
SEPTEMBER

FLEET SERVICES FUND

2013

**FINANCIAL
REPORT**



Public Utility Board

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WOODROW JONES

Vice-Chair

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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 \$990,000 year-to-date 2013 compared to a net loss of \$1.1 million recorded for the same time period in 2012. Operating revenues and expenses decreased \$32,000 and \$104,000 respectively, an increase of \$72,000 compared to 2012.

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 \$3.8 million through the third quarters of both 2013 and 2012.

Maintenance revenues are mainly related to staff labor and were \$1.6 million and \$1.8 million in 2013 and 2012 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 \$1.3 and \$1.4 million in 2013 and 2012 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 \$760,000 and \$477,000 in 2013 and 2012 respectively. The increase of \$283,000 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 \$68,000 and \$73,000 in 2013 and 2012 respectively.

Pool car revenues are based on usage and were \$65,000 and \$38,000 for 2013 and 2012 respectively.

Expenses

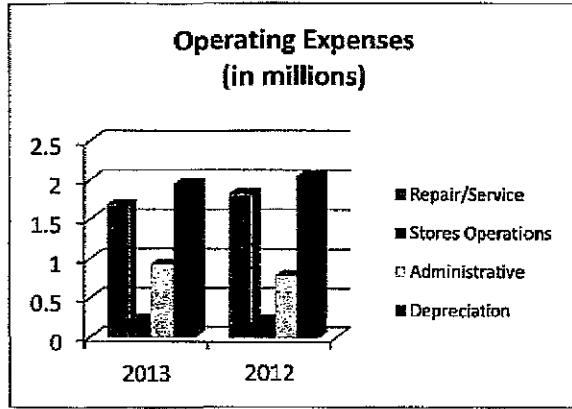
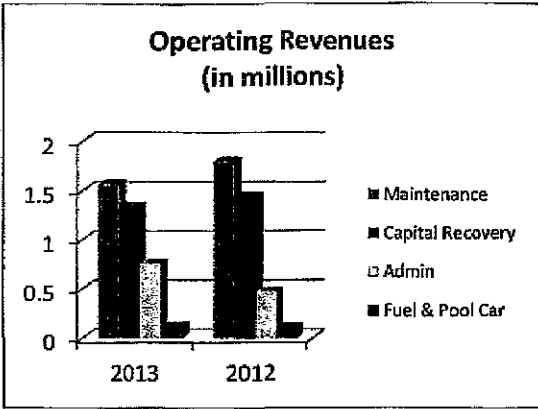
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$4.8 and \$4.9 million through the third quarters of 2013 and 2012.

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 \$1.7 million and \$1.8 million in 2013 and 2012 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$218,000 in 2013 and 2012 respectively.


Administration expenses were \$930,000 and \$789,000 in 2013 and 2012 respectively.

Depreciation expense was \$2.0 million and \$2.1 million in 2013 and 2012 respectively.



Non-Operating Revenues (Expenses)

Interest expense was (\$111,000) and (\$77,000) through the third quarters of 2013 and 2012 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
SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	2013	2012
ASSETS		
FIXED		
Office Furniture and Equipment	\$540,905	\$540,905
Stores and Shop Equipment	679,246	679,246
Transportation Equipment	33,029,741	32,365,528
Power-Operated Equipment	19,428,557	19,765,455
Accumulated Depreciation	(37,374,341)	(36,857,359)
Total Fixed Assets	16,304,108	16,493,775
Construction Work in Progress	3,690,578	2,562,143
Net Fixed Assets	19,994,686	19,055,918
CURRENT		
Current Fund Cash & Equity in Pooled Investments	21,135,369	23,172,463
Materials and Supplies	608,849	570,100
Total Current Assets	21,744,218	23,742,563
TOTAL ASSETS	\$41,738,904	\$42,798,481

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2012 Annual Report.

	<u>2013</u>	<u>2012</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$19,994,686	\$19,055,918
Restricted for:		
Tacoma Power	17,322,733	17,006,584
Tacoma Water	6,824,584	6,679,194
Tacoma Rail	642,836	622,328
Unrestricted	<u>(3,386,679)</u>	<u>(814,413)</u>
TOTAL NET POSITION	41,398,160	42,549,611
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	123,904	53,273
Wages Payable	64,575	57,784
Others	149	19
Total Current Liabilities	<u>188,628</u>	<u>111,076</u>
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	152,116	137,794
Total Long-term Liabilities	<u>152,116</u>	<u>137,794</u>
TOTAL LIABILITIES	<u>340,744</u>	<u>248,870</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$41,738,904</u></u>	<u><u>\$42,798,481</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	<u>SEPTEMBER</u> 2013	<u>SEPTEMBER</u> 2012
OPERATING REVENUE		
Maintenance Revenue	\$162,402	\$179,031
Capital Recovery	142,706	141,823
Administrative Overhead	88,497	51,225
Fuel and Fuel Loading	7,876	7,299
Pool Car Rental	2,022	807
Total Operating Revenue	<u>403,503</u>	<u>380,185</u>
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	173,963	180,853
Outside Services	44	498
Total Repairs and Servicing	<u>174,007</u>	<u>181,351</u>
Stores Operations	21,887	23,889
Administration	118,665	88,616
Depreciation	208,583	221,834
Total Operating Expenses	<u>523,142</u>	<u>515,690</u>
OPERATING INCOME	(119,639)	(135,505)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	4,092	9,698
Gain (Loss) on Disposition of Equipment	-	-
Sale of Scrap	-	-
Total Non-Operating Revenues (Expenses)	<u>4,092</u>	<u>9,698</u>
Capital Contributions - Grants	-	-
Total Capital Contributions	<u>-</u>	<u>-</u>
Net Income Before Transfers	(115,547)	(125,807)
Transfers In	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(\$115,547)</u>	<u>(\$125,807)</u>
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 2013 Financial Report.

YEAR TO DATE

SEPTEMBER 2013	SEPTEMBER 2012	2013/2012 VARIANCE	PERCENT CHANGE
\$1,568,196	\$1,805,151	(\$236,955)	-13.1%
1,338,874	1,439,009	(100,135)	-7.0%
760,436	477,340	283,096	59.3%
67,899	72,785	(4,886)	-6.7%
64,730	38,454	26,276	68.3%
<u>3,800,135</u>	<u>3,832,739</u>	<u>(32,604)</u>	-0.9%
1,684,417	1,821,946	(137,529)	-7.5%
6,276	6,202	74	1.2%
<u>1,690,693</u>	<u>1,828,148</u>	<u>(137,455)</u>	-7.5%
217,888	218,186	(298)	-0.1%
930,028	788,833	141,195	17.9%
<u>1,951,974</u>	<u>2,059,624</u>	<u>(107,650)</u>	-5.2%
<u>4,790,583</u>	<u>4,894,791</u>	<u>(104,208)</u>	-2.1%
(990,448)	(1,062,052)	71,604	-6.7%
(111,123)	(77,321)	(33,802)	43.7%
-	(3,845)	3,845	-100.0%
10	-	10	-
<u>(111,113)</u>	<u>(81,166)</u>	<u>(29,947)</u>	36.9%
-	37,953	(37,953)	0.0%
<u>-</u>	<u>37,953</u>	<u>(37,953)</u>	0.0%
(1,101,561)	(1,105,265)	3,704	-0.3%
141,512	29,532	111,980	379.2%
(960,049)	(1,075,733)	\$115,684	-10.8%
<u>42,358,209</u>	<u>43,625,344</u>		
<u>\$41,398,160</u>	<u>\$42,549,611</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEP 30 2013	SEP 30 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$6,491,920	\$3,976,871
Cash Paid to Suppliers	(4,990,960)	(883,400)
Cash Paid to Employees	(2,053,235)	(2,180,066)
Net Cash Provided by (Used in) Operating Activities	(552,275)	913,405
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from Non-Capital Contributions.....	-	20,717
Net Cash Provided by Non-Capital Financing Activities	-	20,717
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,606,271)	(1,268,814)
Disposition of Equipment/Scrap.....	10	(3,845)
Net Cash Used in Financing Activities	(1,606,261)	(1,272,659)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	(266,091)	(245,525)
Net Cash Used in Investing Activities	(266,091)	(245,525)
Net Decrease in Cash and Equity in Pooled Investments	(2,424,627)	(584,062)
Cash and Equity in Pooled Investments at January 1	23,559,996	23,756,525
Cash and Equity in Pooled Investments at September 30	\$21,135,369	\$23,172,463

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2012 Annual Report.

	YEAR TO DATE	
	SEP 30 2013	SEP 30 2012
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	(\$990,448)	(\$1,062,052)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,951,974	2,059,624
Accounts Receivable	8,325	59,755
Receivables from Affiliates	2,683,460	84,377
Materials and Supplies	12,532	(45,520)
Taxes and Other Payables	(1,160,835)	(11,523)
Payables to Affiliates	(3,023,353)	(127,027)
Salaries, Fringe Benefits and Compensated Absences Payable	(33,930)	(44,229)
Total Adjustments	<u>438,173</u>	<u>1,975,457</u>
Net Cash Provided by (Used in) Operating Activities	<u>(\$552,275)</u>	<u>\$913,405</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 2013

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2013	\$29,791,517	\$11,491,837	\$1,074,855	\$42,358,209
Contributions During Year	141,512	-	-	141,512
Equity Contrib. at Sep 30, 2013 ...	29,933,029	11,491,837	1,074,855	42,499,721
Current Year Operations:				
Total Operating Revenue *	2,676,477	1,027,549	96,109	3,800,135
Less: Repairs & Servicing Expense *	1,190,774	457,160	42,759	1,690,693
Administration Expense ** ...	856,795	254,435	36,686	1,147,916
Depreciation Expense	1,532,347	373,653	45,974	1,951,974
Total Expenses	3,579,916	1,085,248	125,419	4,790,583
Net Operating Revenue	(903,439)	(57,699)	(29,310)	(990,448)
Add: Other Income ***	(77,890)	(30,423)	(2,800)	(111,113)
Net Operating Results	(981,329)	(88,122)	(32,110)	(1,101,561)
Total Equity	<u>\$28,951,700</u>	<u>\$11,403,715</u>	<u>\$1,042,745</u>	<u>\$41,398,160</u>

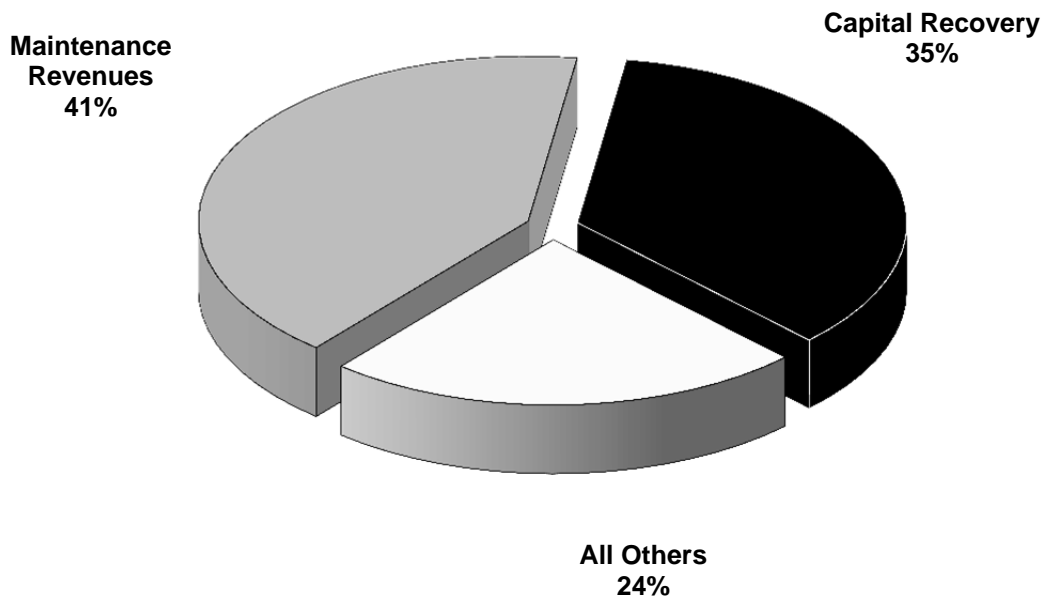
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

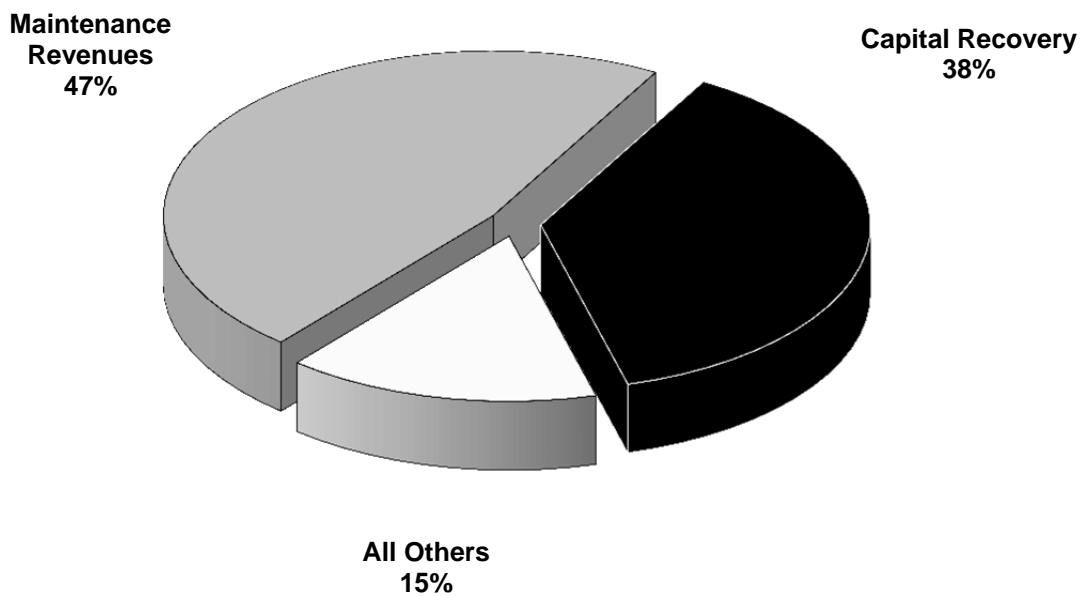
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

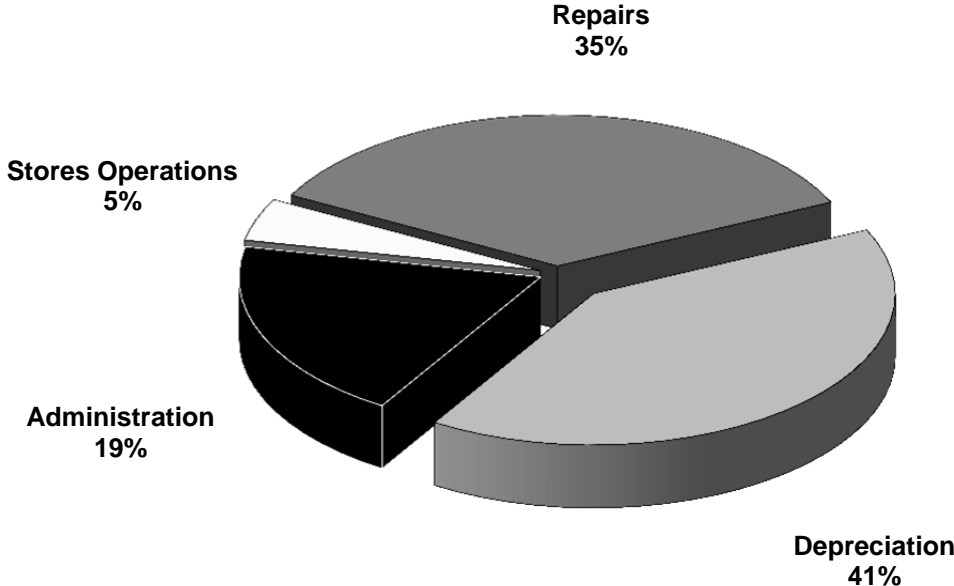
TOTAL OPERATING REVENUES
Year to Date - September 2013 (\$3,800,135)



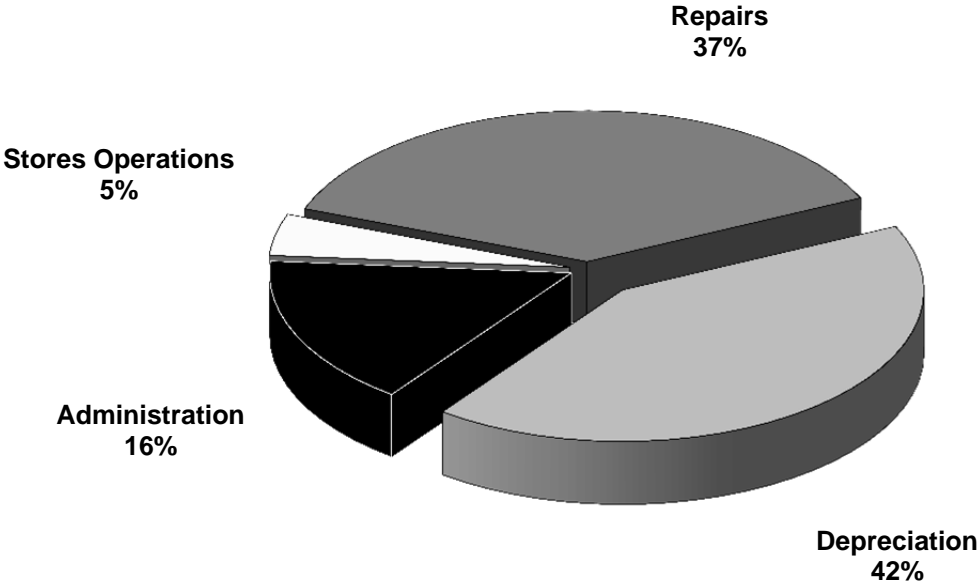
TOTAL OPERATING REVENUES
Year to Date - September 2012 (\$3,832,739)



TOTAL OPERATING EXPENSES
Year to Date - September 2013 (\$4,790,583)



TOTAL OPERATING EXPENSES
Year to Date - September 2012 (\$4,894,791)





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