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*JUNE*

*FLEET SERVICES FUND*

**2015**

**FINANCIAL  
REPORT**





# Public Utility Board

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Vice-Chair

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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 \$391,000 year-to-date 2015 compared to a net loss of \$1.0 million recorded for the same time period in 2014. Operating revenues and expenses increased \$1.4 million and \$32,000 respectively, resulting in a net increase in operating income of \$1.4 million compared to 2014.

### **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 \$4.0 million and \$2.6 million at the end of the second quarter of 2015 and 2014.

Maintenance revenues are mainly related to staff labor and were \$1.1 million in both 2015 and 2014.

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 \$2.4 million and \$857,000 in 2015 and 2014 respectively. The increase of \$1.5 million is primarily due to Generation as well as Transmission and Distribution increasing their annual contributions.

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 \$429,000 and \$526,000 in 2015 and 2014 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 \$30,000 and \$43,000 in 2015 and 2014 respectively.

Pool car revenues are based on usage and were \$46,000 and \$29,000 for 2015 and 2014 respectively.

### **Expenses**

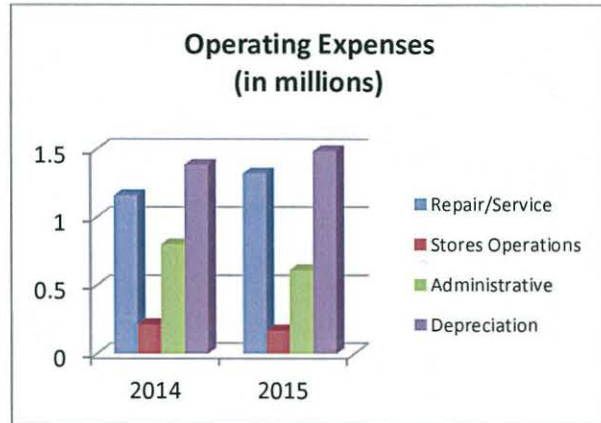
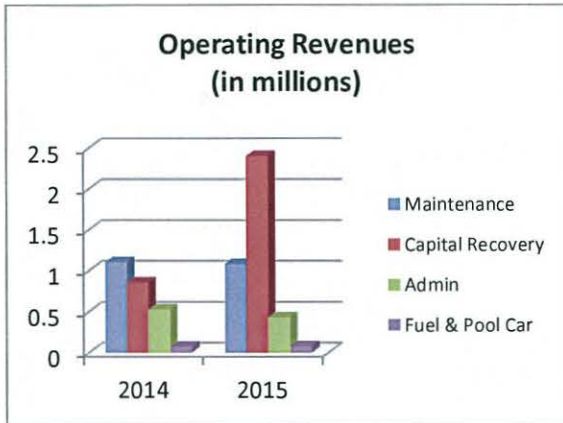
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$3.6 million year-to-date through the second quarter of both 2015 and 2014.

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 and \$1.2 million in 2015 and 2014 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$173,000 and \$218,000 in 2015 and 2014 respectively. The decrease of \$45,000 is primarily due to an inventory adjustment to fuel and fluids in 2014.

Administration expenses were \$615,000 and \$803,000 in 2015 and 2014 respectively. The decrease of \$188,000 is primarily due to a decrease in assessments and salaries and wages.

Depreciation expense was \$1.5 million and \$1.4 million in 2015 and 2014 respectively.



**Non-Operating Revenues (Expenses)**

Interest income was \$11,000 and \$23,000 for the second quarters of 2015 and 2014 respectively.

William A. Gaines  
Director of Utilities/CEO

Andrew Cherullo  
Finance Director

CITY OF TACOMA, WASHINGTON  
DEPARTMENT OF PUBLIC UTILITIES

# FLEET SERVICES FUND

## TABLE OF CONTENTS

*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.*

STATEMENTS OF NET POSITION .....	2 – 3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	4 – 5
STATEMENTS OF CASH FLOWS .....	6– 7
EQUITY DISTRIBUTION .....	8
SUPPLEMENTAL DATA .....	9 – 11

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

STATEMENTS OF NET POSITION  
JUNE 30, 2015 AND JUNE 30, 2014

	2015	2014
<b>ASSETS</b>		
<b>FIXED</b>		
Office Furniture and Equipment .....	\$540,905	\$540,905
Stores and Shop Equipment .....	692,125	679,246
Transportation Equipment .....	37,245,555	33,963,051
Power-Operated Equipment .....	18,454,799	18,740,127
Accumulated Depreciation .....	(37,530,109)	(36,215,428)
Total Fixed Assets .....	19,403,275	17,707,901
Construction Work in Progress .....	1,125,803	2,282,665
Net Fixed Assets .....	20,529,078	19,990,566
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	22,953,263	21,029,223
Materials and Supplies .....	267,522	282,847
Total Current Assets .....	23,220,785	21,312,070
<b>TOTAL ASSETS</b> .....	<b>\$43,749,863</b>	<b>\$41,302,636</b>

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.*



	<u>2015</u>	<u>2014</u>
<b>NET POSITION AND LIABILITIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets .....	\$20,529,078	\$19,990,566
Restricted for:		
Tacoma Power .....	18,023,937	17,709,833
Tacoma Water .....	6,986,734	6,908,667
Tacoma Rail .....	935,770	675,243
Unrestricted .....	<u>(3,201,938)</u>	<u>(4,647,221)</u>
<b>TOTAL NET POSITION .....</b>	<b>43,273,581</b>	<b>40,637,088</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other .....	125,991	380,272
Wages Payable .....	<u>138,956</u>	<u>105,564</u>
Total Current Liabilities .....	264,947	485,836
<b>LONG-TERM LIABILITIES</b>		
Employee Vacation and Sick Leave Accrual .....	<u>211,335</u>	<u>179,712</u>
Total Long-term Liabilities .....	211,335	179,712
<b>TOTAL LIABILITIES .....</b>	<b><u>476,282</u></b>	<b><u>665,548</u></b>
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b><u><u>\$43,749,863</u></u></b>	<b><u><u>\$41,302,636</u></u></b>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
JUNE 30, 2015 AND JUNE 30, 2014

	JUNE 2015	JUNE 2014
	<u>          </u>	<u>          </u>
<b>OPERATING REVENUE</b>		
Maintenance Revenue .....	\$191,398	\$169,338
Capital Recovery .....	405,414	142,520
Administrative Overhead .....	70,725	87,701
Fuel and Fuel Loading .....	6,111	7,512
Pool Car Rental .....	-	-
Total Operating Revenue .....	<u>673,648</u>	<u>407,071</u>
<b>OPERATING EXPENSES</b>		
Repairs and Servicing		
Shop Operations .....	230,023	190,373
Outside Services .....	528	165
Total Repairs and Servicing .....	<u>230,551</u>	<u>190,538</u>
Stores Operations .....	25,972	20,475
Administration .....	116,147	138,493
Depreciation .....	<u>245,080</u>	<u>230,346</u>
Total Operating Expenses .....	<u>617,750</u>	<u>579,852</u>
<b>OPERATING INCOME</b> .....	55,898	(172,781)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	4,234	4,332
Gain (Loss) on Disposition of Equipment .....	-	-
Sale of Scrap .....	-	-
Total Non-Operating Revenues (Expenses) ....	<u>4,234</u>	<u>4,332</u>
<b>CHANGE IN NET POSITION</b> .....	<u>\$60,132</u>	<u>(\$168,449)</u>
<b>TOTAL NET POSITION - JANUARY 1</b> .....		
<b>TOTAL NET POSITION - JUNE 30</b> .....		

*These statements should be read in conjunction with the Management Discussion and Analysis in the June 2015 Financial Report.*

YEAR TO DATE			
JUNE 2015	JUNE 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$1,083,343	\$1,103,828	(\$20,485)	-1.9%
2,404,400	857,475	1,546,925	180.4%
428,718	526,004	(97,286)	-18.5%
29,514	42,983	(13,469)	-31.3%
46,310	28,839	17,471	60.6%
<u>3,992,285</u>	<u>2,559,129</u>	<u>1,433,156</u>	56.0%
1,320,441	1,116,780	203,661	18.2%
4,027	44,595	(40,568)	-91.0%
<u>1,324,468</u>	<u>1,161,375</u>	<u>163,093</u>	14.0%
172,662	217,668	(45,006)	-20.7%
614,659	802,613	(187,954)	-23.4%
<u>1,489,320</u>	<u>1,387,916</u>	<u>101,404</u>	7.3%
<u>3,601,109</u>	<u>3,569,572</u>	<u>31,537</u>	0.9%
391,176	(1,010,443)	1,401,619	138.7%
11,190	22,839	(11,649)	51.0%
-	386,763	(386,763)	-
-	225	(225)	-100.0%
<u>11,190</u>	<u>409,827</u>	<u>(398,637)</u>	97.3%
402,366	(600,616)	\$1,002,982	167.0%
<u>42,871,215</u>	<u>41,237,704</u>		
<u>\$43,273,581</u>	<u>\$40,637,088</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2015	JUNE 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$5,416,266	\$2,922,302
Cash Paid to Suppliers .....	(2,110,933)	(1,141,542)
Cash Paid to Employees .....	(1,453,034)	(1,384,624)
	1,852,299	396,136
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net .....	(632,062)	(1,108,428)
Net Cash Used in Financing Activities .....	(632,062)	(721,440)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	11,190	22,839
Net Cash Provided By Investing Activities .....	11,190	22,839
Net Increase (Decrease) in Cash and Equity in Pooled Investments .....	1,231,427	(302,465)
Cash and Equity in Pooled Investments at January 1	21,721,836	21,331,688
Cash and Equity in Pooled Investments at June 30	\$22,953,263	\$21,029,223

*These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.*

	YEAR TO DATE	
	JUNE 30, 2015	JUNE 30, 2014
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss) .....	\$391,176	(\$1,010,443)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization .....	1,489,320	1,387,916
Interdivision Receivable .....	1,423,981	363,173
Materials and Supplies .....	58,749	29,360
Accounts Payable and Other .....	(476,083)	89,703
Interdivision Payable .....	(1,046,674)	(447,184)
Salaries, Fringe Benefits and Compensated Absences Payable .....	11,830	(16,389)
Total Adjustments .....	<u>1,461,123</u>	<u>1,406,579</u>
Net Cash Provided by Operating Activities .....	<u>\$1,852,299</u>	<u>\$396,136</u>

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

EQUITY DISTRIBUTION AS OF JUNE 30, 2015

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2015 .....	\$29,413,945	\$12,097,792	\$1,359,478	\$42,871,215
Contributions During Year .....	-	-	-	-
Equity Contrib. at June 30, 2015 ...	29,413,945	12,097,792	1,359,478	42,871,215
Current Year Operations:				
Total Operating Revenue * .....	2,739,107	1,126,580	126,598	3,992,285
Less: Repairs & Servicing Expense *	908,717	373,751	42,000	1,324,468
Administration Expense ** ...	591,708	168,828	26,785	787,321
Depreciation Expense .....	1,157,172	293,775	38,373	1,489,320
Total Expenses .....	2,657,597	836,354	107,158	3,601,109
Net Operating Revenue .....	81,510	290,226	19,440	391,176
Add: Other Income *** .....	7,758	3,149	283	11,190
Net Operating Results .....	89,268	293,375	19,723	402,366
Total Equity .....	<u>\$29,503,213</u>	<u>\$12,391,167</u>	<u>\$1,379,201</u>	<u>\$43,273,581</u>

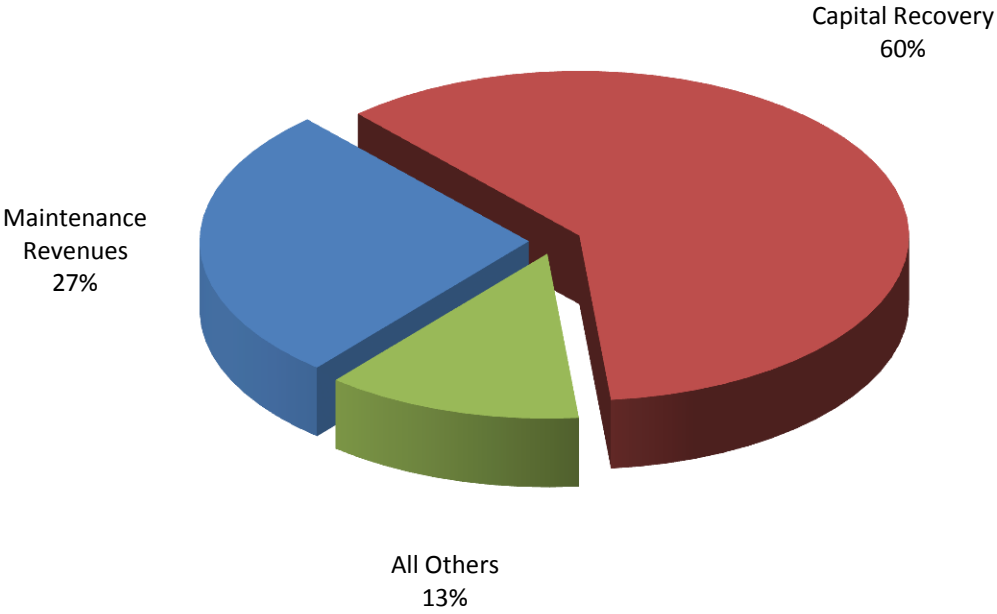
\* Allocated to each division based on total receipts from the divisions.

\*\* Allocated to each division based on vehicle count.

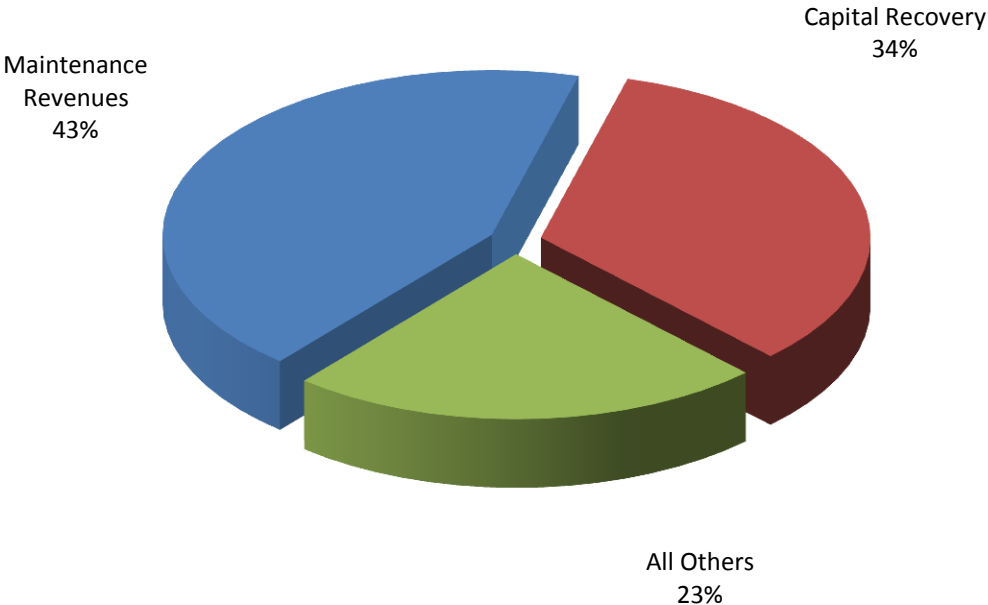
\*\*\* Allocated to each division based on total equity in the Fund.

# Supplemental Data

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

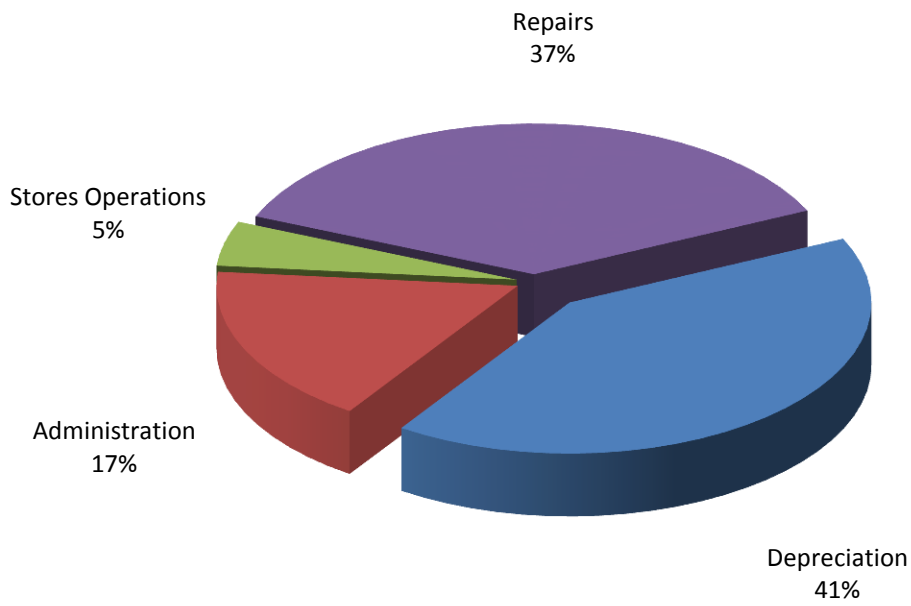


**TOTAL OPERATING REVENUES**  
**Year to Date - June 2014 (\$2,559,129)**

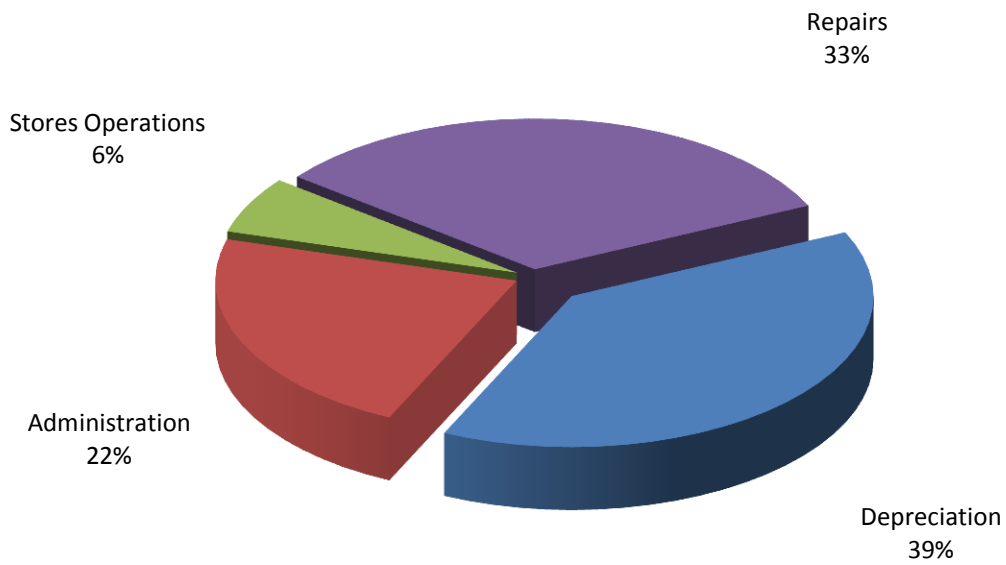




**TOTAL OPERATING EXPENSES**  
**Year to Date - June 2015 (\$3,601,109)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - June 2014 (\$3,569,572)**





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