
SEPTEMBER

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 \$4.7 million compared to \$3.8 million in 2018. Operating revenues increased \$2.4 million (9.8%), and operating expenses increased \$1.5 million (6.9%) year to date in 2019 compared to 2018.

Operating revenues were \$27.1 million at the end of third quarter 2019, compared to \$24.7 million in 2018. Total switching revenues increased \$1.6 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	54,350	48,462	5,888	12.1%	\$ 9,207	\$ 8,216	991	12.1%
Commercial Line Hauls	23,918	20,948	2,970	14.2%	11,444	10,585	859	8.1%
Capital Div. Line Hauls	607	580	27	4.7%	346	321	25	7.8%
Miscellaneous Switches	8,747	10,071	(1,324)	-13.1%	1,431	1,689	(258)	-15.3%
Total Line Hauls	87,622	80,061	7,561	9.4%	\$ 22,428	\$ 20,811	\$ 1,617	7.8%

Demurrage and other operating revenues increased \$811,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$22.4 million year to date in 2019, compared to \$20.9 million in 2018.

Salaries and wages were \$621,000 higher primarily due to intermodal services demand being higher in 2019. This is causing increased Operations' overtime relative to 2018.

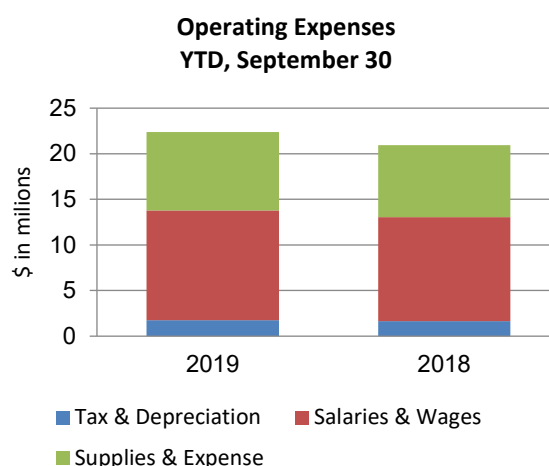
Supplies and expenses increased \$722,000 primarily due to an increase in intermodal volumes.

Depreciation increased \$81,000 due to an increase in depreciable assets of \$443,000 compared to the same period in 2018.

Tacoma Rail's working capital ratios year to date of 2019 and 2018 were 6.9 and 7.4, 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)
September 30, 2019 and September 30, 2018

ASSETS	<u>2019</u>	<u>2018</u>
CAPITAL ASSETS		
Road and Equipment Property	\$47,028,504	\$46,585,757
Less Accumulated Depreciation	<u>(23,029,305)</u>	<u>(21,361,620)</u>
Total	23,999,199	25,224,137
Construction Work in Progress	<u>1,720,250</u>	<u>574,060</u>
Net Capital Assets	25,719,449	25,798,197
CURRENT ASSETS		
Cash & Equity in Pooled Investments	16,104,666	12,055,684
Customer Accounts Receivable	3,283,885	3,375,667
Prepayments	936,785	340,816
Materials and Supplies Inventory	<u>1,264,975</u>	<u>1,244,098</u>
Total Current Assets	21,590,311	17,016,265
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>993,546</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$48,303,306</u></u>	<u><u>\$42,814,462</u></u>

NET POSITION AND LIABILITIES	2019	2018
NET POSITION		
Net Investment in Capital Assets	\$21,188,262	\$20,446,766
Unrestricted	3,096,758	10,510,258
TOTAL NET POSITION	24,285,020	30,957,024
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans	3,710,938	4,531,182
Total Long-Term Liabilities	3,710,938	4,531,182
CURRENT LIABILITIES		
Accounts Payable	1,143,061	527,060
Wages Payable	471,957	427,546
Unemployment and other Tax Payables	316,996	331,936
Volume Incentive Payable	250,000	83,334
Current Portion of Long Term Debt	820,250	820,250
Current Portion of Compensated Absences	118,329	112,418
Total Current Liabilities	3,120,593	2,302,544
LONG-TERM LIABILITIES		
On the Job Injury Reserve	835,337	814,545
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	16,896,953	5,023,712
TOTAL LIABILITIES	23,728,484	11,857,438
DEFERRED INFLOWS		
Deferred Inflows for OPEB	289,802	-
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$48,303,306	\$42,814,462

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)
September 30, 2019 and September 30, 2018

	SEPTEMBER 2019	SEPTEMBER 2018
OPERATING REVENUES		
Switching Revenues	\$2,408,936	\$2,339,626
Demurrage and Other Operating Revenues	453,155	584,182
Total Operating Revenues	<u>2,862,091</u>	<u>2,923,808</u>
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	78,589	69,604
Supplies and Expense	101,016	124,540
Mechanical		
Salaries and Wages	175,553	167,867
Supplies and Expense	409,117	304,670
Operations		
Salaries and Wages	842,419	786,453
Supplies and Expense	179,621	137,686
Administration		
Salaries and Wages	215,861	177,831
Supplies and Expense	403,785	287,476
Taxes - State	40,532	40,131
Depreciation	146,401	144,789
Total Operating Expenses	<u>2,592,894</u>	<u>2,241,047</u>
Net Operating Income	269,197	682,761
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	25,165	15,809
Miscellaneous	80,931	82,535
Total Non-Operating Revenues	<u>106,096</u>	<u>98,344</u>
Contributions - Grants	-	-
Total Contributions	<u>-</u>	<u>-</u>
Transfers		
City of Tacoma Gross Earnings Tax	(237,513)	(241,802)
CHANGE IN NET POSITION	<u>\$137,780</u>	<u>\$539,303</u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - SEPTEMBER 30		

YEAR TO DATE			
SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$22,428,784	\$20,810,468	\$1,618,316	7.8%
4,684,934	3,874,274	810,660	20.9%
27,113,718	24,684,742	2,428,976	9.8%
769,585	673,941	95,644	14.2%
847,281	1,084,352	(237,071)	-21.9%
1,721,131	1,469,949	251,182	17.1%
3,477,260	2,897,989	579,271	20.0%
7,596,303	7,313,911	282,392	3.9%
1,124,147	1,122,109	2,038	0.2%
1,922,389	1,930,981	(8,592)	-0.4%
3,168,460	2,790,910	377,550	13.5%
377,361	346,075	31,286	9.0%
1,383,775	1,303,097	80,678	6.2%
22,387,692	20,933,314	1,454,378	6.9%
4,726,026	3,751,428	974,598	26.0%
260,844	161,720	99,124	61.3%
696,917	812,643	(115,726)	-14.2%
957,761	974,363	(16,602)	-1.7%
29,168	112,306	(83,138)	-74.0%
29,168	112,306	(83,138)	-74.0%
(2,241,648)	(2,048,448)	(193,200)	-9.4%
3,471,307	2,789,649	681,658	24.4%
20,813,713	28,167,375		
\$24,285,020	\$30,957,024		

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)
September 30, 2019 and September 30, 2018

	September 2019	September 2018
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$977,995	\$999,169
LINE HAULS--COMMERCIAL	1,243,902	1,180,386
LINE HAULS--CAPITAL DIVISION	35,910	35,418
MISCELLANEOUS SWITCHES	<u>151,129</u>	<u>124,653</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,408,936</u></u>	<u><u>\$2,339,626</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	5,820	5,882
LINE HAULS--COMMERCIAL	2,628	2,336
LINE HAULS--CAPITAL DIVISION	63	62
MISCELLANEOUS SWITCHES	<u>885</u>	<u>728</u>
TOTAL CARS SWITCHED	<u><u>9,396</u></u>	<u><u>9,008</u></u>

YEAR TO DATE			
September 30, 2019	September 30, 2018	2019/2018 VARIANCE	PERCENT CHANGE
\$9,207,318	\$8,215,782	\$991,536	12.1%
11,444,278	10,585,195	859,083	8.1%
345,990	320,743	25,247	7.9%
1,431,198	1,688,748	(257,550)	-15.3%
<u>\$22,428,784</u>	<u>\$20,810,468</u>	<u>\$1,618,316</u>	<u>7.8%</u>
54,350	48,462	5,888	12.1%
23,918	20,948	2,970	14.2%
607	580	27	4.7%
8,747	10,071	(1,324)	-13.1%
<u>87,622</u>	<u>80,061</u>	<u>7,561</u>	<u>9.4%</u>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Cash Flows (Unaudited)
September 30, 2019 and September 30, 2018

	YEAR TO DATE	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$27,318,912	\$24,689,052
Cash Paid to Suppliers	(8,799,892)	(7,829,201)
Cash Paid to Employees	(11,768,375)	(11,179,775)
Taxes Paid	(395,318)	(303,997)
Net Cash From Operating Activities	6,355,327	5,376,079
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(2,241,648)	(2,048,448)
Net Cash From Non-Capital Financing Activities	(2,241,648)	(2,048,448)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(989,825)	(395,583)
Principal Payments on Long-Term Debt	(692,295)	(692,296)
Proceeds from Capital Contributions	29,168	112,306
Proceeds from Other Non-Operating Revenues	696,917	812,643
Net Cash From Capital and Related Financing Activities	(956,035)	(162,930)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	260,844	161,720
Net Cash From Investing Activities	260,844	161,720
Net Increase (Decrease) in Cash and Equity in Pooled Investments	3,418,488	3,326,421
Cash & Equity in Pooled Investments at January 1	<u>12,686,178</u>	<u>8,729,263</u>
Cash & Equity in Pooled Investments at September 30	<u><u>\$16,104,666</u></u>	<u><u>\$12,055,684</u></u>

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

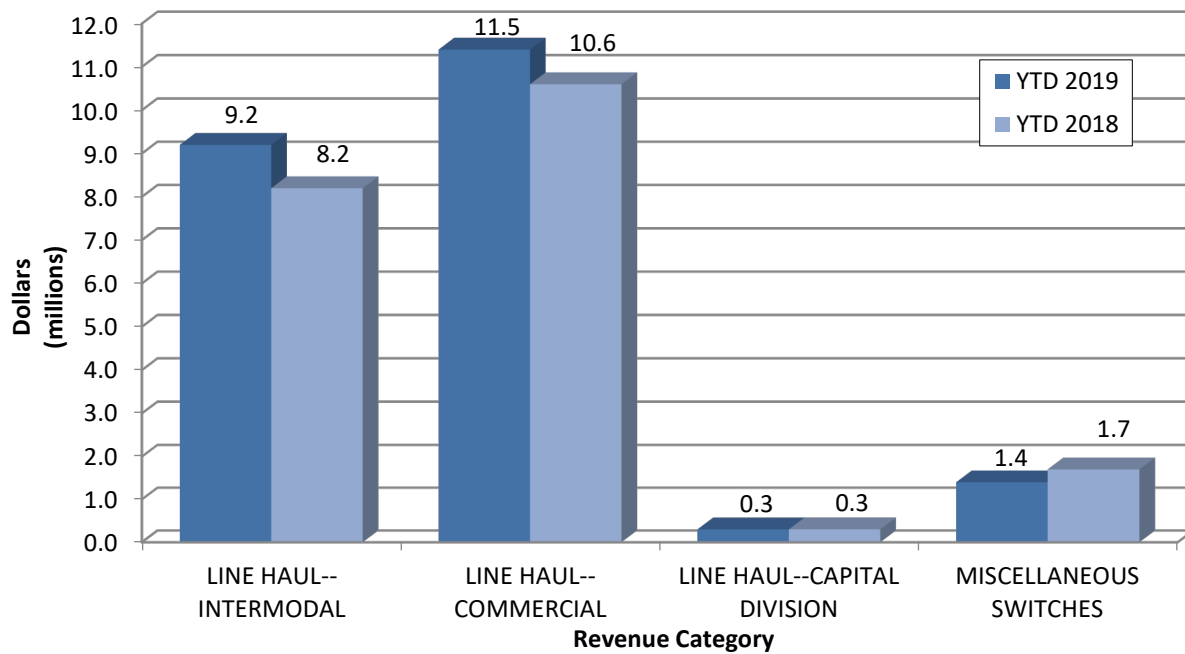
	YEAR TO DATE	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:		
Operating Income	\$4,726,026	\$3,751,428
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities:		
Depreciation	1,383,775	1,303,097
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	188,407	(153,648)
Interfund Receivable	16,786	157,958
Materials and Supplies Inventory	(52,123)	(77,326)
Prepayments	368,900	347,497
Accounts Payable	(130,916)	(226,613)
Unemployment and other Tax Payables	(17,957)	42,078
Wages Payable and Compensated Absences	216,608	224,223
Volume Incentive Payable	(41,668)	83,334
Interfund Payable	(326,936)	(60,733)
Other Long-Term Liabilities & OJI Reserve	24,425	(15,216)
Total Adjustments	1,629,301	1,624,651
Net Cash From Operating Activities	<u>\$6,355,327</u>	<u>\$5,376,079</u>

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Supplemental Data

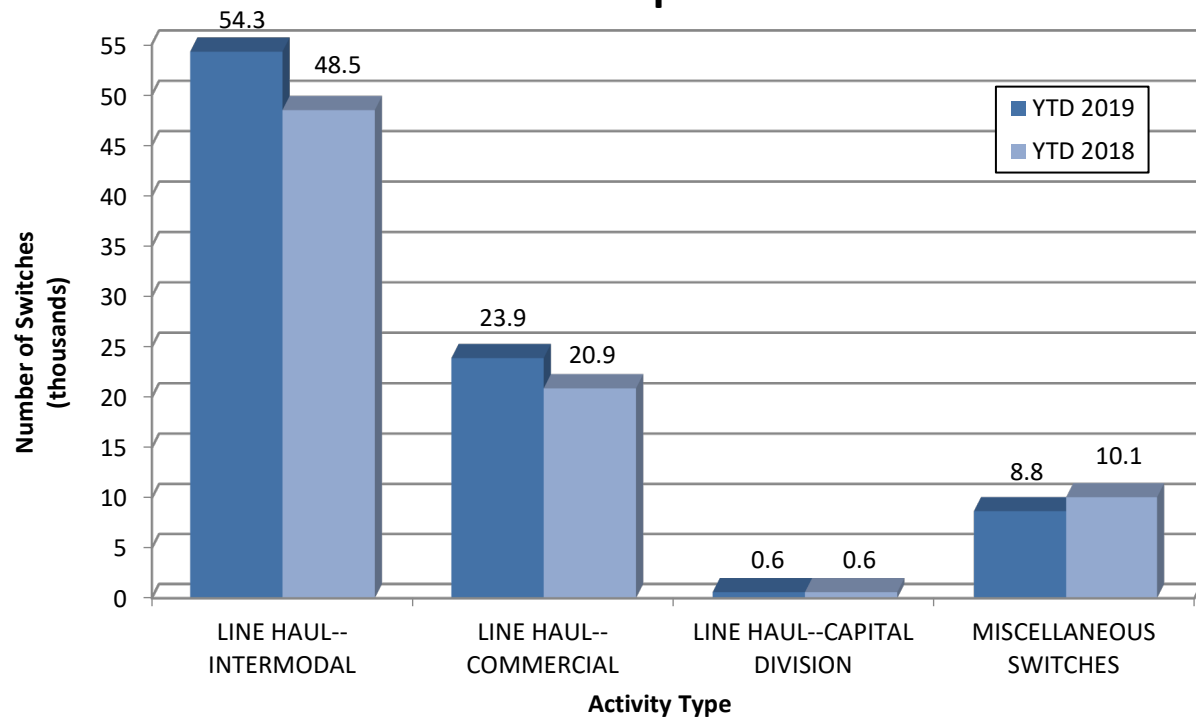
SWITCHING REVENUES

Year to Date - September 2019 & 2018

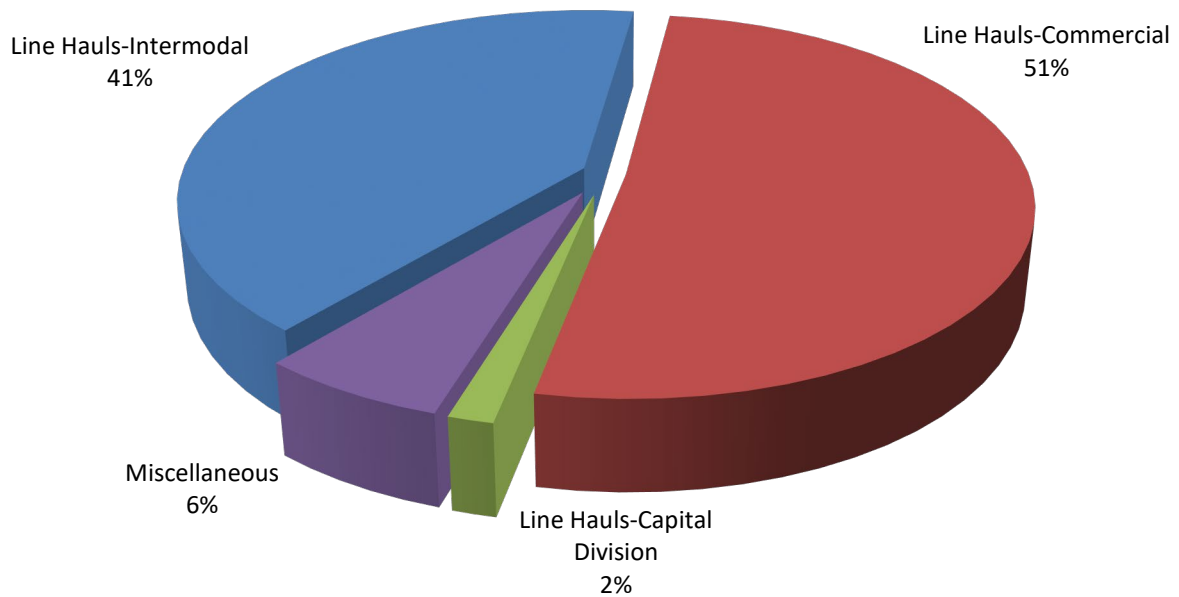


SWITCHING ACTIVITIES

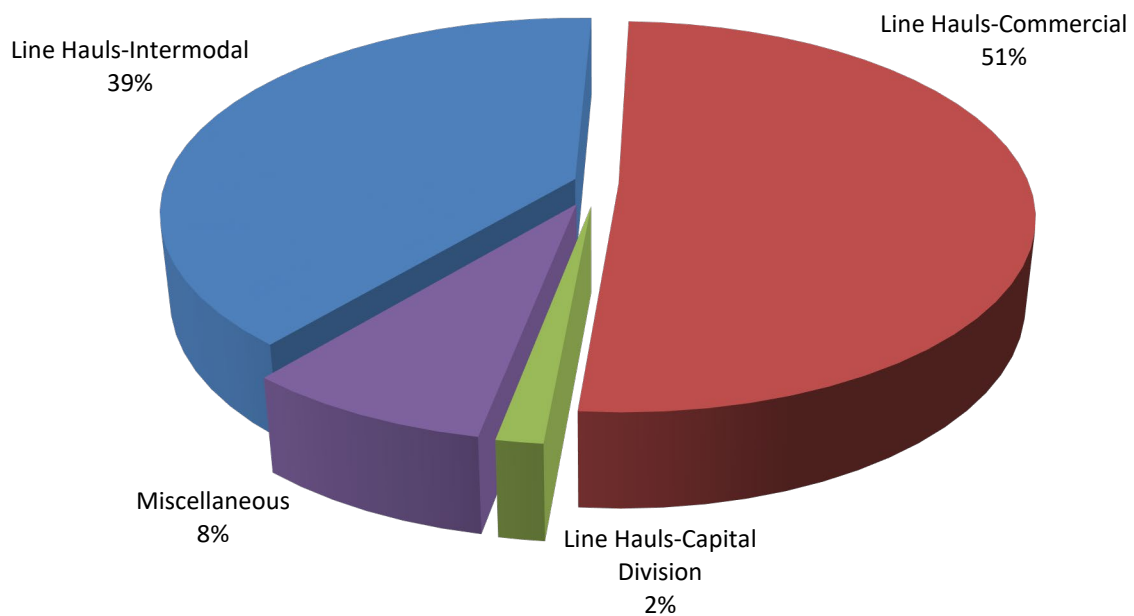
Year to Date - September 2019 & 2018



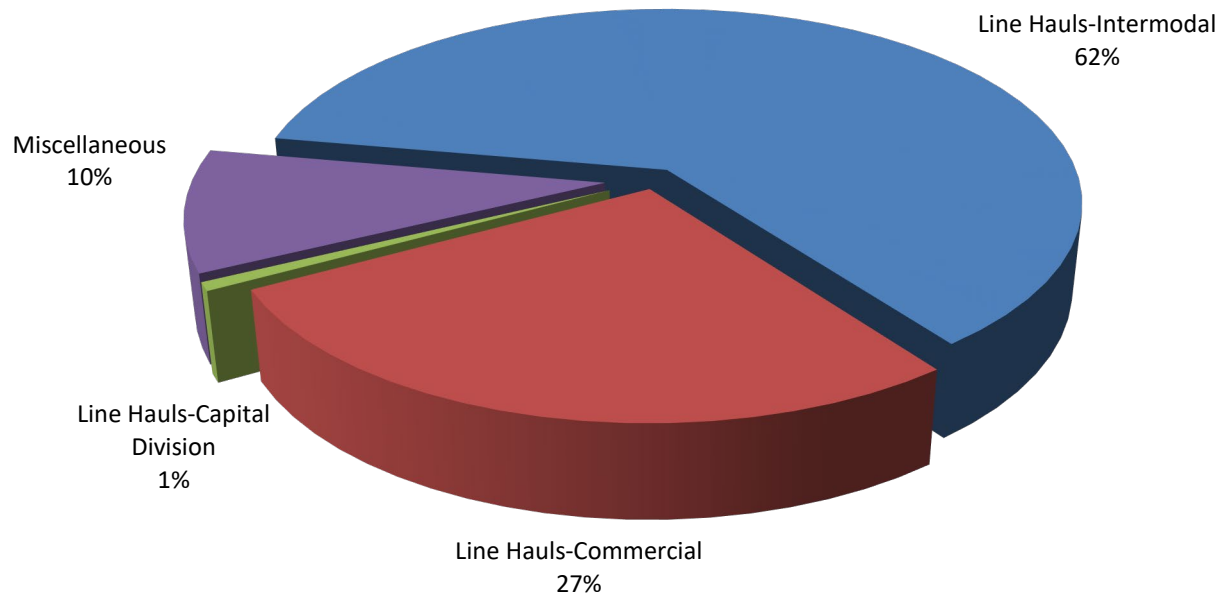
SWITCHING REVENUES
Year to Date - September 2019 (\$22,428,784)



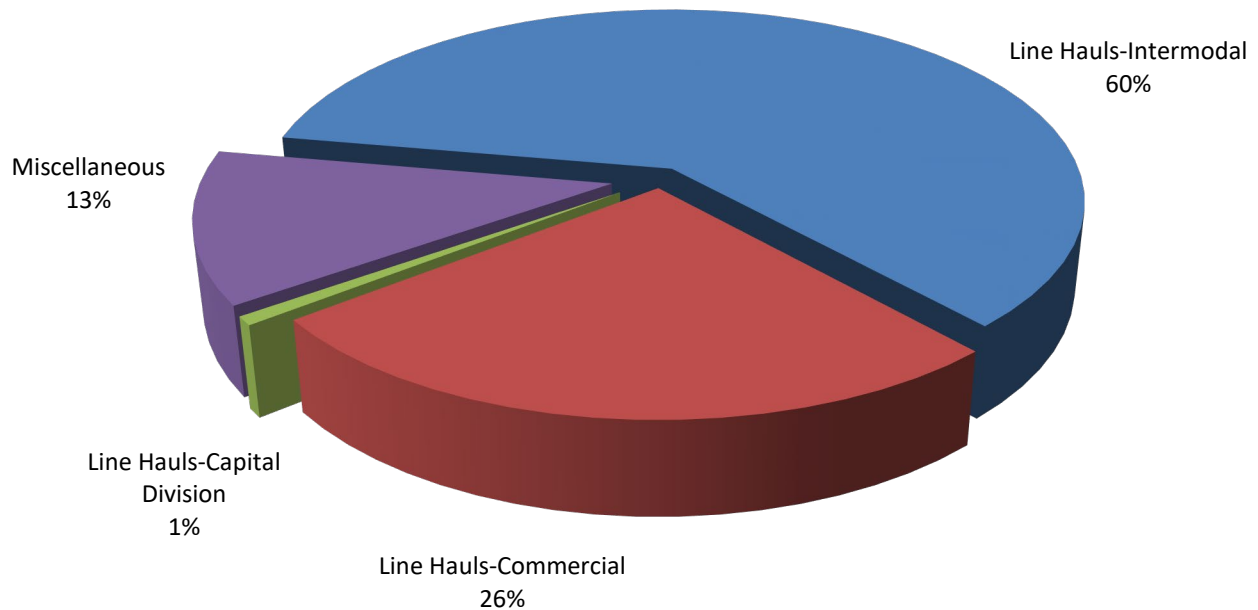
SWITCHING REVENUES
Year to Date - September 2018 (\$20,810,468)



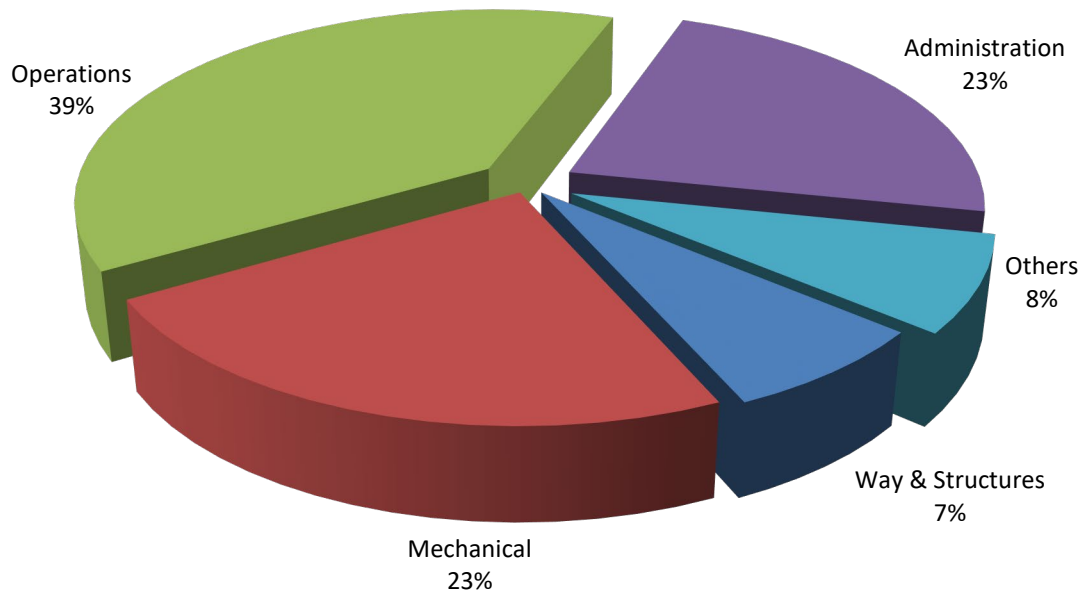
SWITCHING ACTIVITY
Year to Date - September 2019 (87,622 cars)



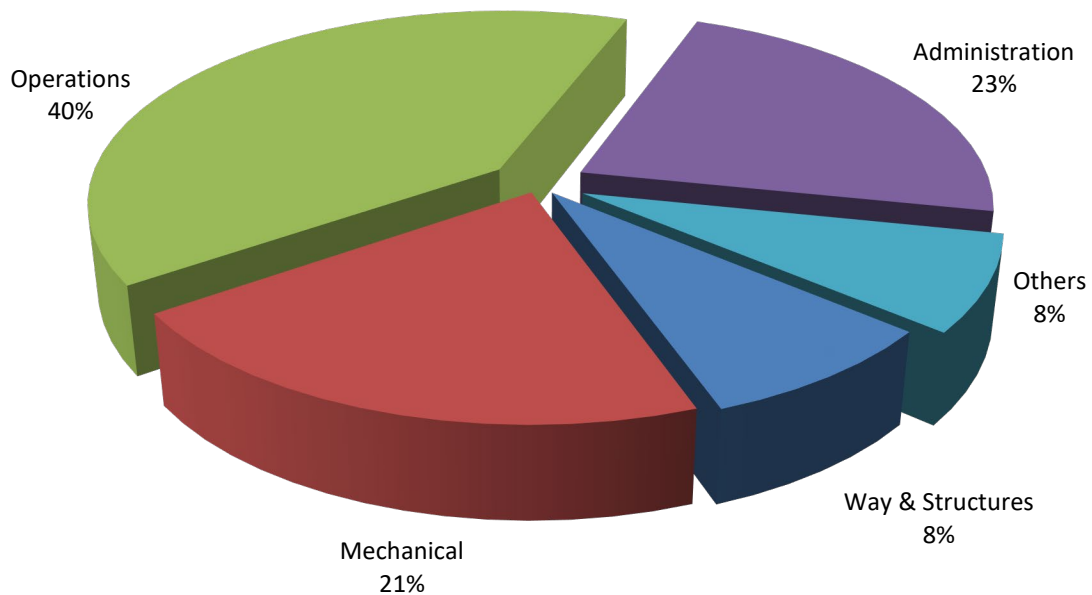
SWITCHING ACTIVITY
Year to Date - September 2018 (80,061 cars)



TOTAL OPERATING EXPENSES
Year to Date - September 2019 (\$22,387,692)



TOTAL OPERATING EXPENSES
Year to Date - September 2018 (\$20,933,314)





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.