
JUNE

FLEET SERVICES FUND

2017

**FINANCIAL
REPORT**



Public Utility Board

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WILLIAM A. GAINES

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 \$1.0 million year-to-date 2017 compared to a net gain of \$205,000 recorded for the same time period in 2016. Operating revenues decreased \$999,000 and expenses increased \$246,000 respectively, resulting in a net decrease in operating income of \$1.2 million compared to 2016.

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 \$2.9 million and \$3.9 million at the end of the second quarter of 2017 and 2016.

Maintenance revenues are mainly related to staff labor and were \$1.1 million at the end of the second quarter of both 2017 and 2016.

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 \$1.1 million and \$2.3 million in 2017 and 2016 respectively.

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 \$553,000 and \$415,000 in 2017 and 2016 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 \$28,000 and \$21,000 in 2017 and 2016 respectively.

Pool car revenues are based on usage and were \$59,000 and \$54,000 for 2017 and 2016 respectively.

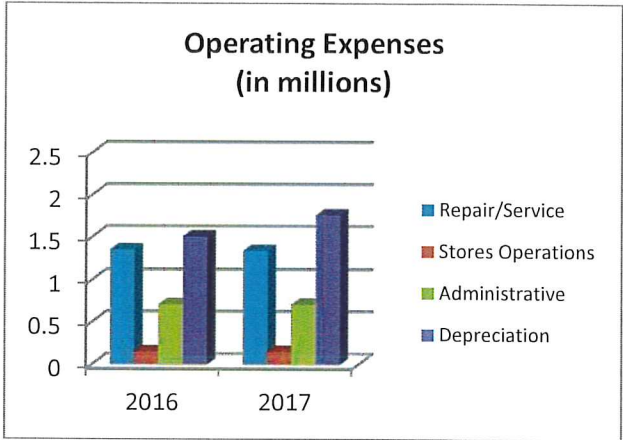
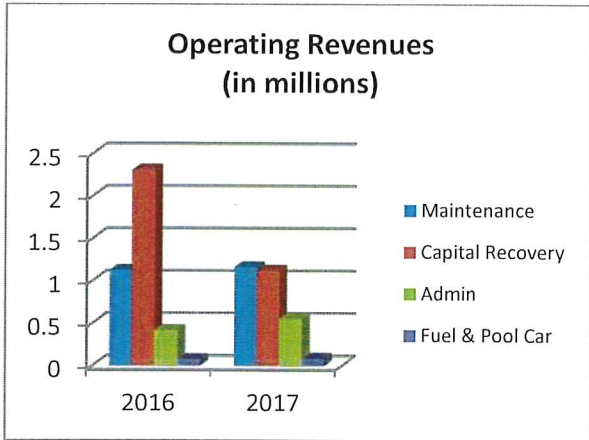
Expenses

Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.0 million and \$3.7 million year-to-date through the second quarter of both 2017 and 2016.

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 \$1.3 million in both 2017 and 2016 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$152,000 in both 2017 and 2016.

Administration expenses were \$708,000 and \$706,000 in 2017 and 2016 respectively. Depreciation expenses were \$1.8 million and \$1.5 million in 2017 and 2016 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$85,000 and \$88,000 for the second quarter of 2017 and 2016 respectively.

William A. Gaines
Director of Utilities/CEO

Andrew Cherullo
Finance Director

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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.

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
JUNE 30, 2017 AND JUNE 30, 2016

	2017	2016
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,381	692,125
Transportation Equipment	42,810,288	37,625,145
Power-Operated Equipment	19,105,895	18,944,219
Accumulated Depreciation	(39,086,828)	(38,415,283)
Total Fixed Assets	24,165,637	19,463,107
Construction Work in Progress	1,540,265	2,894,425
Net Fixed Assets	25,705,902	22,357,532
CURRENT		
Current Fund Cash & Equity in Pooled Investments	19,083,559	22,438,791
Materials and Supplies	297,929	274,268
Total Current Assets	19,381,488	22,713,059
OTHER ASSETS		
Net Pension Assets	-	101,261
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	964,710	240,412
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	\$46,052,100	\$45,412,264

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.

NET POSITION AND LIABILITIES	<u>2017</u>	<u>2016</u>
NET POSITION		
Net Investment in Capital Assets	\$25,705,902	\$22,357,532
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	-	101,261
Unrestricted	<u>(7,221,021)</u>	<u>(3,914,397)</u>
TOTAL NET POSITION	44,761,307	44,820,822
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	97,301	113,935
Wages Payable	71,206	150,685
Total Current Liabilities	<u>168,507</u>	<u>264,620</u>
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	231,004	219,922
Net Pension Liability	<u>835,359</u>	<u>-</u>
Total Long-term Liabilities	<u>1,066,363</u>	<u>219,922</u>
TOTAL LIABILITIES	<u>1,234,870</u>	<u>484,542</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows for Pensions	<u>55,923</u>	<u>106,900</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$46,052,100</u></u>	<u><u>\$45,412,264</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2017 AND JUNE 30, 2016

	<u>JUNE</u> <u>2017</u>	<u>JUNE</u> <u>2016</u>
OPERATING REVENUE		
Maintenance Revenue	\$457,067	\$177,732
Capital Recovery	205,287	384,857
Administrative Overhead	114,016	68,842
Fuel and Fuel Loading	4,797	4,727
Pool Car Rental	7,441	8,327
Total Operating Revenue	788,608	644,485
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	188,512	221,118
Outside Services	124	577
Total Repairs and Servicing	188,636	221,695
Stores Operations	28,078	27,514
Administration	116,850	110,106
Depreciation	292,841	248,112
Total Operating Expenses	626,405	607,427
OPERATING INCOME	162,203	37,058
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	5,673	3,852
Gain (Loss) on Disposition of Equipment	13,592	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	19,265	3,852
Net Income Before Transfers	181,468	40,910
Transfers In	-	-
CHANGE IN NET POSITION	\$181,468	\$40,910
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - JUNE 30		

These statements should be read in conjunction with the Management Discussion and Analysis in the June 2017 Financial Report.

YEAR TO DATE

JUNE 2017	JUNE 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$1,160,558	\$1,122,200	\$38,358	3.4%
1,118,945	2,306,597	(1,187,652)	-51.5%
553,130	414,572	138,558	33.4%
28,441	21,040	7,401	35.2%
58,862	54,232	4,630	8.5%
<u>2,919,936</u>	<u>3,918,641</u>	<u>(998,705)</u>	-25.5%
1,313,336	1,327,551	(14,215)	-1.1%
23,565	20,575	2,990	14.5%
<u>1,336,901</u>	<u>1,348,126</u>	<u>(11,225)</u>	-0.8%
152,230	151,626	604	0.4%
708,062	705,772	2,290	0.3%
<u>1,762,356</u>	<u>1,508,489</u>	<u>253,867</u>	16.8%
<u>3,959,549</u>	<u>3,714,013</u>	<u>245,536</u>	6.6%
(1,039,613)	204,628	(1,244,241)	-608.1%
85,415	87,629	(2,214)	-2.5%
121,295	152,768	(31,473)	-20.6%
12,513	6,875	5,638	82.0%
<u>219,223</u>	<u>247,272</u>	<u>(28,049)</u>	-11.3%
(820,390)	451,900	(1,272,290)	-281.5%
-	2,181	(2,181)	-100.0%
(820,390)	454,081	(\$1,274,471)	-280.7%
<u>45,581,697</u>	<u>44,366,741</u>		
<u>\$44,761,307</u>	<u>\$44,820,822</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2017	JUNE 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$3,166,086	\$4,728,852
Cash Paid to Suppliers	(1,321,618)	(1,751,440)
Cash Paid to Employees	(1,570,806)	(1,435,727)
	273,662	1,541,685
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,218,028)	(1,588,619)
Disposition of Equipment/Scrap.....	133,808	159,643
	(1,084,220)	(1,428,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	85,415	87,629
	85,415	87,629
Net Change in Cash and Equity in Pooled Investments	(725,143)	200,338
Cash and Equity in Pooled Investments at January 1	19,808,702	22,238,453
Cash and Equity in Pooled Investments at June 30	\$19,083,559	\$22,438,791

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.

	YEAR TO DATE	
	JUNE 30, 2017	JUNE 30, 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$1,039,613)	\$204,628
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,762,356	1,508,489
Accounts Receivable	213,758	43,820
Interdivision Receivable	32,392	766,391
Materials and Supplies	(1,891)	10,156
Accounts Payable & Other	(587,715)	(295,157)
Interdivision Payable	(103,224)	(785,250)
Absences Payable	(2,401)	88,608
Total Adjustments	<u>1,313,275</u>	<u>1,337,057</u>
Net Cash Provided by Operating Activities	<u><u>\$273,662</u></u>	<u><u>\$1,541,685</u></u>

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

EQUITY DISTRIBUTION AS OF JUNE 30, 2017

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2017	\$30,343,339	\$13,713,445	\$1,524,913	\$45,581,697
Contributions During Year	-	-	-	-
Equity Contrib. at June 30, 2017 ..	30,343,339	13,713,445	1,524,913	45,581,697
Current Year Operations:				
Total Operating Revenue *	1,943,776	878,475	97,685	2,919,936
Less: Repairs & Servicing Expense *	889,964	402,212	44,725	1,336,901
Administration Expense ** ...	643,470	187,096	29,726	860,292
Depreciation Expense	1,329,497	382,059	50,800	1,762,356
Total Expenses	2,862,931	971,367	125,251	3,959,549
Net Operating Revenue	(919,155)	(92,892)	(27,566)	(1,039,613)
Add: Other Income ***	145,915	65,964	7,344	219,223
Net Operating Results	(773,240)	(26,928)	(20,222)	(820,390)
Total Equity	<u>\$29,570,099</u>	<u>\$13,686,517</u>	<u>\$1,504,691</u>	<u>\$44,761,307</u>

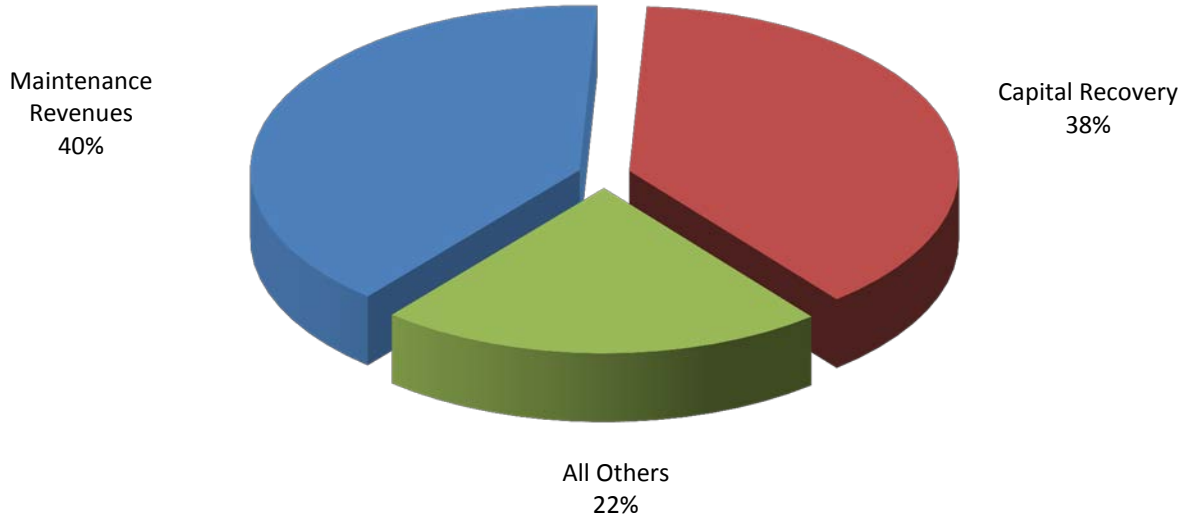
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

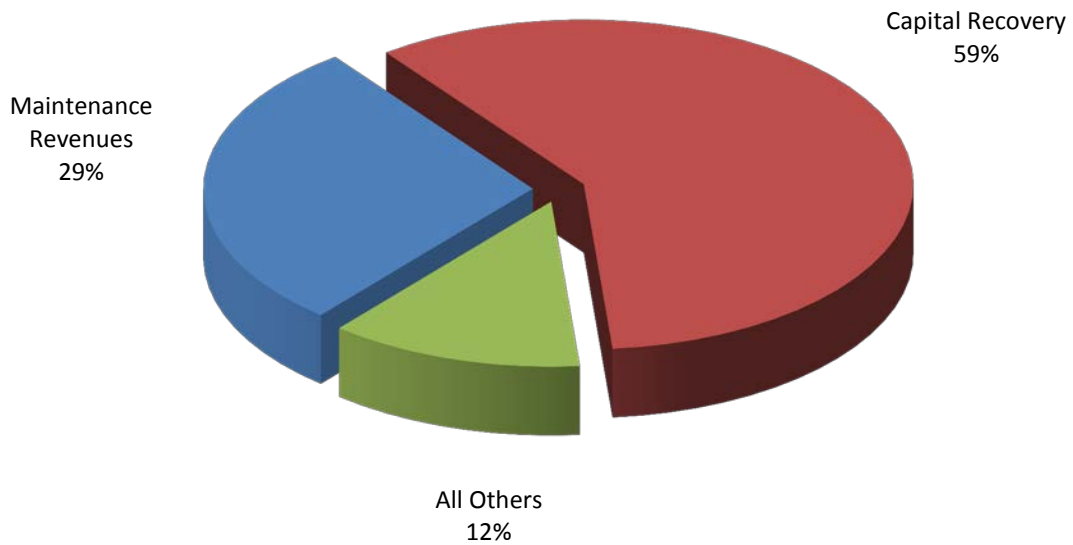
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

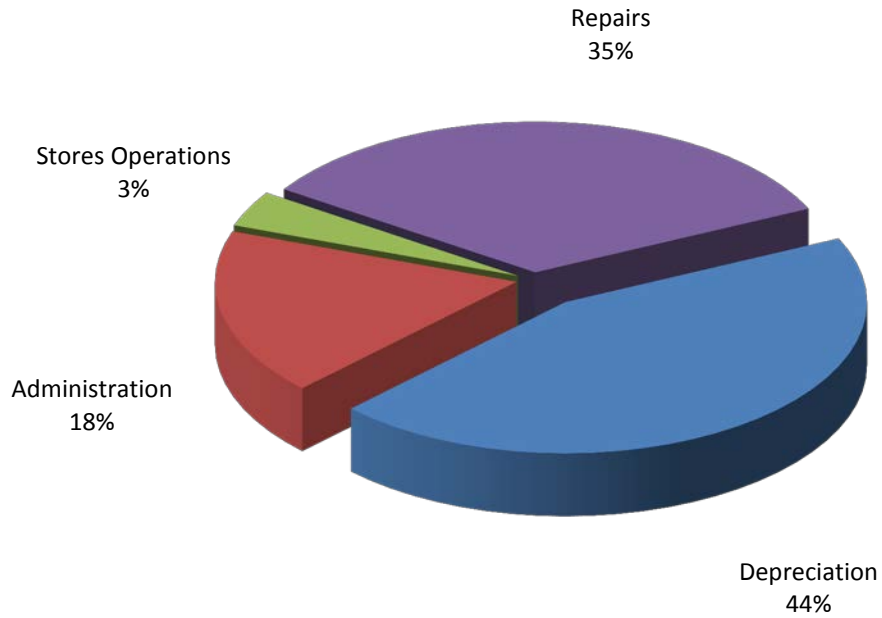
TOTAL OPERATING REVENUES
Year to Date - June 2017 (\$2,919,936)



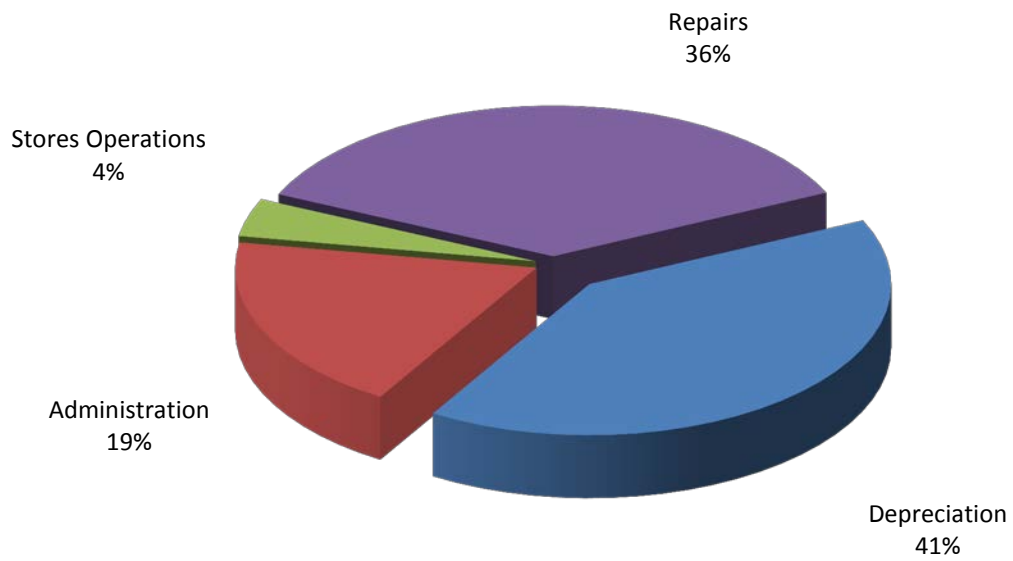
TOTAL OPERATING REVENUES
Year to Date - June 2016 (\$3,918,641)



TOTAL OPERATING EXPENSES
Year to Date - June 2017 (\$3,959,549)



TOTAL OPERATING EXPENSES
Year to Date - June 2016 (\$3,714,013)





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