
MARCH

TACOMA RAIL

2020

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

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DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES, BELT LINE DIVISION
Doing Business As

TACOMA RAIL

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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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Management Discussion and Analysis

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2020 year to date net operating income of \$0.9 million compared to \$1.3 million in 2019. Operating revenues increased \$504,000 (5.9%), and operating expenses increased \$943,000 (13.2%) year to date in 2020 compared to 2019.

Operating revenues were \$9.0 million at the end of first quarter 2020, compared to \$8.5 million in 2019. Total switching revenues increased \$55,000 primarily due to increases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2020	2019	Var	%Chg	2020	2019	Var	%Chg
Intermodal Line Hauls	14,840	17,333	(2,493)	-14.4%	\$ 2,503	\$ 2,911	(408)	-14.0%
Commercial Line Hauls	8,551	8,235	316	3.8%	4,256	3,676	580	15.8%
Capital Div. Line Hauls	194	166	28	16.9%	111	95	16	16.8%
Miscellaneous Switches	1,892	3,123	(1,231)	-39.4%	389	522	(133)	-25.5%
Total Line Hauls	25,477	28,857	(3,380)	-11.7%	\$ 7,259	\$ 7,204	\$ 55	0.8%

Demurrage and other operating revenues increased \$449,000 primarily due to increased railcar dwell and locomotive commercial traffic.

Total operating expenses were \$8.1 million year to date in 2020, compared to \$7.1 million in 2019.

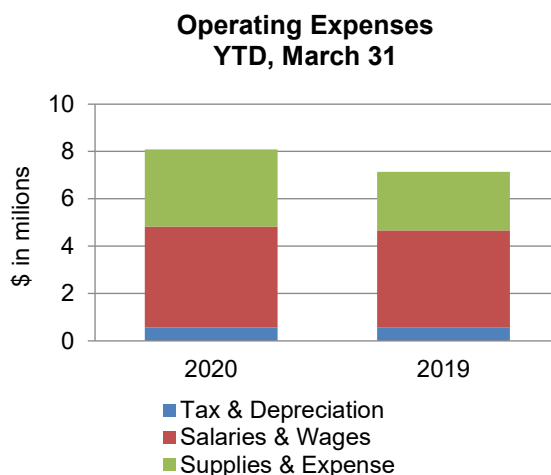
Salaries and wages were \$149,000 higher due to increased overtime.

Supplies and expenses increased \$785,000 primarily due to an increase in fuel costs, external contracts and increased intermodal volume incentives.

Depreciation increased \$6,400 due to an increase in depreciable assets of \$1.3 million compared to the same period in 2019.

Transfers to other funds of \$500,000 represents the contribution to Public Works for Taylor Way Project.

Tacoma Rail's working capital ratios year to date of 2019 and 2018 were 6.6 and 7.2 respectively.



Request for Information

Rail financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Net Position (Unaudited)
March 31, 2020 and March 31, 2019

ASSETS	<u>2020</u>	<u>2019</u>
CAPITAL ASSETS		
Road and Equipment Property	\$48,450,292	\$47,174,783
Less Accumulated Depreciation	<u>(23,933,224)</u>	<u>(22,237,053)</u>
Total	24,517,068	24,937,730
Construction Work in Progress	<u>2,776,269</u>	<u>947,878</u>
Net Capital Assets	27,293,337	25,885,608
CURRENT ASSETS		
Cash & Equity in Pooled Investments	15,276,126	11,606,263
Customer Accounts Receivable	3,434,641	5,057,874
Grants Receivable	22,618	-
Prepayments	1,792,458	1,169,840
Materials and Supplies Inventory	<u>1,238,937</u>	<u>1,265,937</u>
Total Current Assets	21,764,780	19,099,914
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>738,535</u>	<u>993,546</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$49,796,652</u></u>	<u><u>\$45,979,068</u></u>

NET POSITION AND LIABILITIES		2020	2019
NET POSITION			
Net Investment in Capital Assets		\$22,957,783	\$20,729,810
Unrestricted		3,022,789	1,080,818
TOTAL NET POSITION		25,980,572	21,810,628
LONG-TERM DEBT, NET OF CURRENT MATURITIES			
State Loans		3,515,305	4,335,549
Total Long-Term Liabilities		3,515,305	4,335,549
CURRENT LIABILITIES			
Accounts Payable		1,087,124	479,192
Customer Deposits		40,000	-
Wages Payable		555,964	466,014
Unemployment and Other Tax Payables		344,042	316,842
Volume Incentive Payable		333,333	458,334
Current Portion of Long-Term Debt		820,250	820,250
Current Portion of Compensated Absences		123,430	118,329
Total Current Liabilities		3,304,143	2,658,961
LONG-TERM LIABILITIES			
On the Job Injury Reserve		799,251	822,512
Long-Term Portion of Compensated Absences		1,110,871	1,064,965
Pension Withdrawal Liability		2,354,440	2,320,000
OPEB Liability		9,947,627	12,179,967
Incurred but not Reported Claims		417,958	496,684
Total Long-Term Liabilities		14,630,147	16,884,128
TOTAL LIABILITIES		21,449,595	23,878,638
DEFERRED INFLOWS			
Deferred Inflows for OPEB		2,366,485	289,802
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS		\$49,796,652	\$45,979,068

These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
March 31, 2020 and March 31, 2019

	MARCH 2020	MARCH 2019
OPERATING REVENUES		
Switching Revenues	\$2,493,824	\$2,542,225
Demurrage and Other Operating Revenues	623,643	317,206
Total Operating Revenues	3,117,467	2,859,431
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	76,062	83,918
Supplies and Expense	235,198	75,217
Mechanical		
Salaries and Wages	197,426	179,303
Supplies and Expense	455,381	319,906
Operations		
Salaries and Wages	862,352	887,879
Supplies and Expense	128,399	106,743
Administration		
Salaries and Wages	229,314	207,887
Supplies and Expense	466,438	382,306
Taxes - State	42,947	40,565
Depreciation	148,683	146,914
Total Operating Expenses	2,842,200	2,430,638
Net Operating Income	275,267	428,793
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	21,499	22,235
Miscellaneous	79,520	78,603
Total Non-Operating Revenues	101,019	100,838
Contributions - Grants	10,377	-
Total Contributions	10,377	-
Transfers		
City of Tacoma Gross Earnings Tax	(256,548)	(236,531)
Transfers to other funds	(500,000)	-
Total Transfers	(756,548)	(236,531)
CHANGE IN NET POSITION	<u>(\$369,885)</u>	<u>\$293,100</u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - MARCH 31		

YEAR TO DATE			
MARCH 31 2020	MARCH 31 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$7,259,054	\$7,204,217	\$54,837	0.8%
1,724,602	1,275,376	449,226	35.2%
8,983,656	8,479,593	504,063	5.9%
288,649	286,359	2,290	0.8%
475,128	222,491	252,637	113.5%
593,298	587,955	5,343	0.9%
1,345,182	992,495	352,687	35.5%
2,606,610	2,577,638	28,972	1.1%
402,239	304,866	97,373	31.9%
766,830	654,670	112,160	17.1%
1,039,699	957,807	81,892	8.5%
123,123	119,465	3,658	3.1%
447,255	440,816	6,439	1.5%
8,088,013	7,144,562	943,451	13.2%
895,643	1,335,031	(439,388)	-32.9%
(18,929)	119,773	(138,702)	-115.8%
234,442	234,679	(237)	-0.1%
215,513	354,452	(138,939)	-39.2%
10,377	8,691	1,686	19.4%
10,377	8,691	1,686	19.4%
(742,106)	(701,259)	(40,847)	-5.8%
(500,000)	-	(500,000)	N/A
(1,242,106)	(701,259)	(540,847)	-77.1%
(120,573)	996,915	(1,117,488)	-112.1%
26,101,145	20,813,713		
\$25,980,572	\$21,810,628		

These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Summary of Switching Revenues and Switching Activities (Unaudited)
March 31, 2020 and March 31, 2019

	March 2020	March 2019
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$794,232	\$1,059,568
LINE HAULS--COMMERCIAL	1,522,728	1,289,954
LINE HAULS--CAPITAL DIVISION	54,720	31,350
MISCELLANEOUS SWITCHES	<u>122,144</u>	<u>161,353</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,493,824</u></u>	<u><u>\$2,542,225</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	4,820	6,327
LINE HAULS--COMMERCIAL	2,962	3,095
LINE HAULS--CAPITAL DIVISION	96	55
MISCELLANEOUS SWITCHES	<u>497</u>	<u>989</u>
TOTAL CARS SWITCHED	<u><u>8,375</u></u>	<u><u>10,466</u></u>

YEAR TO DATE			
March 31, 2020	March 31, 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$2,503,290	\$2,911,310	(\$408,020)	-14.0%
4,256,358	3,676,502	579,856	15.8%
110,580	94,620	15,960	16.9%
<u>388,826</u>	<u>521,785</u>	<u>(132,959)</u>	-25.5%
<u><u>\$7,259,054</u></u>	<u><u>\$7,204,217</u></u>	<u><u>\$54,837</u></u>	0.8%
14,840	17,333	(2,493)	-14.4%
8,551	8,235	316	3.8%
194	166	28	16.9%
<u>1,892</u>	<u>3,123</u>	<u>(1,231)</u>	-39.4%
<u><u>25,477</u></u>	<u><u>28,857</u></u>	<u><u>(3,380)</u></u>	-11.7%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Cash Flows (Unaudited)
March 31, 2020 and March 31, 2019

	YEAR ENDED MARCH 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$9,601,764	\$6,910,798
Cash Paid to Suppliers	(4,115,638)	(3,349,953)
Cash Paid to Employees	(4,015,529)	(3,884,357)
Taxes Paid	(150,629)	(137,576)
Net Cash From Operating Activities	1,319,968	(461,088)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,242,106)	(692,569)
Net Cash From Non-Capital Financing Activities	(1,242,106)	(692,569)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(574,242)	(213,025)
Principal Payments on Long-Term Debt	(67,686)	(67,685)
Proceeds from Capital Contributions	10,377	-
Proceeds from Other Non-Operating Revenues	234,442	234,679
Net Cash From Capital and Related Financing Activities	(397,109)	(46,031)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(18,929)	119,773
Net Change in Cash From Investing Activities	(18,929)	119,773
Net Change in Cash and Equity in Pooled Investments	(338,176)	(1,079,915)
Cash & Equity in Pooled Investments at January 1	15,614,302	12,686,178
Cash & Equity in Pooled Investments at March 31	\$15,276,126	\$11,606,263

These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.

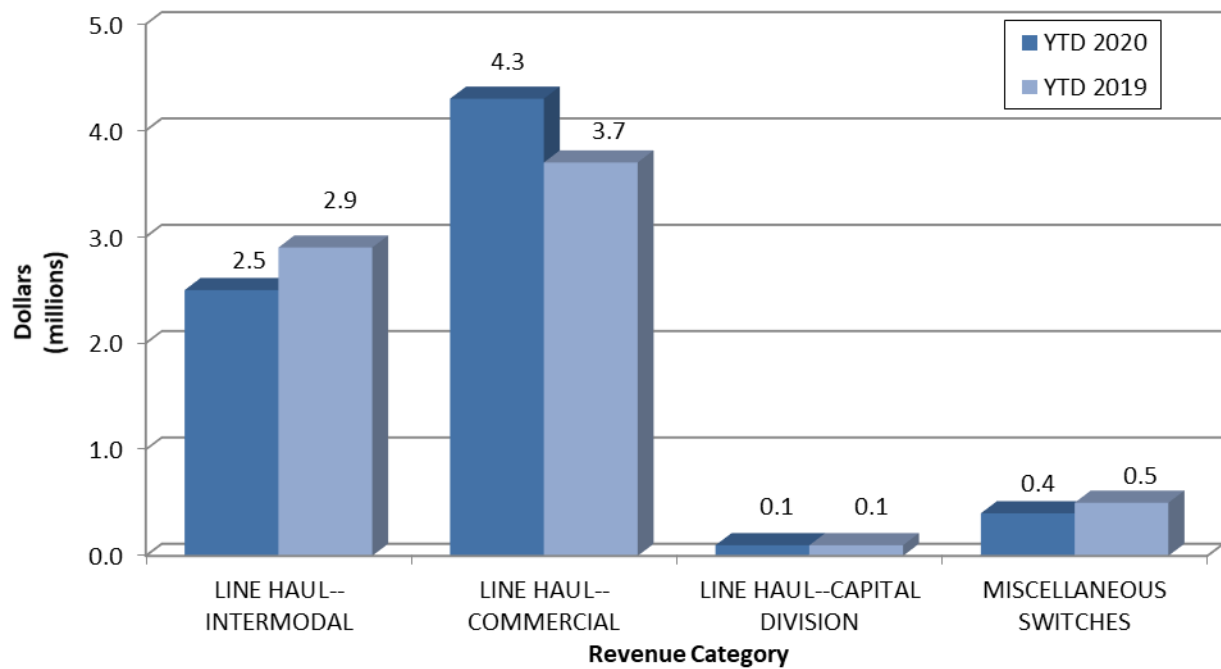
	YEAR TO DATE	
	MARCH 31, 2020	MARCH 31, 2019
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income	\$895,643	\$1,335,031
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	447,255	440,816
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	618,108	(1,585,581)
Interfund Receivable	-	16,786
Materials and Supplies Inventory	(14,597)	(53,085)
Prepayments	150,831	135,845
Accounts Payable	(989,624)	(794,784)
Unemployment and other Tax Payables	(27,506)	(18,111)
Wages Payable and Compensated Absences	264,639	210,665
Volume Incentive Payable	-	166,666
Interfund Payable	-	(326,936)
Other Long-Term Liabilities & OJI Reserve	(24,781)	11,600
Total Adjustments	424,325	(1,796,119)
Net Cash From Operating Activities	<u>\$1,319,968</u>	<u>(\$461,088)</u>

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Supplemental Data

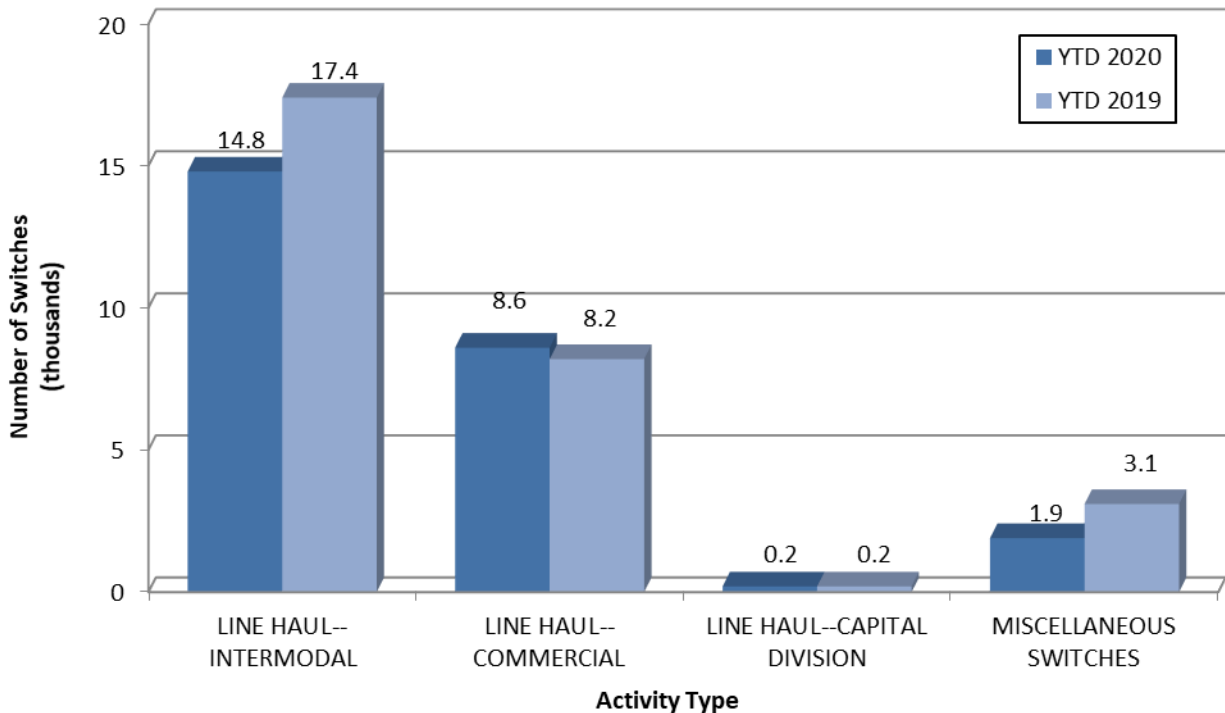
SWITCHING REVENUES

Year to Date - March 2020 & 2019

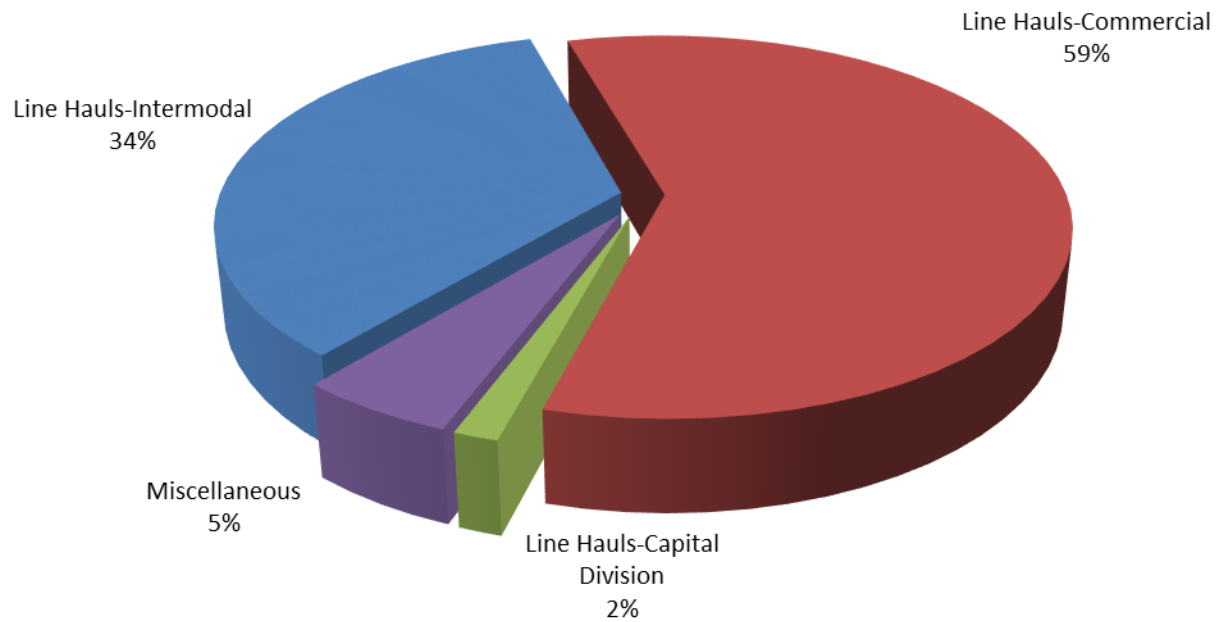


SWITCHING ACTIVITIES

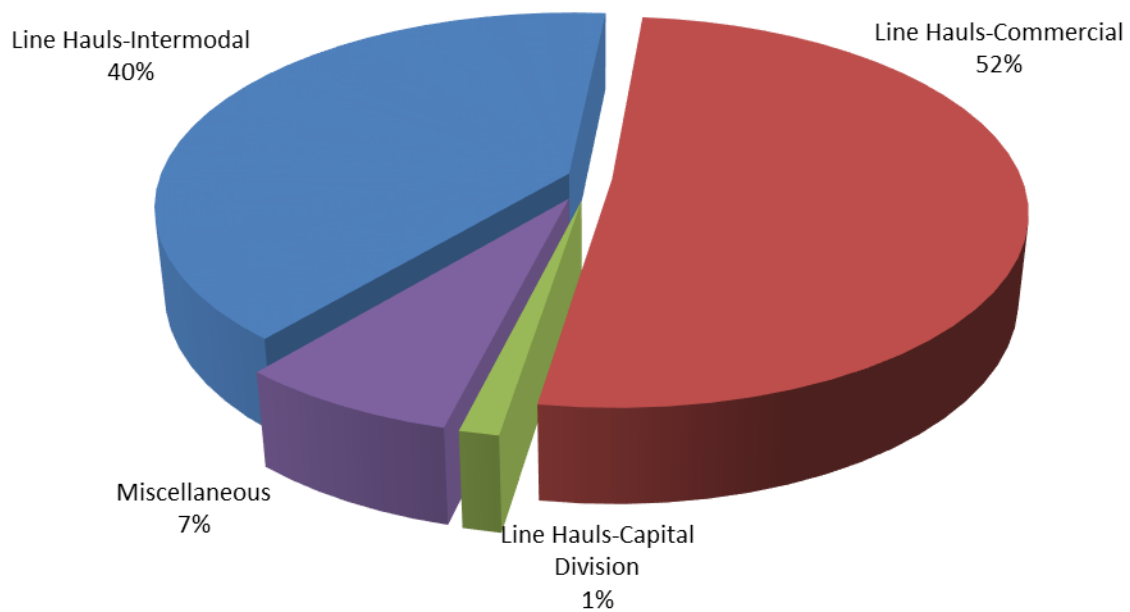
Year to Date - March 2020 & 2019



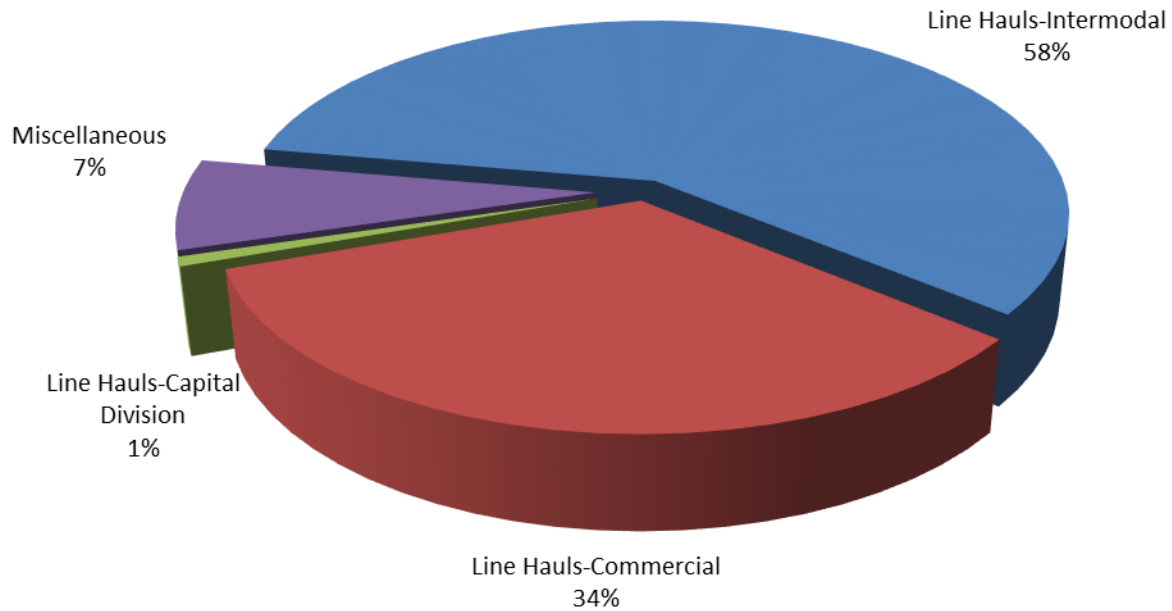
SWITCHING REVENUES
Year to Date - March 2020 (\$7,259,054)



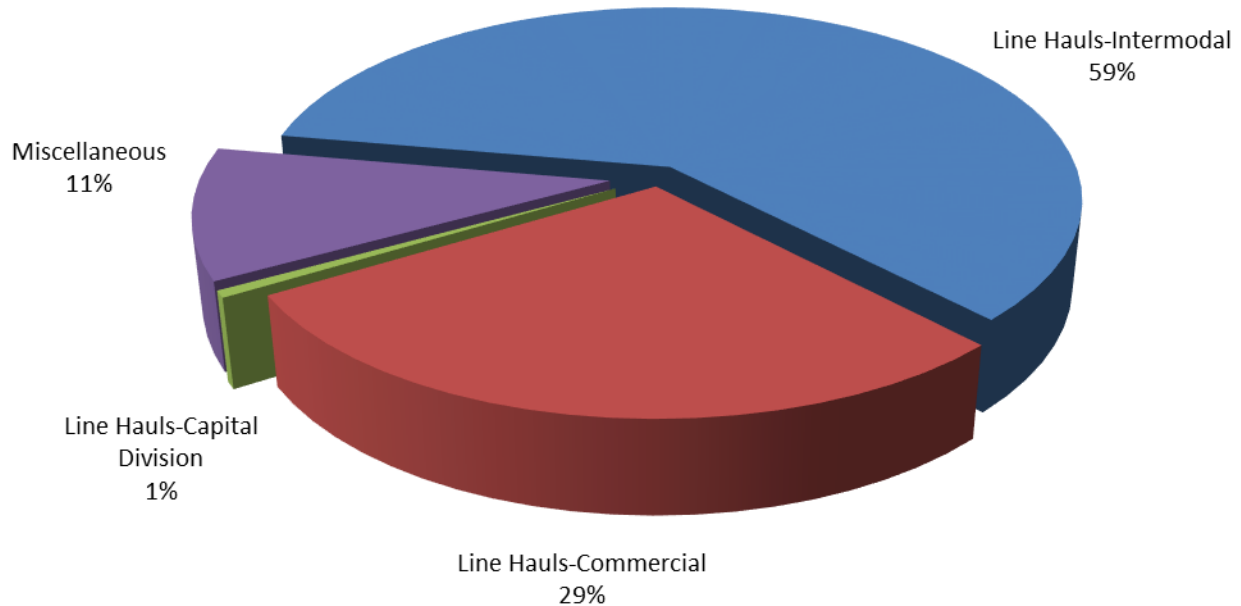
SWITCHING REVENUES
Year to Date - March 2019 (\$7,204,217)



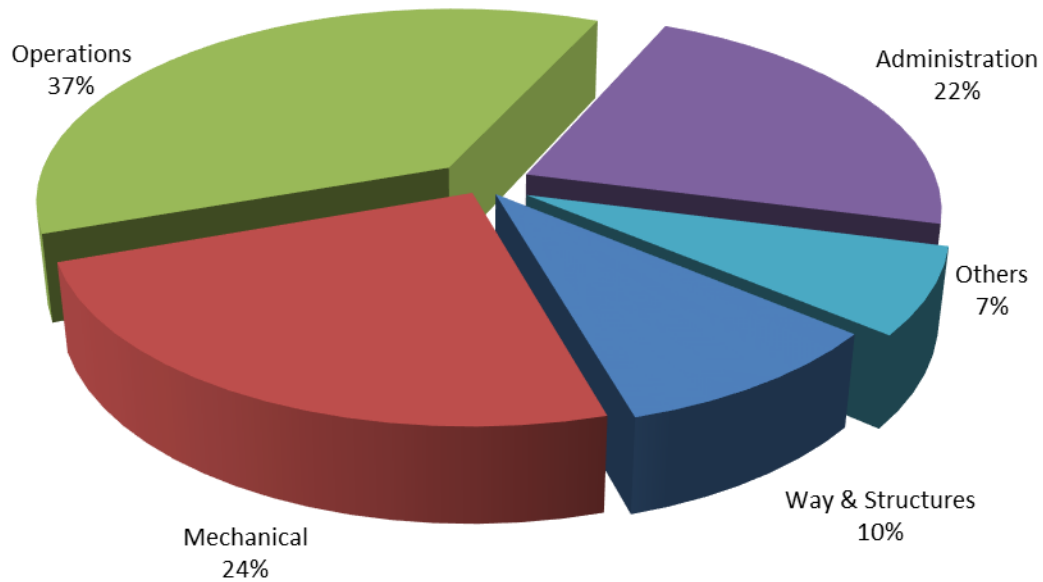
SWITCHING ACTIVITY
Year to Date - March 2020 (25,477 cars)



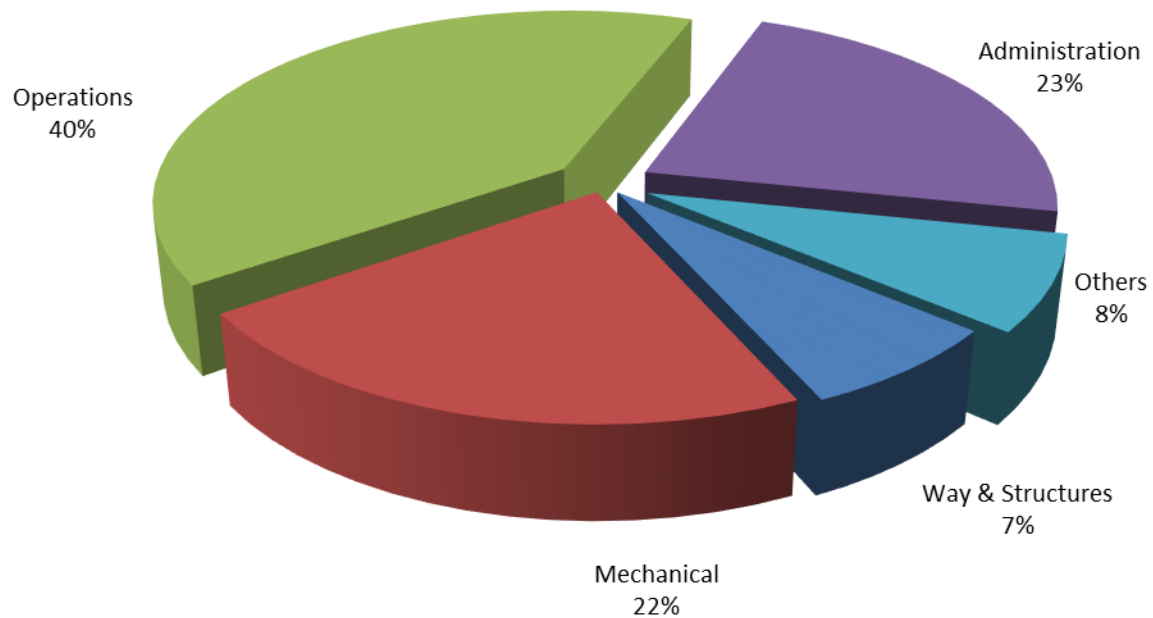
SWITCHING ACTIVITY
Year to Date - March 2019 (28,857 cars)



TOTAL OPERATING EXPENSES
Year to Date - March 2020 (\$8,088,013)



TOTAL OPERATING EXPENSES
Year to Date - March 2019 (\$7,144,562)





The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.