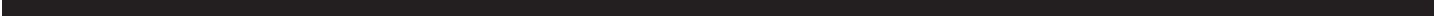

MARCH

FLEET SERVICES FUND

2016

**FINANCIAL
REPORT**



Public Utility Board

BRYAN FLINT
Chair

MARK PATTERSON
Vice-Chair

MONIQUE TRUDNOWSKI
Secretary

WOODROW JONES
Member

KAREN LARKIN
Member

WILLIAM A. GAINES
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 loss of \$162,000 year-to-date 2016 compared to a net gain of \$142,000 recorded for the same time period in 2015. Operating revenues decreased \$215,000 and expenses increased \$89,000 respectively, resulting in a net decrease in operating income of \$304,000 compared to 2015.

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 \$1.7 million and \$1.9 million at the end of the 1st quarter of 2016 and 2015.

Maintenance revenues are mainly related to staff labor and were \$368,000 and \$520,000 at the end of the first quarter of both 2016 and 2015 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 \$1.1 million and \$1.2 million in 2016 and 2015 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 \$200,000 and \$215,000 in 2016 and 2015 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 \$10,000 and \$13,000 in 2016 and 2015 respectively.

Pool car revenues are based on usage and were \$25,000 and \$0 for 2016 and 2015 respectively.

Expenses

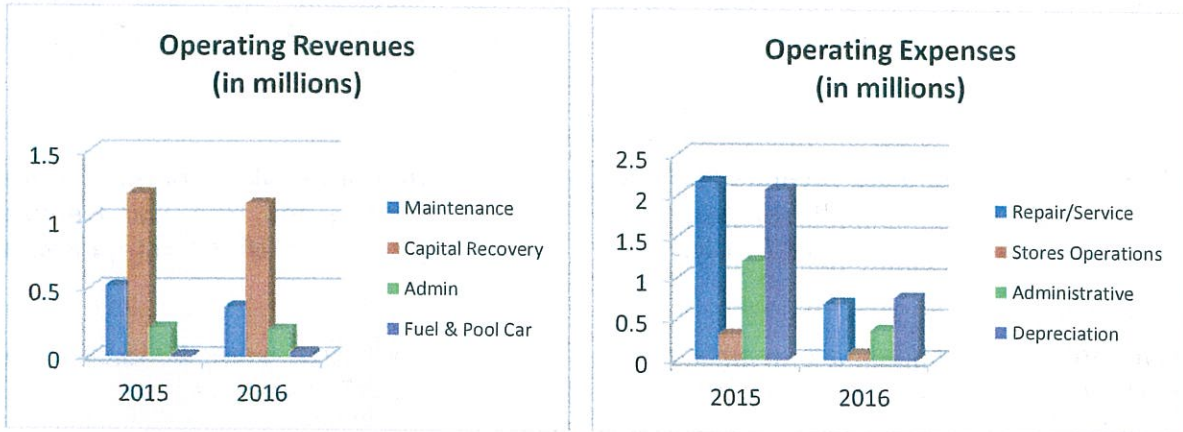
Fleet Services operating expenses are comprised of four major categories: Repairs and service, stores operations, administration and depreciation. Fleet Services expenses were \$1.9 million and \$1.8 million year-to-date through the first quarter of both 2016 and 2015.

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 \$688,000 and \$669,000 in 2016 and 2015 respectively.

Stores operation is a parts warehouse maintained by Fleet which had expenses of \$76,000 and \$87,000 in 2016 and 2015 respectively.


Administration expenses were \$365,000 and \$294,000 in 2016 and 2015 respectively..

Depreciation expense was \$759,000 and \$749,000 in 2016 and 2015 respectively.



Non-Operating Revenues (Expenses)

Interest income was \$75,000 and (\$1,200) for the first quarters of 2016 and 2015 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, 2016 AND MARCH 31, 2015

	2016	2015
ASSETS		
FIXED		
Office Furniture and Equipment	\$540,905	\$540,905
Stores and Shop Equipment	692,125	692,125
Transportation Equipment	37,622,968	37,245,555
Power-Operated Equipment	18,943,655	18,454,799
Accumulated Depreciation	(37,665,559)	(36,790,243)
Total Fixed Assets	20,134,094	20,143,141
Construction Work in Progress	1,650,802	781,059
Net Fixed Assets	21,784,896	20,924,200
CURRENT		
Current Fund Cash & Equity in Pooled Investments	22,567,699	22,261,978
Materials and Supplies	263,918	256,560
Total Current Assets	22,831,617	22,518,538
OTHER ASSETS		
Net Pension Asset	101,261	-
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	240,412	-
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	\$44,958,186	\$43,442,738

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2015 Annual Report.

NET POSITION AND LIABILITIES	<u>2016</u>	<u>2015</u>
NET POSITION		
Invested in Capital Assets	\$21,784,896	\$20,924,200
Restricted for:		
Tacoma Power	18,093,165	18,023,937
Tacoma Water	7,199,933	6,986,734
Tacoma Rail	981,147	935,770
Net Pension Asset	101,261	-
Unrestricted	<u>(3,720,747)</u>	<u>(3,859,130)</u>
TOTAL NET POSITION	44,439,655	43,011,511
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable & Other	80,117	132,387
Wages Payable	111,592	87,505
Total Current Liabilities	<u>191,709</u>	<u>219,892</u>
LONG-TERM LIABILITIES		
Employee Vacation and Sick Leave Accrual	219,922	211,335
Total Long-term Liabilities	<u>219,922</u>	<u>211,335</u>
TOTAL LIABILITIES	411,631	431,227
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows for Pensions	<u>106,900</u>	<u>-</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$44,958,186</u></u>	<u><u>\$43,442,738</u></u>

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2016 AND MARCH 31, 2015

	<u>MARCH</u> <u>2016</u>	<u>MARCH</u> <u>2015</u>
OPERATING REVENUE		
Maintenance Revenue	\$143,281	\$191,170
Capital Recovery	408,661	397,565
Administrative Overhead	68,912	71,775
Fuel and Fuel Loading	3,873	4,971
Pool Car Rental	8,871	-
Total Operating Revenue	633,598	665,481
OPERATING EXPENSES		
Repairs and Servicing		
Shop Operations	218,162	227,995
Outside Services	19,088	814
Total Repairs and Servicing	237,250	228,809
Stores Operations	27,810	36,276
Administration	134,955	91,925
Depreciation	252,648	248,179
Total Operating Expenses	652,663	605,189
OPERATING INCOME	(19,065)	60,292
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	(19,750)	4,037
Gain (Loss) on Disposition of Equipment	152,768	-
Sale of Scrap	6,875	-
Total Non-Operating Revenues (Expenses)	139,893	4,037
NET INCOME	\$120,828	\$64,329
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2016 Financial Report.

YEAR TO DATE

<u>MARCH</u> <u>2016</u>	<u>MARCH</u> <u>2015</u>	<u>2016/2015</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$368,047	\$520,151	(\$152,104)	-29.2%
1,121,338	1,191,771	(70,433)	-5.9%
200,449	215,093	(14,644)	-6.8%
10,417	13,226	(2,809)	-21.2%
25,431	-	25,431	0.0%
<u>1,725,682</u>	<u>1,940,241</u>	<u>(214,559)</u>	<u>-11.1%</u>
669,149	667,004	2,145	0.3%
19,205	2,144	17,061	795.8%
<u>688,354</u>	<u>669,148</u>	<u>19,206</u>	<u>2.9%</u>
76,077	86,508	(10,431)	-12.1%
364,695	293,599	71,096	24.2%
758,764	749,454	9,310	1.2%
<u>1,887,890</u>	<u>1,798,709</u>	<u>89,181</u>	<u>5.0%</u>
(162,208)	141,532	(303,740)	-214.6%
75,479	(1,236)	76,715	6206.7%
152,768	-	152,768	0.0%
6,875	-	6,875	0.0%
<u>235,122</u>	<u>(1,236)</u>	<u>236,358</u>	<u>19122.8%</u>
72,914	140,296	(\$67,382)	-48.0%
<u>44,366,741</u>	<u>42,871,215</u>		
<u><u>\$44,439,655</u></u>	<u><u>\$43,011,511</u></u>		

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

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2016	MARCH 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash From Customers	\$2,535,893	\$3,364,222
Cash Paid to Suppliers	(1,435,464)	(1,770,717)
Cash Paid to Employees	(737,866)	(764,809)
	362,563	828,696
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(268,439)	(287,318)
Disposition of Equipment/Scrap.....	159,643	-
	(108,796)	(287,318)
Net Cash Used in Financing Activities	(108,796)	(287,318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	75,479	(1,236)
	75,479	(1,236)
Net Cash Provided By (Used in) Investing Activities	75,479	(1,236)
Net Increase in Cash and Equity in Pooled Investments	329,246	540,142
Cash and Equity in Pooled Investments at January 1	22,238,453	21,721,836
Cash and Equity in Pooled Investments at March 31	\$22,567,699	\$22,261,978

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2015 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2016	MARCH 31, 2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$162,208)	\$141,532
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	758,764	749,454
Interdivision Receivable	766,391	1,423,981
Materials and Supplies	20,506	69,711
Accounts Payable and Other	(328,975)	(469,687)
Interdivision Payable	(785,250)	(1,046,674)
Salaries, Fringe Benefits and Compensated Absences Payable	49,515	(39,621)
Total Adjustments	524,771	687,164
Net Cash Provided by Operating Activities	<u>\$362,563</u>	<u>\$828,696</u>

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

EQUITY DISTRIBUTION AS OF MARCH 31, 2016

	TACOMA POWER	TACOMA WATER	TACOMA RAIL	TOTAL
Balance January 1, 2016	\$29,921,073	\$12,978,329	\$1,467,339	\$44,366,741
Contributions During Year	-	-	-	-
Equity Contrib. at March 31, 2016 ..	29,921,073	12,978,329	1,467,339	44,366,741
Current Year Operations:				
Total Operating Revenue *	1,163,806	504,803	57,073	1,725,682
Less: Repairs & Servicing Expense *	464,228	201,360	22,766	688,354
Administration Expense ** ...	328,186	97,544	15,042	440,772
Depreciation Expense	590,699	151,052	17,013	758,764
Total Expenses	1,383,113	449,956	54,821	1,887,890
Net Operating Revenue	(219,307)	54,847	2,252	(162,208)
Add: Other Income ***	158,566	68,773	7,783	235,122
Net Operating Results	(60,741)	123,620	10,035	72,914
Total Equity	<u>\$29,860,332</u>	<u>\$13,101,949</u>	<u>\$1,477,374</u>	<u>\$44,439,655</u>

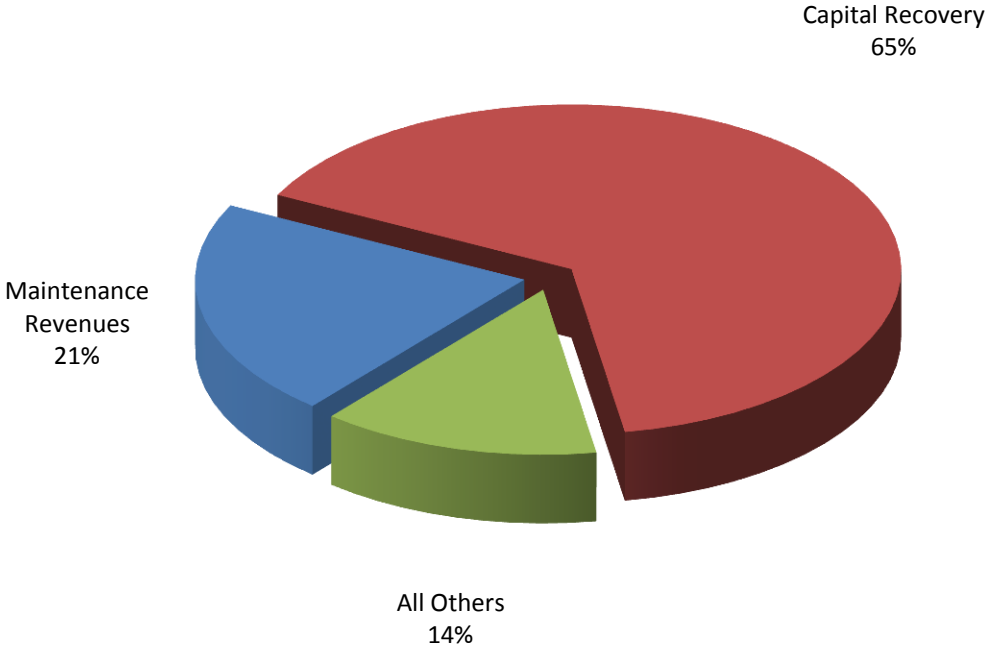
* Allocated to each division based on total receipts from the divisions.

** Allocated to each division based on vehicle count.

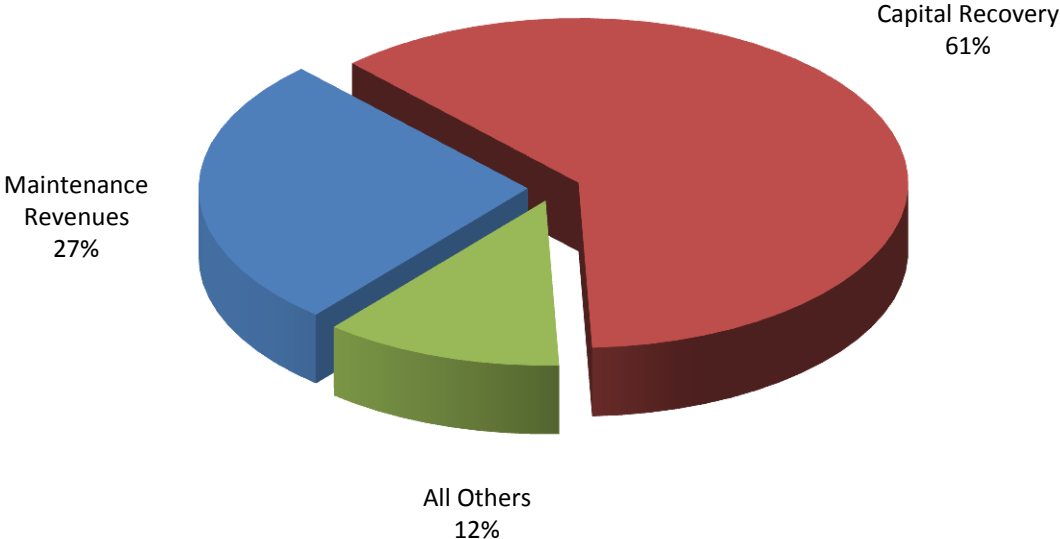
*** Allocated to each division based on total equity in the Fund.

Supplemental Data

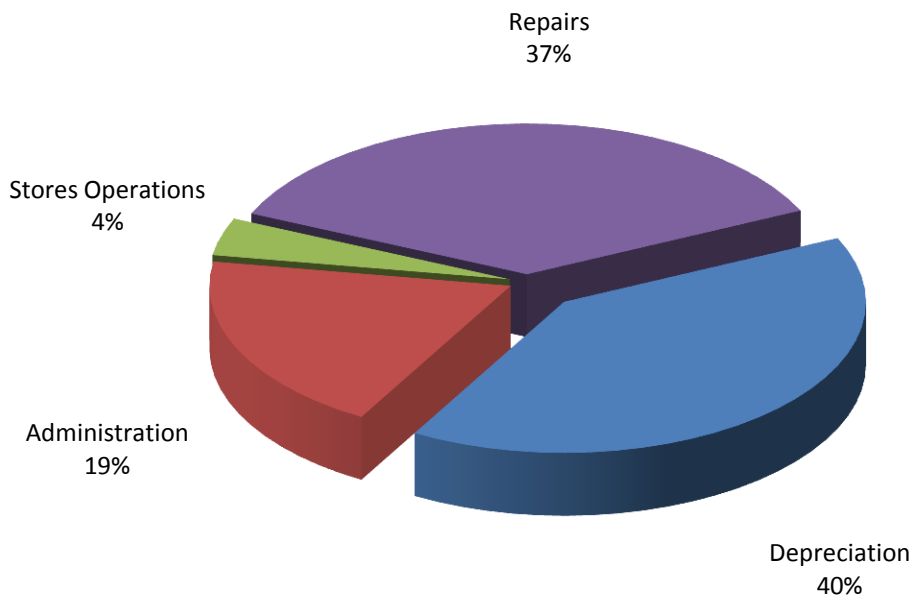
TOTAL OPERATING REVENUES
Year to Date - March 2016 (\$1,725,682)



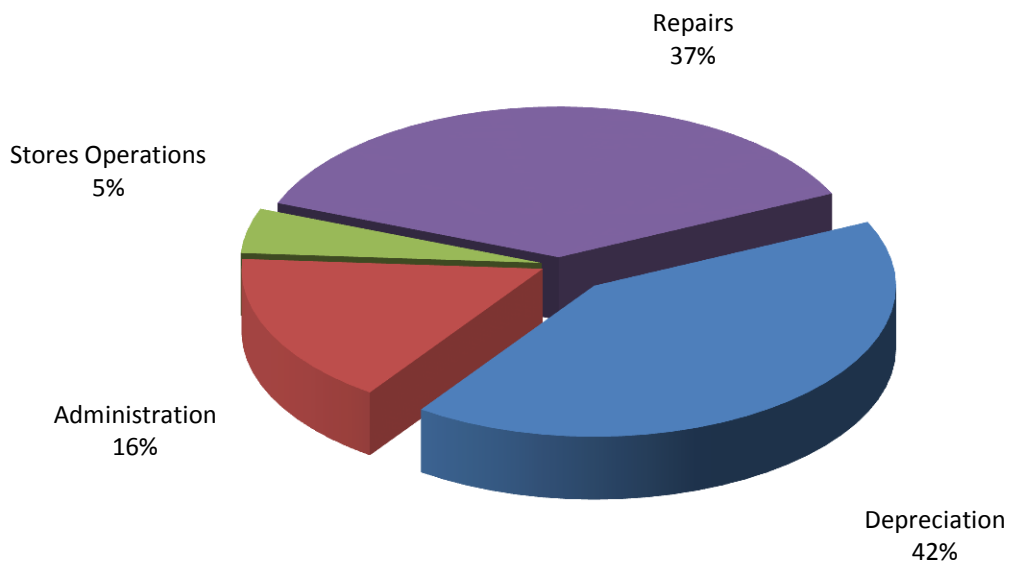
TOTAL OPERATING REVENUES
Year to Date - March 2015 (\$1,940,241)



TOTAL OPERATING EXPENSES
Year to Date - March 2016 (\$1,887,890)



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





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