
MARCH

FLEET SERVICES FUND

2014

**FINANCIAL
REPORT**



Public Utility Board

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Member

WILLIAM A. GAINES
Director of Utilities/CEO

THEODORE C. COATES
Power Superintendent/COO

AARON ALVARADO
Manager, Fleet Services

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

Fleet Services is reporting a net operating loss of \$484,000 year-to-date 2014 compared to a net loss of \$283,000 recorded for the same time period in 2013. Operating revenues and expenses increased \$34,000 and \$235,000 respectively, resulting in a net decrease in operating income of \$201,000 compared to 2013.

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 \$1.3 million for the first quarter of both 2014 and 2013.

Maintenance revenues are mainly related to staff labor and were \$550,000 and \$519,000 in 2014 and 2013 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 \$429,000 and \$464,000 in 2014 and 2013 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 \$263,000 and \$229,000 in 2014 and 2013 respectively. The increase of \$34,000 is primarily due to an increase in overhead rates.

Fuel and fuel loading revenues are affected by year to year changes in vehicle usage and fluctuations in fuel prices. Fuel related revenues were \$20,000 and \$22,000 in 2014 and 2013 respectively.

Pool car revenues are based on usage and were \$29,000 and \$22,000 for 2014 and 2013 respectively.

Expenses

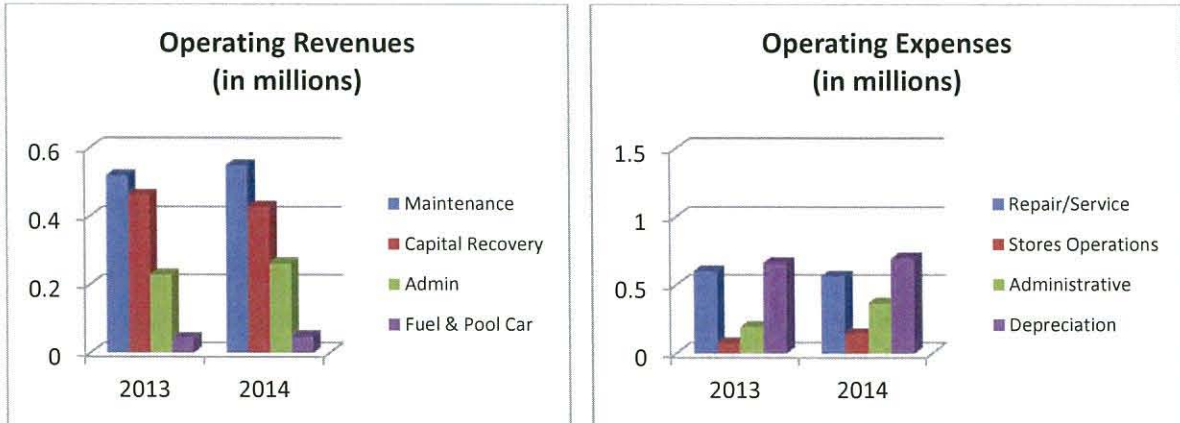
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$1.8 million and \$1.5 million for the first quarters of 2014 and 2013 respectively.

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 \$566,000 and \$604,000 in 2014 and 2013 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$144,000 and \$76,000 in 2014 and 2013 respectively. The increase of \$68,000 is primarily due to an inventory adjustment to fuel and fluids.

Administration expenses were \$369,000 and \$196,000 in 2014 and 2013 respectively. The increase of \$173,000 is primarily due to a replacement fee correction made in 2013 for 2012.

Depreciation expense was \$696,000 and \$665,000 in 2014 and 2013 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$10,677 and (\$140,000) for the first quarters of 2014 and 2013 respectively.

William A. Gaines
Director of Utilities/CEO

Andrew Cherullo
Finance Director

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
MARCH 31, 2014 AND MARCH 31, 2013

	2014	2013
ASSETS		
FIXED		
Office Furniture and Equipment	\$540,905	\$540,905
Stores and Shop Equipment	679,246	679,246
Transportation Equipment	35,503,130	33,029,741
Power-Operated Equipment	19,558,201	19,418,084
Accumulated Depreciation	(37,878,293)	(36,077,655)
Total Fixed Assets	18,403,189	17,590,321
Construction Work in Progress	1,473,822	1,881,675
Net Fixed Assets	19,877,011	19,471,996
CURRENT		
Current Fund Cash & Equity in Pooled Investments	20,911,305	22,282,272
Materials and Supplies	295,179	587,482
Total Current Assets	21,206,484	22,869,754
TOTAL ASSETS	\$41,083,495	\$42,341,750

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

NET POSITION AND LIABILITIES	<u>2014</u>	<u>2013</u>
NET POSITION		
Invested in Capital Assets	\$19,877,011	\$19,471,996
Restricted for:		
Tacoma Power	17,709,833	17,181,222
Tacoma Water	6,908,667	6,824,584
Tacoma Rail	675,243	642,836
Unrestricted	<u>(4,406,666)</u>	<u>(2,028,571)</u>
TOTAL NET POSITION	40,764,088	42,092,067
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	71,970	41,649
Wages Payable	67,707	55,652
Others	18	266
Total Current Liabilities	<u>139,695</u>	<u>97,567</u>
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	179,712	152,116
Total Long-term Liabilities	<u>179,712</u>	<u>152,116</u>
TOTAL LIABILITIES	319,407	249,683
TOTAL NET POSITION AND LIABILITIES	<u>\$41,083,495</u>	<u>\$42,341,750</u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2014 AND MARCH 31, 2013

	MARCH 2014	MARCH 2013
OPERATING REVENUE		
Maintenance Revenue	\$203,136	\$182,734
Capital Recovery	142,932	146,914
Administrative Overhead	87,518	88,585
Fuel and Fuel Loading	7,139	7,424
Pool Car Rental	107	(9,715)
Total Operating Revenue	440,832	415,942
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	204,466	187,271
Outside Services	2,312	48
Total Repairs and Servicing	206,778	187,319
Stores Operations	23,568	24,885
Administration	126,578	134,596
Depreciation	231,747	221,306
Total Operating Expenses	588,671	568,106
OPERATING INCOME	(147,839)	(152,164)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	3,909	4,950
Total Non-Operating Revenues (Expenses)	3,909	4,950
Net Income Before Transfers	(143,930)	(147,214)
Transfers In	-	-
NET INCOME	(\$143,930)	(\$147,214)
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 2014 Financial Report.

YEAR TO DATE

<u>MARCH</u> <u>2014</u>	<u>MARCH</u> <u>2013</u>	<u>2014/2013</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$550,057	\$519,902	\$30,155	5.8%
429,057	464,013	(34,956)	-7.5%
263,329	229,458	33,871	14.8%
20,184	21,910	(1,726)	-7.9%
28,839	22,402	6,437	28.7%
<u>1,291,466</u>	<u>1,257,685</u>	<u>33,781</u>	2.7%
562,944	602,362	(39,418)	-6.5%
3,423	1,407	2,016	143.3%
<u>566,367</u>	<u>603,769</u>	<u>(37,402)</u>	-6.2%
144,438	76,069	68,369	89.9%
369,189	196,492	172,697	87.9%
695,765	664,714	31,051	4.7%
<u>1,775,759</u>	<u>1,541,044</u>	<u>234,715</u>	15.2%
(484,293)	(283,359)	(200,934)	70.9%
10,677	(139,948)	150,625	-107.6%
<u>10,677</u>	<u>(139,948)</u>	<u>150,625</u>	-107.6%
(473,616)	(423,307)	(50,309)	11.9%
-	157,165	(157,165)	-100.0%
(473,616)	(266,142)	(\$207,474)	78.0%
<u>41,237,704</u>	<u>42,358,209</u>		
<u>\$40,764,088</u>	<u>\$42,092,067</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2014	MARCH 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$1,654,639	\$3,949,470
Cash Paid to Suppliers	(1,049,175)	(4,418,489)
Cash Paid to Employees	(733,802)	(733,121)
	(128,338)	(1,202,140)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(302,722)	64,364
Net Cash Provided By (Used in) Financing Activities	(302,722)	64,364
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	10,677	(139,948)
Net Cash Provided By (Used in) Investing Activities	10,677	(139,948)
Net Decrease in Cash and Equity in Pooled Investments	(420,383)	(1,277,724)
Cash and Equity in Pooled Investments at January 1	21,331,688	23,559,996
Cash and Equity in Pooled Investments at March 31	\$20,911,305	\$22,282,272

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2014	MARCH 31, 2013
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	(\$484,293)	(\$283,359)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	695,765	664,714
Accounts Receivable	-	8,325
Receivables from Affiliates	363,173	2,683,460
Materials and Supplies	17,028	33,899
Taxes and Other Payables	(218,581)	(1,242,973)
Payables to Affiliates	(447,184)	(3,023,353)
Salaries, Fringe Benefits and Compensated Absences Payable	(54,246)	(42,853)
Total Adjustments	355,955	(918,781)
Net Cash Provided by (Used in) Operating Activities	(\$128,338)	(\$1,202,140)

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2014

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2014	\$28,777,637	\$11,401,216	\$1,058,851	\$41,237,704
Contributions During Year	-	-	-	-
Equity Contrib. at Mar 31, 2014 ...	28,777,637	11,401,216	1,058,851	41,237,704
Current Year Operations:				
Total Operating Revenue *	901,246	357,059	33,161	1,291,466
Less: Repairs & Servicing Expense *	395,238	156,587	14,542	566,367
Administration Expense ** ...	387,171	109,803	16,653	513,627
Depreciation Expense	547,678	132,223	15,864	695,765
Total Expenses	1,330,087	398,613	47,059	1,775,759
Net Operating Revenue	(428,841)	(41,554)	(13,898)	(484,293)
Add: Other Income ***	7,451	2,952	274	10,677
Net Operating Results	(421,390)	(38,602)	(13,624)	(473,616)
Total Equity	\$28,356,247	\$11,362,614	\$1,045,227	\$40,764,088

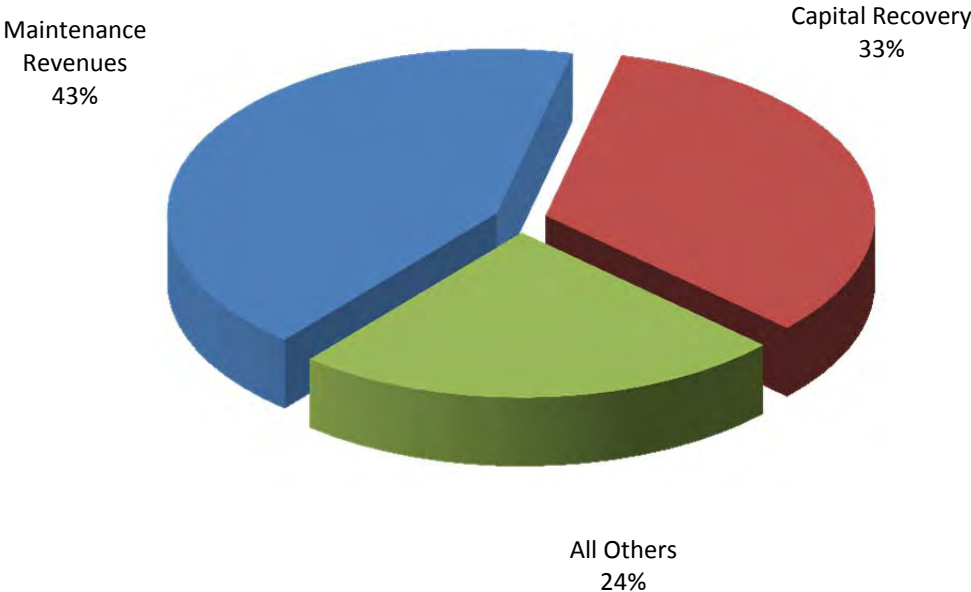
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

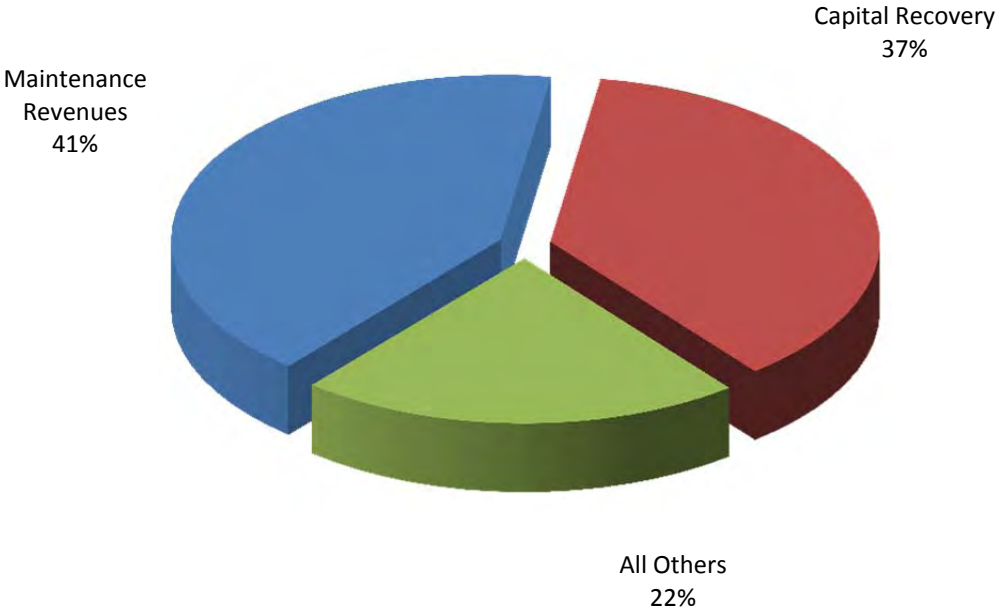
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

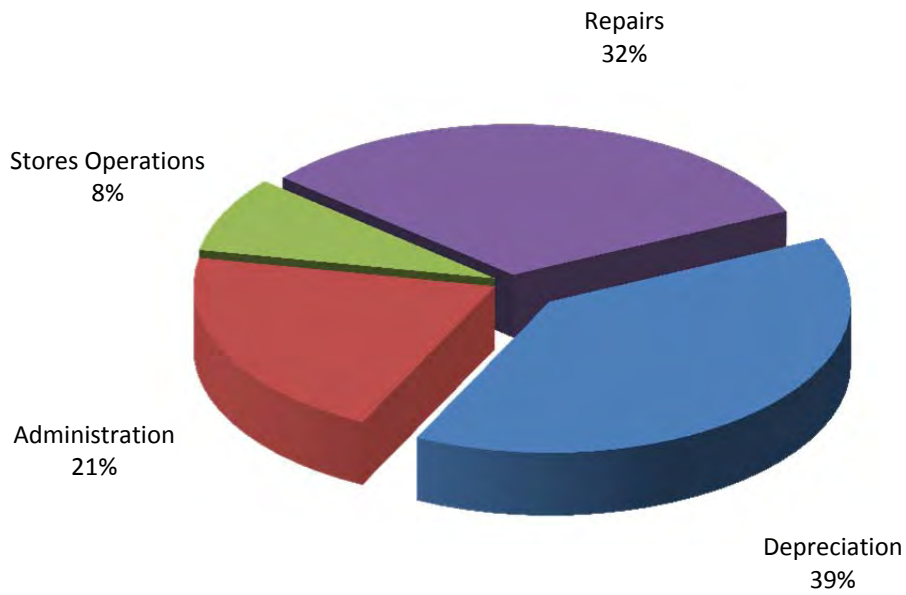
TOTAL OPERATING REVENUES
Year to Date - March 2014 (\$1,291,466)



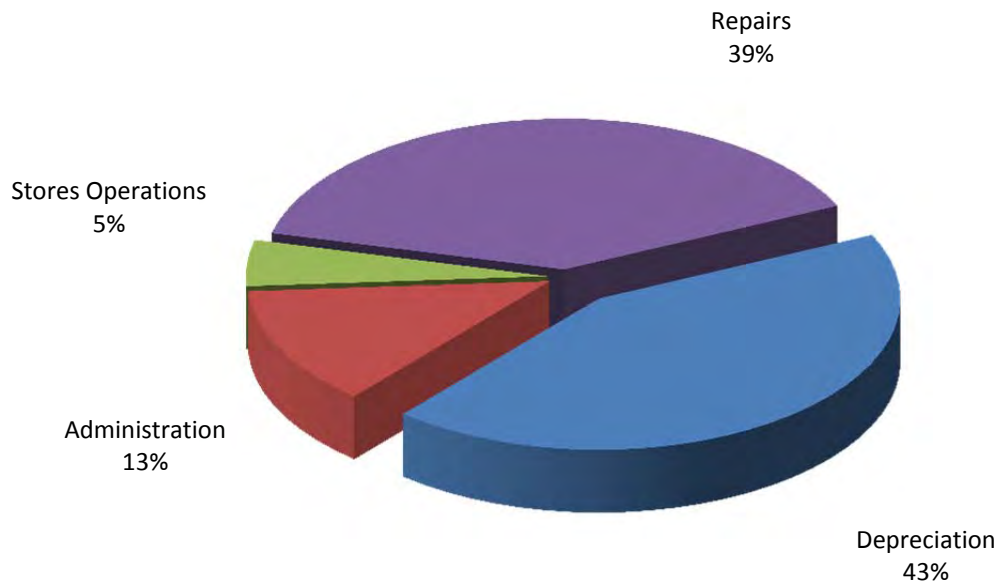
TOTAL OPERATING REVENUES
Year to Date - March 2013 (\$1,257,685)



TOTAL OPERATING EXPENSES
Year to Date - March 2014 (\$1,775,759)



TOTAL OPERATING EXPENSES
Year to Date - March 2013 (\$1,541,044)





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