
SEPTEMBER

FLEET SERVICES FUND

2018

**FINANCIAL
REPORT**



Public Utility Board

WOODROW JONES
Chair

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Vice-Chair

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Member

JACKIE FLOWERS
Director of Utilities

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 \$1.7 million year-to-date 2018 compared to a net loss of \$1.4 million recorded for the same time period in 2017. Operating revenues decreased \$42,000 and expenses increased \$261,000 respectively, resulting in a net decrease in operating income of \$303,000 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 \$4.5 million and \$4.6 million at the end of the third quarter of 2018 and 2017.

Maintenance revenues are mainly related to staff labor and were \$1.5 million and \$1.7 million at the end of the third quarter of 2018 and 2017.

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 \$1.9 million and \$1.7 million in 2018 and 2017 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 \$1.0 million in both 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 \$49,000 and \$40,000 in 2018 and 2017 respectively.

Pool car revenues are based on usage and were \$91,000 and \$87,000 for 2018 and 2017 respectively.

Expenses

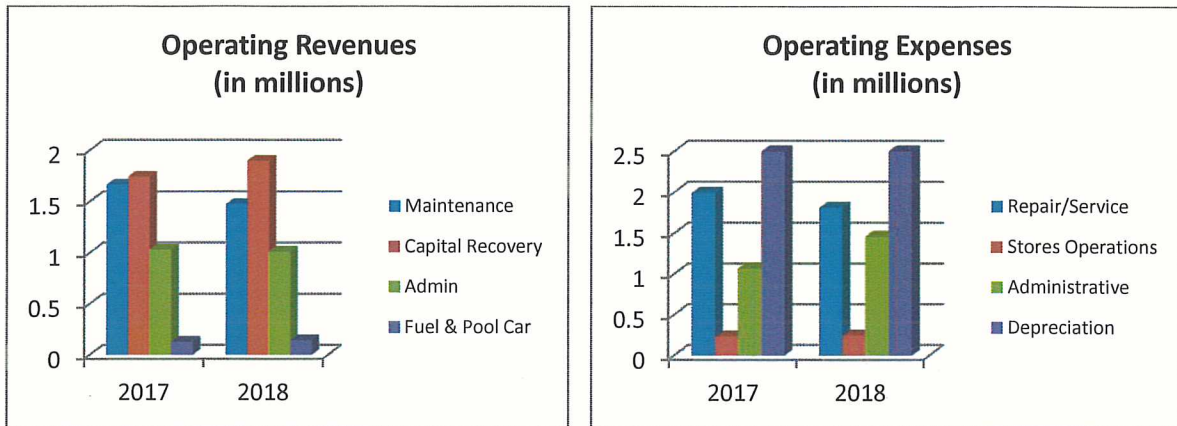
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$6.2 million and \$5.9 million year-to-date through the third quarter of 2018 and 2017.

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 \$1.8 million and \$2.0 million in 2018 and 2017 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$245,000 and \$232,000 in 2018 and 2017.

Administration expenses were \$1.5 million and \$1.1 million in 2018 and 2017 respectively.


Depreciation expense was \$2.7 million and \$2.6 million in 2018 and 2017 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$183,000 and \$102,000 for the third quarter of 2018 and 2017 respectively.


 Jackie Flowers
 Director of Utilities


 Andrew Cherullo
 Finance Director

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

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

	2018	2017
ASSETS		
FIXED		
Office Furniture and Equipment	\$616,901	\$616,901
Stores and Shop Equipment	719,411	719,381
Transportation Equipment	43,742,716	42,810,288
Power-Operated Equipment	16,375,559	19,105,895
Accumulated Depreciation	<u>(38,837,108)</u>	<u>(39,962,288)</u>
Total Fixed Assets	22,617,479	23,290,177
Construction Work in Progress	<u>4,072,240</u>	<u>2,446,240</u>
Net Fixed Assets	26,689,719	25,736,417
CURRENT		
Current Fund Cash & Equity in Pooled Investments	16,569,563	18,807,304
Materials and Supplies	<u>334,125</u>	<u>304,558</u>
Total Current Assets	16,903,688	19,111,862
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	<u>915,881</u>	<u>964,710</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u><u>\$44,509,288</u></u>	<u><u>\$45,812,989</u></u>

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

	<u>2018</u>	<u>2017</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$26,689,719	\$25,736,416
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	<u>(10,204,584)</u>	<u>(7,567,530)</u>
TOTAL NET POSITION	42,761,561	44,445,312
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	370,858	131,825
Wages Payable	104,360	113,566
Total Current Liabilities	<u>475,218</u>	<u>245,391</u>
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	209,679	231,004
Net Pension Liability	874,422	835,359
Total Long-term Liabilities	<u>1,084,101</u>	<u>1,066,363</u>
TOTAL LIABILITIES	1,559,319	1,311,754
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows for Pensions	<u>188,408</u>	<u>55,923</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$44,509,288</u></u>	<u><u>\$45,812,989</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2018 AND SEPTEMBER 30, 2017

	SEPTEMBER 2018	SEPTEMBER 2017
OPERATING REVENUE		
Maintenance Revenue	\$143,806	\$167,054
Capital Recovery	206,327	205,191
Administrative Overhead	111,865	118,735
Fuel and Fuel Loading	4,871	1,914
Pool Car Rental	10,357	7,818
Total Operating Revenue	477,226	500,712
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	169,118	222,869
Outside Services	80	(1,666)
Total Repairs and Servicing	169,198	221,203
Stores Operations	17,826	25,603
Administration	406,312	119,450
Depreciation	290,386	290,971
Total Operating Expenses	883,722	657,227
OPERATING INCOME	(406,496)	(156,515)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	11,166	6,976
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	11,166	6,976
CHANGE IN NET POSITION	(\$395,330)	(\$149,539)
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - SEPTEMBER 30		

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

YEAR TO DATE

SEPTEMBER 2018	SEPTEMBER 2017	2018/2017 VARIANCE	PERCENT CHANGE
\$1,471,818	\$1,662,476	(\$190,658)	-11.5%
1,893,338	1,738,826	154,512	8.9%
1,008,779	1,028,024	(19,245)	-1.9%
48,979	39,898	9,081	22.8%
91,462	87,127	4,335	5.0%
<u>4,514,376</u>	<u>4,556,351</u>	<u>(41,975)</u>	-0.9%
1,761,413	1,964,794	(203,381)	-10.4%
47,396	27,127	20,269	74.7%
<u>1,808,809</u>	<u>1,991,921</u>	<u>(183,112)</u>	-9.2%
244,927	231,609	13,318	5.8%
1,456,749	1,066,716	390,033	36.6%
<u>2,678,937</u>	<u>2,637,815</u>	<u>41,122</u>	1.6%
6,189,422	5,928,061	261,361	4.4%
(1,675,046)	(1,371,710)	(303,336)	22.1%
183,245	101,518	81,727	80.5%
185,876	121,294	64,582	53.2%
555	12,513	(11,958)	-95.6%
<u>369,676</u>	<u>235,325</u>	<u>134,351</u>	57.1%
(1,305,370)	(1,136,385)	(168,985)	14.9%
<u>44,066,931</u>	<u>45,581,697</u>		
<u>\$42,761,561</u>	<u>\$44,445,312</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2018	SEPTEMBER 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$4,618,397	\$4,802,501
Cash Paid to Suppliers	(1,478,518)	(1,630,580)
Cash Paid to Employees	(2,204,561)	(2,284,643)
	935,318	887,278
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(3,387,925)	(2,124,001)
Disposition of Equipment/Scrap.....	186,431	133,807
	(3,201,494)	(1,990,194)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	183,245	101,518
	183,245	101,518
Net Change in Cash and Equity in Pooled Investments	(2,082,931)	(1,001,398)
Cash and Equity in Pooled Investments at January 1	18,652,494	19,808,702
Cash and Equity in Pooled Investments at September 30	\$16,569,563	\$18,807,304

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

	YEAR TO DATE	
	SEPTEMBER 30, 2018	SEPTEMBER 30, 2017
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income	(\$1,675,046)	(\$1,371,710)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,678,937	2,637,815
Accounts Receivable	98,535	213,758
Interdivision Receivable	5,486	32,392
Materials and Supplies	(24,132)	(8,520)
Accounts Payable & Other	(171,488)	(553,192)
Interdivision Payable	(12,786)	(103,224)
Absences Payable	35,812	39,959
Total Adjustments	<u>2,610,364</u>	<u>2,258,988</u>
Net Cash Provided by Operating Activities	<u><u>\$935,318</u></u>	<u><u>\$887,278</u></u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 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 Sept 30, 2018 ...	29,334,973	13,257,721	1,474,237	44,066,931
Current Year Operations:				
Total Operating Revenue *	3,005,181	1,358,169	151,026	4,514,376
Less: Repairs & Servicing Expense *	1,204,108	544,188	60,513	1,808,809
Administration Expense ** ...	1,261,957	380,732	58,987	1,701,676
Depreciation Expense	1,948,295	641,076	89,566	2,678,937
Total Expenses	4,414,360	1,565,996	209,066	6,189,422
Net Operating Revenue	(1,409,179)	(207,827)	(58,040)	(1,675,046)
Add: Other Income ***	244,541	112,751	12,384	369,676
Net Operating Results	(1,164,638)	(95,076)	(45,656)	(1,305,370)
Total Equity	<u>\$28,170,335</u>	<u>\$13,162,645</u>	<u>\$1,428,581</u>	<u>\$42,761,561</u>

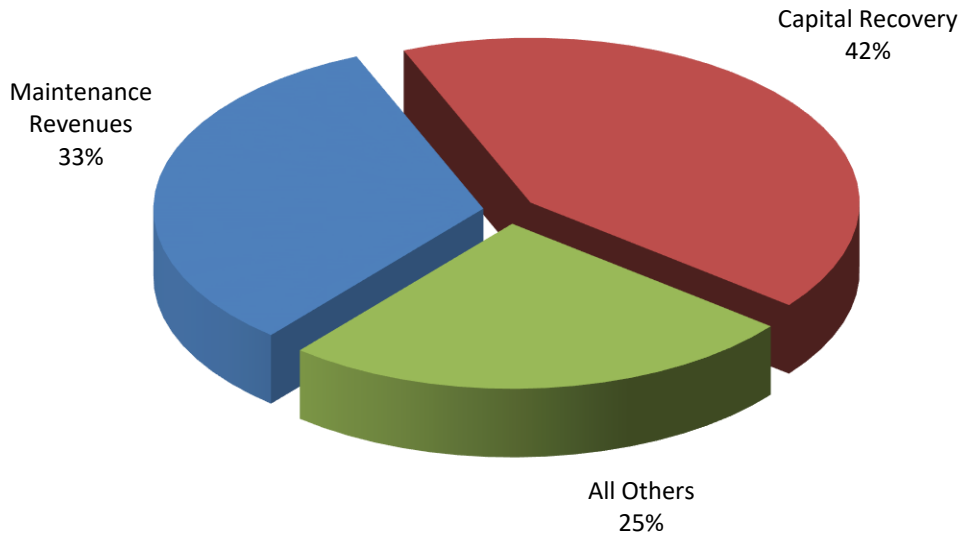
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

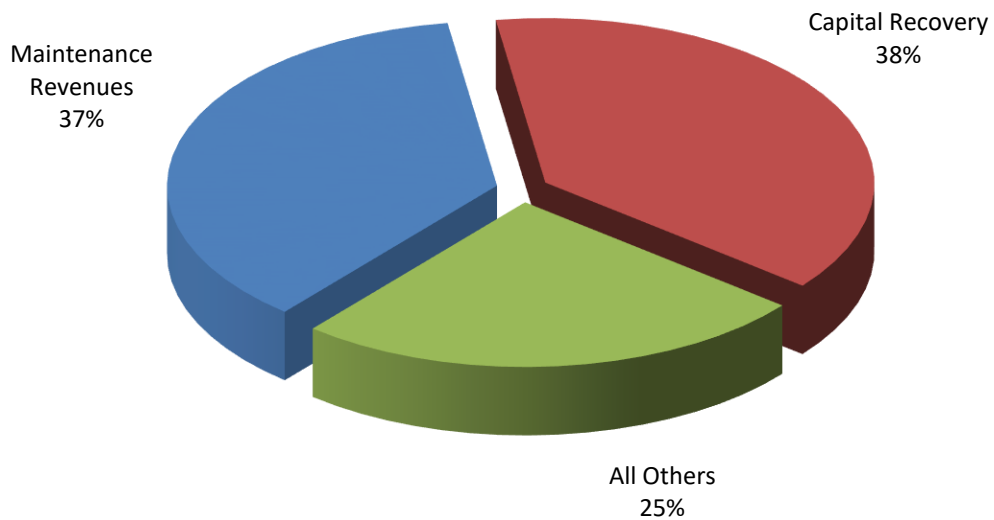
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

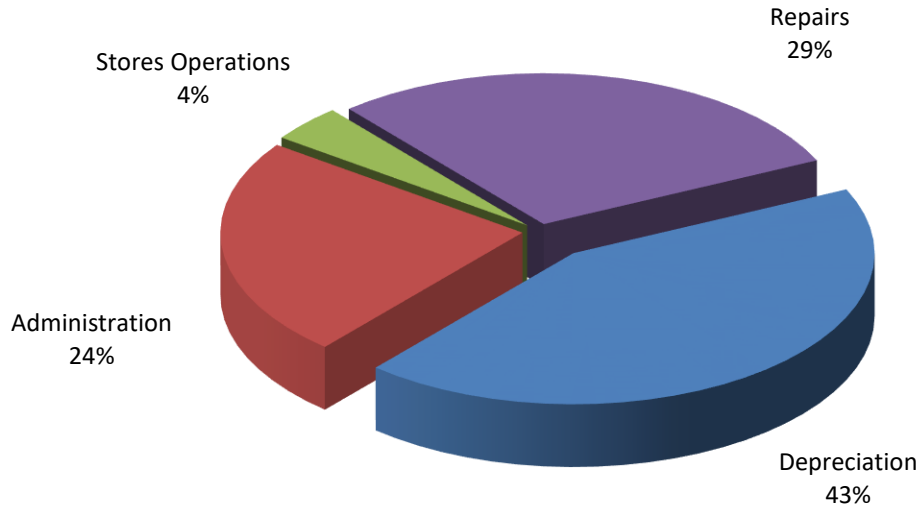
TOTAL OPERATING REVENUES
Year to Date - September 2018 (\$4,514,376)



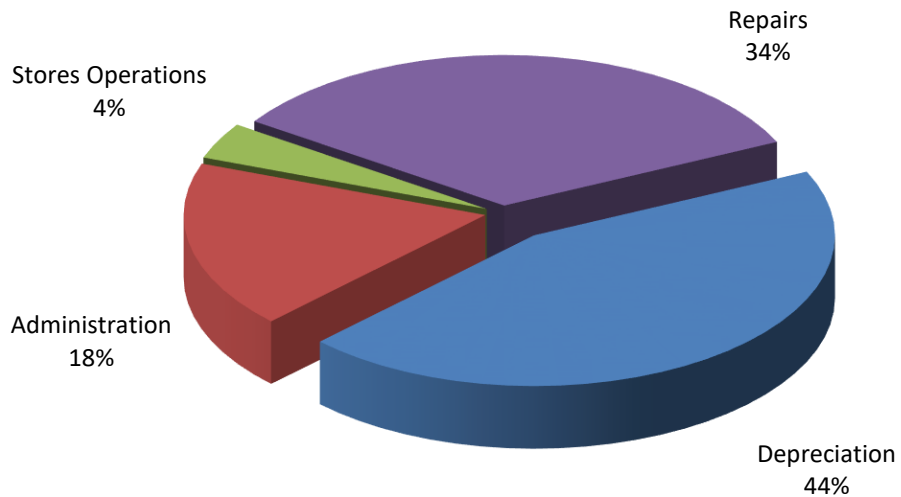
TOTAL OPERATING REVENUES
Year to Date - September 2017 (\$4,556,351)



TOTAL OPERATING EXPENSES
Year to Date - September 2018 (\$6,189,422)



TOTAL OPERATING EXPENSES
Year to Date - September 2017 (\$5,928,061)





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