
JUNE

FLEET SERVICES FUND

2016

**FINANCIAL
REPORT**



Public Utility Board

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Vice-Chair

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Member

KAREN LARKIN
Member

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 gain of \$205,000 year-to-date 2016 compared to a net gain of \$391,000 recorded for the same time period in 2015. Operating revenues decreased \$74,000 and expenses increased \$113,000 respectively, resulting in a net decrease in operating income of \$187,000 compared to 2015.

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 \$3.9 million and \$4.0 million at the end of the 2nd quarter of 2016 and 2015.

Maintenance revenues are mainly related to staff labor and were \$1.1 million at the end of the second quarter of both 2016 and 2015 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 \$2.3 million and \$2.4 million in 2016 and 2015 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 \$415,000 and \$429,000 in 2016 and 2015 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 \$21,000 and \$30,000 in 2016 and 2015 respectively.

Pool car revenues are based on usage and were \$54,000 and \$46,000 for 2016 and 2015 respectively.

Expenses

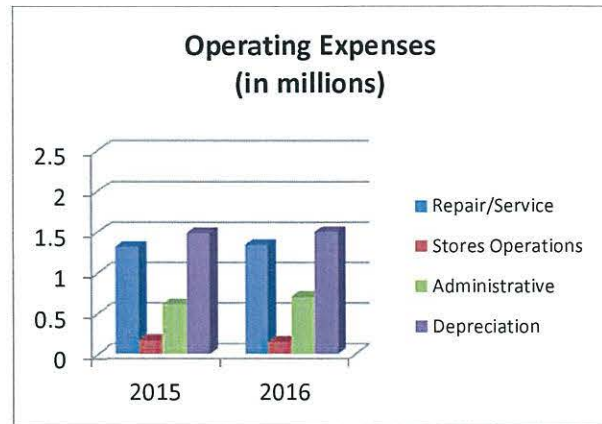
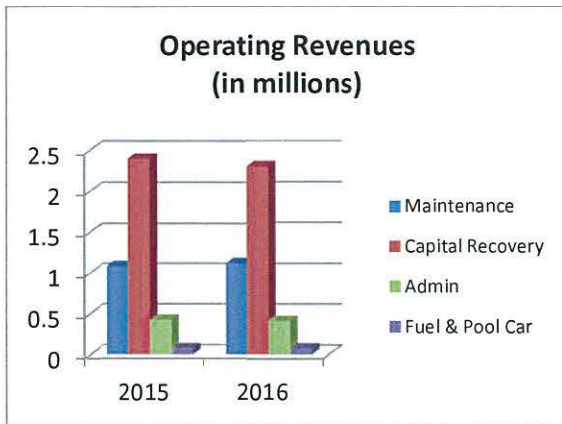
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$3.7 million and \$3.6 million year-to-date through the second quarter of both 2016 and 2015.

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 2016 and 2015 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$152,000 and \$173,000 in 2016 and 2015 respectively.

Administration expenses were \$706,000 and \$615,000 in 2016 and 2015 respectively.

Depreciation expense was \$1.5 million in both 2016 and 2015 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$88,000 and \$11,000 for the second quarters of 2016 and 2015 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
JUNE 30, 2016 AND JUNE 30, 2015

ASSETS	<u>2016</u>	<u>2015</u>
FIXED		
Office Furniture and Equipment	\$616,901	\$540,905
Stores and Shop Equipment	692,125	692,125
Transportation Equipment	37,625,145	37,245,555
Power-Operated Equipment	18,944,219	18,454,799
Accumulated Depreciation	<u>(38,415,283)</u>	<u>(37,530,109)</u>
Total Fixed Assets	19,463,107	19,403,275
Construction Work in Progress	<u>2,894,425</u>	<u>1,125,803</u>
Net Fixed Assets	22,357,532	20,529,078
CURRENT		
Current Fund Cash & Equity in Pooled Investments	22,438,791	22,953,263
Materials and Supplies	<u>274,268</u>	<u>267,522</u>
Total Current Assets	22,713,059	23,220,785
OTHER ASSETS		
Net Pension Assets	<u>101,261</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	<u>240,412</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u><u>\$45,412,264</u></u>	<u><u>\$43,749,863</u></u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2015 Annual Report.

NET POSITION AND LIABILITIES	<u>2016</u>	<u>2015</u>
NET POSITION		
Net Investment in Capital Assets	\$22,357,532	\$20,529,078
Restricted for:		
Tacoma Power	18,095,346	18,023,937
Tacoma Water	7,199,933	6,986,734
Tacoma Rail	981,147	935,770
Net Pension Asset	101,261	
Unrestricted	<u>(3,914,397)</u>	<u>(3,201,938)</u>
TOTAL NET POSITION	44,820,822	43,273,581
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	113,935	125,991
Wages Payable	<u>150,685</u>	<u>138,956</u>
Total Current Liabilities	264,620	264,947
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	<u>219,922</u>	<u>211,335</u>
Total Long-term Liabilities	219,922	211,335
TOTAL LIABILITIES	<u>484,542</u>	<u>476,282</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows for Pensions	<u>106,900</u>	<u>-</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$45,412,264</u></u>	<u><u>\$43,749,863</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2016 AND JUNE 30, 2015

	<u>JUNE 2016</u>	<u>JUNE 2015</u>
OPERATING REVENUE		
Maintenance Revenue	\$177,732	\$191,398
Capital Recovery	384,857	405,414
Administrative Overhead	68,842	70,725
Fuel and Fuel Loading	4,727	6,111
Pool Car Rental	8,327	-
Total Operating Revenue	644,485	673,648
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	221,118	230,023
Outside Services	577	528
Total Repairs and Servicing	221,695	230,551
Stores Operations	27,514	25,972
Administration	110,106	116,147
Depreciation	248,112	245,080
Total Operating Expenses	607,427	617,750
OPERATING INCOME	37,058	55,898
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	3,852	4,234
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	3,852	4,234
Net Income Before Transfers	40,910	60,132
Transfers In	-	-
CHANGE IN NET POSITION	\$40,910	\$60,132
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 2016 Financial Report.

YEAR TO DATE

<u>JUNE 2016</u>	<u>JUNE 2015</u>	<u>2016/2015 VARIANCE</u>	<u>PERCENT CHANGE</u>
\$1,122,200	\$1,083,343	\$38,857	3.6%
2,306,597	2,404,400	(97,803)	-4.1%
414,572	428,718	(14,146)	-3.3%
21,040	29,514	(8,474)	-28.7%
54,232	46,310	7,922	17.1%
<u>3,918,641</u>	<u>3,992,285</u>	<u>(73,644)</u>	<u>-1.8%</u>
1,327,551	1,320,441	7,110	0.5%
20,575	4,027	16,548	410.9%
<u>1,348,126</u>	<u>1,324,468</u>	<u>23,658</u>	<u>1.8%</u>
151,626	172,662	(21,036)	-12.2%
705,772	614,659	91,113	14.8%
<u>1,508,489</u>	<u>1,489,320</u>	<u>19,169</u>	<u>1.3%</u>
<u>3,714,013</u>	<u>3,601,109</u>	<u>112,904</u>	<u>3.1%</u>
204,628	391,176	(186,548)	-47.7%
87,629	11,190	76,439	683.1%
152,768	-	152,768	-
6,875	-	6,875	-
<u>247,272</u>	<u>11,190</u>	<u>236,082</u>	<u>2109.8%</u>
451,900	402,366	49,534	12.3%
<u>2,181</u>	<u>-</u>	<u>2,181</u>	<u>-</u>
454,081	402,366	\$51,715	12.9%
<u>44,366,741</u>	<u>42,871,215</u>		
<u>\$44,820,822</u>	<u>\$43,273,581</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2016	JUNE 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$4,728,852	\$5,416,266
Cash Paid to Suppliers	(1,751,440)	(2,110,933)
Cash Paid to Employees	(1,435,727)	(1,453,034)
Net Cash Provided by Operating Activities	1,541,685	1,852,299
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,588,619)	(632,062)
Disposition of Equipment/Scrap.....	159,643	-
Net Cash Used in Financing Activities	(1,428,976)	(632,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	87,629	11,190
Net Cash Provided By Investing Activities	87,629	11,190
Net Increase in Cash and Equity in Pooled Investments	200,338	1,231,427
Cash and Equity in Pooled Investments at January 1	22,238,453	21,721,836
Cash and Equity in Pooled Investments at June 30	<u>\$22,438,791</u>	<u>\$22,953,263</u>

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2015 Annual Report.

	YEAR TO DATE	
	JUNE 30, 2016	JUNE 30, 2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$204,628	\$391,176
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,508,489	1,489,320
Interdivision Receivable	766,391	1,423,981
Materials and Supplies	10,156	58,749
Accounts Payable and Other	(295,157)	(476,083)
Interdivision Payable	(785,250)	(1,046,674)
Salaries, Fringe Benefits and Compensated Absences Payable	88,608	11,830
Total Adjustments	1,337,057	1,461,123
Net Cash Provided by Operating Activities	<u>\$1,541,685</u>	<u>\$1,852,299</u>

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

EQUITY DISTRIBUTION AS OF JUNE 30, 2016

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2016	\$29,921,073	\$12,978,329	\$1,467,339	\$44,366,741
Contributions During Year	2,181	-	-	2,181
Equity Contrib. at June 30, 2016 ..	29,923,254	12,978,329	1,467,339	44,368,922
Current Year Operations:				
Total Operating Revenue *	2,642,744	1,146,296	129,601	3,918,641
Less: Repairs & Servicing Expense *	909,180	394,359	44,587	1,348,126
Administration Expense ** ...	638,167	189,941	29,290	857,398
Depreciation Expense	1,168,454	305,387	34,648	1,508,489
Total Expenses	2,715,801	889,687	108,525	3,714,013
Net Operating Revenue	(73,057)	256,609	21,076	204,628
Add: Other Income ***	166,760	72,327	8,185	247,272
Net Operating Results	93,703	328,936	29,261	451,900
Total Equity	\$30,016,957	\$13,307,265	\$1,496,600	\$44,820,822

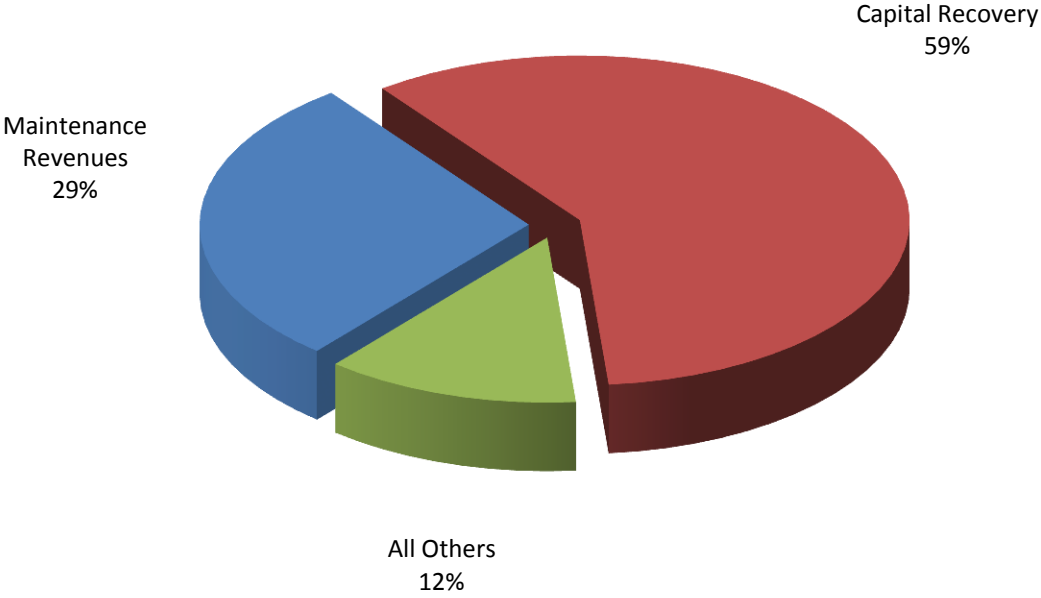
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

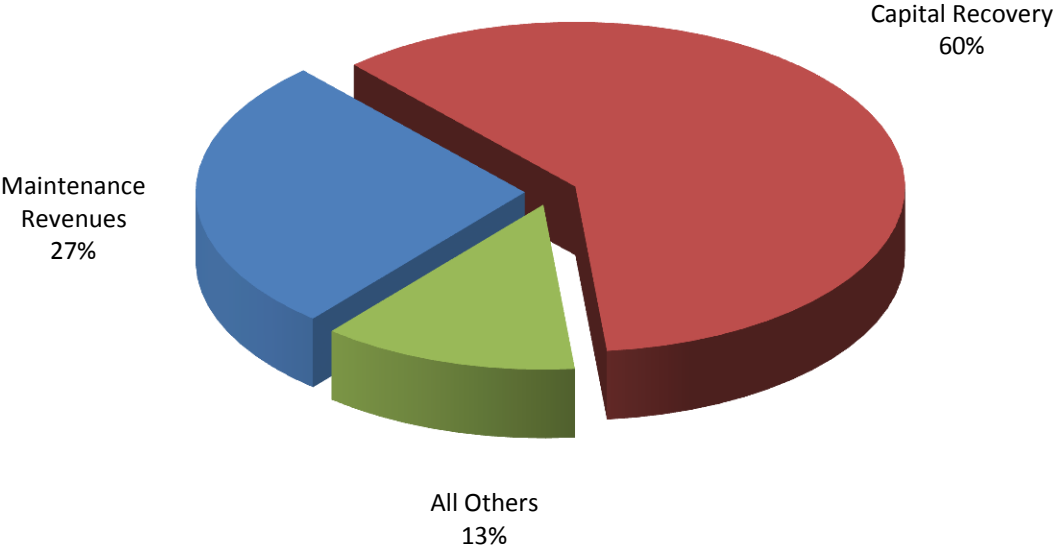
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

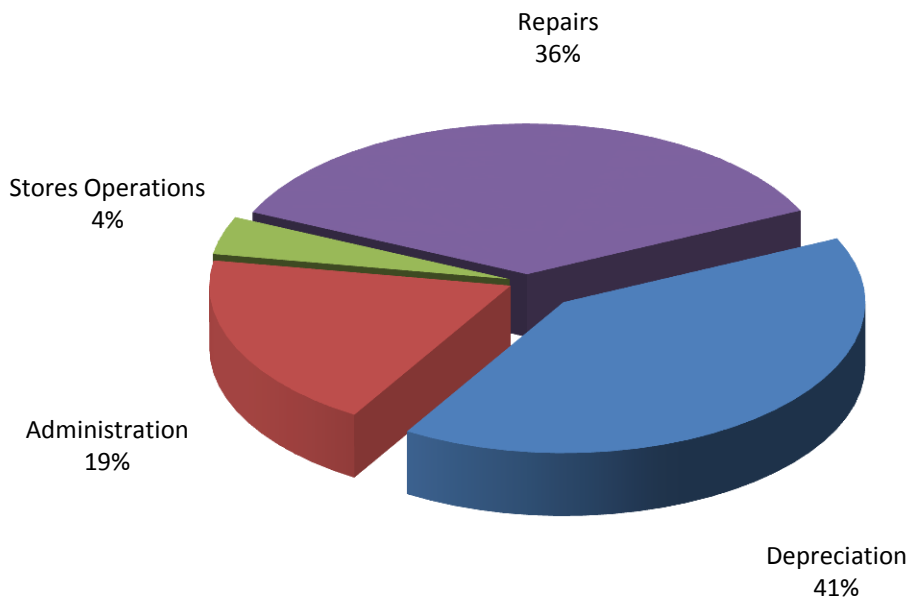
TOTAL OPERATING REVENUES
Year to Date - June 2016 (\$3,918,641)



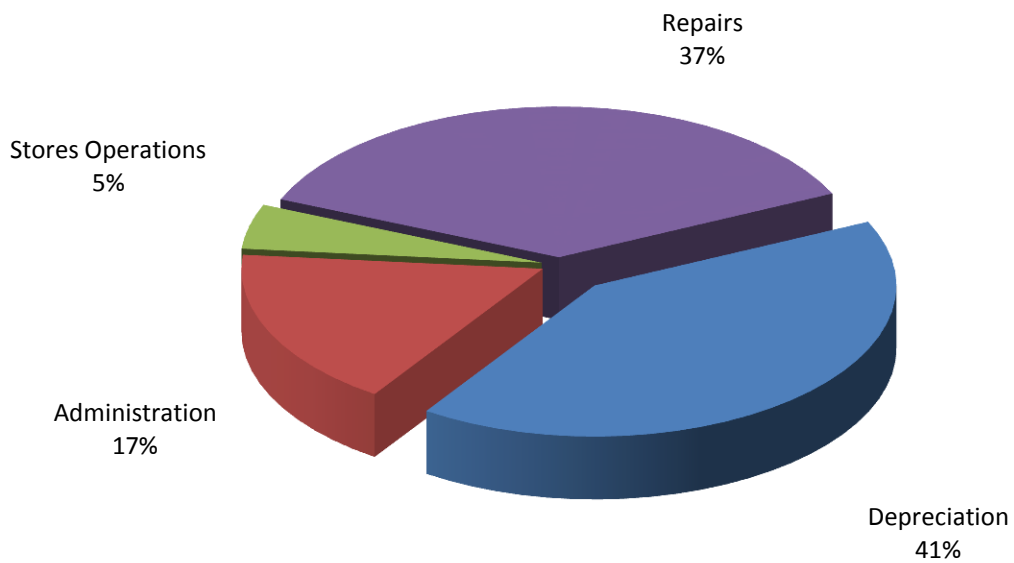
TOTAL OPERATING REVENUES
Year to Date - June 2015 (\$3,992,285)



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



TOTAL OPERATING EXPENSES
Year to Date - June 2015 (\$3,601,109)





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