
SEPTEMBER

FLEET SERVICES FUND

2017

**FINANCIAL
REPORT**



Public Utility Board

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Member

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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 \$1.4 million year-to-date 2017 compared to a net gain of \$411,000 recorded for the same time period in 2016. Operating revenues decreased \$1.3 million and expenses increased \$490,000 respectively, resulting in a net decrease in operating income of \$1.8 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 \$4.6 million and \$5.8 million at the end of the third quarter of 2017 and 2016.

Maintenance revenues are mainly related to staff labor and were \$1.7 million at the end of the third 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 \$1.7 million and \$3.5 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 \$1.0 million and \$621,000 in 2017 and 2016 respectively. The increase of \$407,000 is due to a planned increase in overhead rates for the year.

Fuel and fuel loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$40,000 and \$34,000 in 2017 and 2016 respectively.

Pool car revenues are based on usage and were \$87,000 and \$89,000 for 2017 and 2016 respectively.

Expenses

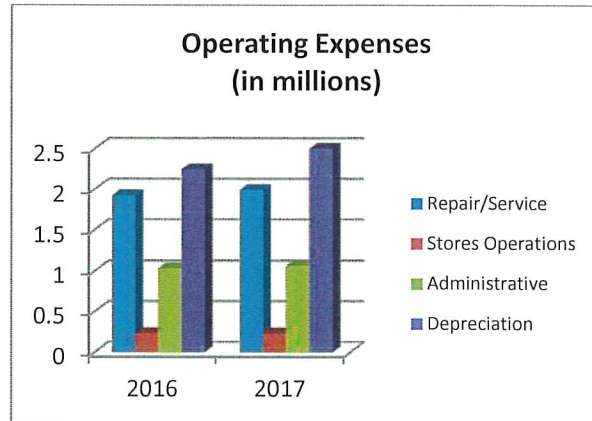
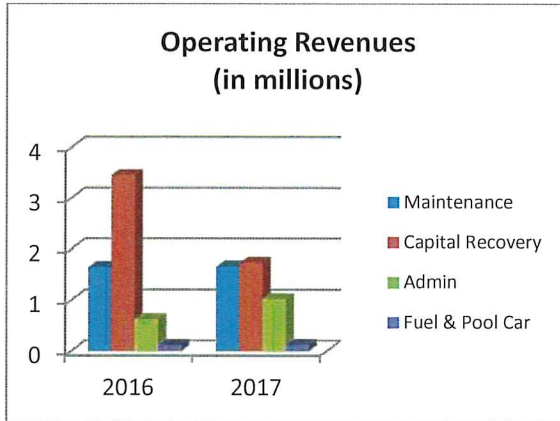
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$5.9 million and \$5.4 million year-to-date through the third quarter of 2017 and 2016.

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 \$2.0 million and \$1.9 million in 2017 and 2016 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$232,000 and \$231,000 in 2017 and 2016.

Administration expenses were \$1.1 million and \$1.0 million in 2017 and 2016 respectively.

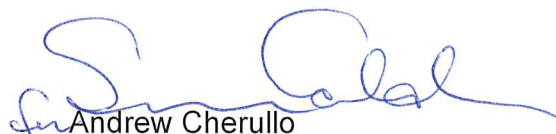
Depreciation expense was \$2.6 million and \$2.2 million in 2017 and 2016 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$102,000 and \$99,000 for the third 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

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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, 2017 AND SEPTEMBER 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	37,625,102
Power-Operated Equipment	19,105,895	18,944,220
Accumulated Depreciation	(39,962,288)	(39,154,800)
Total Fixed Assets	23,290,177	18,723,548
Construction Work in Progress	2,446,240	5,966,480
Net Fixed Assets	25,736,417	24,690,028
CURRENT		
Current Fund Cash & Equity in Pooled Investments	18,807,304	20,552,217
Materials and Supplies	304,558	281,273
Total Current Assets	19,111,862	20,833,490
OTHER ASSETS		
Net Pension Asset	-	101,261
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	964,710	240,412
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	\$45,812,989	\$45,865,191

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	\$25,736,416	\$24,690,028
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>(7,567,530)</u>	<u>(6,029,112)</u>
TOTAL NET POSITION	44,445,312	45,038,603
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	131,825	391,738
Wages Payable	113,566	108,028
Total Current Liabilities	<u>245,391</u>	<u>499,766</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	1,066,363	219,922
TOTAL LIABILITIES	1,311,754	719,688
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>\$45,812,989</u></u>	<u><u>\$45,865,191</u></u>

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

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

	SEPTEMBER 2017	SEPTEMBER 2016
OPERATING REVENUE		
Maintenance Revenue	\$167,054	\$172,226
Capital Recovery	205,191	385,013
Administrative Overhead	118,735	68,633
Fuel and Fuel Loading	1,914	4,465
Pool Car Rental	7,818	10,250
Total Operating Revenue	500,712	640,587
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	222,869	164,640
Outside Services	(1,666)	99
Total Repairs and Servicing	221,203	164,739
Stores Operations	25,603	26,765
Administration	119,450	102,778
Depreciation	290,971	245,954
Total Operating Expenses	657,227	540,236
OPERATING INCOME	(156,515)	100,351
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,976	2,908
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	6,976	2,908
Net Income Before Transfers	(149,539)	103,259
Transfers In	-	-
CHANGE IN NET POSITION	(\$149,539)	\$103,259
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 2017 Financial Report.

YEAR TO DATE

SEPTEMBER 2017	SEPTEMBER 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$1,662,476	\$1,650,928	\$11,548	0.7%
1,738,826	3,453,631	(1,714,805)	-49.7%
1,028,024	620,688	407,336	65.6%
39,898	33,897	6,001	17.7%
87,127	89,234	(2,107)	-2.4%
<u>4,556,351</u>	<u>5,848,378</u>	<u>(1,292,027)</u>	<u>-22.1%</u>
1,964,794	1,901,878	62,916	3.3%
27,127	21,899	5,228	23.9%
<u>1,991,921</u>	<u>1,923,777</u>	<u>68,144</u>	<u>3.5%</u>
231,609	231,217	392	0.2%
1,066,716	1,034,616	32,100	3.1%
<u>2,637,815</u>	<u>2,248,005</u>	<u>389,810</u>	<u>17.3%</u>
5,928,061	5,437,615	490,446	9.0%
(1,371,710)	410,763	(1,782,473)	-433.9%
101,518	99,275	2,243	2.3%
121,294	152,768	(31,474)	-20.6%
12,513	6,875	5,638	82.0%
<u>235,325</u>	<u>258,918</u>	<u>(23,593)</u>	<u>-9.1%</u>
(1,136,385)	669,681	(1,806,066)	-269.7%
-	2,181	(2,181)	-100.0%
(1,136,385)	671,862	(1,808,247)	-269.1%
<u>45,581,697</u>	<u>44,366,741</u>		
<u>\$44,445,312</u>	<u>\$45,038,603</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$4,802,501	\$6,658,589
Cash Paid to Suppliers	(1,630,580)	(1,787,111)
Cash Paid to Employees	(2,284,643)	(2,156,001)
Net Cash Provided by (Used In) Operating Activities ...	887,278	2,715,477
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(2,124,001)	(4,660,631)
Disposition of Equipment/Scrap.....	133,807	159,643
Net Cash Used in Financing Activities	(1,990,194)	(4,500,988)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	101,518	99,275
Net Cash Provided By Investing Activities	101,518	99,275
Net Change in Cash and Equity in Pooled Investments	(1,001,398)	(1,686,236)
Cash and Equity in Pooled Investments at January 1	19,808,702	22,238,453
Cash and Equity in Pooled Investments at September 30	<u>\$18,807,304</u>	<u>\$20,552,217</u>

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

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$1,371,710)	\$410,763
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,637,815	2,248,005
Accounts Receivable	213,758	43,820
Interdivision Receivable	32,392	766,391
Materials and Supplies	(8,520)	3,151
Accounts Payable & Other	(553,192)	(17,354)
Interdivision Payable	(103,224)	(785,250)
Absences Payable	39,959	45,951
Total Adjustments	<u>2,258,988</u>	<u>2,304,714</u>
Net Cash Provided by Operating Activities	<u>\$887,278</u>	<u>\$2,715,477</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 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 Sept 30, 2017 ...	30,343,339	13,713,445	1,524,913	45,581,697
Current Year Operations:				
Total Operating Revenue *	3,033,124	1,370,797	152,430	4,556,351
Less: Repairs & Servicing Expense *	1,326,004	599,278	66,639	1,991,921
Administration Expense ** ...	970,772	282,647	44,906	1,298,325
Depreciation Expense	1,980,021	579,419	78,375	2,637,815
Total Expenses	4,276,797	1,461,344	189,920	5,928,061
Net Operating Revenue	(1,243,673)	(90,547)	(37,490)	(1,371,710)
Add: Other Income ***	155,456	71,962	7,907	235,325
Net Operating Results	(1,088,217)	(18,585)	(29,583)	(1,136,385)
Total Equity	<u>\$29,255,122</u>	<u>\$13,694,860</u>	<u>\$1,495,330</u>	<u>\$44,445,312</u>

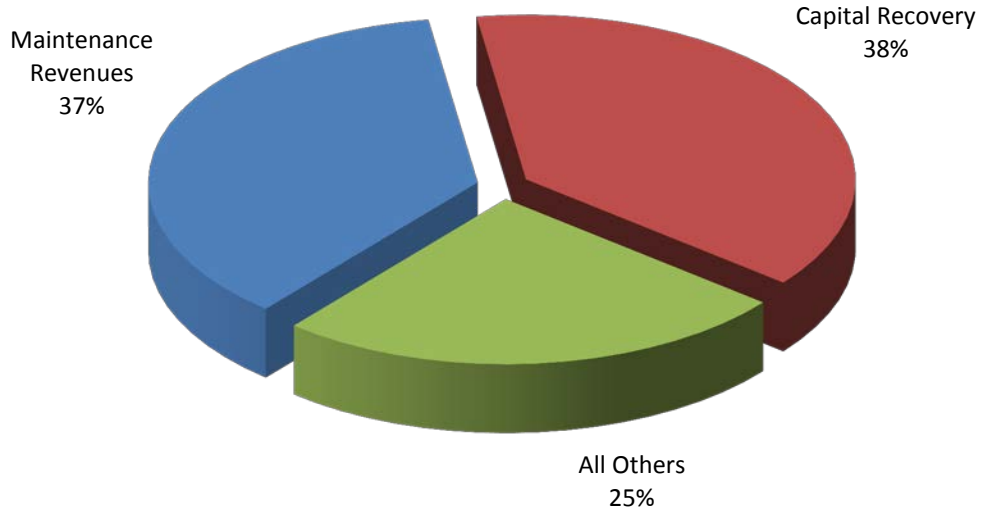
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

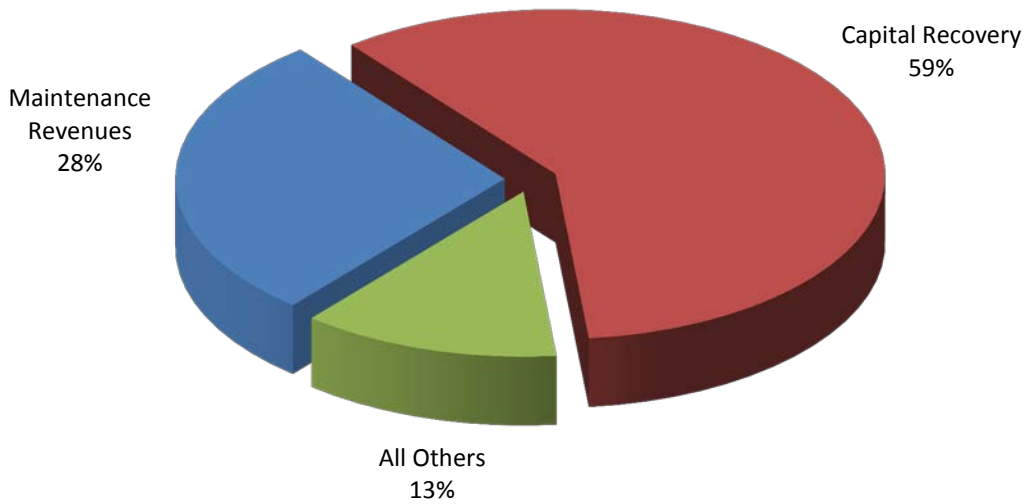
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

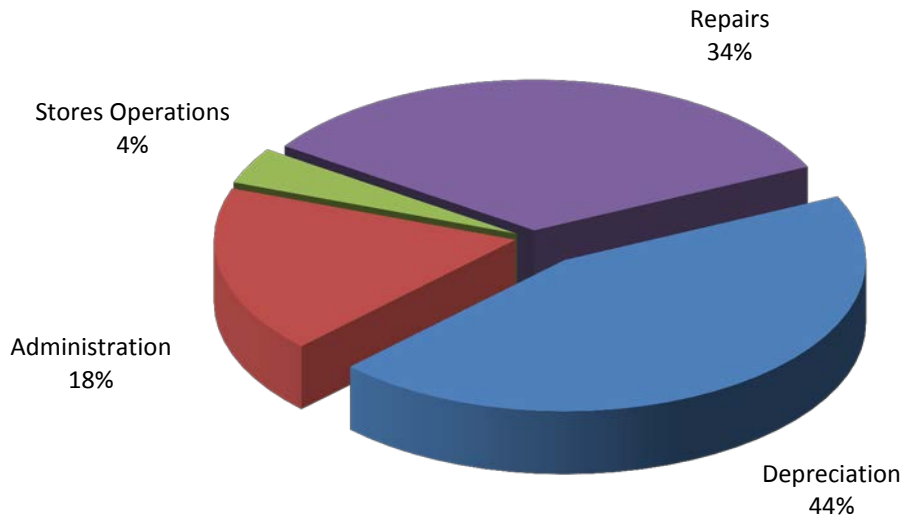
TOTAL OPERATING REVENUES
Year to Date - September 2017 (\$4,556,351)



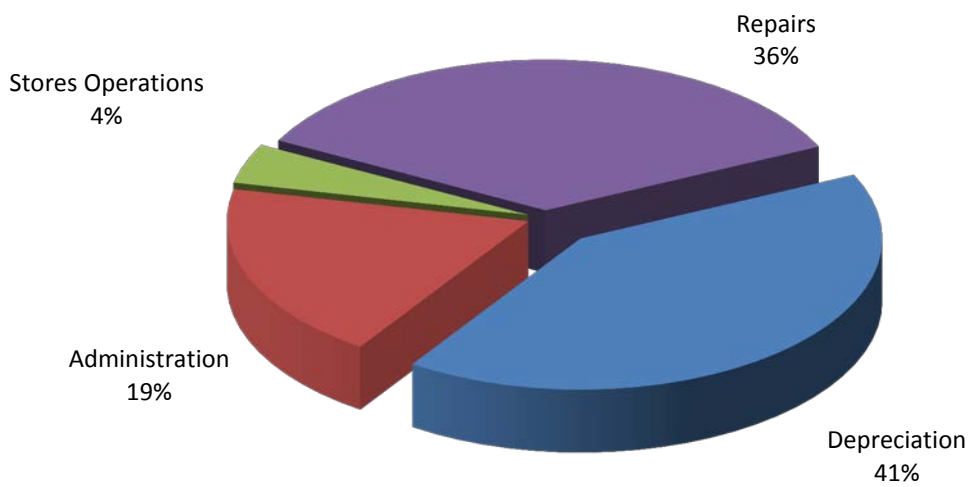
TOTAL OPERATING REVENUES
Year to Date - September 2016 (\$5,848,378)



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



TOTAL OPERATING EXPENSES
Year to Date - September 2016 (\$5,437,615)





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