
SEPTEMBER

FLEET SERVICES FUND

2014

**FINANCIAL
REPORT**



Public Utility Board

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Director of Utilities/CEO

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Power Superintendent/COO

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

Fleet Services is reporting a net operating loss of \$548,000 year-to-date 2014 compared to a net loss of \$990,000 recorded for the same time period in 2013. Operating revenues increased \$1.4 million and expenses increased \$955,000 respectively, resulting in a net increase in operating income of \$442,000 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 \$5.2 million and \$3.8 million at the end of the third quarter of 2014 and 2013.

Maintenance revenues are mainly related to staff labor and were \$1.6 million at the end of the third quarter of both 2014 and 2013.

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 \$2.7 million and \$1.3 million in 2014 and 2013 respectively. The increase of \$1.3 million is primarily due to Transmission and Distribution resuming their contributions in July 2014.

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 \$788,000 and \$760,000 in 2014 and 2013 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 \$66,000 and \$68,000 in 2014 and 2013 respectively.

Pool car revenues are based on usage and were \$64,000 and \$65,000 for 2014 and 2013 respectively.

Expenses

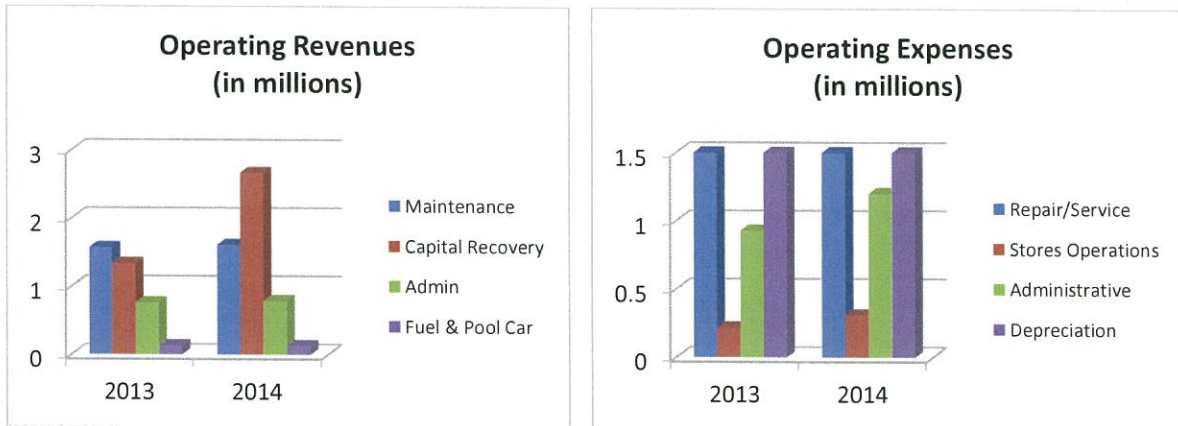
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$5.7 million and \$4.8 million year-to-date through the third quarter of 2014 and 2013 respectively.

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 \$2.2 million and \$1.7 million at the end of the third quarter of 2014 and 2013. The increase of \$469,000 is primarily due to a retroactive wage increase, dating back to 2012, for Local 160.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$311,000 and \$218,000 in 2014 and 2013 respectively. The increase of \$93,000 is primarily due to an inventory adjustment to fuel and fluids.

Administration expenses were \$1.2 million and \$930,000 in 2014 and 2013 respectively. The increase of \$272,000 is primarily due to a replacement fee correction made in 2013 for 2012.

Depreciation expense was \$2.1 million and \$2.0 million in 2014 and 2013 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$33,000 and (\$111,000) at the end of the third quarter 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
SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

	2014	2013
ASSETS		
FIXED		
Office Furniture and Equipment	\$540,905	\$540,905
Stores and Shop Equipment	679,246	679,246
Transportation Equipment	33,594,933	33,029,741
Power-Operated Equipment	18,467,634	19,428,557
Accumulated Depreciation	(36,381,746)	(37,374,341)
Total Fixed Assets	16,900,972	16,304,108
Construction Work in Progress	3,925,410	3,690,578
Net Fixed Assets	20,826,382	19,994,686
CURRENT		
Current Fund Cash & Equity in Pooled Investments	20,492,609	21,135,369
Materials and Supplies	311,857	608,849
Total Current Assets	20,804,466	21,744,218
TOTAL ASSETS	\$41,630,848	\$41,738,904

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

	<u>2014</u>	<u>2013</u>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$20,826,382	\$19,994,686
Restricted for:		
Tacoma Power	17,709,833	17,322,733
Tacoma Water	6,908,667	6,824,584
Tacoma Rail	675,243	642,836
Unrestricted	<u>(4,912,138)</u>	<u>(3,386,679)</u>
TOTAL NET POSITION	41,207,987	41,398,160
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	146,859	124,053
Wages Payable	96,290	64,575
Total Current Liabilities	<u>243,149</u>	<u>188,628</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	<u>422,861</u>	<u>340,744</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$41,630,848</u></u>	<u><u>\$41,738,904</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

	SEPTEMBER 2014	SEPTEMBER 2013
OPERATING REVENUE		
Maintenance Revenue	\$161,587	\$162,402
Capital Recovery	632,262	142,706
Administrative Overhead	86,870	88,497
Fuel and Fuel Loading	7,514	7,876
Pool Car Rental	-	2,022
Total Operating Revenue	888,233	403,503
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	563,743	173,963
Outside Services	22,804	44
Total Repairs and Servicing	586,547	174,007
Stores Operations	24,939	21,887
Administration	137,867	118,665
Depreciation	227,361	208,583
Total Operating Expenses	976,714	523,142
OPERATING INCOME	(88,481)	(119,639)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	3,810	4,092
Gain (Loss) on Disposition of Equipment	97,939	-
Sale of Scrap	155	-
Total Non-Operating Revenues (Expenses)	101,904	4,092
Net Income Before Transfers	13,423	(115,547)
Transfers In	-	-
CHANGE IN NET POSITION	\$13,423	(\$115,547)
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 2014 Financial Report.

YEAR TO DATE

SEPTEMBER 2014	SEPTEMBER 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$1,610,129	\$1,568,196	\$41,933	2.7%
2,668,418	1,338,874	1,329,544	99.3%
788,486	760,436	28,050	3.7%
66,275	67,899	(1,624)	-2.4%
64,142	64,730	(588)	-0.9%
<u>5,197,450</u>	<u>3,800,135</u>	<u>1,397,315</u>	36.8%
2,090,659	1,684,417	406,242	24.1%
68,818	6,276	62,542	996.5%
<u>2,159,477</u>	<u>1,690,693</u>	<u>468,784</u>	27.7%
310,633	217,888	92,745	42.6%
1,201,834	930,028	271,806	29.2%
<u>2,073,698</u>	<u>1,951,974</u>	<u>121,724</u>	6.2%
5,745,642	4,790,583	955,059	19.9%
(548,192)	(990,448)	442,256	44.7%
33,393	(111,123)	144,516	130.1%
484,702	-	484,702	-
380	10	370	3700.0%
<u>518,475</u>	<u>(111,113)</u>	<u>629,588</u>	566.6%
(29,717)	(1,101,561)	1,071,844	97.3%
-	141,512	(141,512)	-100.0%
(29,717)	(960,049)	\$930,332	96.9%
<u>41,237,704</u>	<u>42,358,209</u>		
<u>\$41,207,987</u>	<u>\$41,398,160</u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEP 30	SEP 30
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$5,560,623	\$6,491,920
Cash Paid to Suppliers	(1,796,062)	(4,990,960)
Cash Paid to Employees	(2,492,089)	(2,053,235)
Net Cash Provided by		
(Used in) Operating Activities	1,272,472	(552,275)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(2,630,026)	(1,606,271)
Disposition of Equipment/Scrap.....	485,082	10
 Net Cash Used in Financing Activities	(2,144,944)	(1,606,261)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	33,393	(266,091)
Net Cash Provided By		
(Used in) Investing Activities	33,393	(266,091)
 Net Decrease in Cash and Equity in Pooled Investments	(839,079)	(2,424,627)
 Cash and Equity in Pooled Investments at January 1	21,331,688	23,559,996
 Cash and Equity in Pooled Investments at September 30	\$20,492,609	\$21,135,369

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

	YEAR TO DATE	
	SEP 30	SEP 30
	2014	2013
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	(\$548,192)	(\$990,448)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,073,698	1,951,974
Accounts Receivable	-	8,325
Receivables from Affiliates	363,173	2,683,460
Materials and Supplies	350	12,532
Taxes and Other Payables	(143,710)	(1,160,835)
Payables to Affiliates	(447,184)	(3,023,353)
Salaries, Fringe Benefits and Compensated Absences Payable	(25,663)	(33,930)
Total Adjustments	<u>1,820,664</u>	<u>438,173</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$1,272,472</u>	<u>(\$552,275)</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 30, 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 September 30, 2014 ...	28,777,637	11,401,216	1,058,851	41,237,704
Current Year Operations:				
Total Operating Revenue *	3,627,028	1,436,968	133,454	5,197,450
Less: Repairs & Servicing Expense *	1,506,986	597,043	55,448	2,159,477
Administration Expense ** ...	1,140,391	322,144	49,932	1,512,467
Depreciation Expense	1,545,607	469,704	58,387	2,073,698
Total Expenses	4,192,984	1,388,891	163,767	5,745,642
Net Operating Revenue	(565,956)	48,077	(30,313)	(548,192)
Add: Other Income ***	359,511	145,743	13,221	518,475
Net Operating Results	(206,445)	193,820	(17,092)	(29,717)
Total Equity	<u>\$28,571,192</u>	<u>\$11,595,036</u>	<u>\$1,041,759</u>	<u>\$41,207,987</u>

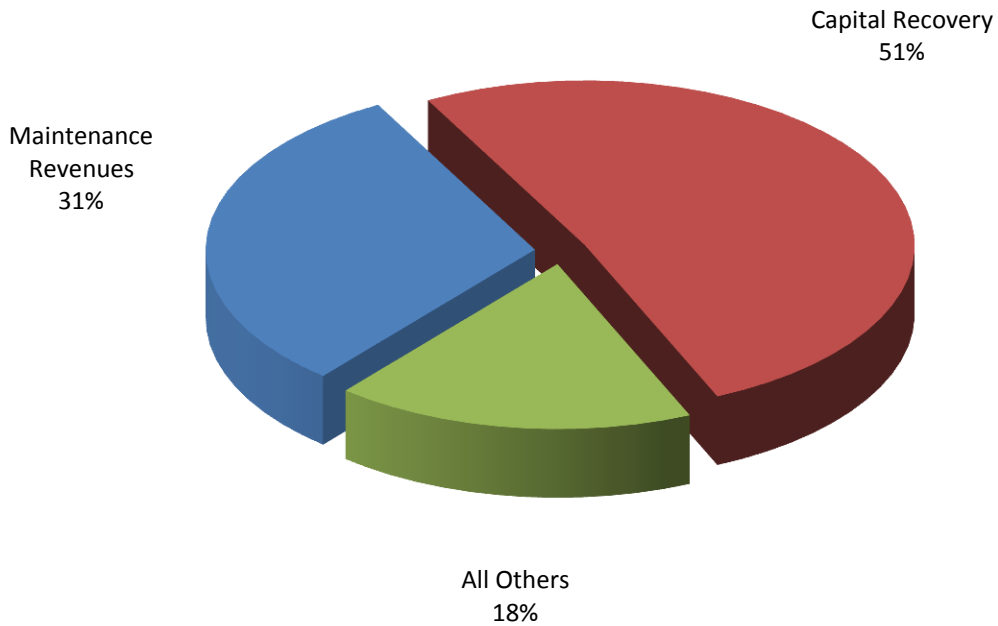
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

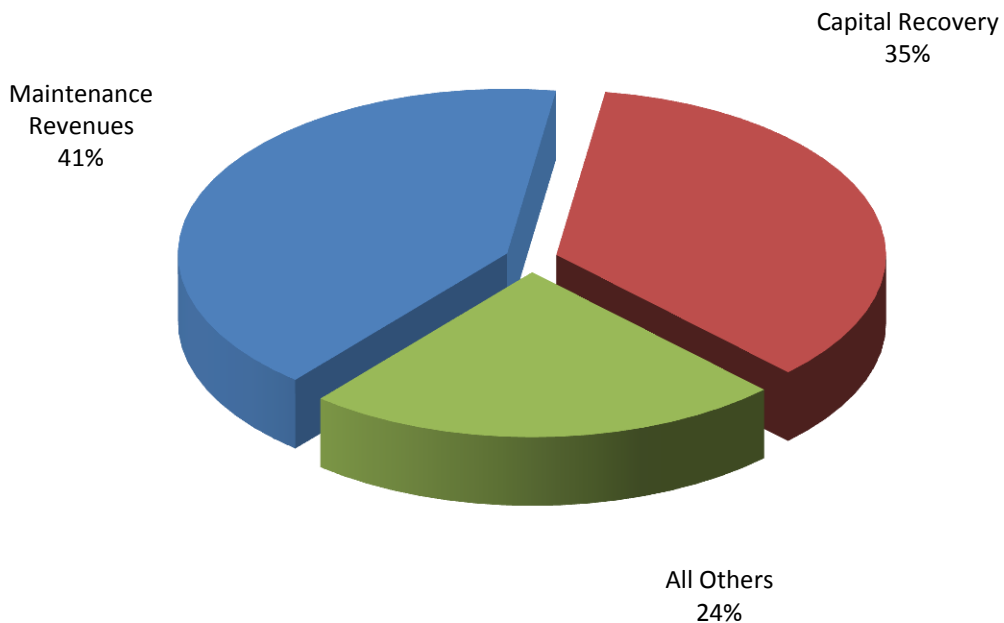
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

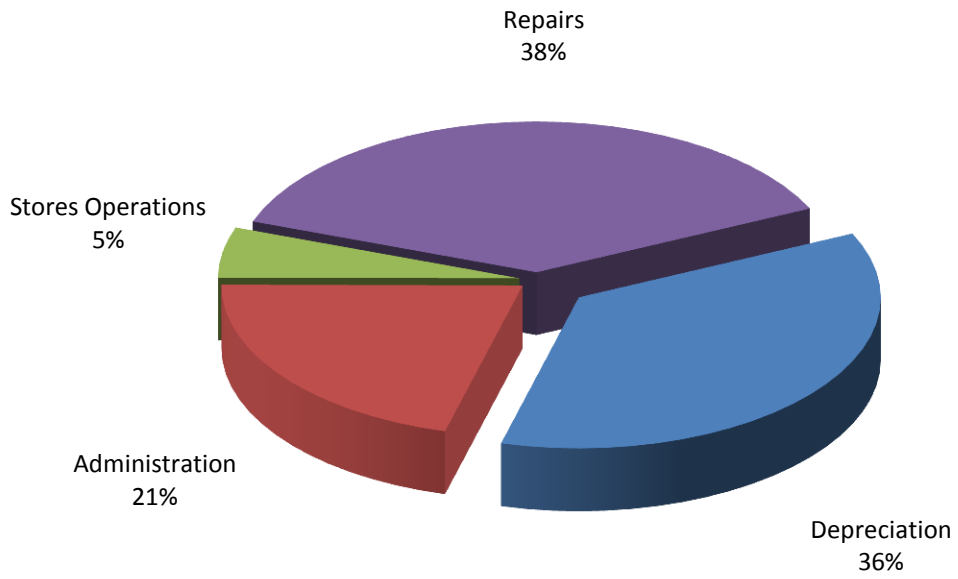
TOTAL OPERATING REVENUES
Year to Date - September 2014 (\$5,197,450)



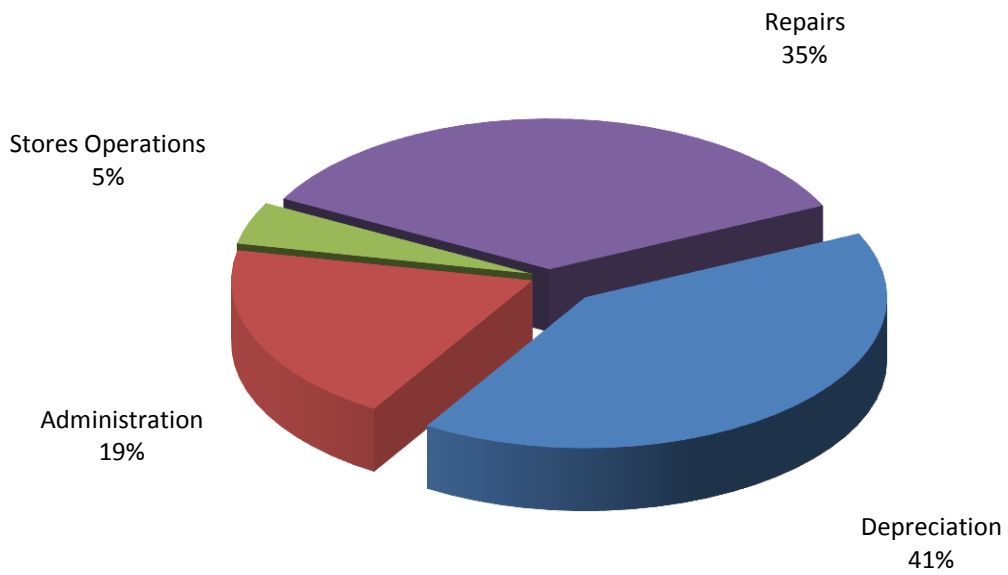
TOTAL OPERATING REVENUES
Year to Date - September 2013 (\$3,800,135)



TOTAL OPERATING EXPENSES
Year to Date - September 2014 (\$5,745,642)



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





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