
SEPTEMBER

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 \$654,000 year-to-date 2021 compared to a net operating loss of \$232,000 recorded for the same time period in 2020. Operating revenues decreased \$2.5 million and expenses decreased \$2.1 million respectively, resulting in a net increase in operating loss of \$422,000 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 \$3.4 million and \$5.9 million at the end of the 3rd quarter of 2021 and 2020, respectively.

Maintenance revenues are mainly related to staff labor and were \$2.2 million and \$2.1 million at the end of the third 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 \$218,000 and \$2.7 million in 2021 and 2020 respectively. Per ordinance number 28688, in 2020 Fleet Services transferred operating division fleet assets to Power, Rail, and Water ("the divisions") 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 \$809,000 and \$1.1 million 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 \$48,000 and \$38,000 in 2021 and 2020, respectively.

Pool car revenues are based on usage and were \$180,000 and \$41,000 for 2021 and 2020, respectively.

Expenses

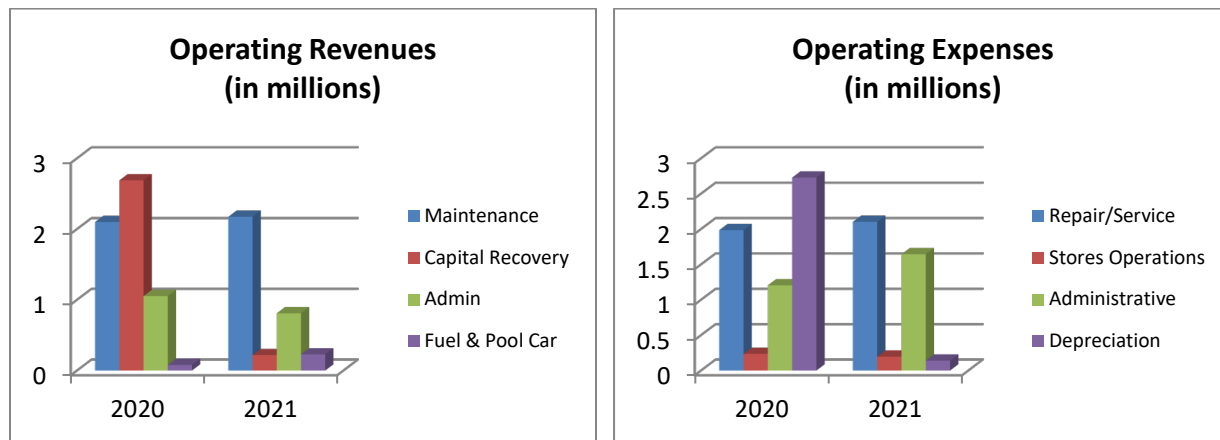
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.1 million and \$6.2 million year-to-date through the third quarter of 2021 and 2020 respectively.

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 \$2.1 million and 2.0 million for 2021 and 2020, respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$196,000 and \$236,000 in 2021 and 2020, respectively.

Administration expenses were \$1.6 million and \$1.2 million in 2021 and 2020, respectively.

Depreciation expense was \$140,000 and \$2.7 million in 2021 and 2020, respectively. Depreciation decreased significantly compared to prior year due to in 2020 Fleet Services transferred operating division fleet assets to Power, Water and Rail for funding flexibility.



Non-Operating Revenues (Expenses)

There was a gain on disposition of equipment for the second quarter of 2021 of \$368,000 compared to a loss of \$229,000 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.

Transfers Out for the first six months of 2021 was \$1.8 million. This represents the net amount between Transfers out of \$2.3 million to the divisions and Transfers in of \$447,000 million from the divisions. Transfers out represents the transfer of Construction Work in Progress (CWIP) as at December 31, 2020, per Ordinance number 28688. Transfers in represents the reimbursements from the divisions to Fleet Services for the payments made for CWIP that Fleet did not receive the funding from the divisions. The net amount \$1.8 million is the CWIP which was carried over from 2020 and funded by the divisions.

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, 2021 and September 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	2,489,652	46,190,064
Power-Operated Equipment	70,766	16,147,523
Accumulated Depreciation	<u>(3,128,704)</u>	<u>(41,230,523)</u>
Total Fixed Assets .	768,026	22,443,376
Construction Work in Progress	<u>39,772</u>	<u>5,622,902</u>
Net Fixed Assets	807,798	28,066,278
CURRENT		
Current Fund Cash & Equity in Pooled Investments	2,195,572	15,065,258
Materials and Supplies	<u>444,137</u>	<u>381,015</u>
Total Current Assets	2,639,709	15,446,273
OTHER ASSETS		
Net Pension Asset	<u>165,846</u>	<u>-</u>
TOTAL ASSETS	<u>3,613,353</u>	<u>43,512,551</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	<u>492,034</u>	<u>1,213,509</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$4,105,387</u></u>	<u><u>\$44,726,060</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>2021</u>	<u>2020</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$807,798	\$28,066,278
Restricted for:		
Tacoma Power	-	18,095,346
Tacoma Water	-	7,199,933
Tacoma Rail	-	981,147
Net Pension Asset	165,846	-
Unrestricted	<u>(1,714,174)</u>	<u>(13,828,698)</u>
TOTAL NET POSITION	(740,530)	40,514,006
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	1,223,698	124,170
Wages Payable	<u>162,518</u>	<u>145,980</u>
Total Current Liabilities	1,386,216	270,150
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	261,400	226,663
Net Pension Liability	-	1,025,298
Other Long-Term Liabilities	<u>2,566,294</u>	<u>2,555,220</u>
Total Long-Term Liabilities	2,827,694	3,807,181
TOTAL LIABILITIES	<u>4,213,910</u>	<u>4,077,331</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	<u>632,007</u>	<u>134,723</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$4,105,387</u></u>	<u><u>\$44,726,060</u></u>

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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)
September 30, 2021 and September 30, 2020

			YEAR TO DATE			
	SEPTEMBER 2021	SEPTEMBER 2020	SEPTEMBER 2021	SEPTEMBER 2020	2021/2020 VARIANCE	PERCENT CHANGE
OPERATING REVENUE						
Maintenance Revenue	\$234,312	\$195,766	\$2,173,593	\$2,099,899	\$73,694	3.5%
Capital Recovery	22,687	294,042	217,766	2,688,631	(2,470,865)	-91.9%
Administrative Overhead	82,954	119,602	809,400	1,052,397	(242,997)	-23.1%
Fuel and Fuel Loading	6,130	4,474	48,142	38,084	10,058	26.4%
Pool Car Rental	163,909	3,510	179,692	40,880	138,812	339.6%
Total Operating Revenue	509,992	617,394	3,428,593	5,919,891	(2,491,298)	-42.1%
OPERATING EXPENSES						
Repairs and Servicing						
Shop Operations	232,458	166,954	2,071,348	1,929,345	142,003	7.4%
Outside Services	-	34,701	30,756	55,383	(24,627)	-44.5%
Total Repairs and Servicing	232,458	201,655	2,102,104	1,984,728	117,376	5.9%
Stores Operations	19,597	26,206	196,358	235,714	(39,356)	-16.7%
Administration	645,450	82,488	1,644,416	1,204,002	440,414	36.6%
Depreciation	15,524	298,699	139,799	2,727,592	(2,587,793)	-94.9%
Total Operating Expenses	913,029	609,048	4,082,677	6,152,036	(2,069,359)	-33.6%
OPERATING INCOME (LOSS)	(403,037)	8,346	(654,084)	(232,145)	(421,939)	-181.8%
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	1,290	5,071	(204,234)	(50,488)	(153,746)	-304.5%
Gain (Loss) on Disposition of Equipment	-	(176,002)	367,990	(228,805)	596,795	260.8%
Sale of Scrap	-	11,244	6,306	11,244	(4,938)	-43.9%
Total Non-Operating Revenues (Expenses)	1,290	(159,687)	170,062	(268,049)	438,111	163.4%
Net Gain/Loss Before Transfers	(401,747)	(151,341)	(484,022)	(500,194)	16,172	3.2%
Transfers Out	-	-	(1,843,132)	-	(1,843,132)	N/A
CHANGE IN NET POSITION	<u>(\$401,747)</u>	<u>(\$151,341)</u>	(2,327,154)	(500,194)	(\$1,826,960)	-365.3%
TOTAL NET POSITION - JANUARY 1			<u>1,586,624</u>	<u>41,014,200</u>		
TOTAL NET POSITION - SEPTEMBER 30			<u>(\$740,530)</u>	<u>\$40,514,006</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, 2021 and September 30, 2020

	YEAR TO DATE	
	SEPTEMBER 30, 2021	SEPTEMBER 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$3,428,593	\$6,120,669
Cash Paid to Suppliers	(991,010)	(2,245,622)
Cash Paid to Employees	(2,598,757)	(2,504,106)
Net Cash From Operating Activities	(161,174)	1,370,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(10,898)	(3,005,579)
Payments of capital expenditures on behalf of the divisions	(1,060,057)	-
Reimbursement from the divisions on capital expenditures	3,347,729	-
Transfers Out	(1,843,132)	-
Disposition of Equipment/Scrap	374,297	(217,561)
Net Cash From Financing Activities	807,939	(3,223,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	(204,234)	(50,488)
Net Cash From Investing Activities	(204,234)	(50,488)
Net Change in Cash and Equity in Pooled Investments	442,531	(1,902,687)
Cash and Equity in Pooled Investments at January 1	1,753,041	16,967,945
Cash and Equity in Pooled Investments at September 30	\$2,195,572	\$15,065,258

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, 2021	SEPTEMBER 30, 2020
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	(\$654,084)	(\$232,145)
Depreciation Expense	139,799	2,727,592
Pension Withdrawal Expense	11,074	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Accounts Receivable	-	200,778
Materials and Supplies	(69,006)	(1,492)
Accounts Payable & Other	374,039	(1,373,732)
Absences Payable	37,004	49,940
Total Adjustments	492,910	1,603,086
Net Cash From Operating Activities	(\$161,174)	\$1,370,941

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

Equity Distribution (Unaudited)
As of September 30, 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 *	<u>2,449,489</u>	<u>(2,842,901)</u>	<u>649,920</u>	<u>(256,508)</u>	<u>-</u>
Balance January 1, 2021 (Restated)	1,840,194	120	2,818	(256,508)	1,586,624
Contributions During Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity Contributions at September 30, 2021	1,840,194	120	2,818	(256,508)	1,586,624
Current Year Operations:					
Total Operating Revenue	-	-	-	3,428,593	3,428,593
Less: Repairs & Servicing Expense	-	-	-	2,102,104	2,102,104
Admin and Stores Operations Expense	22,629	4,156	1,567	1,812,422	1,840,774
Depreciation Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,799</u>	<u>139,799</u>
Total Expenses	22,629	4,156	1,567	4,054,325	4,082,677
Net Operating Revenue	(22,629)	(4,156)	(1,567)	(625,732)	(654,084)
Add: Other Income (Loss) **	296,651	43,750	16,500	(186,839)	170,062
Less: Transfer Out	<u>(1,840,194)</u>	<u>(120)</u>	<u>(2,818)</u>	<u>-</u>	<u>(1,843,132)</u>
Net Operating Results	<u>(1,566,172)</u>	<u>39,474</u>	<u>12,115</u>	<u>(812,571)</u>	<u>(2,327,154)</u>
Total Equity ***	<u>274,022</u>	<u>39,594</u>	<u>14,933</u>	<u>(1,069,079)</u>	<u>(740,530)</u>

* 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 transferred CWIP in the amount of \$1.8 million to the divisions in April 2021.

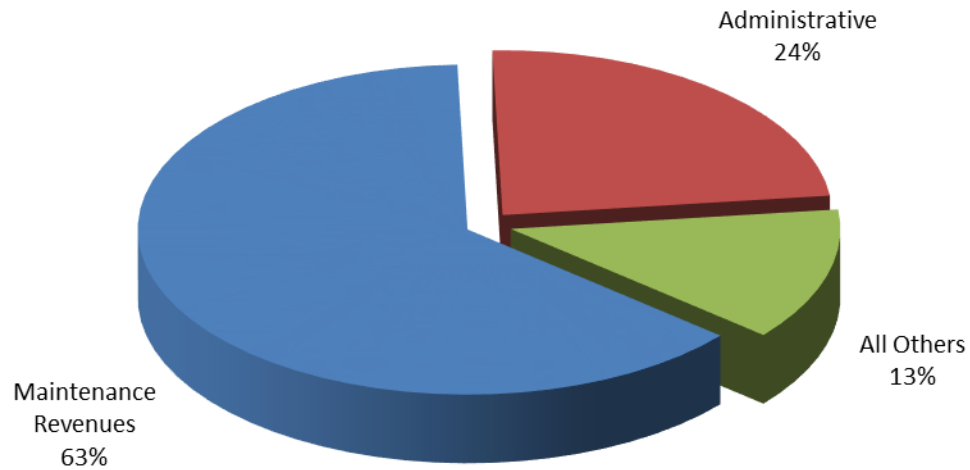
** In 2021, Fleet earned a total gain of \$370,000 from disposition of equipment and scrap sales and incurred related expenses of \$30,000. Included in this is a net amount of \$329,000, net between gain of \$357,000 and expenses of \$28,000, which belongs to the divisions and will be transferred to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

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

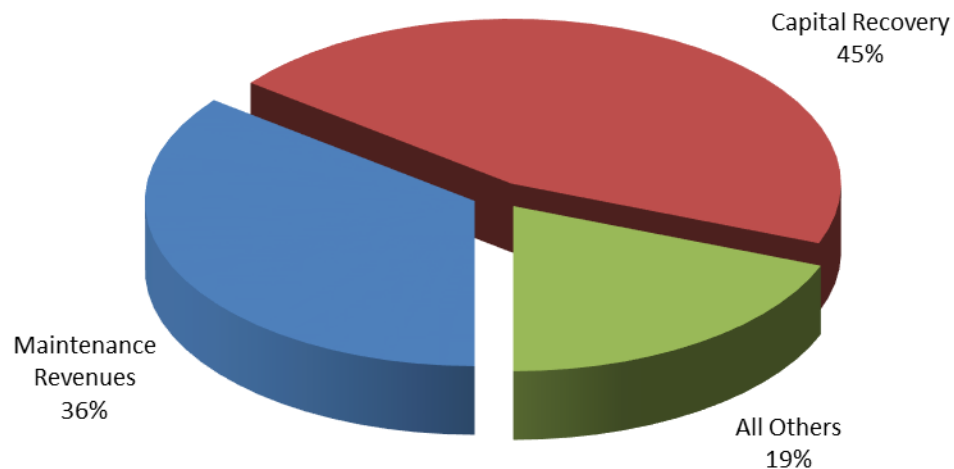
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Supplemental Data

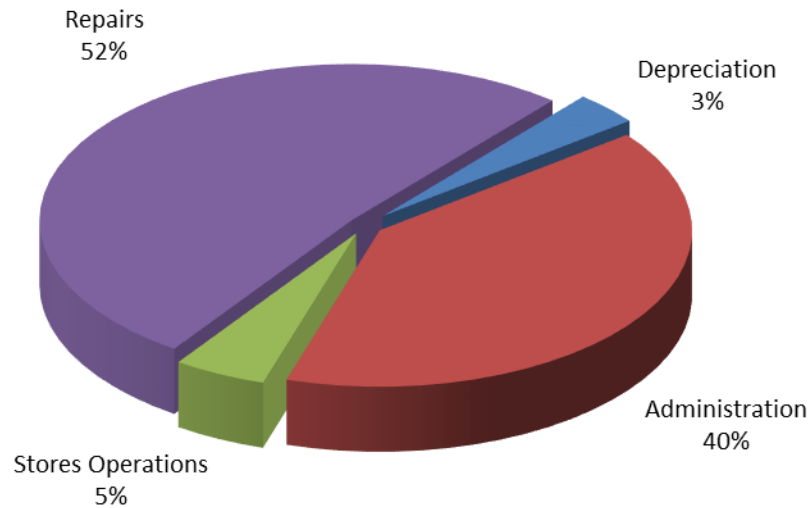
TOTAL OPERATING REVENUES
Year to Date - September 2021 (\$3,428,593)



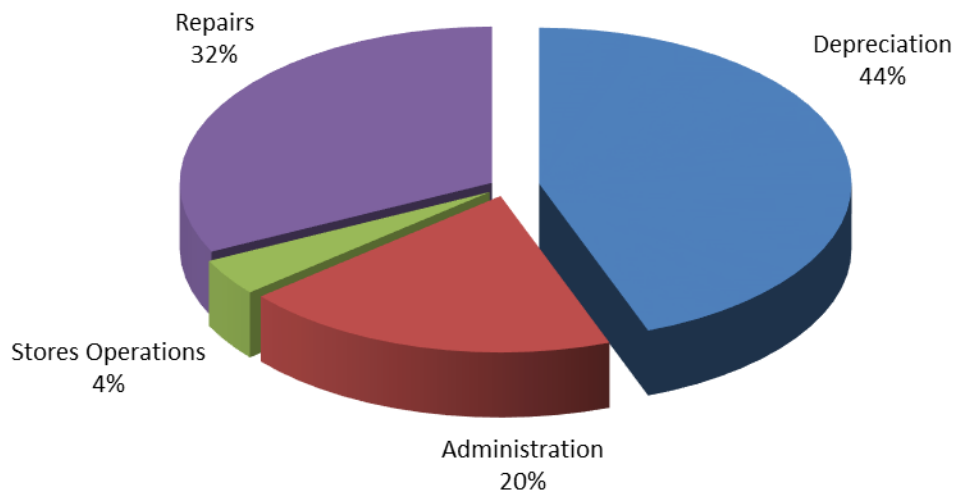
TOTAL OPERATING REVENUES
Year to Date - September 2020 (\$5,919,891)



TOTAL OPERATING EXPENSES
Year to Date - September 2021 (\$4,082,677)



TOTAL OPERATING EXPENSES
Year to Date - September 2020 (\$6,152,036)





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