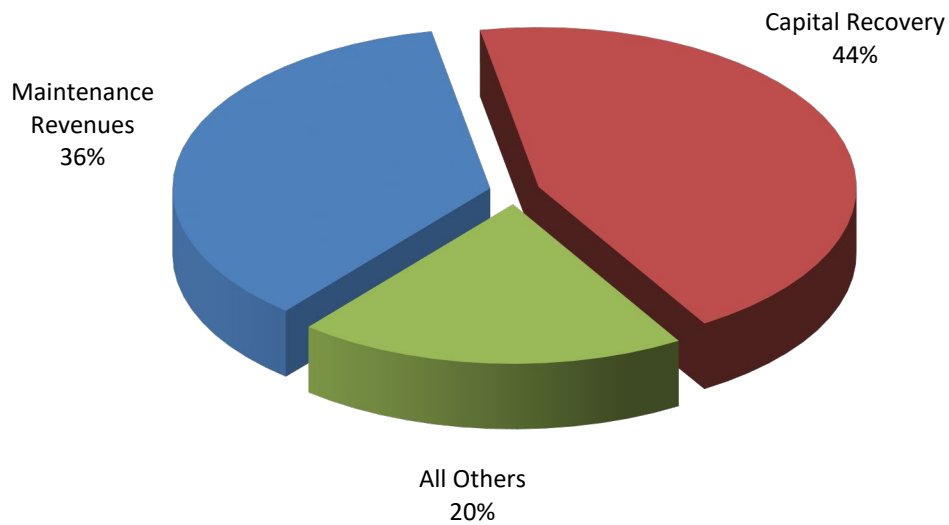
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

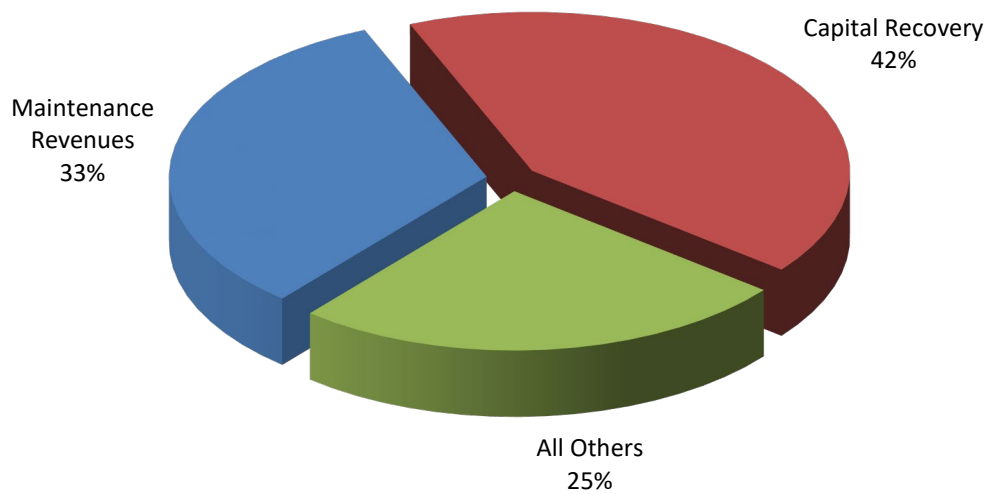
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

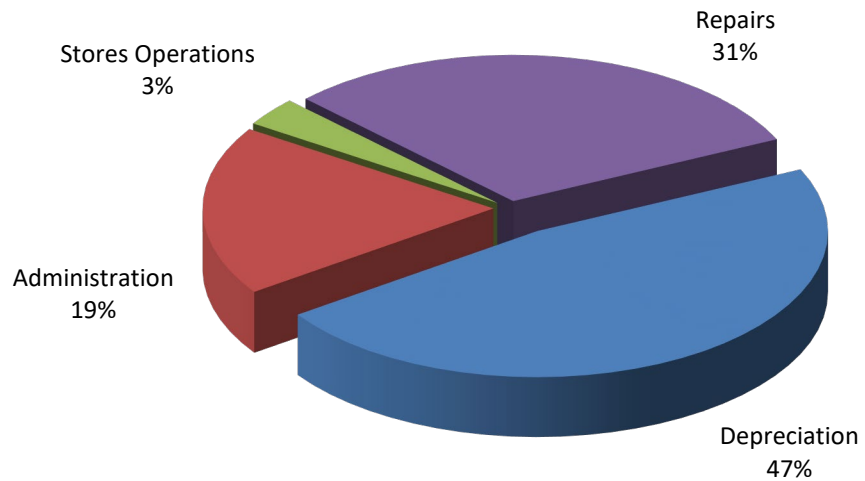
TOTAL OPERATING REVENUES
Year to Date - September 2019 (\$6,208,427)



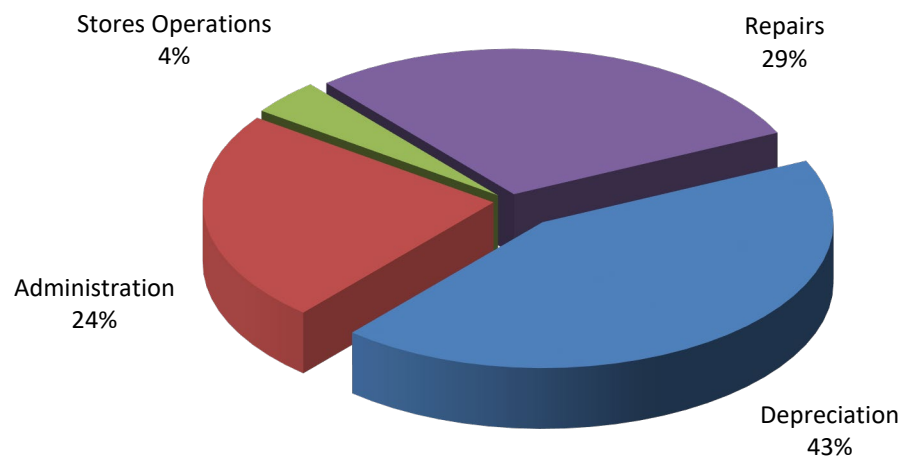
TOTAL OPERATING REVENUES
Year to Date - September 2018 (\$4,514,376)



TOTAL OPERATING EXPENSES
Year to Date - September 2019 (\$6,019,917)



TOTAL OPERATING EXPENSES
Year to Date - September 2018 (\$6,189,422)





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.