
JUNE

FLEET SERVICES FUND

2020

**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 an operating loss of \$153,000 at the end of the second quarter of 2020 compared to an operating income of \$128,000 recorded for the same period in 2019. Operating revenues decreased \$173,000 and operating expenses increased \$107,000 respectively, resulting in a net decrease in operating income of \$280,000 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 \$4.0 million and \$4.2 million at the end of the second quarter of 2020 and 2019 respectively.

Maintenance revenues are mainly related to staff labor and were \$1.4 million and \$1.5 million at the end of the second quarter of 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 \$1.8 million in both 2020 and 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 \$701,000 and \$729,000 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 \$26,000 and \$30,000 in 2020 and 2019 respectively.

Pool car revenues are based on usage and were \$35,000 and \$61,000 for 2020 and 2019 respectively.

Expenses

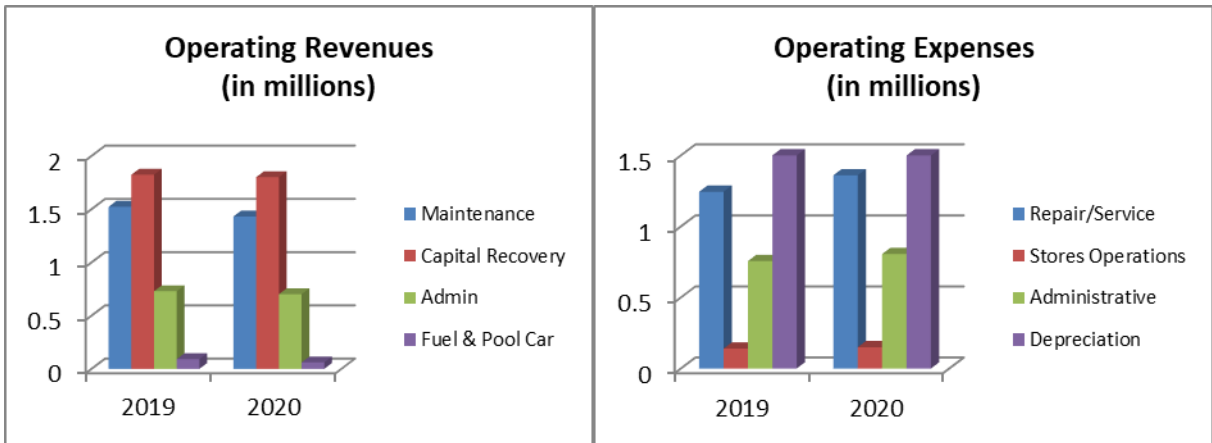
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.1 million and \$4.0 million year-to-date through the second quarter of 2020 and 2019.

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 \$1.4 million and \$1.2 million for 2020 and 2019 respectively. The overall increase is related to increases in the cost of parts.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$150,000 and \$140,000 in 2020 and 2019 respectively.

Administration expenses were \$806,000 and \$757,000 in 2020 and 2019 respectively. This increase is primarily related to the addition of new staff.

Depreciation expense was \$1.8 million and \$1.9 million in 2020 and 2019 respectively.



Non-Operating Revenues (Expenses)

Interest expense was \$66,000 and the interest income was \$134,000 year-to-date through the second quarter of 2020 and 2019 respectively. This is primarily due to the reversal of the 2019 GASB 31 Gain/ Loss entry.

Loss on disposition of equipment at the end of the second quarter of 2020 was \$53,000 compared to a gain on disposition of equipment of \$103,000 in 2019.

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, 2020 and June 30, 2019

	2020	2019
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	47,750,492	47,643,966
Power-Operated Equipment	16,309,867	16,490,855
Accumulated Depreciation	<u>(41,505,236)</u>	<u>(39,657,083)</u>
Total Fixed Assets	23,891,435	25,814,050
Construction Work in Progress	<u>3,431,821</u>	<u>1,370,703</u>
Net Fixed Assets	27,323,256	27,184,753
CURRENT		
Current Fund Cash & Equity in Pooled Investments	16,032,579	16,292,304
Materials and Supplies	<u>356,137</u>	<u>350,161</u>
Total Current Assets	16,388,716	16,642,465
OTHER ASSETS		
Net Pension Asset	<u>-</u>	<u>367,979</u>
TOTAL ASSETS	<u>43,711,972</u>	<u>44,195,197</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	<u>1,213,509</u>	<u>471,904</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$44,925,481</u>	<u>\$44,667,101</u>

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

	<u>2020</u>	<u>2019</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$27,323,256	\$27,184,753
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>(12,857,058)</u>	<u>(10,199,907)</u>
TOTAL NET POSITION	40,742,624	43,629,251
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	162,830	131,705
Wages Payable	<u>78,123</u>	<u>73,064</u>
Total Current Liabilities	240,953	204,769
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	226,663	206,696
Pension Withdrawal Liability	2,555,220	-
Net Pension Liability	<u>1,025,298</u>	<u>-</u>
Total Long-term Liabilities	3,807,181	206,696
TOTAL LIABILITIES	<u>4,048,134</u>	<u>411,465</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	<u>134,723</u>	<u>626,385</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$44,925,481</u></u>	<u><u>\$44,667,101</u></u>

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

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
 June 30, 2020 and June 30, 2019

	JUNE 2020	JUNE 2019
OPERATING REVENUE		
Maintenance Revenue	\$234,534	\$256,329
Capital Recovery	298,442	301,804
Administrative Overhead	115,477	116,975
Fuel and Fuel Loading	3,612	4,866
Pool Car Rental	4,375	12,155
Total Operating Revenue	656,440	692,129
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	212,406	210,802
Outside Services	-	2,096
Total Repairs and Servicing	212,406	212,898
Stores Operations	25,796	23,811
Administration	79,903	112,018
Depreciation	299,254	314,593
Total Operating Expenses	617,359	663,320
OPERATING INCOME (LOSS)	39,081	28,809
NON-OPERATING REVENUES (EXPENSES)		
Interest Income (Expense)	4,060	11,555
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	4,060	11,555
CHANGE IN NET POSITION	\$43,141	\$40,364
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - JUNE 30		

YEAR TO DATE			
JUNE 2020	JUNE 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$1,431,328	\$1,522,852	(\$91,524)	-6.0%
1,800,801	1,823,689	(22,888)	-1.3%
700,681	728,842	(28,161)	-3.9%
25,833	30,103	(4,270)	-14.2%
34,685	61,366	(26,681)	-43.5%
<u>3,993,328</u>	<u>4,166,852</u>	<u>(173,524)</u>	<u>-4.2%</u>
1,341,223	1,220,479	120,744	9.9%
<u>18,557</u>	<u>23,704</u>	<u>(5,147)</u>	<u>-21.7%</u>
1,359,780	1,244,183	115,597	9.3%
150,095	140,159	9,936	7.1%
805,562	756,523	49,039	6.5%
<u>1,830,695</u>	<u>1,898,302</u>	<u>(67,607)</u>	<u>-3.6%</u>
4,146,132	4,039,167	106,965	2.6%
(152,804)	127,685	(280,489)	-219.7%
(65,969)	134,073	(200,042)	-149.2%
(52,803)	103,202	(156,005)	-151.2%
-	1,300	(1,300)	-100.0%
<u>(118,772)</u>	<u>238,575</u>	<u>(357,347)</u>	<u>-149.8%</u>
(271,576)	366,260	(\$637,836)	-174.1%
<u>41,014,200</u>	<u>43,262,991</u>		
<u>\$40,742,624</u>	<u>\$43,629,251</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)
 June 30, 2020 and June 30, 2019

	YEAR TO DATE	
	JUNE 30, 2020	JUNE 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$4,194,106	\$4,733,442
Cash Paid to Suppliers	(1,920,155)	(1,120,470)
Cash Paid to Employees	(1,724,885)	(1,528,619)
Net Cash From Operating Activities	549,066	2,084,353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,365,660)	(2,069,000)
Disposition of Equipment/Scrap	(52,803)	57,808
Net Cash From Financing Activities	(1,418,463)	(2,011,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	(65,969)	134,073
Net Cash From Investing Activities	(65,969)	134,073
Net Change in Cash and Equity in Pooled Investments	(935,366)	207,234
Cash and Equity in Pooled Investments at January 1	16,967,945	16,085,070
Cash and Equity in Pooled Investments at June 30	<u>\$16,032,579</u>	<u>\$16,292,304</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, 2020	JUNE 30, 2019
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income (Loss)	(\$152,804)	\$127,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization	1,830,695	1,898,302
Accounts Receivable	200,778	184,049
Interdivision Receivable	-	382,541
Materials and Supplies	23,386	7,907
Accounts Payable & Other	(1,335,072)	(506,095)
Interdivision Payable	-	(78)
Absences Payable	(17,917)	(9,958)
Total Adjustments	<u>701,870</u>	<u>1,956,668</u>
Net Cash from Operating Activities	<u><u>\$549,066</u></u>	<u><u>\$2,084,353</u></u>

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

Equity Distribution (Unaudited)
 As of June 30, 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 June 30, 2020	26,037,747	13,631,688	1,344,765	41,014,200
Current Year Operations:				
Total Operating Revenue *	2,535,153	1,327,243	130,932	3,993,328
Less: Repairs & Servicing Expense *	863,253	451,943	44,584	1,359,780
Admin and Stores Operations Expense **	695,202	226,185	34,270	955,657
Depreciation Expense	1,304,971	457,919	67,805	1,830,695
Total Expenses	2,863,426	1,136,047	146,659	4,146,132
Net Operating Revenue	(328,273)	191,196	(15,727)	(152,804)
Add: Other Income ***	(75,028)	(39,860)	(3,884)	(118,772)
Net Operating Results	(403,301)	151,336	(19,611)	(271,576)
Total Equity	\$25,634,446	\$13,783,024	\$1,325,154	\$40,742,624

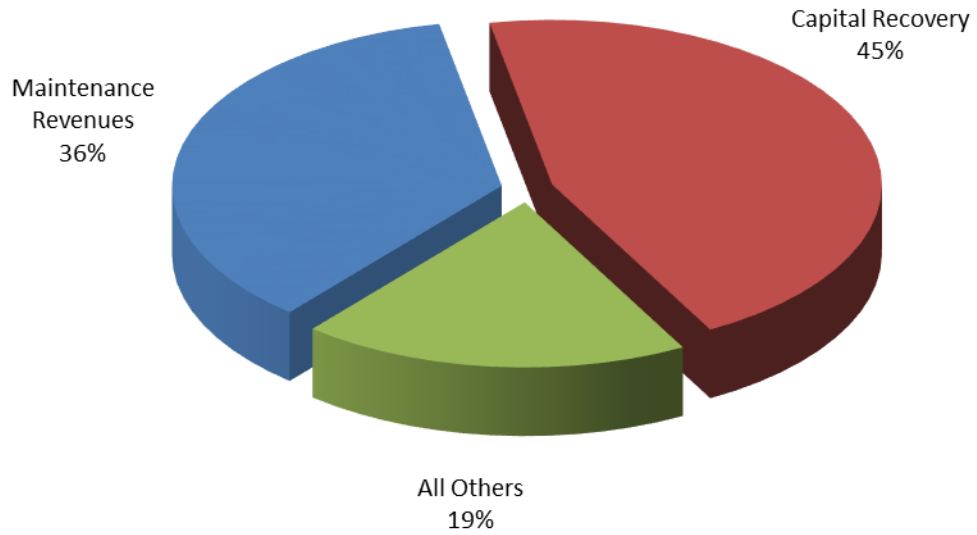
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

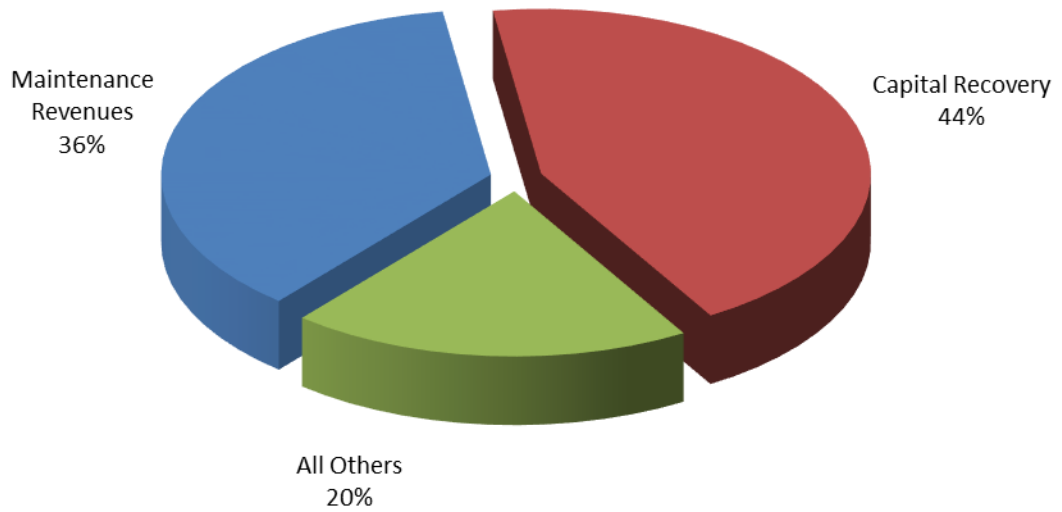
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

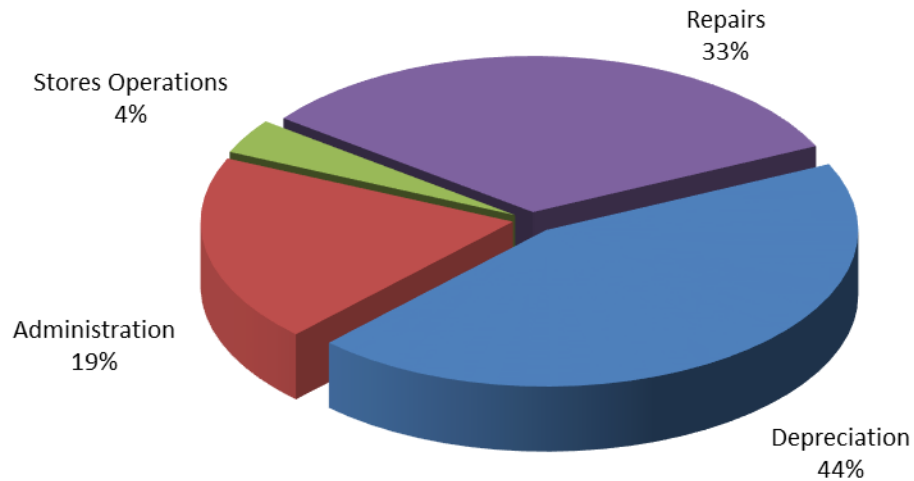
TOTAL OPERATING REVENUES
Year to Date - June 2020 (\$3,993,328)



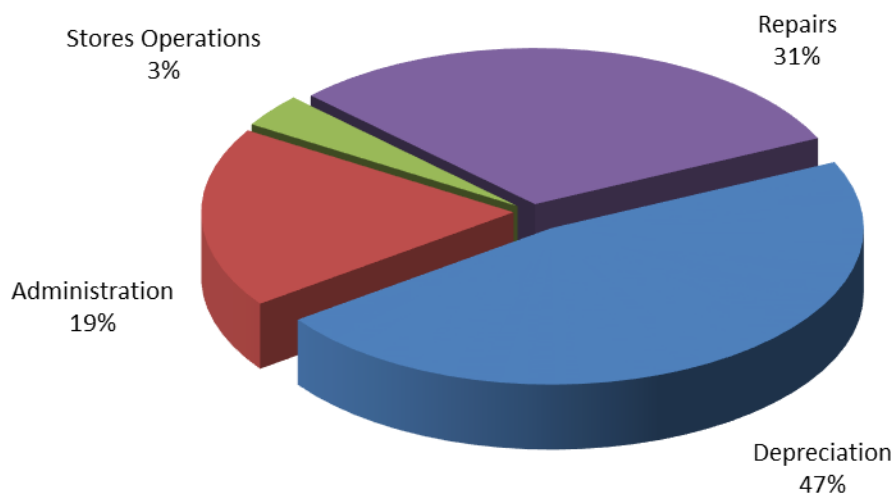
TOTAL OPERATING REVENUES
Year to Date - June 2019 (\$4,166,852)



TOTAL OPERATING EXPENSES
Year to Date - June 2020 (\$4,146,132)



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





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.