

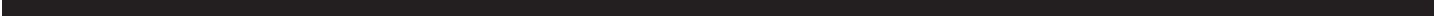
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*MARCH*

*FLEET SERVICES FUND*

**2015**

**FINANCIAL  
REPORT**





# Public Utility Board

WOODROW JONES  
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Vice-Chair

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Secretary

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Member

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Director of Utilities/CEO

KEN SCUDDER  
Transmission & Distribution Assistant 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 \$142,000 year-to-date 2015 compared to a net loss of \$484,000 recorded for the same time period in 2014. Operating revenues and expenses increased \$649,000 and \$23,000 respectively, resulting in a net increase in operating income of \$626,000 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 \$1.9 million and \$1.3 million at the end of the first quarter of 2015 and 2014.

Maintenance revenues are mainly related to staff labor and were \$520,000 and \$550,000 in 2015 and 2014 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 \$1.2 million and \$429,000 in 2015 and 2014 respectively. The increase of \$763,000 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 \$215,000 and \$263,000 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 \$13,000 and \$20,000 in 2015 and 2014 respectively.

Pool car revenue has not been billed in 2015 due to technical challenges during an attempt to streamline processes. Pool car revenues are based on usage and were \$0 and \$29,000 for 2015 and 2014 respectively.

### **Expenses**

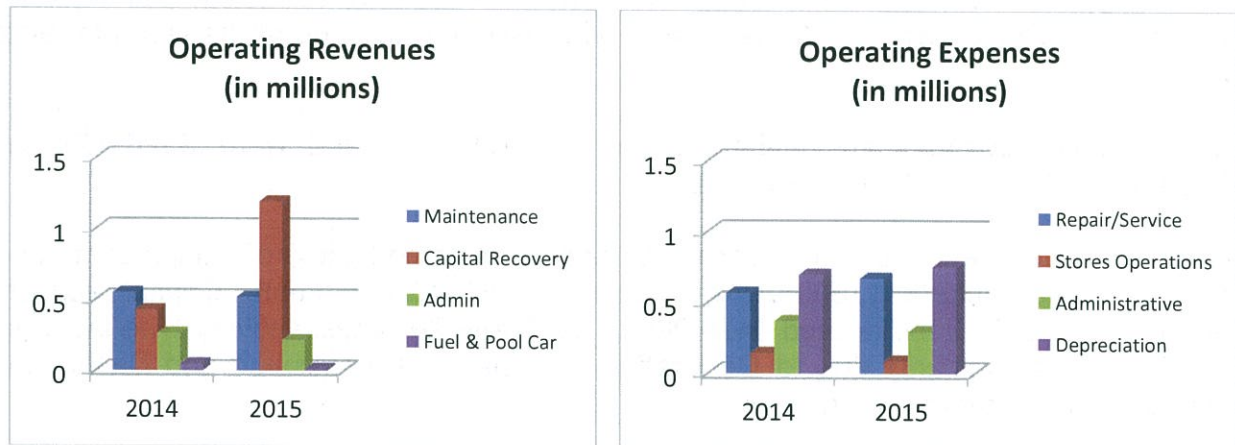
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$1.8 million year-to-date through the first quarter of both 2015 and 2014.

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 \$669,000 and \$566,000 in 2015 and 2014 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$87,000 and \$144,000 in 2015 and 2014 respectively. The decrease of \$58,000 is primarily due to an inventory adjustment to fuel and fluids in 2014.


Administration expenses were \$294,000 and \$369,000 in 2015 and 2014 respectively. The decrease of \$76,000 is primarily due to a decrease in assessments and salaries and wages.

Depreciation expense was \$749,000 and \$696,000 in 2015 and 2014 respectively.



**Non-Operating Revenues (Expenses)**

Interest income was \$(1,200) and \$11,000 for the first 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

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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, 2015 AND MARCH 31, 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	35,503,130
Power-Operated Equipment .....	18,454,799	19,558,201
Accumulated Depreciation .....	(36,790,243)	(37,878,293)
Total Fixed Assets .....	20,143,141	18,403,189
Construction Work in Progress .....	781,059	1,473,822
Net Fixed Assets .....	20,924,200	19,877,011
<b>CURRENT</b>		
Current Fund Cash & Equity in Pooled Investments	22,261,978	20,911,305
Materials and Supplies .....	256,560	295,179
Total Current Assets .....	22,518,538	21,206,484
<b>TOTAL ASSETS</b> .....	\$43,442,738	\$41,083,495

*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>		
Invested in Capital Assets .....	\$20,924,200	\$19,877,011
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>(3,859,130)</u>	<u>(4,406,666)</u>
<b>TOTAL NET POSITION .....</b>	<b>43,011,511</b>	<b>40,764,088</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Other .....	132,387	71,988
Wages Payable .....	87,505	67,707
Total Current Liabilities .....	219,892	139,695
<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>431,227</u></b>	<b><u>319,407</u></b>
<b>TOTAL NET POSITION AND LIABILITIES .....</b>	<b><u><u>\$43,442,738</u></u></b>	<b><u><u>\$41,083,495</u></u></b>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
MARCH 31, 2015 AND MARCH 31, 2014

	MARCH 2015	MARCH 2014
<b>OPERATING REVENUE</b>		
Maintenance Revenue .....	\$191,170	\$203,136
Capital Recovery .....	397,565	142,932
Administrative Overhead .....	71,775	87,518
Fuel and Fuel Loading .....	4,971	7,139
Pool Car Rental .....	-	107
Total Operating Revenue .....	665,481	440,832
<b>OPERATING EXPENSES</b>		
Repairs and Servicing		
Shop Operations .....	227,995	204,466
Outside Services .....	814	2,312
Total Repairs and Servicing .....	228,809	206,778
Stores Operations .....	36,276	23,568
Administration .....	91,925	126,578
Depreciation .....	248,179	231,747
Total Operating Expenses .....	605,189	588,671
<b>OPERATING INCOME</b> .....	60,292	(147,839)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income .....	4,037	3,909
Total Non-Operating Revenues (Expenses) ....	4,037	3,909
<b>NET INCOME</b> .....	\$64,329	(\$143,930)
<b>TOTAL NET POSITION - JANUARY 1</b> .....		
<b>TOTAL NET POSITION - MARCH 31</b> .....		

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

YEAR TO DATE

<u>MARCH 2015</u>	<u>MARCH 2014</u>	<u>2015/2014 VARIANCE</u>	<u>PERCENT CHANGE</u>
\$520,151	\$550,057	(\$29,906)	-5.4%
1,191,771	429,057	762,714	177.8%
215,093	263,329	(48,236)	-18.3%
13,226	20,184	(6,958)	-34.5%
-	28,839	(28,839)	-100.0%
<u>1,940,241</u>	<u>1,291,466</u>	<u>648,775</u>	<u>50.2%</u>
667,004	562,944	104,060	18.5%
2,144	3,423	(1,279)	-37.4%
<u>669,148</u>	<u>566,367</u>	<u>102,781</u>	<u>18.1%</u>
86,508	144,438	(57,930)	-40.1%
293,599	369,189	(75,590)	-20.5%
749,454	695,765	53,689	7.7%
<u>1,798,709</u>	<u>1,775,759</u>	<u>22,950</u>	<u>1.3%</u>
141,532	(484,293)	625,825	129.2%
(1,236)	10,677	(11,913)	-111.6%
<u>(1,236)</u>	<u>10,677</u>	<u>(11,913)</u>	<u>-111.6%</u>
140,296	(473,616)	\$613,912	129.6%
<u>42,871,215</u>	<u>41,237,704</u>		
<u><u>\$43,011,511</u></u>	<u><u>\$40,764,088</u></u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers .....	\$3,364,222	\$1,654,639
Cash Paid to Suppliers .....	(1,770,717)	(1,049,175)
Cash Paid to Employees .....	(764,809)	(733,802)
Net Cash Provided by		
(Used in) Operating Activities .....	828,696	(128,338)
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net .....	(287,318)	(302,722)
Net Cash Used in Financing Activities .....	(287,318)	(302,722)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received .....	(1,236)	10,677
Net Cash Provided By		
(Used in) Investing Activities .....	(1,236)	10,677
Net Increase (Decrease) in Cash and Equity in Pooled Investments .....	540,142	(420,383)
Cash and Equity in Pooled Investments at January 1	21,721,836	21,331,688
Cash and Equity in Pooled Investments at March 31	\$22,261,978	\$20,911,305

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

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss) .....	\$141,532	(\$484,293)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization .....	749,454	695,765
Interdivision Receivable .....	1,423,981	363,173
Materials and Supplies .....	69,711	17,028
Accounts Payable and Other .....	(469,687)	(218,581)
Interdivision Payable .....	(1,046,674)	(447,184)
Salaries, Fringe Benefits and Compensated Absences Payable .....	(39,621)	(54,246)
Total Adjustments .....	687,164	355,955
Net Cash Provided by (Used in) Operating Activities .....	\$828,696	(\$128,338)

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

EQUITY DISTRIBUTION AS OF MARCH 31, 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 March 31, 2015 ...	29,413,945	12,097,792	1,359,478	42,871,215
Current Year Operations:				
Total Operating Revenue * .....	1,325,239	542,784	72,218	1,940,241
Less: Repairs & Servicing Expense *	457,047	187,195	24,906	669,148
Administration Expense ** ...	285,669	81,507	12,931	380,107
Depreciation Expense .....	583,904	146,394	19,156	749,454
Total Expenses .....	1,326,620	415,096	56,993	1,798,709
Net Operating Revenue .....	(1,381)	127,688	15,225	141,532
Add: Other Income *** .....	(857)	(348)	(31)	(1,236)
Net Operating Results .....	(2,238)	127,340	15,194	140,296
Total Equity .....	<u>\$29,411,707</u>	<u>\$12,225,132</u>	<u>\$1,374,672</u>	<u>\$43,011,511</u>

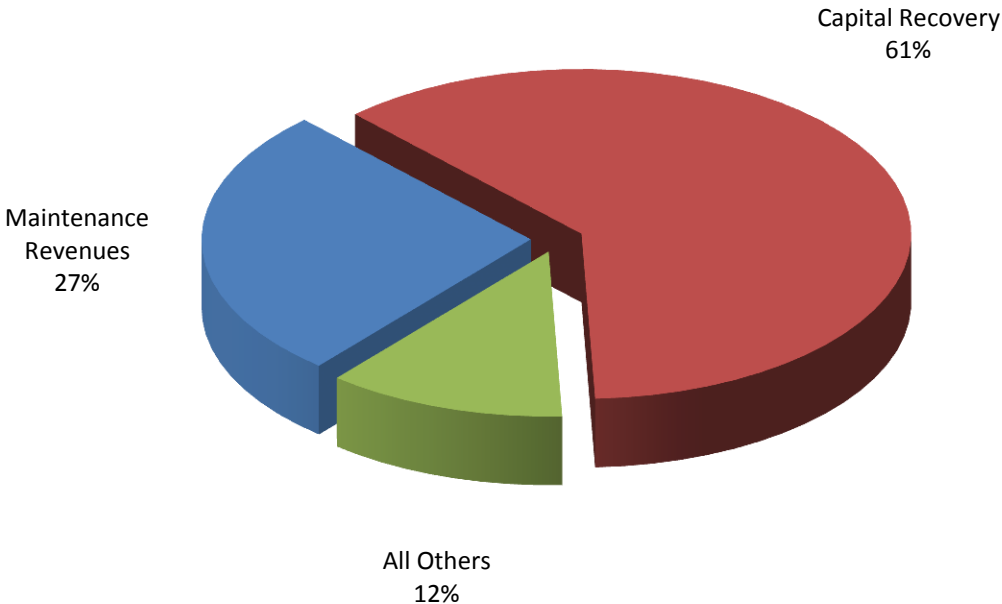
\* Allocated to each division based on total receipts from the divisions.

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

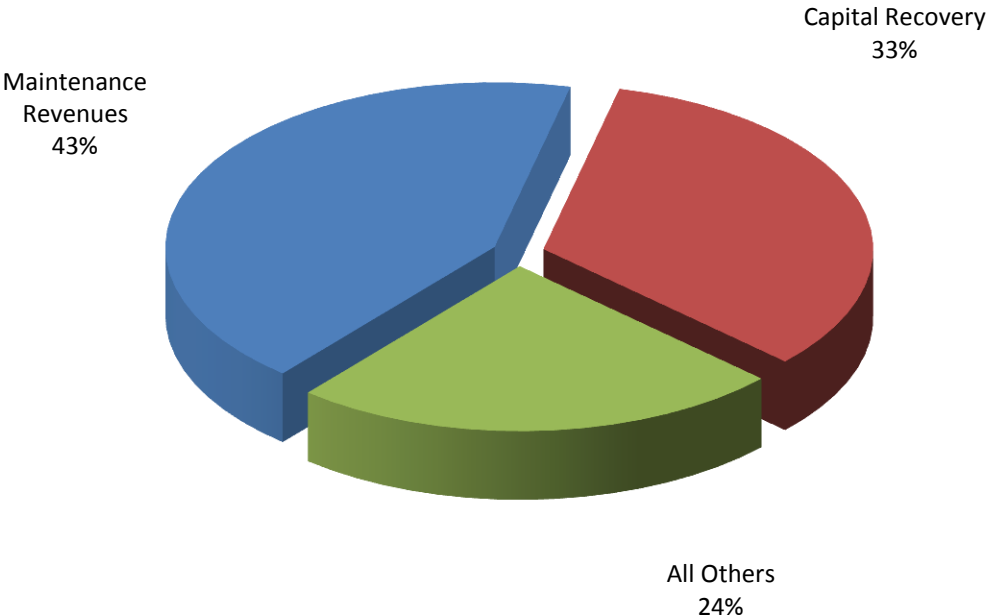
\*\*\* Allocated to each division based on total equity in the Fund.

# Supplemental Data

**TOTAL OPERATING REVENUES**  
**Year to Date - March 2015 (\$1,940,241)**

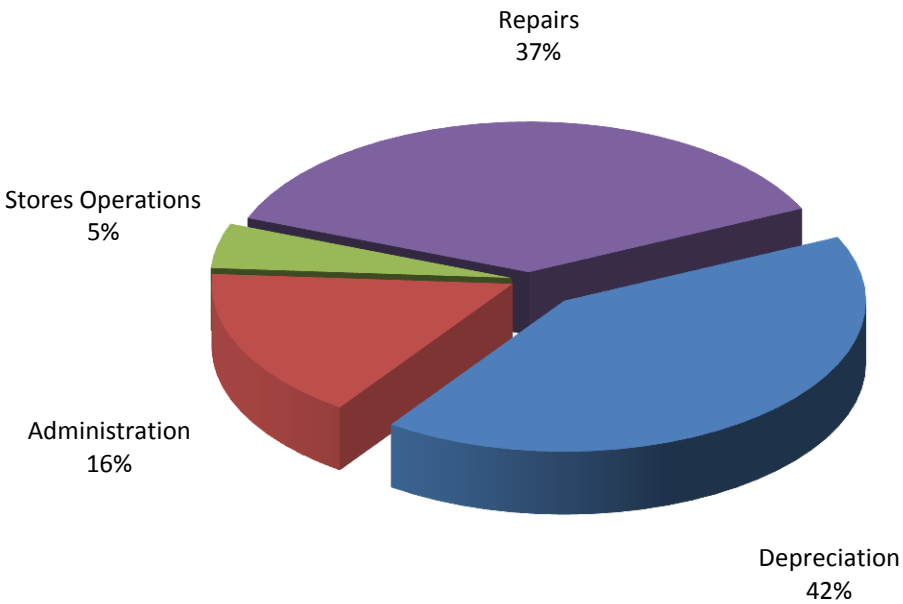


**TOTAL OPERATING REVENUES**  
**Year to Date - March 2014 (\$1,291,466)**

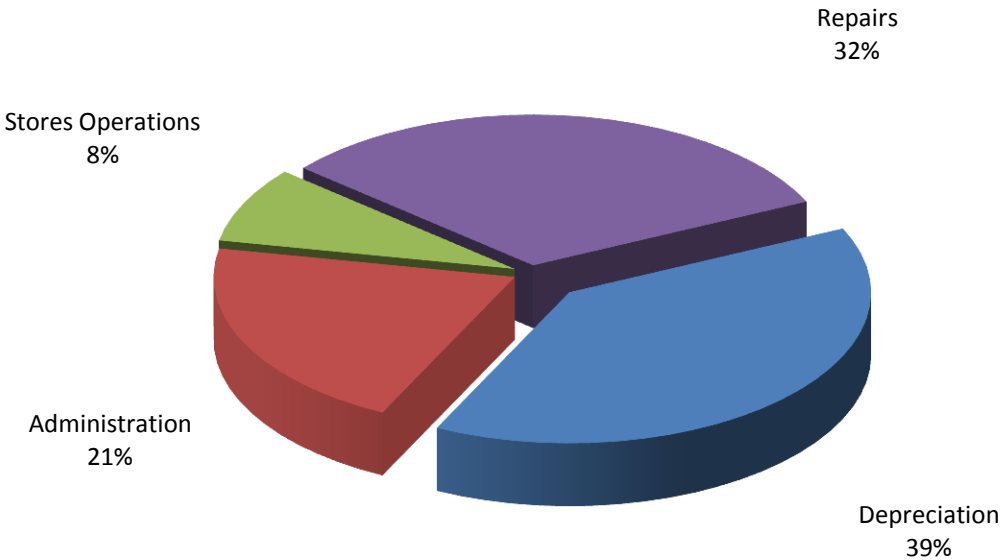




**TOTAL OPERATING EXPENSES**  
**Year to Date - March 2015 (\$1,798,709)**



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





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