
SEPTEMBER

FLEET SERVICES FUND

2015

**FINANCIAL
REPORT**



Public Utility Board

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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 \$616,000 year-to-date 2015 compared to a net loss of \$548,000 recorded for the same time period in 2014. Operating revenues increased \$851,000 and expenses decreased \$313,000 respectively, resulting in a net increase in operating income of \$1.2 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 \$6.0 million and \$5.2 million at the end of the third quarter of 2015 and 2014.

Maintenance revenues are mainly related to staff labor and were \$1.7 million and \$1.6 million at the end of the third quarter of both 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 \$3.6 million and \$2.7 million in 2015 and 2014 respectively. The increase of \$956,000 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 \$641,000 and \$788,000 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 \$46,000 and \$66,000 in 2015 and 2014 respectively.

Pool car revenues are based on usage and were \$81,000 and \$64,000 for 2015 and 2014 respectively.

Expenses

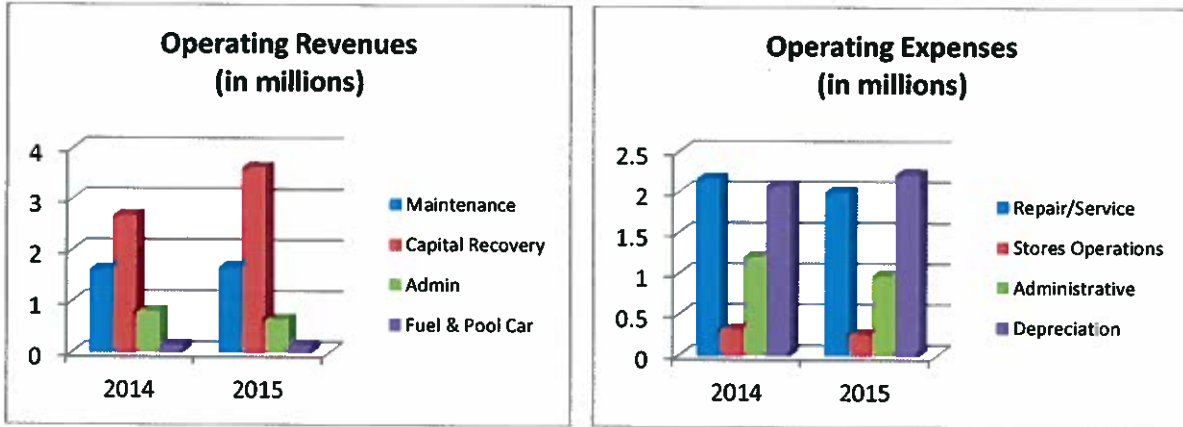
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$5.4 million and \$ 5.7 million year-to-date through the third quarter of both 2015 and 2014.

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 \$2.0 million and \$2.2 million in 2015 and 2014 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$251,000 and \$311,000 in 2015 and 2014 respectively. The decrease of \$60,000 is primarily due to an inventory adjustment to fuel and fluids in 2014.

Administration expenses were \$972,000 and \$1.2 million in 2015 and 2014 respectively. The decrease of \$230,000 is primarily due to a decrease in assessments and salaries and wages.

Depreciation expense was \$2.2 million and \$2.1 million in 2015 and 2014 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$24,000 and \$33,000 for the third 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
SEPTEMBER 30, 2015 AND SEPTEMBER 30, 2014

	2015	2014
ASSETS		
FIXED		
Office Furniture and Equipment	\$540,905	\$540,905
Stores and Shop Equipment	692,125	679,246
Transportation Equipment	36,920,745	33,594,933
Power-Operated Equipment	18,325,336	18,467,634
Accumulated Depreciation	(37,800,215)	(36,381,746)
Total Fixed Assets	18,678,896	16,900,972
Construction Work in Progress	2,003,518	3,925,410
Net Fixed Assets	20,682,414	20,826,382
CURRENT		
Current Fund Cash & Equity in Pooled Investments	23,259,838	20,492,609
Materials and Supplies	261,942	311,857
Total Current Assets	23,521,780	20,804,466
TOTAL ASSETS	\$44,204,194	\$41,630,848

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>
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	\$20,682,414	\$20,826,382
Restricted for:		
Tacoma Power	18,023,938	17,709,833
Tacoma Water	6,986,734	6,908,667
Tacoma Rail	935,770	675,243
Unrestricted	<u>(3,036,522)</u>	<u>(4,912,138)</u>
TOTAL NET POSITION	43,592,334	41,207,987
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	301,606	146,859
Wages Payable	<u>98,919</u>	<u>96,290</u>
Total Current Liabilities	400,525	243,149
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	<u>211,335</u>	<u>179,712</u>
Total Long-term Liabilities	211,335	179,712
TOTAL LIABILITIES	<u>611,860</u>	<u>422,861</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$44,204,194</u></u>	<u><u>\$41,630,848</u></u>

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

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

	SEPTEMBER 2015	SEPTEMBER 2014
OPERATING REVENUE		
Maintenance Revenue	\$188,379	\$161,587
Capital Recovery	410,073	632,262
Administrative Overhead	70,883	86,870
Fuel and Fuel Loading	5,016	7,514
Pool Car Rental	-	-
Total Operating Revenue	674,351	888,233
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	213,404	563,743
Outside Services	10,034	22,804
Total Repairs and Servicing	223,438	586,547
Stores Operations	27,221	24,939
Administration	137,597	137,867
Depreciation	238,961	227,361
Total Operating Expenses	627,217	976,714
OPERATING INCOME	47,134	(88,481)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	4,453	3,810
Gain (Loss) on Disposition of Equipment	78,150	97,939
Sale of Scrap	1,580	155
Total Non-Operating Revenues (Expenses)	84,183	101,904
Net Income Before Transfers	131,317	13,423
CHANGE IN NET POSITION	\$131,317	\$13,423
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 2015 Financial Report.

YEAR TO DATE

SEPTEMBER 2015	SEPTEMBER 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$1,655,047	\$1,610,129	\$44,918	2.8%
3,624,067	2,668,418	955,649	35.8%
641,474	788,486	(147,012)	-18.6%
46,272	66,275	(20,003)	-30.2%
81,296	64,142	17,154	26.7%
<u>6,048,156</u>	<u>5,197,450</u>	<u>850,706</u>	16.4%
1,980,815	2,090,659	(109,844)	-5.3%
15,255	68,818	(53,563)	-77.8%
<u>1,996,070</u>	<u>2,159,477</u>	<u>(163,407)</u>	-7.6%
250,929	310,633	(59,704)	-19.2%
971,767	1,201,834	(230,067)	-19.1%
<u>2,213,699</u>	<u>2,073,698</u>	<u>140,001</u>	6.8%
5,432,465	5,745,642	(313,177)	-5.5%
615,691	(548,192)	1,163,883	212.3%
23,698	33,393	(9,695)	-29.0%
78,150	484,702	(406,552)	-83.9%
3,580	380	3,200	842.1%
<u>105,428</u>	<u>518,475</u>	<u>(413,047)</u>	79.7%
721,119	(29,717)	750,836	2526.6%
721,119	(29,717)	750,836	2526.6%
<u>42,871,215</u>	<u>41,237,704</u>		
<u><u>\$43,592,334</u></u>	<u><u>\$41,207,987</u></u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEP 30, 2015	SEP 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$7,472,136	\$5,560,623
Cash Paid to Suppliers	(2,332,444)	(1,796,062)
Cash Paid to Employees	(2,197,342)	(2,492,089)
	2,942,350	1,272,472
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,509,776)	(2,630,026)
Net Cash Used in Financing Activities	(1,428,046)	(2,144,944)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	23,698	33,393
Net Cash Provided By Investing Activities	23,698	33,393
Net Increase (Decrease) in Cash and Equity in Pooled Investments	1,538,002	(839,079)
Cash and Equity in Pooled Investments at January 1	21,721,836	21,331,688
Cash and Equity in Pooled Investments at September 30	\$23,259,838	\$20,492,609

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

	YEAR TO DATE	
	SEP 30, 2015	SEP 30, 2014
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$615,691	(\$548,192)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,213,699	2,073,698
Interdivision Receivable	1,423,980	363,173
Materials and Supplies	64,329	350
Accounts Payable and Other	(300,468)	(143,710)
Interdivision Payable	(1,046,674)	(447,184)
Salaries, Fringe Benefits and Compensated Absences Payable	(28,207)	(25,663)
Total Adjustments	<u>2,326,659</u>	<u>1,820,664</u>
Net Cash Provided by Operating Activities	<u>\$2,942,350</u>	<u>\$1,272,472</u>

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

EQUITY DISTRIBUTION AS OF SEPTEMBER 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 Sep 30, 2015 ...	29,413,945	12,097,792	1,359,478	42,871,215
Current Year Operations:				
Total Operating Revenue *	4,149,640	1,706,724	191,792	6,048,156
Less: Repairs & Servicing Expense *	1,369,504	563,269	63,297	1,996,070
Administration Expense ** ...	920,213	262,918	39,565	1,222,696
Depreciation Expense	1,715,193	444,350	54,156	2,213,699
Total Expenses	4,004,910	1,270,537	157,018	5,432,465
Net Operating Revenue	144,730	436,187	34,774	615,691
Add: Other Income ***	73,094	29,667	2,667	105,428
Net Operating Results	217,824	465,854	37,441	721,119
Total Equity	<u>\$29,631,769</u>	<u>\$12,563,646</u>	<u>\$1,396,919</u>	<u>\$43,592,334</u>

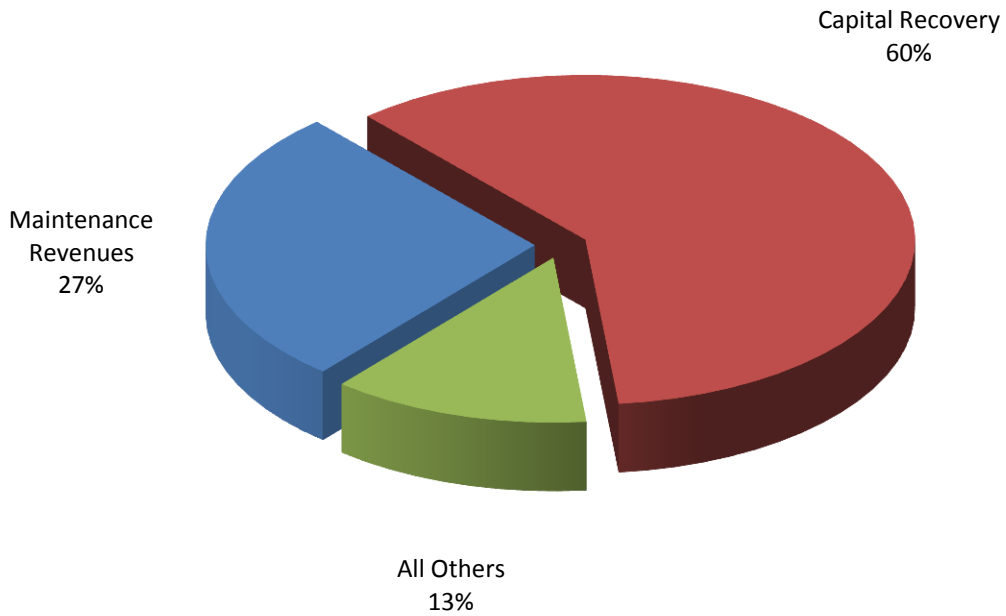
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

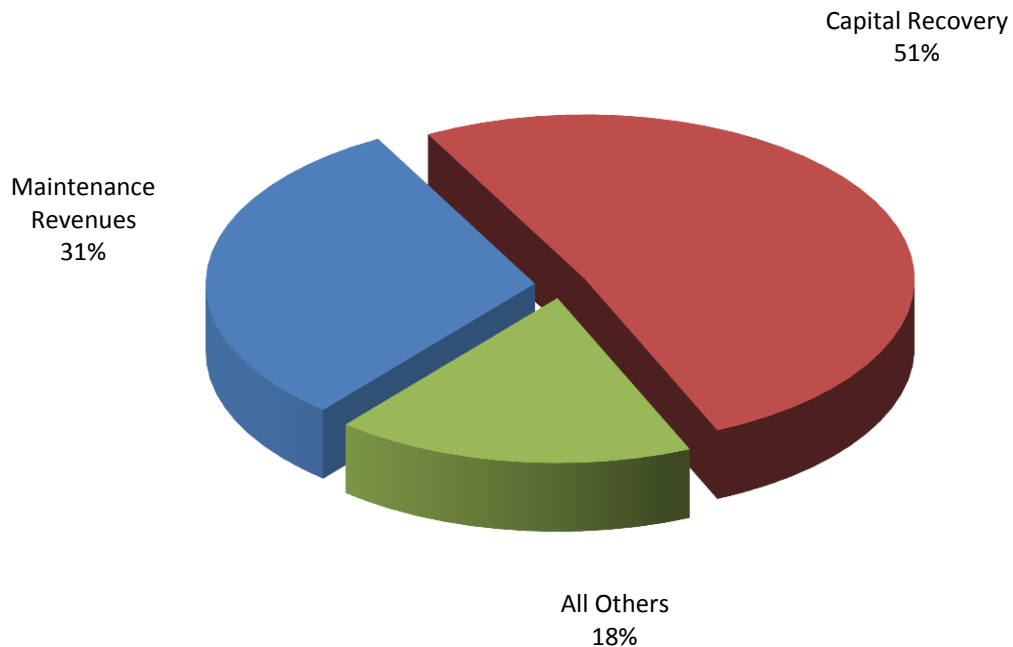
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

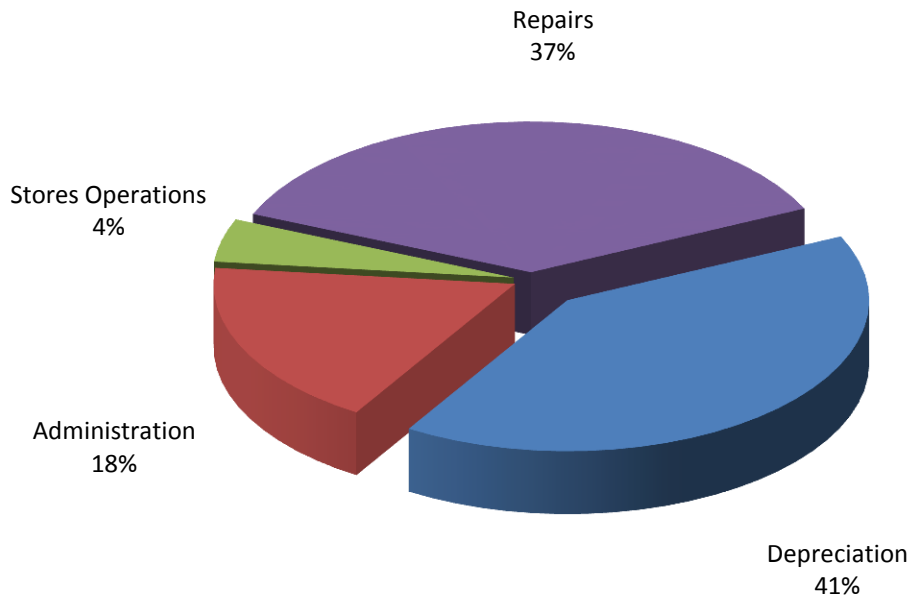
TOTAL OPERATING REVENUES
Year to Date - September 2015 (\$6,048,156)



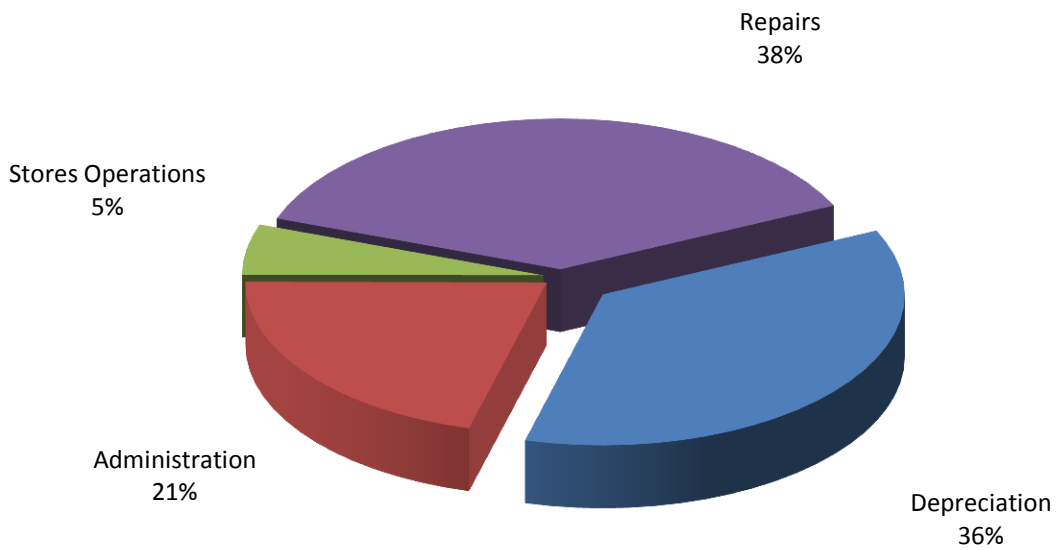
TOTAL OPERATING REVENUES
Year to Date - September 2014 (\$5,197,450)



TOTAL OPERATING EXPENSES
Year to Date - September 2015 (\$5,432,465)



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





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