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**SEPTEMBER**

***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

TABLE OF CONTENTS

*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.*

Management Discussion and Analysis.....	1
Statements of Net Position (Unaudited).....	3
Statements of Revenues, Expenses and Changes in Net Position (Unaudited).....	5
Statements of Cash Flows (Unaudited).....	7
Equity Distribution (Unaudited).....	9
Supplemental Data .....	10

## Management Discussion and Analysis

Fleet Services is reporting a net operating loss of \$232,000 at the end of the third quarter of 2020 compared to a net gain of \$189,000 recorded for the same period in 2019. Operating revenues decreased \$289,000 and operating expenses increased \$132,000 respectively, resulting in a net decrease in operating income of \$421,000 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 \$5.9 million and \$6.2 million at the end of the third quarter of 2020 and 2019 respectively.

Maintenance revenues are mainly related to staff labor and were \$2.1 million and \$2.2 million at the end of the third quarter of both 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 \$2.7 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 \$1.1 million in both 2020 and 2019.

Fuel and fuel loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$38,000 and \$45,000 in 2020 and 2019 respectively.

Pool car revenues are based on usage and were \$41,000 and \$103,000 for 2020 and 2019 respectively.

### Expenses

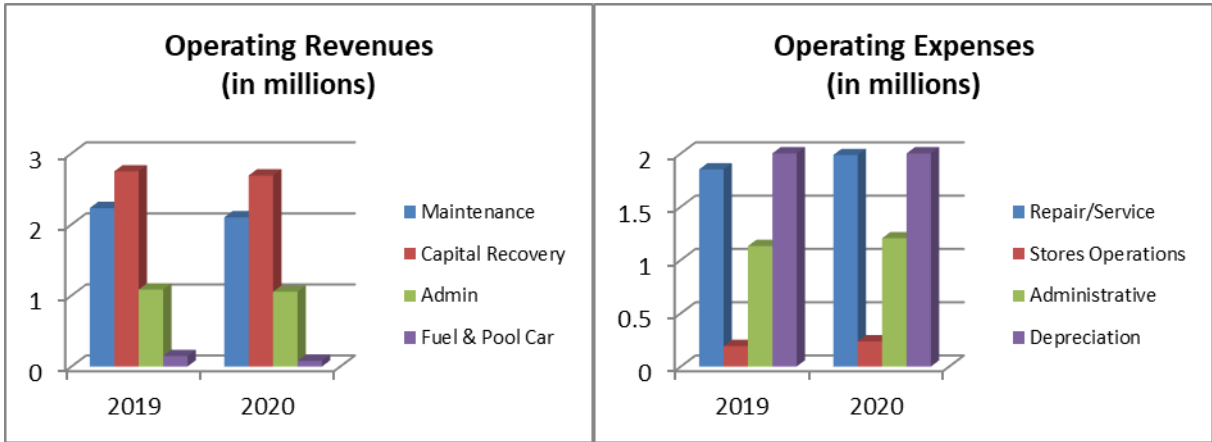
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$6.2 million and \$6.0 million year-to-date through the third quarter of 2020 and 2019.

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 \$2.0 million and \$1.8 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 \$236,000 and \$192,000 in 2020 and 2019 respectively.

Administration expenses were \$1.2 million and \$1.1 million in 2020 and 2019 respectively. This increase is primarily related to the addition of new staff in 2020.

Depreciation expense was \$2.7 million and \$2.8 million in 2020 and 2019 respectively.



**Non-Operating Revenues (Expenses)**

Interest expense was \$50,000 and the interest income was \$154,000 for the third quarters 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 for the third quarter of 2020 was \$229,000 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)  
 September 30, 2020 and September 30, 2019

	2020	2019
<b>ASSETS</b>		
<b>FIXED</b>		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,411
Transportation Equipment	46,190,064	48,910,318
Power-Operated Equipment	16,147,523	16,556,949
Accumulated Depreciation	(41,230,523)	(40,605,816)
Total Fixed Assets	22,443,376	26,197,763
Construction Work in Progress	5,622,902	785,564
Net Fixed Assets	28,066,278	26,983,327
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	15,065,258	16,563,593
Materials and Supplies	381,015	342,451
Total Current Assets	15,446,273	16,906,044
<b>OTHER ASSETS</b>		
Net Pension Asset	-	367,979
<b>TOTAL ASSETS</b>	<b>43,512,551</b>	<b>44,257,350</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pension	1,213,509	471,904
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$44,726,060</b>	<b>\$44,729,254</b>

*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>
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$28,066,278	\$26,983,327
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>(13,828,698)</u>	<u>(9,918,020)</u>
<b>TOTAL NET POSITION</b>	40,514,006	43,709,712
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other	124,170	63,192
Wages Payable	<u>145,980</u>	<u>123,269</u>
Total Current Liabilities	270,150	186,461
<b>LONG-TERM LIABILITIES</b>		
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
<b>TOTAL LIABILITIES</b>	<u>4,077,331</u>	<u>393,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows for Pension	<u>134,723</u>	<u>626,385</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<u><u>\$44,726,060</u></u>	<u><u>\$44,729,254</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, 2020 and September 30, 2019

	SEPTEMBER 2020	SEPTEMBER 2019
<b>OPERATING REVENUE</b>		
Maintenance Revenue	\$195,766	\$216,048
Capital Recovery	294,042	308,461
Administrative Overhead	119,602	118,322
Fuel and Fuel Loading	4,474	4,847
Pool Car Rental	3,510	14,842
Total Operating Revenue	617,394	662,520
<b>OPERATING EXPENSES</b>		
Repairs and Servicing		
Shop Operations	166,954	191,987
Outside Services	34,701	2,268
Total Repairs and Servicing	201,655	194,255
Stores Operations	26,206	(1,937)
Administration	82,488	126,737
Depreciation	298,699	322,774
Total Operating Expenses	609,048	641,829
<b>OPERATING INCOME (LOSS)</b>	8,346	20,691
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income (Expense)	5,071	5,224
Gain (Loss) on Disposition of Equipment	(176,002)	-
Sale of Scrap	11,244	-
Total Non-Operating Revenues (Expenses)	(159,687)	5,224
<b>CHANGE IN NET POSITION</b>	(\$151,341)	\$25,915
<b>TOTAL NET POSITION - JANUARY 1</b>		
<b>TOTAL NET POSITION - SEPTEMBER 30</b>		

YEAR TO DATE			
SEPTEMBER 2020	SEPTEMBER 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$2,099,899	\$2,230,742	(\$130,843)	-5.9%
2,688,631	2,746,050	(57,419)	-2.1%
1,052,397	1,083,712	(31,315)	-2.9%
38,084	45,113	(7,029)	-15.6%
40,880	102,810	(61,930)	-60.2%
<u>5,919,891</u>	<u>6,208,427</u>	<u>(288,536)</u>	-4.6%
1,929,345	1,821,214	108,131	5.9%
<u>55,383</u>	<u>28,734</u>	<u>26,649</u>	92.7%
1,984,728	1,849,948	134,780	7.3%
235,714	192,129	43,585	22.7%
1,204,002	1,130,805	73,197	6.5%
<u>2,727,592</u>	<u>2,847,035</u>	<u>(119,443)</u>	-4.2%
6,152,036	6,019,917	132,119	2.2%
(232,145)	188,510	(420,655)	-223.1%
(50,488)	153,709	(204,197)	-132.8%
(228,805)	103,202	(332,007)	-321.7%
11,244	1,300	9,944	764.9%
<u>(268,049)</u>	<u>258,211</u>	<u>(526,260)</u>	-203.8%
(500,194)	446,721	(\$946,915)	-212.0%
<u>41,014,200</u>	<u>43,262,991</u>		
<u>\$40,514,006</u>	<u>\$43,709,712</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, 2020 and September 30, 2019

	YEAR TO DATE	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash From Customers	\$6,120,669	\$6,775,017
Cash Paid to Suppliers	(2,245,622)	(1,462,322)
Cash Paid to Employees	(2,504,106)	(2,229,382)
	1,370,941	3,083,313
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net	(3,005,579)	(2,816,307)
Disposition of Equipment/Scrap	(217,561)	57,808
	(3,223,140)	(2,758,499)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	(50,488)	153,709
	(50,488)	153,709
Net Change in Cash and Equity in Pooled Investments	(1,902,687)	478,523
Cash and Equity in Pooled Investments at January 1	16,967,945	16,085,070
Cash and Equity in Pooled Investments at September 30	\$15,065,258	\$16,563,593

*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	
	SEPTMBER 30, 2020	SEPTMBER 30, 2019
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:</b>		
Operating Income (Loss)	(\$232,145)	\$188,510
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation and Amortization	2,727,592	2,847,035
Accounts Receivable	200,778	184,049
Interdivision Receivable	-	382,541
Materials and Supplies	(1,492)	15,617
Accounts Payable & Other	(1,373,732)	(574,608)
Interdivision Payable	-	(78)
Absences Payable	49,940	40,247
Total Adjustments	<u>1,603,086</u>	<u>2,894,803</u>
Net Cash from Operating Activities	<u>\$1,370,941</u>	<u>\$3,083,313</u>

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

Equity Distribution (Unaudited)  
 As of September 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 September 30, 2020	26,037,747	13,631,688	1,344,765	41,014,200
Current Year Operations:				
Total Operating Revenue *	3,758,226	1,967,565	194,100	5,919,891
Less: Repairs & Servicing Expense *	1,259,999	659,654	65,075	1,984,728
Admin and Stores Operations Expense **	1,046,234	341,628	51,854	1,439,716
Depreciation Expense	1,967,513	676,273	83,806	2,727,592
Total Expenses	4,273,746	1,677,555	200,735	6,152,036
Net Operating Revenue	(515,520)	290,010	(6,635)	(232,145)
Add: Other Income ***	(168,656)	(90,681)	(8,712)	(268,049)
Net Operating Results	(684,176)	199,329	(15,347)	(500,194)
Total Equity	\$25,353,571	\$13,831,017	\$1,329,418	\$40,514,006

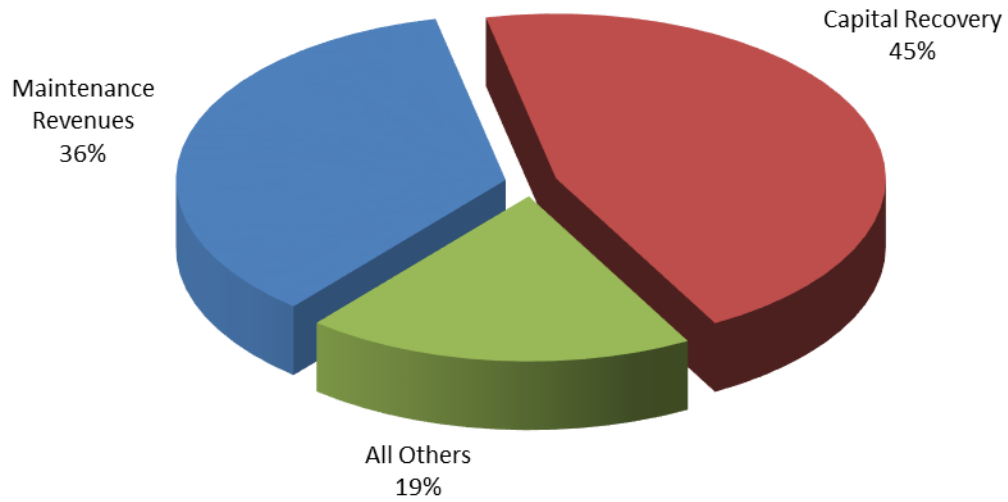
\* Allocated to each division based on total receipts from the divisions.

\*\* Allocated to each division based on vehicle count.

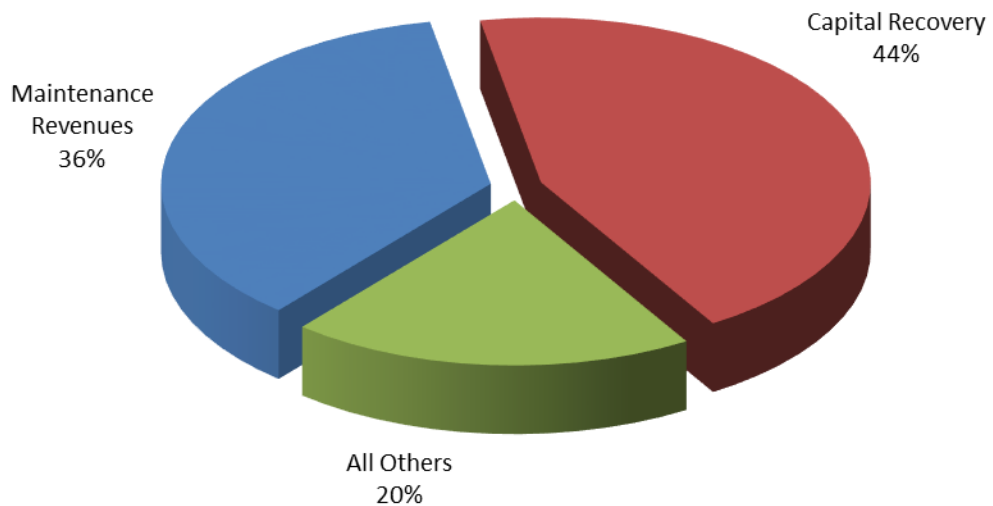
\*\*\* Allocated to each division based on total equity in the Fund.

## Supplemental Data

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

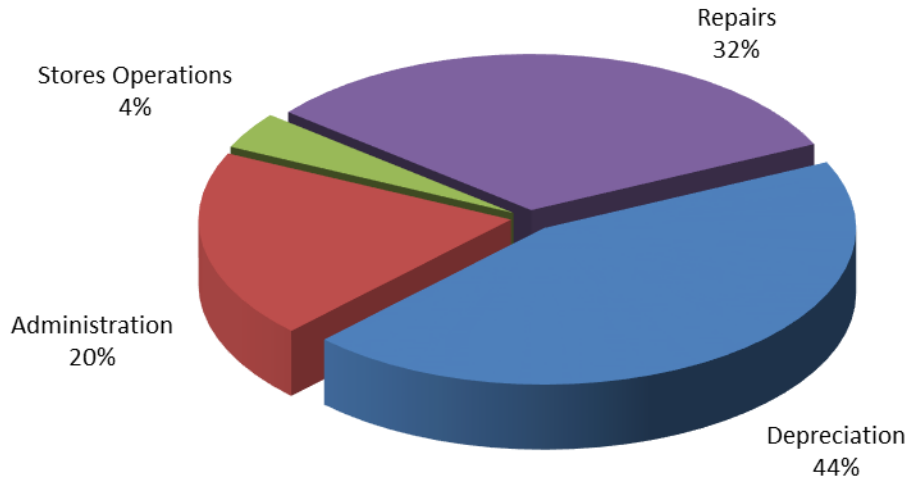


**TOTAL OPERATING REVENUES**  
**Year to Date - September 2019 (\$6,208,427)**

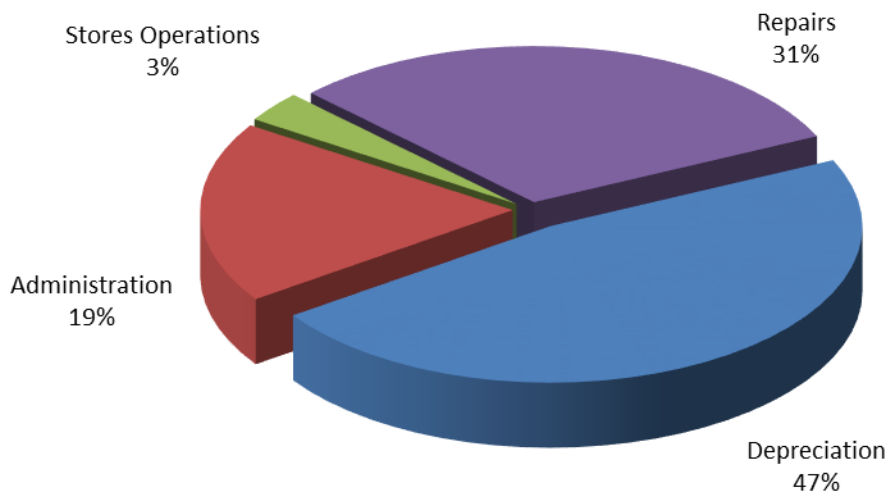




**TOTAL OPERATING EXPENSES**  
**Year to Date - September 2020 (\$6,152,036)**



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





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.