
JUNE

TACOMA RAIL

2019

**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 2019 year to date net operating income of \$3.0 million compared to \$2.1 million in 2018. Operating revenues increased \$1.8 million (11.1%), and operating expenses increased \$880,000 (6.3%) year to date in 2019 compared to 2018.

Operating revenues were \$17.9 million at the end of second quarter 2019, compared to \$16.1 million in 2018. Total switching revenues increased \$1.2 million primarily due to increases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2019	2018	Var	%Chg	2019	2018	Var	%Chg
Intermodal Line Hauls	36,449	30,713	5,736	18.7%	\$ 6,154	\$ 5,230	924	17.7%
Commercial Line Hauls	15,976	13,946	2,030	14.6%	7,532	7,004	528	7.5%
Capital Div. Line Hauls	389	402	(13)	-3.2%	222	219	3	1.4%
Miscellaneous Switches	6,166	7,133	(967)	-13.6%	989	1,234	(245)	-19.9%
Total Line Hauls	58,980	52,194	6,786	13.0%	\$ 14,897	\$ 13,687	\$ 1,210	8.8%

Demurrage and other operating revenues increased \$574,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$14.9 million year to date in 2019, compared to \$14.0 million in 2018.

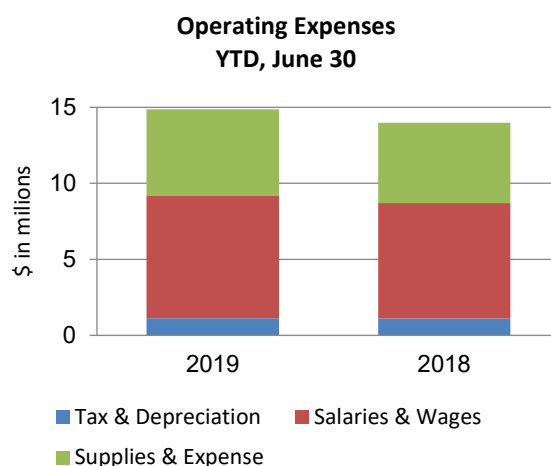
Salaries and wages were \$456,000 higher primarily due to intermodal services demand being higher in 2019. This is causing increased Operations' overtime relative to 2018.

Supplies and expenses increased \$390,000 primarily due to an increase in intermodal volumes.

Depreciation increased \$13,000 due to an increase in depreciable assets of \$589,000 compared to the same period in 2018.

Tacoma Rail's working capital ratios year to date of 2019 and 2018 were 6.8 and 8.2, respectively.

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)
June 30, 2019 and June 30, 2018

ASSETS	<u>JUNE 30,</u> <u>2019</u>	<u>JUNE 30,</u> <u>2018</u>
CAPITAL ASSETS		
Road and Equipment Property.....	\$47,174,783	\$46,585,758
Less Accumulated Depreciation.....	<u>(22,677,763)</u>	<u>(20,927,255)</u>
Total.....	24,497,020	25,658,503
Construction Work in Progress.....	<u>1,539,030</u>	<u>398,705</u>
Net Capital Assets.....	26,036,050	26,057,208
CURRENT ASSETS		
Cash & Equity in Pooled Investments.....	13,731,154	10,223,334
Customer Accounts Receivable.....	4,166,241	3,635,260
Grants Receivable.....	13,069	112,306
Prepayments.....	1,033,996	430,531
Materials and Supplies Inventory.....	<u>1,235,979</u>	<u>1,056,173</u>
Total Current Assets.....	20,180,439	15,457,604
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB.....	<u>993,546</u>	<u>-</u>
TOTAL ASSETS.....	<u><u>\$47,210,035</u></u>	<u><u>\$41,514,812</u></u>

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

	JUNE 30, 2019	JUNE 30, 2018
NET POSITION AND LIABILITIES		
NET POSITION		
Net Investment in Capital Assets.....	\$21,196,262	\$20,397,177
Unrestricted.....	1,831,864	9,339,999
TOTAL NET POSITION.....	23,028,126	29,737,176
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans.....	4,019,538	4,839,782
Total Long-Term Liabilities.....	4,019,538	4,839,782
CURRENT LIABILITIES		
Accounts Payable.....	700,501	437,004
Wages Payable.....	234,349	200,973
Unemployment and other Tax Payables.....	342,540	315,548
Volume Incentive Payable.....	750,001	-
Current Portion of Long Term Debt.....	820,250	820,250
Current Portion of Compensated Absences.....	118,329	112,418
Total Current Liabilities.....	2,965,970	1,886,193
LONG-TERM LIABILITIES		
On the Job Injury Reserve.....	844,983	842,494
Long-Term Portion of Compensated Absences.....	1,064,965	1,011,762
Other Contingent Liability.....	2,320,000	-
Other Post Employment Benefits.....	12,179,967	-
Incurred but not Reported Claims.....	496,684	3,197,405
Total Long-Term Liabilities.....	16,906,599	5,051,661
TOTAL LIABILITIES.....	23,892,107	11,777,636
DEFERRED INFLOWS		
Deferred Inflows for OPEB.....	289,802	-
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS.....	\$47,210,035	\$41,514,812

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2019 and June 30, 2018

	JUNE 2019	JUNE 2018
OPERATING REVENUES		
Switching Revenues.....	\$2,523,527	\$2,453,353
Demurrage and Other Operating Revenues.....	499,208	412,733
Total Operating Revenues.....	3,022,735	2,866,086
OPERATING EXPENSES		
Maintenance of Way and Structures.....		
Salaries and Wages.....	76,788	86,605
Supplies and Expense.....	118,333	102,320
Mechanical.....		
Salaries and Wages.....	187,829	187,846
Supplies and Expense.....	405,457	296,727
Operations.....		
Salaries and Wages.....	826,938	880,321
Supplies and Expense.....	130,160	153,824
Administration.....		
Salaries and Wages.....	192,905	209,910
Supplies and Expense.....	337,340	493,384
Taxes - State.....	42,191	40,463
Depreciation.....	146,903	144,789
Total Operating Expenses.....	2,464,844	2,596,189
Net Operating Income.....	557,891	269,897
NON-OPERATING REVENUES (EXPENSES)		
Interest Income.....	23,099	12,577
Miscellaneous.....	75,132	77,364
Total Non-Operating Revenues.....	98,231	89,941
Contributions - Grants.....	13,069	112,306
Total Contributions.....	13,069	112,306
Transfers		
City of Tacoma Gross Earnings Tax.....	(251,214)	(236,482)
CHANGE IN NET POSITION.....	\$417,977	\$235,662
TOTAL NET POSITION - JANUARY 1.....		
TOTAL NET POSITION - JUNE 30.....		

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			
JUNE 30, 2019	JUNE 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$14,897,315	\$13,687,426	\$1,209,889	8.8%
2,993,863	2,419,842	574,021	23.7%
17,891,178	16,107,268	1,783,910	11.1%
518,047	463,754	54,293	11.7%
534,261	795,613	(261,352)	-32.8%
1,170,026	959,542	210,484	21.9%
2,159,664	1,830,528	329,136	18.0%
5,101,813	4,856,477	245,336	5.1%
680,568	728,045	(47,477)	-6.5%
1,278,132	1,331,907	(53,775)	-4.0%
2,300,609	1,931,308	369,301	19.1%
250,532	226,789	23,743	10.5%
881,526	868,731	12,795	1.5%
14,875,178	13,992,694	882,484	6.3%
3,016,000	2,114,574	901,426	42.6%
185,628	117,198	68,430	58.4%
466,320	564,532	(98,212)	-17.4%
651,948	681,730	(29,782)	-4.4%
25,787	112,306	(86,519)	-77.0%
25,787	112,306	(86,519)	-77.0%
(1,479,322)	(1,338,809)	(140,513)	-10.5%
2,214,413	1,569,801	644,612	41.1%
20,813,713	28,167,375		
\$23,028,126	\$29,737,176		

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Summary of Switching Revenues and Switching Activities (Unaudited)
June 30, 2019 and June 30, 2018

	June 2019	June 2018
SWITCHING REVENUES		
LINE HAULS--INTERMODAL.....	\$1,025,405	\$991,420
LINE HAULS--COMMERCIAL.....	1,298,294	1,212,320
LINE HAULS--CAPITAL DIVISION.....	39,330	33,630
MISCELLANEOUS SWITCHES.....	<u>160,498</u>	<u>215,983</u>
TOTAL SWITCHING REVENUES.....	<u><u>\$2,523,527</u></u>	<u><u>\$2,453,353</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL.....	5,934	5,635
LINE HAULS--COMMERCIAL.....	2,766	2,578
LINE HAULS--CAPITAL DIVISION.....	69	59
MISCELLANEOUS SWITCHES.....	<u>1,169</u>	<u>854</u>
TOTAL CARS SWITCHED.....	<u><u>9,938</u></u>	<u><u>9,126</u></u>

YEAR TO DATE			
June 30, 2019	June 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$6,154,242	\$5,230,282	\$923,960	17.7%
7,532,304	7,004,535	527,769	7.5%
221,730	219,060	2,670	1.2%
989,039	1,233,549	(244,510)	-19.8%
<u>\$14,897,315</u>	<u>\$13,687,426</u>	<u>\$1,209,889</u>	<u>8.8%</u>
36,449	30,713	5,736	18.7%
15,976	13,946	2,030	14.6%
389	402	(13)	-3.2%
6,166	7,133	(967)	-13.6%
<u>58,980</u>	<u>52,194</u>	<u>6,786</u>	<u>13.0%</u>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail

Statements of Cash Flows (Unaudited)
June 30, 2019 and June 30, 2018

	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers.....	\$17,200,947	\$15,739,679
Cash Paid to Suppliers.....	(5,868,620)	(5,294,516)
Cash Paid to Employees.....	(8,054,948)	(7,601,297)
Taxes Paid.....	(242,945)	(201,099)
Net Cash From Operating Activities.....	3,034,434	2,642,767
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds.....	(1,479,322)	(1,338,809)
Net Cash From Non-Capital Financing Activities.....	(1,479,322)	(1,338,809)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net.....	(804,177)	(220,229)
Principal Payments on Long-Term Debt.....	(383,695)	(383,694)
Proceeds from Capital Contributions.....	25,787	112,306
Proceeds from Other Non-Operating Revenues.....	466,321	564,532
Net Cash From Capital and Related Financing Activities.....	(695,764)	72,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments.....	185,628	117,198
Net Cash From Investing Activities.....	185,628	117,198
Net Increase (Decrease) in Cash and Equity in Pooled Investments.....	1,044,976	1,494,071
Cash & Equity in Pooled Investments at January 1	12,686,178	8,729,263
Cash & Equity in Pooled Investments at June 30	\$13,731,154	\$10,223,334

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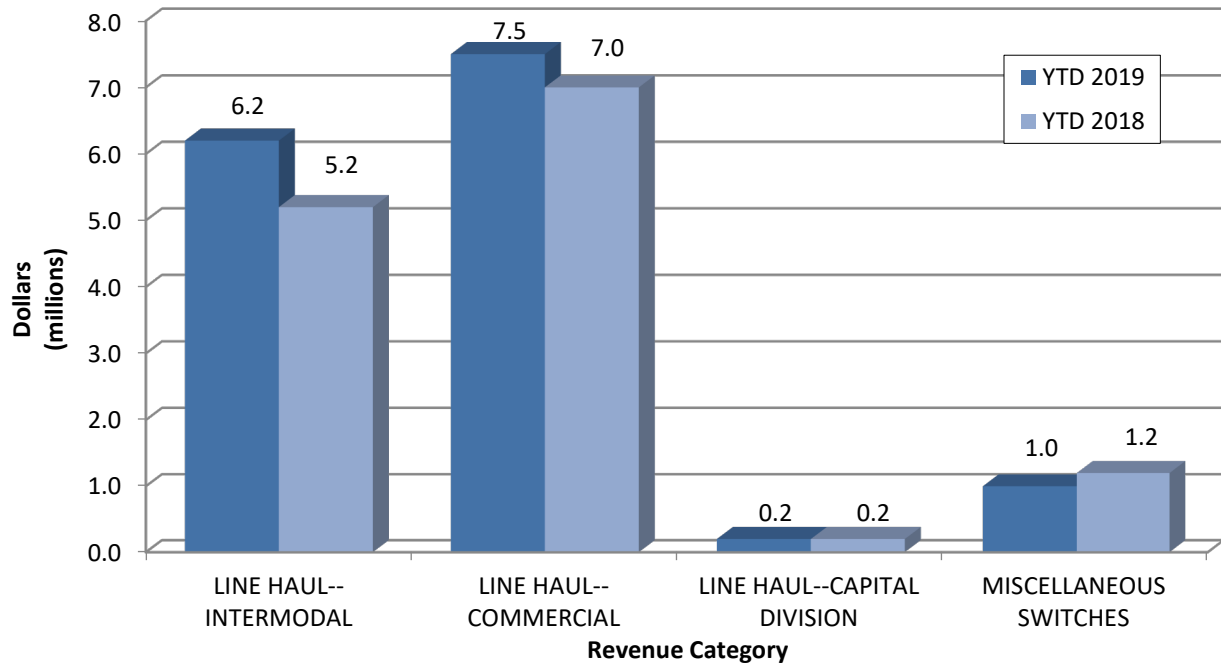
	YEAR TO DATE	
	JUNE 30, 2019	JUNE 30, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income.....	\$3,016,000	\$2,114,574
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation.....	881,526	868,731
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable.....	(707,019)	(525,547)
Interfund Receivable.....	16,786	157,958
Materials and Supplies Inventory.....	(23,127)	110,599
Prepayments.....	271,689	257,782
Accounts Payable.....	(573,476)	(316,670)
Unemployment and other Tax Payables.....	7,587	25,690
Wages Payable and Compensated Absences.....	(21,000)	(2,350)
Volume Incentive Payable.....	458,333	-
Interfund Payable.....	(326,936)	(60,733)
Other Long-Term Liabilities & OJI Reserve.....	34,071	12,733
Total Adjustments.....	18,434	528,193
Net Cash From Operating Activities.....	<u>\$3,034,434</u>	<u>\$2,642,767</u>

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Supplemental Data

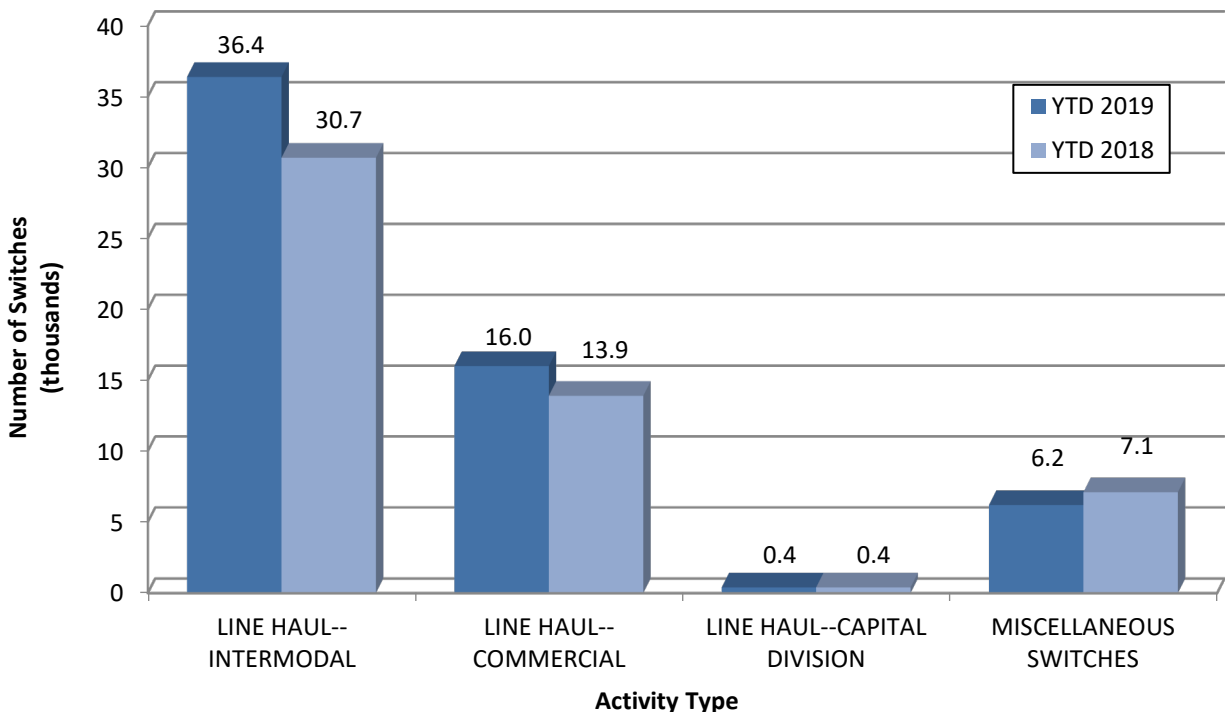
SWITCHING REVENUES

Year to Date - June 2019 & 2018

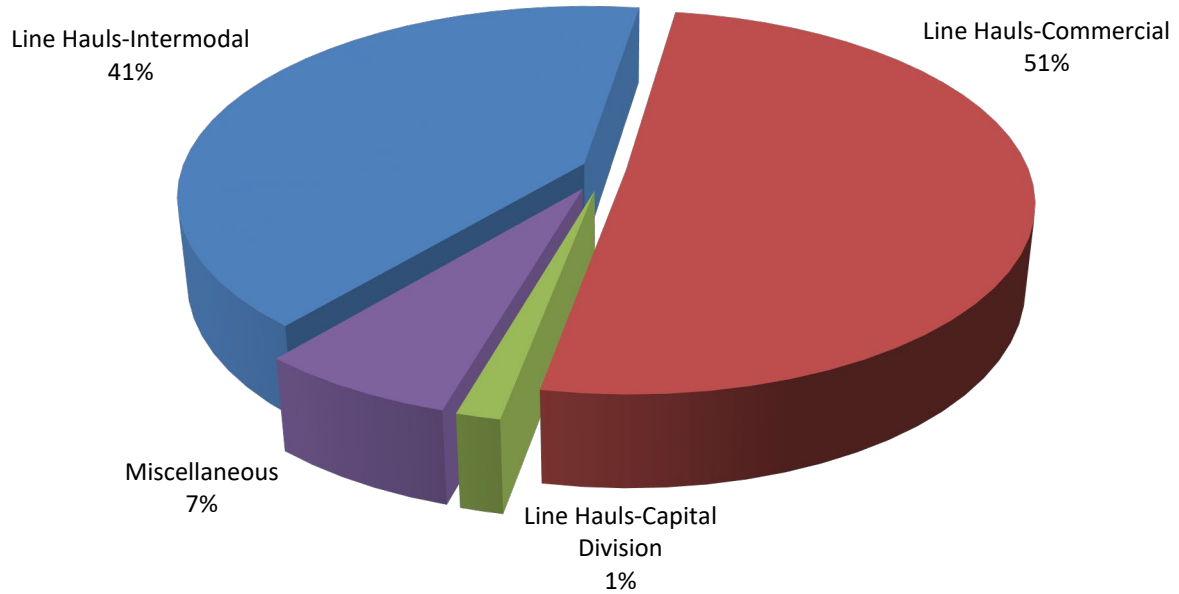


SWITCHING ACTIVITIES

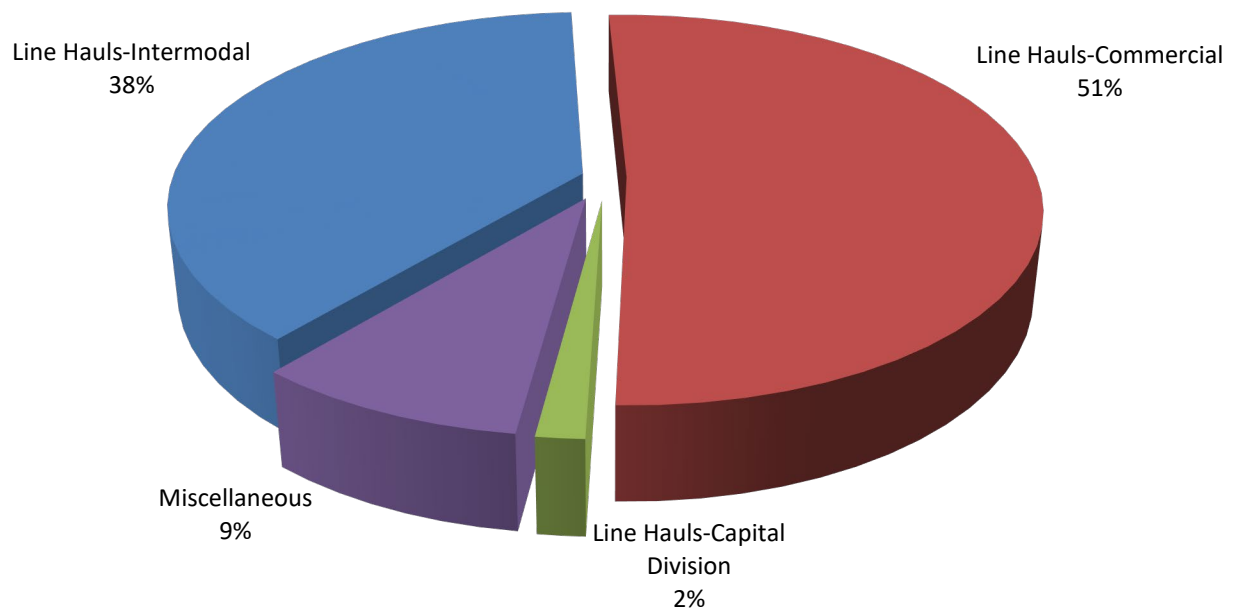
Year to Date - June 2019 & 2018



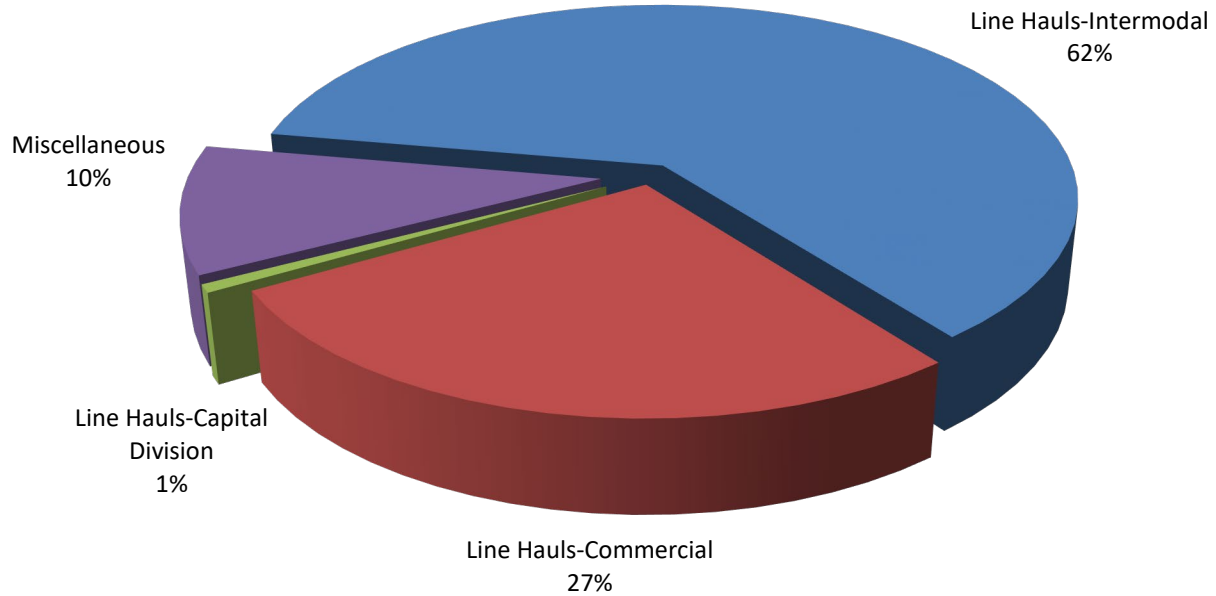
SWITCHING REVENUES
Year to Date - June 2019 (\$14,897,315)



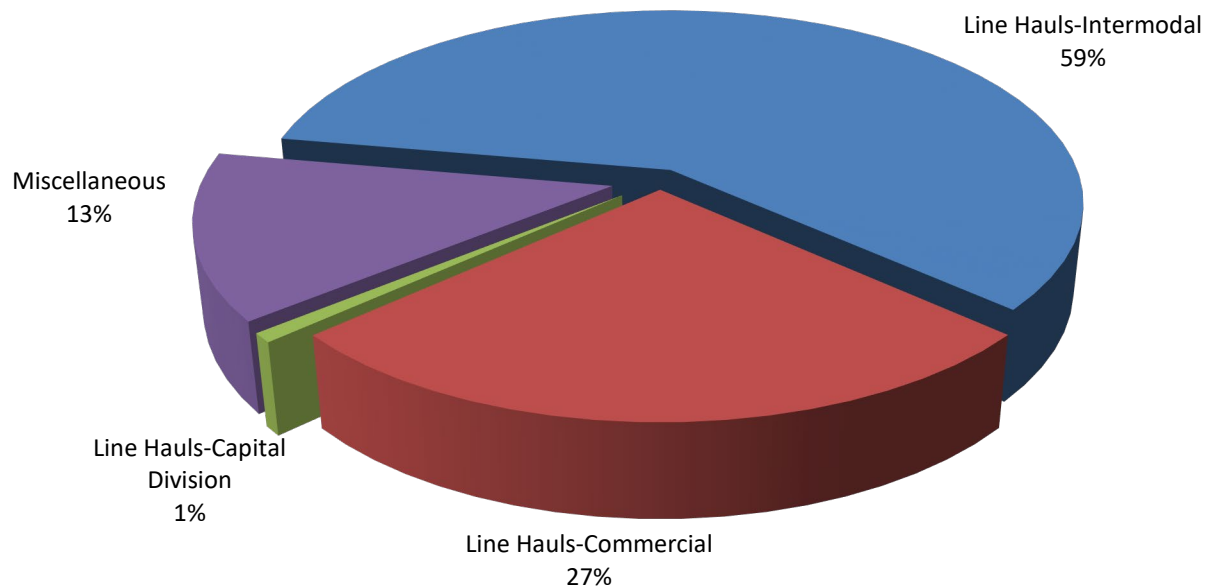
SWITCHING REVENUES
Year to Date - June 2018 (\$13,687,426)



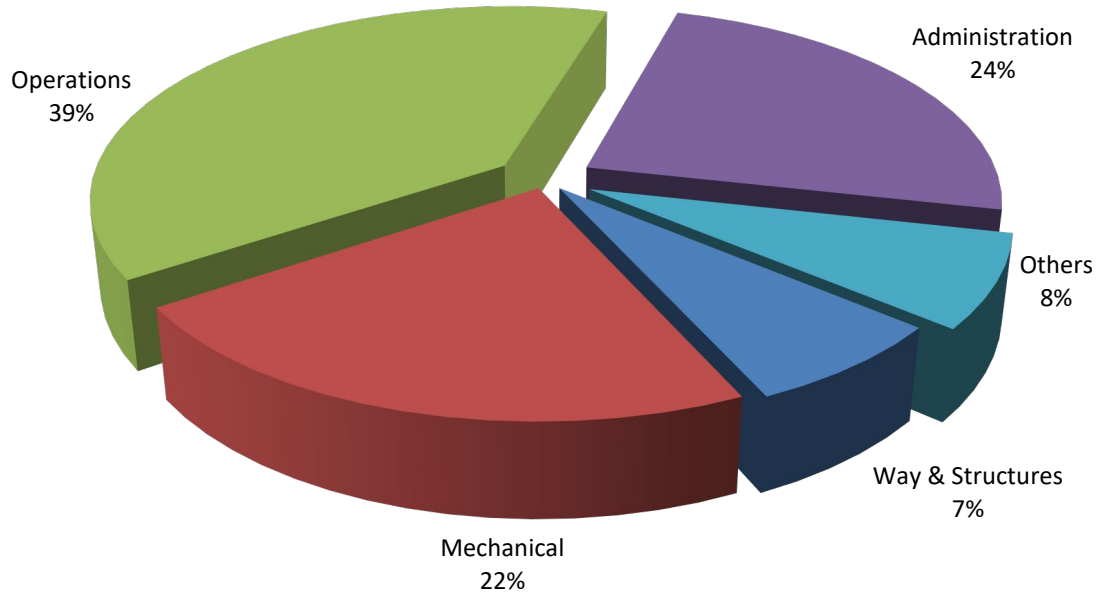
SWITCHING ACTIVITY
Year to Date - June 2019 (58,980 cars)



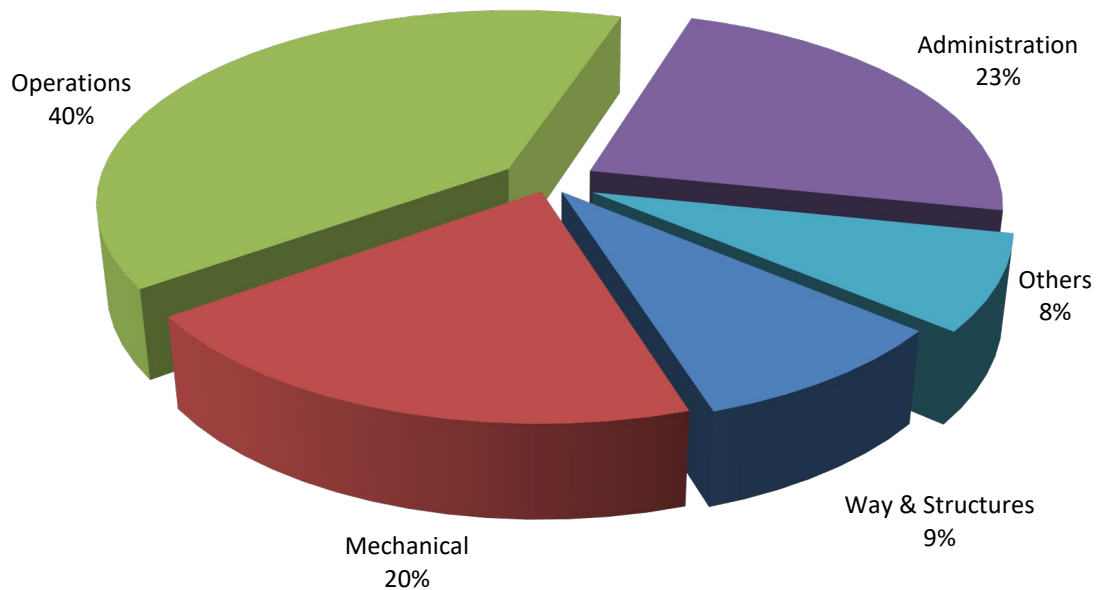
SWITCHING ACTIVITY
Year to Date - June 2018 (52,194 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2019 (\$14,875,178)



TOTAL OPERATING EXPENSES
Year to Date - June 2018 (\$13,992,694)





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.