
SEPTEMBER

TACOMA RAIL

2021

**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 2021 year to date net operating income of \$3.0 million compared to \$2.9 million in 2020. Operating revenues increased \$1.3 million or 5.1%, and operating expenses increased \$1.2 million or 5.5% year to date in 2021 compared to 2020.

Operating revenues were \$26.1 million at the end of third quarter 2021, compared to \$24.8 million in 2020. Total switching revenues increased \$1.0 million primarily due to increases as shown in the table below.

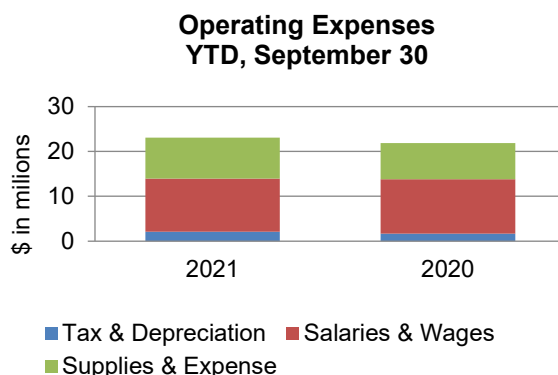
Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2021	2020	Var	%Chg	2021	2020	Var	%Chg
Intermodal Line Hauls	48,823	41,961	6,862	16.4%	\$ 7,882	\$ 7,036	846	12.0%
Commercial Line Hauls	20,956	21,368	(412)	-1.9%	10,721	11,337	(616)	-5.4%
Capital Div. Line Hauls	567	541	26	4.8%	333	308	25	8.1%
Miscellaneous Switches	4,746	6,581	(1,835)	-27.9%	2,020	1,238	782	63.2%
Total Line Hauls	75,092	70,451	4,641	6.6%	\$ 20,956	\$ 19,919	\$ 1,037	5.2%

Demurrage and other operating revenues increased \$218,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$23.1 million year to date in 2021, compared to \$21.9 million in 2020.

Salaries and wages were \$272,000 lower due to decreased hours worked including overtime.

Supplies and expenses increased \$1.1 million primarily due to increases in fuel costs and the rental charge for the use of others' railcars (car hire rental).



Interest income decreased \$228,000 primarily due to the reversal of the 2020 GASB 31 Gain/Loss entry.

Miscellaneous income decreased \$456,000 mainly due to the expiration of the lease to Port of Tacoma in August 2020.

Transfer from (to) other funds decreased \$503,000 primarily due to the decrease in the contribution to Public Works for the Taylor Way Project.

Tacoma Rail's working capital ratios year to date of 2021 and 2020 were 7.3 and 8.7 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, 2021 and September 30, 2020

ASSETS	<u>2021</u>	<u>2020</u>
CAPITAL ASSETS		
Road and Equipment Property	\$53,543,977	\$48,450,330
Less Accumulated Depreciation	<u>(28,219,237)</u>	<u>(24,824,844)</u>
Total	25,324,740	23,625,486
Construction Work in Progress	<u>7,652,673</u>	<u>3,534,168</u>
Net Capital Assets	32,977,413	27,159,654
CURRENT ASSETS		
Cash & Equity in Pooled Investments	15,075,931	15,280,248
Customer Accounts Receivable	3,538,371	3,929,830
Grants Receivable	-	4,441
Prepayments	1,443,970	1,529,417
Materials and Supplies Inventory	<u>1,341,920</u>	<u>1,279,715</u>
Total Current Assets	21,400,192	22,023,651
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>1,598,608</u>	<u>738,535</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$55,976,213</u></u>	<u><u>\$49,921,840</u></u>

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

NET POSITION AND LIABILITIES	2021	2020
NET POSITION		
Net Investment in Capital Assets	\$29,455,094	\$23,214,776
Unrestricted	2,876,816	4,115,885
TOTAL NET POSITION	32,331,910	27,330,661
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans	2,678,764	3,124,629
Total Long-Term Liabilities	2,678,764	3,124,629
CURRENT LIABILITIES		
Accounts Payable	992,973	664,659
Customer Deposits	100,000	100,000
Wages Payable	536,115	514,115
Unemployment and Other Tax Payables	303,776	305,827
Current Portion of Long-Term Debt	843,555	820,250
Current Portion of Compensated Absences	136,156	123,430
Total Current Liabilities	2,912,575	2,528,281
LONG-TERM LIABILITIES		
On the Job Injury Reserve	721,020	740,888
Long-Term Portion of Compensated Absences	1,225,403	1,110,871
Pension Withdrawal Liability	2,354,440	2,354,440
OPEB Liability	10,987,505	9,947,627
Incurred but not Reported Claims	334,081	417,958
Total Long-Term Liabilities	15,622,449	14,571,784
TOTAL LIABILITIES	21,213,788	20,224,694
DEFERRED INFLOWS		
Deferred Inflows for OPEB	2,430,515	2,366,485
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	\$55,976,213	\$49,921,840

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
September 30, 2021 and September 30, 2020

			YEAR TO DATE			
	SEPTEMBER 2021	SEPTEMBER 2020	SEPTEMBER 30 2021	SEPTEMBER 30 2020	2021/2020 VARIANCE	PERCENT CHANGE
OPERATING REVENUES						
Switching Revenues	\$2,207,002	\$2,177,765	\$20,956,436	\$19,919,533	\$1,036,903	5.2%
Demurrage and Other Operating Revenues	481,988	549,845	5,100,947	4,882,693	218,254	4.5%
Total Operating Revenues	2,688,990	2,727,610	26,057,383	24,802,226	1,255,157	5.1%
OPERATING EXPENSES						
Maintenance of Way and Structures						
Salaries and Wages	75,433	74,740	776,679	792,856	(16,177)	-2.0%
Supplies and Expense	117,221	91,818	914,918	1,063,472	(148,554)	-14.0%
Mechanical						
Salaries and Wages	191,898	188,825	1,791,244	1,765,504	25,740	1.5%
Supplies and Expense	423,536	368,445	4,033,915	3,519,736	514,179	14.6%
Operations						
Salaries and Wages	723,425	724,030	6,996,303	7,365,590	(369,287)	-5.0%
Supplies and Expense	118,948	141,818	1,237,198	1,092,540	144,658	13.2%
Administration						
Salaries and Wages	235,102	219,721	2,270,540	2,182,393	88,147	4.0%
Supplies and Expense	320,936	297,531	2,941,953	2,374,260	567,693	23.9%
Taxes - State	42,705	43,399	410,692	376,968	33,724	8.9%
Depreciation	188,716	148,301	1,704,750	1,338,874	365,876	27.3%
Total Operating Expenses	2,437,920	2,298,628	23,078,192	21,872,193	1,205,999	5.5%
Net Operating Income	251,070	428,982	2,979,191	2,930,033	49,158	1.7%
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	9,422	16,298	(134,627)	92,958	(227,585)	-244.8%
Miscellaneous	23,215	28,097	284,102	740,497	(456,395)	-61.6%
Total Non-Operating Revenues	32,637	44,395	149,475	833,455	(683,980)	-82.1%
Contributions - Grants	-	4,441	400,280	24,027	376,253	1566.0%
Total Contributions	-	4,441	400,280	24,027	376,253	1566.0%
Transfers						
City of Tacoma Gross Earnings Tax	(217,862)	(221,818)	(2,101,216)	(2,057,999)	(43,217)	-2.1%
Transfers from (to) other funds	-	-	2,818	(500,000)	502,818	100.6%
Total Transfers	(217,862)	(221,818)	(2,098,398)	(2,557,999)	459,601	18.0%
CHANGE IN NET POSITION	<u>\$65,845</u>	<u>\$256,000</u>	1,430,548	1,229,516	201,032	16.4%
TOTAL NET POSITION - JANUARY 1			<u>30,901,362</u>	<u>26,101,145</u>		
TOTAL NET POSITION - SEPTEMBER 30			<u>\$32,331,910</u>	<u>\$27,330,661</u>		

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, 2021 and September 30, 2020

	September	September	YEAR TO DATE		2021/2020	PERCENT
	2021	2020	September 30, 2021	September 30, 2020	VARIANCE	CHANGE
SWITCHING REVENUES						
LINE HAULS--INTERMODAL	\$886,115	\$723,081	\$7,882,405	\$7,036,236	\$846,169	12.0%
LINE HAULS--COMMERCIAL	1,183,986	1,272,342	10,721,318	11,336,480	(615,162)	-5.4%
LINE HAULS--CAPITAL DIVISION	27,589	46,170	332,829	308,370	24,459	7.9%
MISCELLANEOUS SWITCHES	109,312	136,172	2,019,884	1,238,447	781,437	63.1%
TOTAL SWITCHING REVENUES	<u>\$2,207,002</u>	<u>\$2,177,765</u>	<u>\$20,956,436</u>	<u>\$19,919,533</u>	<u>\$1,036,903</u>	5.2%
SWITCHING ACTIVITIES (CARS)						
LINE HAULS--INTERMODAL	5,400	4,566	48,823	41,961	6,862	16.4%
LINE HAULS--COMMERCIAL	2,182	2,256	20,956	21,368	(412)	-1.9%
LINE HAULS--CAPITAL DIVISION	47	81	567	541	26	4.8%
MISCELLANEOUS SWITCHES	370	691	4,746	6,581	(1,835)	-27.9%
TOTAL CARS SWITCHED	<u>7,999</u>	<u>7,594</u>	<u>75,092</u>	<u>70,451</u>	<u>4,641</u>	6.6%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Cash Flows (Unaudited)
September 30, 2021 and September 30, 2020

	YEAR ENDED SEPTEMBER 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$28,104,963	\$25,003,322
Cash Paid to Suppliers	(9,828,909)	(9,436,934)
Cash Paid to Employees	(11,681,863)	(11,966,697)
Taxes Paid	(458,171)	(442,689)
Net Cash From Operating Activities	6,136,020	3,157,002
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(2,098,398)	(2,557,999)
Net Cash From Non-Capital Financing Activities	(2,098,398)	(2,557,999)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(3,870,598)	(1,332,179)
Principal Payments on Long-Term Debt	(692,295)	(692,295)
Proceeds from Capital Contributions	400,280	24,027
Proceeds from Long-Term Debt	271,000	233,935
Proceeds from Other Non-Operating Revenues	284,102	740,497
Net Cash From Capital and Related Financing Activities	(3,607,511)	(1,026,015)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(134,627)	92,958
Net Cash From Investing Activities	(134,627)	92,958
Net Change in Cash and Equity in Pooled Investments	295,484	(334,054)
Cash and Equity in Pooled Investments at January 1	14,780,447	15,614,302
Cash and Equity in Pooled Investments at September 30	\$15,075,931	\$15,280,248

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

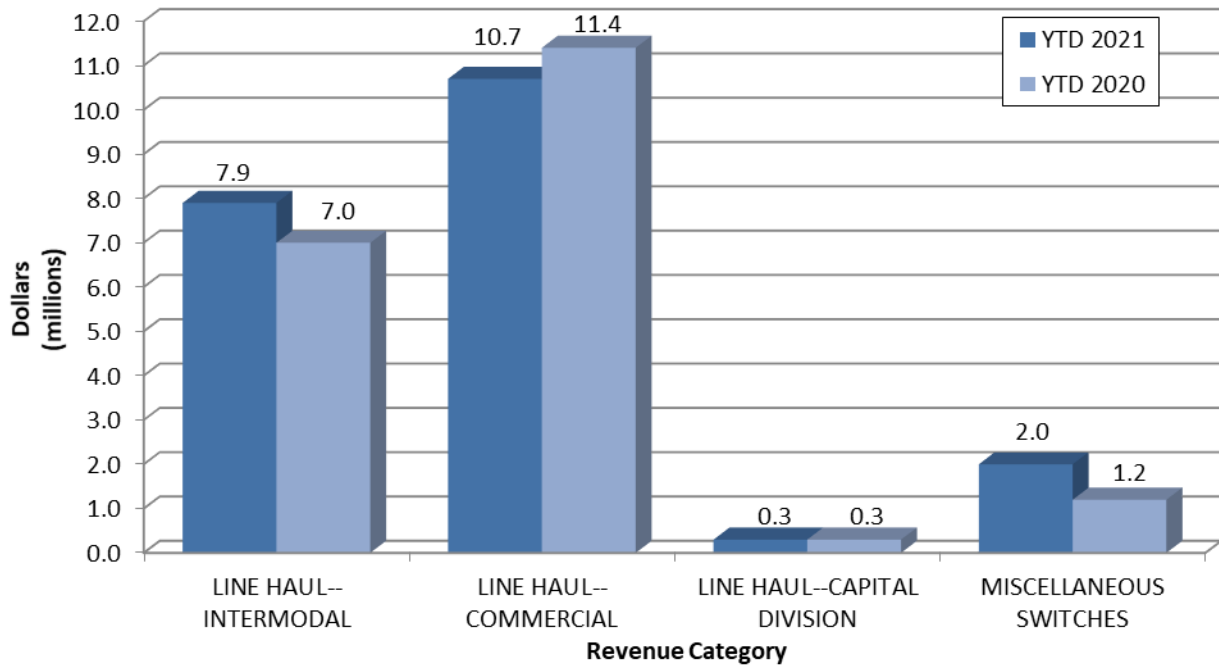
	YEAR ENDED SEPTEMBER 30,	
	2021	2020
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income	\$2,979,191	\$2,930,033
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	1,704,750	1,338,874
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	2,047,580	141,096
Materials and Supplies Inventory	(83,311)	(55,376)
Prepayments	645,018	413,872
Accounts Payable	(1,262,632)	(1,412,089)
Customer Deposits	-	60,000
Unemployment and other Tax Payables	(47,479)	(65,721)
Wages Payable and Compensated Absences	165,640	222,790
Volume Incentive Payable	-	(333,333)
Other Long-Term Liabilities & OJI Reserve	(12,737)	(83,144)
Total Adjustments	3,156,829	226,969
Net Cash From Operating Activities	<u>\$6,136,020</u>	<u>\$3,157,002</u>

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Supplemental Data

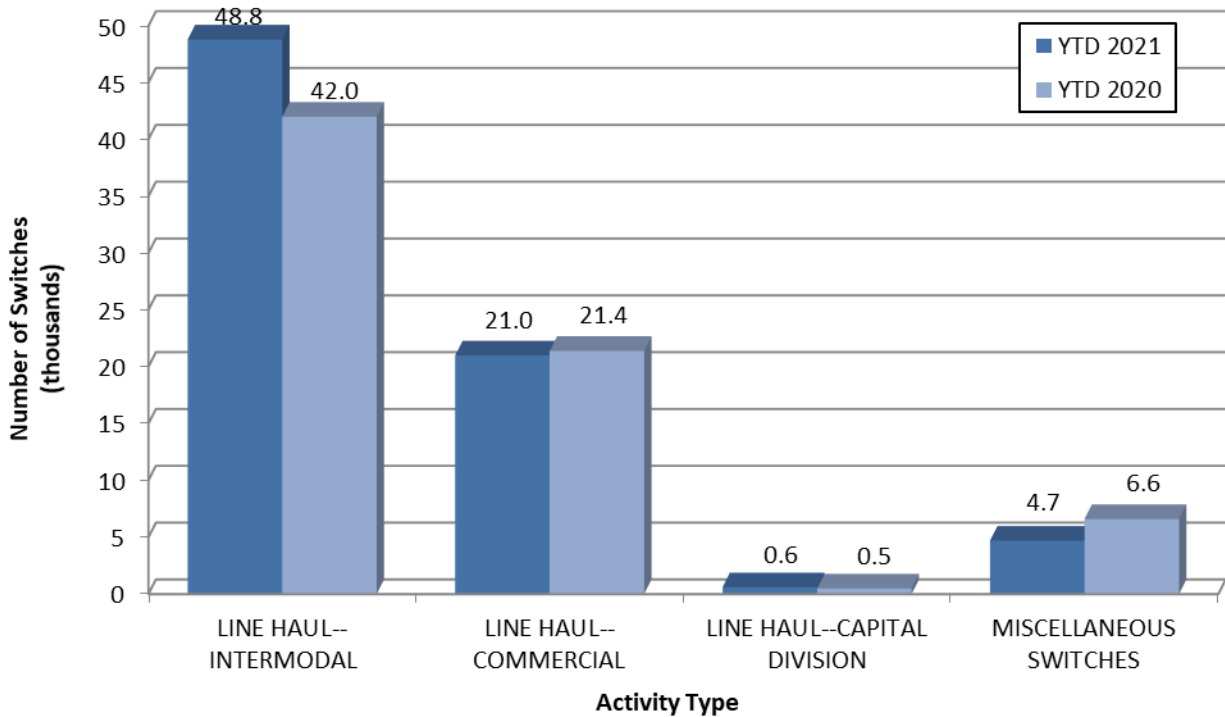
SWITCHING REVENUES

Year to Date - September 2021 & 2020

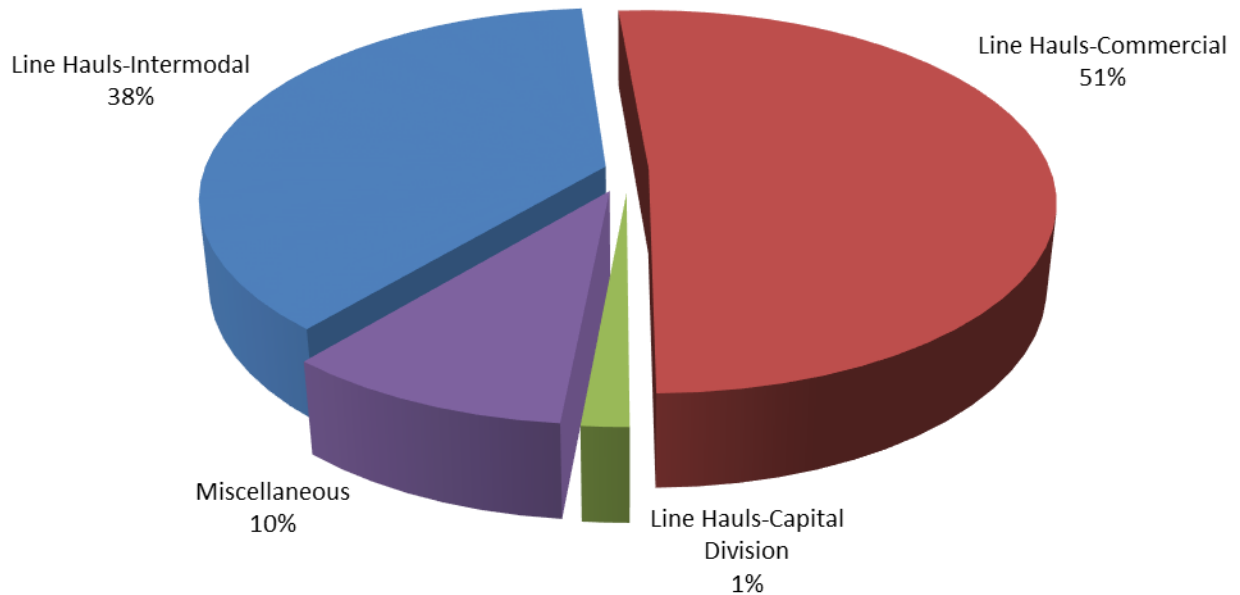


SWITCHING ACTIVITIES

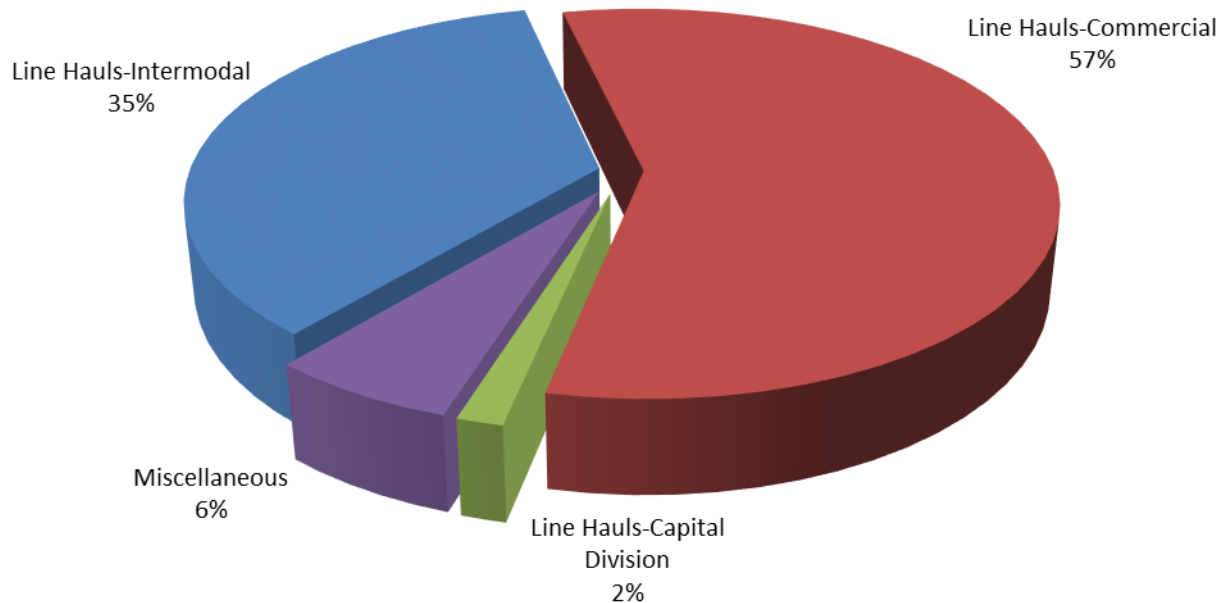
Year to Date - September 2021 & 2020



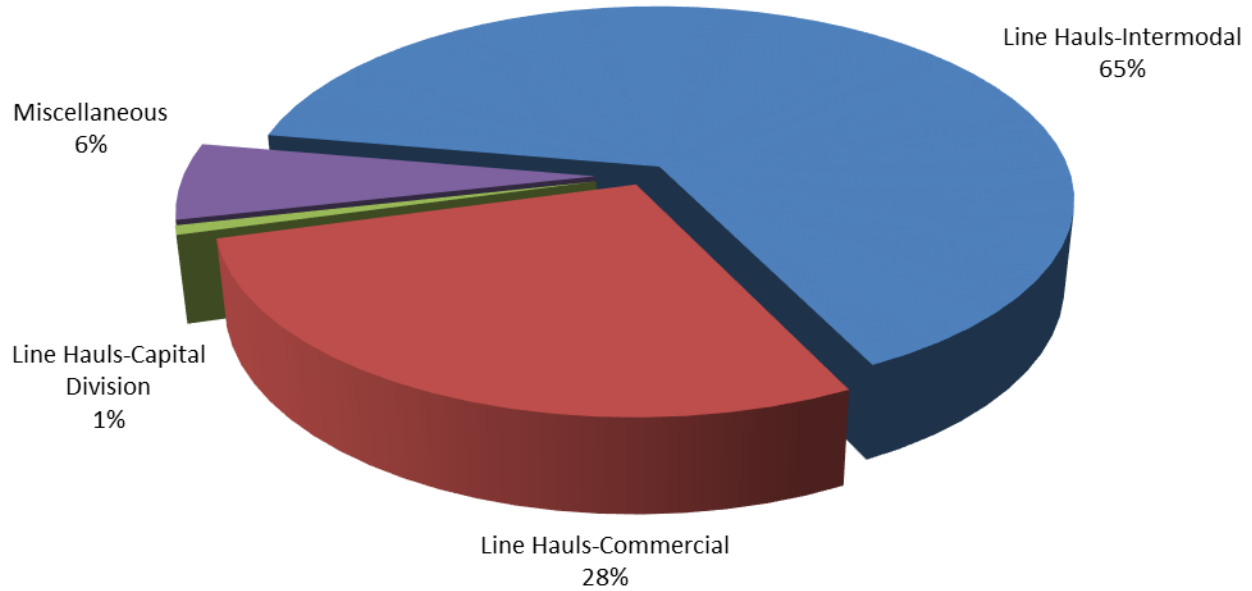
SWITCHING REVENUES
Year to Date - September 2021 (\$20,956,436)



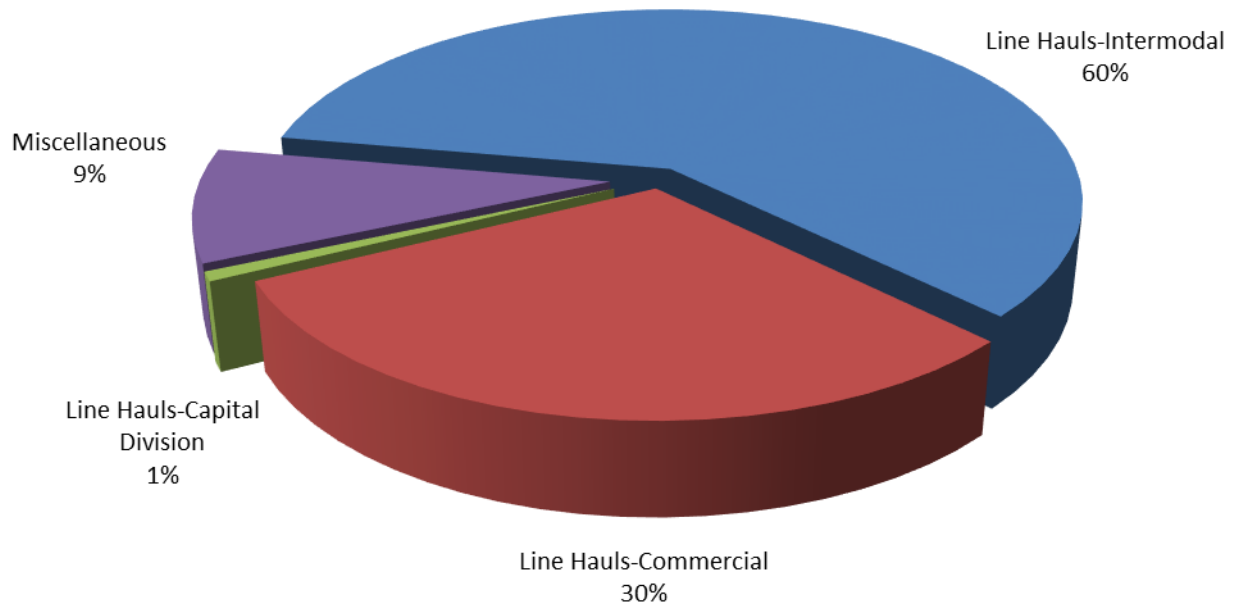
SWITCHING REVENUES
Year to Date - September 2020 (\$19,919,533)



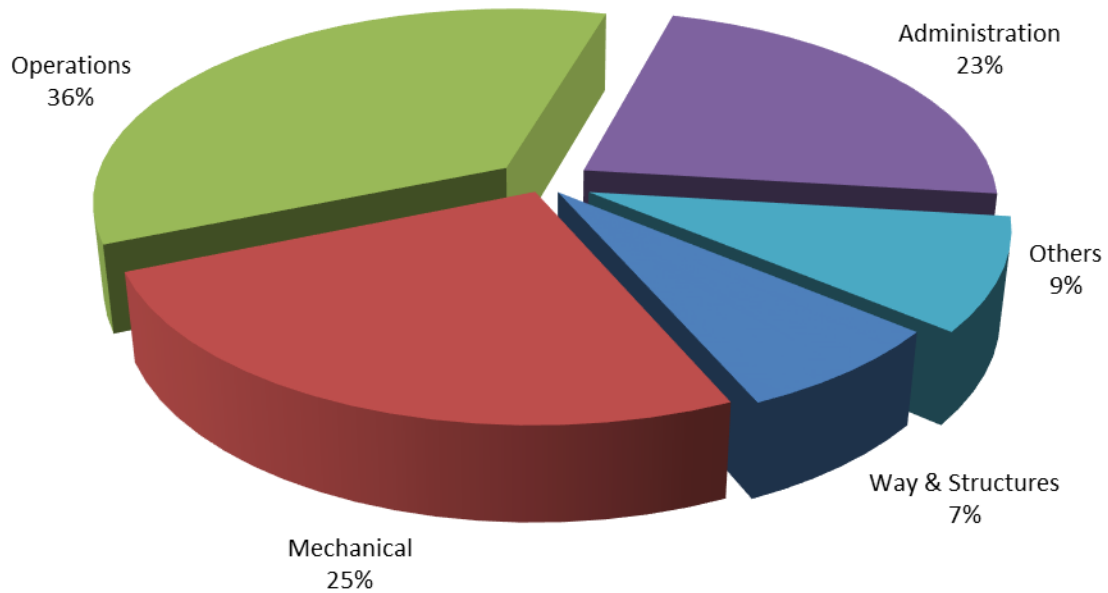
SWITCHING ACTIVITY
Year to Date - September 2021 (75,092 cars)



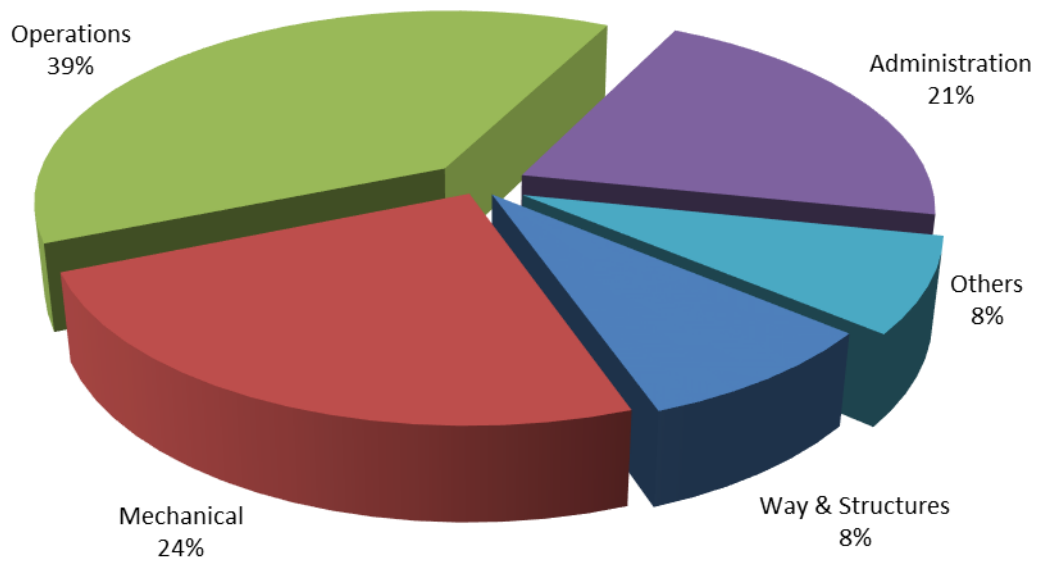
SWITCHING ACTIVITY
Year to Date - September 2020 (70,451 cars)



TOTAL OPERATING EXPENSES
Year to Date - September 2021 (\$23,078,192)



TOTAL OPERATING EXPENSES
Year to Date - September 2020 (\$21,872,193)





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.