
MARCH

FLEET SERVICES FUND

2018

**FINANCIAL
REPORT**



Public Utility Board

MONIQUE TRUDNOWSKI

Chair

WOODROW JONES

Vice-Chair

KAREN LARKIN

Secretary

BRYAN FLINT

Member

MARK PATTERSON

Member

LINDA MCCREA

Interim Director of Utilities/CEO

DON ASHMORE

Utilities Fleet Manager

ANDREW CHERULLO

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

Fleet Services is reporting a net operating loss of \$548,000 year-to-date 2018 compared to a net loss of \$1.3 million recorded for the same time period in 2017. Operating revenues increased \$755,000 and expenses decreased \$10,000 respectively, resulting in a net increase in operating income of \$765,000 compared to 2017.

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 \$1.5 million and \$705,000 at the end of the 1st quarter of 2018 and 2017 respectively.

Maintenance revenues are mainly related to staff labor and were \$462,000 and \$416,000 at the end of the first quarter of both 2018 and 2017 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 \$624,000 and \$39,000 in 2018 and 2017 respectively. The increase is due to Tacoma Water and Tacoma Rail contributing to their replacement costs. Tacoma Power is currently not contributing until an analysis of future purchase needs is complete.

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 \$334,000 and \$209,000 in 2018 and 2017 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 \$15,000 and \$14,000 in 2018 and 2017 respectively.

Pool car revenues are based on usage and were \$26,000 and \$28,000 for 2018 and 2017 respectively.

Expenses

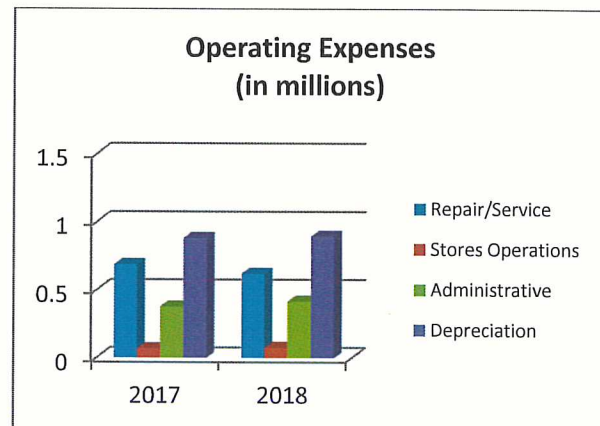
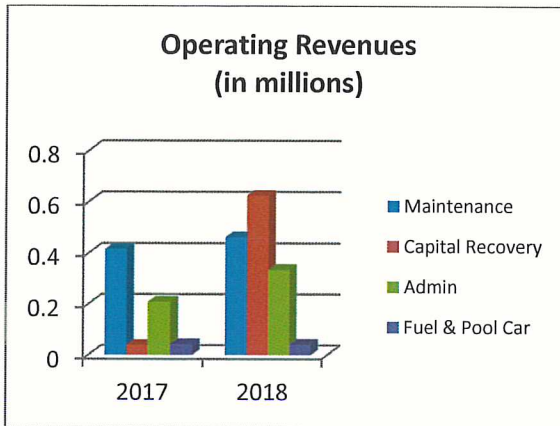
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$2.0 million year-to-date through the first quarter of both 2018 and 2017.

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 \$621,000 and \$688,000 for 2018 and 2017 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$76,000 and \$68,000 in 2018 and 2017 respectively.

Administration expenses were \$417,000 and \$378,000 in 2018 and 2017 respectively.

Depreciation expense was \$895,000 and \$884,000 in 2018 and 2017 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$139,000 and \$71,000 for the first quarters of 2018 and 2017 respectively.

The gain on disposition of equipment was \$8,000 and \$108,000 for 2018 and 2017 respectively.

There has been no sale of scrap for the first quarter 2018 compared to \$13,000 in 2017.

Linda McCrea
Interim Director of Utilities/CEO

Andrew Cherullo
Finance Director

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.

STATEMENTS OF NET POSITION	1 – 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	3 – 4
STATEMENTS OF CASH FLOWS	5 – 6
EQUITY DISTRIBUTION	7
SUPPLEMENTAL DATA	8 – 10

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
FLEET SERVICES FUND

STATEMENTS OF NET POSITION
MARCH 31, 2018 AND MARCH 31, 2017

	2018	2017
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,380
Transportation Equipment	44,461,527	42,810,288
Power-Operated Equipment	16,747,986	19,105,895
Accumulated Depreciation	(38,138,223)	(38,208,304)
Total Fixed Assets	24,407,602	25,044,160
Construction Work in Progress	1,540,896	624,898
Net Fixed Assets	25,948,498	25,669,058
CURRENT		
Current Fund Cash & Equity in Pooled Investments	18,300,142	18,856,736
Materials and Supplies	313,676	293,126
Total Current Assets	18,613,818	19,149,862
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	915,881	964,710
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	\$45,478,197	\$45,783,630

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 Annual Report.

NET POSITION AND LIABILITIES	2018	2017
NET POSITION		
Invested in Capital Assets	\$25,948,498	\$25,669,058
Restricted for:		
Tacoma Power	18,095,346	18,095,346
Tacoma Water	7,199,933	7,199,933
Tacoma Rail	981,147	981,147
Unrestricted	(8,559,432)	(7,485,530)
TOTAL NET POSITION	43,665,492	44,459,954
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	427,084	77,924
Wages Payable	113,112	123,466
Total Current Liabilities	540,196	201,390
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	209,679	231,004
Net Pension Liability	874,422	835,359
Total Long-term Liabilities	1,084,101	1,066,363
TOTAL LIABILITIES	1,624,297	1,267,753
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows for Pensions	188,408	55,923
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$45,478,197	\$45,783,630

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
FLEET SERVICES FUND

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2018 AND MARCH 31, 2017

	MARCH 2018	MARCH 2017
OPERATING REVENUE		
Maintenance Revenue	\$179,266	\$186,476
Capital Recovery	207,920	12,973
Administrative Overhead	222,557	71,951
Fuel and Fuel Loading	5,382	5,146
Pool Car Rental	10,260	9,166
Total Operating Revenue	625,385	285,712
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	184,677	220,734
Outside Services	3,400	20,775
Total Repairs and Servicing	188,077	241,509
Stores Operations	25,873	21,621
Administration	135,595	154,796
Depreciation	298,499	294,159
Total Operating Expenses	648,044	712,085
OPERATING INCOME	(22,659)	(426,373)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	7,815	4,325
Gain (Loss) on Disposition of Equipment	8,231	106,506
Sale of Scrap	-	12,500
Total Non-Operating Revenues (Expenses)	16,046	123,331
CHANGE IN NET POSITION	(\$6,613)	(\$303,042)
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2018 Financial Report.

YEAR TO DATE

<u>MARCH</u> <u>2018</u>	<u>MARCH</u> <u>2017</u>	<u>2018/2017</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$461,840	\$415,739	\$46,101	11.1%
623,975	38,516	585,459	1520.0%
334,422	208,572	125,850	60.3%
14,730	14,431	299	2.1%
26,085	28,213	(2,128)	-7.5%
<u>1,461,052</u>	<u>705,471</u>	<u>755,581</u>	<u>107.1%</u>
597,385	667,339	(69,954)	-10.5%
<u>23,609</u>	<u>20,984</u>	<u>2,625</u>	<u>12.5%</u>
620,994	688,323	(67,329)	-9.8%
75,982	68,390	7,592	11.1%
416,858	378,356	38,502	10.2%
<u>895,498</u>	<u>883,832</u>	<u>11,666</u>	<u>1.3%</u>
<u>2,009,332</u>	<u>2,018,901</u>	<u>(9,569)</u>	<u>-0.5%</u>
(548,280)	(1,313,430)	765,150	-58.3%
138,610	71,483	67,127	-93.9%
8,231	107,704	(99,473)	92.4%
<u>-</u>	<u>12,500</u>	<u>(12,500)</u>	<u>100.0%</u>
<u>146,841</u>	<u>191,687</u>	<u>(44,846)</u>	<u>23.4%</u>
(401,439)	(1,121,743)	\$720,304	-64.2%
<u>44,066,931</u>	<u>45,581,697</u>		
<u>\$43,665,492</u>	<u>\$44,459,954</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
FLEET SERVICES FUND

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2018	MARCH 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$1,565,073	\$951,621
Cash Paid to Suppliers	(488,608)	(1,053,145)
Cash Paid to Employees	(712,393)	(739,469)
	364,072	(840,993)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(863,265)	(302,660)
Disposition of Equipment/Scrap.....	8,231	120,204
	(855,034)	(182,456)
Net Cash Used in Financing Activities	(855,034)	(182,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	138,610	71,483
	138,610	71,483
Net Cash Provided By Investing Activities	138,610	71,483
Net Change in Cash and Equity in Pooled Investments	(352,352)	(951,966)
Cash and Equity in Pooled Investments at January 1	18,652,494	19,808,702
Cash and Equity in Pooled Investments at March 31	\$18,300,142	\$18,856,736

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2017 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2018	MARCH 31, 2017
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$548,280)	(\$1,313,430)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	895,498	883,832
Accounts Receivable	98,535	213,758
Interdivision Receivable	5,486	32,392
Materials and Supplies	(3,683)	2,912
Accounts Payable & Other	(115,262)	(607,092)
Interdivision Payable	(12,786)	(103,224)
Absences Payable	44,564	49,859
Total Adjustments	<u>912,352</u>	<u>472,437</u>
Net Cash Provided by Operating Activities	<u><u>\$364,072</u></u>	<u><u>(\$840,993)</u></u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
FLEET SERVICES FUND

EQUITY DISTRIBUTION AS OF MARCH 31, 2018

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2018	\$29,334,973	\$13,257,721	\$1,474,237	\$44,066,931
Contributions During Year	-	-	-	-
Equity Contrib. at March 31, 2018 ..	29,334,973	13,257,721	1,474,237	44,066,931
Current Year Operations:				
Total Operating Revenue *	972,609	439,564	48,879	1,461,052
Less: Repairs & Servicing Expense *	413,390	186,829	20,775	620,994
Administration Expense ** ...	364,075	110,586	18,179	492,840
Depreciation Expense	651,255	214,540	29,703	895,498
Total Expenses	1,428,720	511,955	68,657	2,009,332
Net Operating Revenue	(456,111)	(72,391)	(19,778)	(548,280)
Add: Other Income ***	97,738	44,184	4,919	146,841
Net Operating Results	(358,373)	(28,207)	(14,859)	(401,439)
Total Equity	<u>\$28,976,600</u>	<u>\$13,229,514</u>	<u>\$1,459,378</u>	<u>\$43,665,492</u>

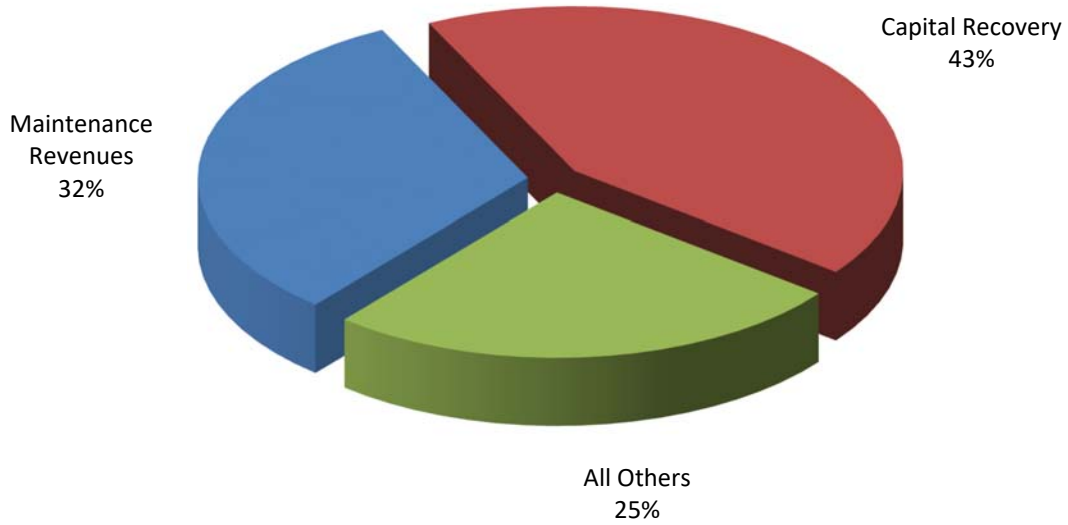
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

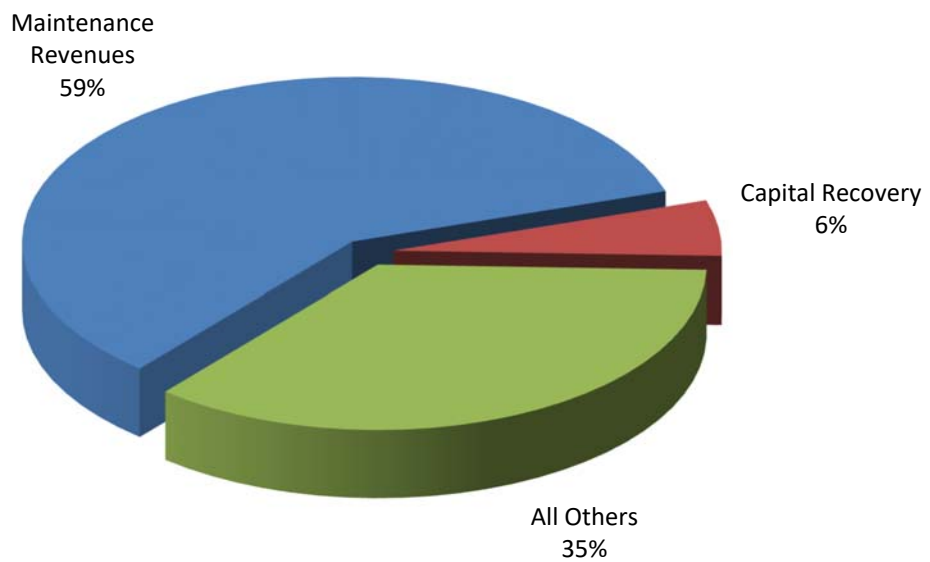
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

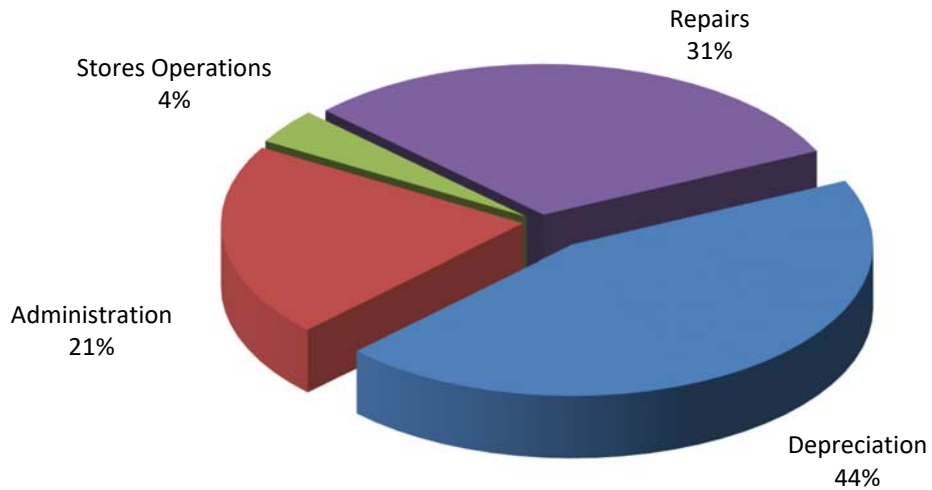
TOTAL OPERATING REVENUES
Year to Date - March 2018 (\$1,461,052)



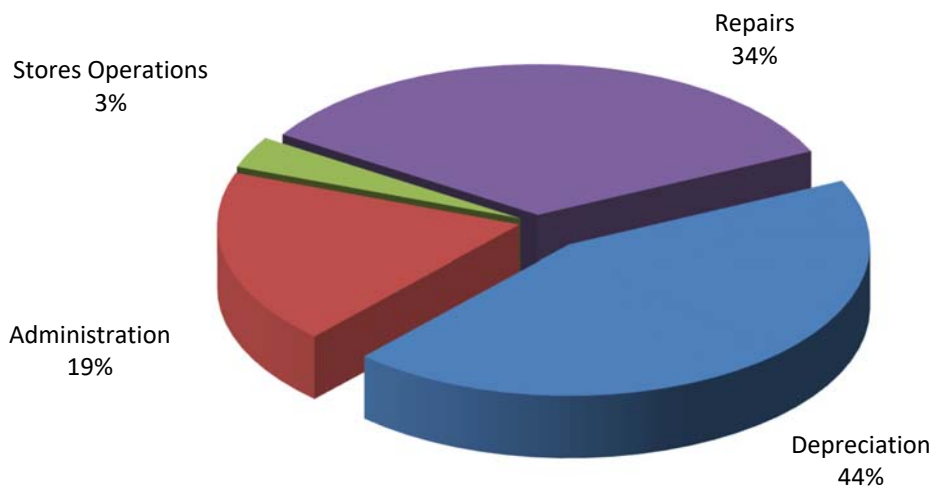
TOTAL OPERATING REVENUES
Year to Date - March 2017 (\$705,471)



TOTAL OPERATING EXPENSES
Year to Date - March 2018 (\$2,009,332)



TOTAL OPERATING EXPENSES
Year to Date - March 2017 (\$2,018,901)





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.