

---

*MARCH*

*TACOMA RAIL*

**2021**

**INTERIM  
FINANCIAL  
REPORT**





# Public Utility Board

**BRYAN FLINT**

Chair

**MARK PATTERSON**

Vice-Chair

**CHRISTINE COOLEY**

Secretary

**CARLOS M. WATSON**

Member

**JOE BUSHNELL**

Member

**JACKIE FLOWERS**

Director of Utilities

**DALE KING**

Rail Superintendent

**ANDREW CHERULLO**

Finance Director

DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

*This page has been left blank intentionally.*

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

# TACOMA RAIL

## TABLE OF CONTENTS

*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.*

Management Discussion and Analysis .....	1
Statements of Net Position (Unaudited) .....	2
Statements of Revenues, Expenses and Changes in Net Position (Unaudited) .....	4
Summary of Switching Revenues and Switching Activities (Unaudited).....	5
Statements of Cash Flows (Unaudited) .....	6
Supplemental Data .....	9

*This page has been left blank intentionally.*

## Management Discussion and Analysis

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2021 year to date net operating income of \$358,000 compared to \$896,000 in 2020. Operating revenues decreased \$826,000 (9.2%), and operating expenses decreased \$289,000 (3.6%) year to date in 2021 compared to 2020.

Operating revenues were \$8.2 million at the end of first quarter 2021, compared to \$9.0 million in 2020. Total switching revenues decreased \$826,000 primarily due to decreases 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	14,135	14,840	(705)	-4.8%	\$ 2,289	\$ 2,503	(214)	-8.5%
Commercial Line Hauls	6,873	8,551	(1,678)	-19.6%	3,599	4,256	(657)	-15.4%
Capital Div. Line Hauls	174	194	(20)	-10.3%	102	111	(9)	-8.1%
Miscellaneous Switches	1,630	1,892	(262)	-13.8%	443	389	54	13.9%
Total Line Hauls	22,812	25,477	(2,665)	-10.5%	\$ 6,433	\$ 7,259	\$ (826)	-11.4%

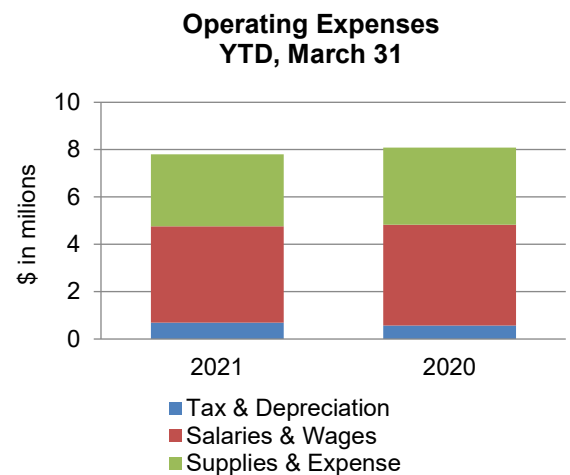
Demurrage and other operating revenues remained steady, as there have been no significant changes to railcar dwell and locomotive services from 2020 to 2021.

Total operating expenses were \$7.8 million year to date in 2021, compared to \$8.1 million in 2020.

Salaries and wages were \$197,000 lower due to decreases in hours worked including overtime.

Supplies and expenses decreased \$220,000 primarily due to decreases in external contract services and intermodal volume incentives.

Tacoma Rail's working capital ratios year to date of 2021 and 2020 were 6.1 and 6.6 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, 2021 and March 31, 2020

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CAPITAL ASSETS</b>		
Road and Equipment Property	\$53,541,159	\$48,450,292
Less Accumulated Depreciation	<u>(27,084,331)</u>	<u>(23,933,224)</u>
Total	26,456,828	24,517,068
Construction Work in Progress	<u>6,002,870</u>	<u>2,776,269</u>
Net Capital Assets	32,459,698	27,293,337
<b>CURRENT ASSETS</b>		
Cash & Equity in Pooled Investments	13,979,571	15,276,126
Customer Accounts Receivable	3,934,369	3,434,641
Grants Receivable	4,282	22,618
Prepayments	1,859,825	1,792,458
Materials and Supplies Inventory	<u>1,278,956</u>	<u>1,238,937</u>
Total Current Assets	21,057,003	21,764,780
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflows for OPEB	<u>1,598,608</u>	<u>738,535</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><u>\$55,115,309</u></u>	<u><u>\$49,796,652</u></u>

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



<b>NET POSITION AND LIABILITIES</b>	<u>2021</u>	<u>2020</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$28,487,769	\$22,957,783
Unrestricted	<u>2,014,631</u>	<u>3,022,789</u>
TOTAL NET POSITION	30,502,400	25,980,572
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>		
State Loans	<u>3,128,375</u>	<u>3,515,305</u>
Total Long-Term Liabilities	3,128,375	3,515,305
<b>CURRENT LIABILITIES</b>		
Accounts Payable	1,415,806	1,087,124
Customer Deposits	100,000	40,000
Wages Payable	576,250	555,964
Unemployment and Other Tax Payables	369,321	344,042
Volume Incentive Payable	-	333,333
Current Portion of Long-Term Debt	843,555	820,250
Current Portion of Compensated Absences	<u>136,156</u>	<u>123,430</u>
Total Current Liabilities	3,441,088	3,304,143
<b>LONG-TERM LIABILITIES</b>		
On the Job Injury Reserve	711,502	799,251
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	<u>334,081</u>	<u>417,958</u>
Total Long-Term Liabilities	15,612,931	14,630,147
TOTAL LIABILITIES	<u>22,182,394</u>	<u>21,449,595</u>
<b>DEFERRED INFLOWS</b>		
Deferred Inflows for OPEB	<u>2,430,515</u>	<u>2,366,485</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>		
	<u>\$55,115,309</u>	<u>\$49,796,652</u>

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Rail  
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)  
March 31, 2021 and March 31, 2020

			<u>YEAR TO DATE</u>		2021/2020 VARIANCE	PERCENT CHANGE
	MARCH 2021	MARCH 2020	MARCH 31 2021	MARCH 31 2020		
<b>OPERATING REVENUES</b>						
Switching Revenues	\$2,370,846	\$2,493,824	\$6,433,010	\$7,259,054	(\$826,044)	-11.4%
Demurrage and Other Operating Revenues	750,841	623,643	1,724,636	1,724,602	34	0.0%
Total Operating Revenues	<u>3,121,687</u>	<u>3,117,467</u>	<u>8,157,646</u>	<u>8,983,656</u>	<u>(826,010)</u>	-9.2%
<b>OPERATING EXPENSES</b>						
Maintenance of Way and Structures						
Salaries and Wages	82,432	76,062	272,504	288,649	(16,145)	-5.6%
Supplies and Expense	145,697	235,198	340,571	475,128	(134,557)	-28.3%
Mechanical						
Salaries and Wages	201,009	197,426	610,149	593,298	16,851	2.8%
Supplies and Expense	550,550	455,381	1,314,862	1,345,182	(30,320)	-2.3%
Operations						
Salaries and Wages	784,959	862,352	2,367,783	2,606,610	(238,827)	-9.2%
Supplies and Expense	150,580	128,399	286,210	402,239	(116,029)	-28.8%
Administration						
Salaries and Wages	261,878	229,314	808,154	766,830	41,324	5.4%
Supplies and Expense	488,237	466,438	1,100,130	1,039,699	60,431	5.8%
Taxes - State	49,042	42,947	129,113	123,123	5,990	4.9%
Depreciation	<u>189,948</u>	<u>148,683</u>	<u>569,845</u>	<u>447,255</u>	<u>122,590</u>	27.4%
Total Operating Expenses	<u>2,904,332</u>	<u>2,842,200</u>	<u>7,799,321</u>	<u>8,088,013</u>	<u>(288,692)</u>	-3.6%
Net Operating Income	217,355	275,267	358,325	895,643	(537,318)	-60.0%
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest Income	11,092	21,499	(192,479)	(18,929)	(173,550)	-916.8%
Miscellaneous	<u>28,937</u>	<u>79,520</u>	<u>92,250</u>	<u>234,442</u>	<u>(142,192)</u>	-60.7%
Total Non-Operating Revenues	40,029	101,019	(100,229)	215,513	(315,742)	-146.5%
Contributions - Grants						
	<u>4,282</u>	<u>10,377</u>	<u>4,282</u>	<u>10,377</u>	<u>(6,095)</u>	-58.7%
Total Contributions	4,282	10,377	4,282	10,377	(6,095)	-58.7%
Transfers						
City of Tacoma Gross Earnings Tax	(252,558)	(256,548)	(661,340)	(742,106)	80,766	10.9%
Transfers from (to) other funds	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>500,000</u>	100.0%
Total Transfers	(252,558)	(756,548)	(661,340)	(1,242,106)	580,766	46.8%
<b>CHANGE IN NET POSITION</b>	<u>\$9,108</u>	<u>(\$369,885)</u>	(398,962)	(120,573)	(278,389)	-230.9%
<b>TOTAL NET POSITION - JANUARY 1</b>			<u>30,901,362</u>	<u>26,101,145</u>		
<b>TOTAL NET POSITION - MARCH 31</b>			<u>\$30,502,400</u>	<u>\$25,980,572</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)  
 March 31, 2021 and March 31, 2020

	March 2021	March 2020	YEAR TO DATE		2021/2020 VARIANCE	PERCENT CHANGE
			March 31, 2021	March 31, 2020		
<b>SWITCHING REVENUES</b>						
LINE HAULS--INTERMODAL	\$864,215	\$794,232	\$2,288,970	\$2,503,290	(\$214,320)	-8.6%
LINE HAULS--COMMERCIAL	1,302,980	1,522,728	3,598,967	4,256,358	(657,391)	-15.4%
LINE HAULS--CAPITAL DIVISION	41,090	54,720	102,138	110,580	(8,442)	-7.6%
MISCELLANEOUS SWITCHES	162,561	122,144	442,935	388,826	54,109	13.9%
TOTAL SWITCHING REVENUES	<u>\$2,370,846</u>	<u>\$2,493,824</u>	<u>\$6,433,010</u>	<u>\$7,259,054</u>	<u>(\$826,044)</u>	-11.4%
<b>SWITCHING ACTIVITIES (CARS)</b>						
LINE HAULS--INTERMODAL	5,369	4,820	14,135	14,840	(705)	-4.8%
LINE HAULS--COMMERCIAL	2,460	2,962	6,873	8,551	(1,678)	-19.6%
LINE HAULS--CAPITAL DIVISION	70	96	174	194	(20)	-10.3%
MISCELLANEOUS SWITCHES	621	497	1,630	1,892	(262)	-13.8%
TOTAL CARS SWITCHED	<u>8,520</u>	<u>8,375</u>	<u>22,812</u>	<u>25,477</u>	<u>(2,665)</u>	-10.5%

City of Tacoma, Washington  
 Department of Public Utilities  
 Tacoma Rail  
 Statements of Cash Flows (Unaudited)  
 March 31, 2021 and March 31, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers	\$9,804,946	\$9,601,764
Cash Paid to Suppliers	(3,676,758)	(4,115,638)
Cash Paid to Employees	(3,875,071)	(4,015,529)
Taxes Paid	(111,047)	(150,629)
Net Cash From Operating Activities	2,142,070	1,319,968
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers to Other Funds	(2,626,062)	(1,242,106)
Net Cash From Non-Capital Financing Activities	(2,626,062)	(1,242,106)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net	622,618	(574,242)
Principal Payments on Long-Term Debt	(843,555)	(67,686)
Proceeds from Capital Contributions	4,282	10,377
Proceeds from Other Non-Operating Revenues	92,250	234,442
Net Cash From Capital and Related Financing Activities	(124,405)	(397,109)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	(192,479)	(18,929)
Net Cash From Investing Activities	(192,479)	(18,929)
Net Change in Cash and Equity in Pooled Investments	(800,876)	(338,176)
<b>Cash and Equity in Pooled Investments at January 1</b>	14,780,447	15,614,302
<b>Cash and Equity in Pooled Investments at March 31</b>	\$13,979,571	\$15,276,126

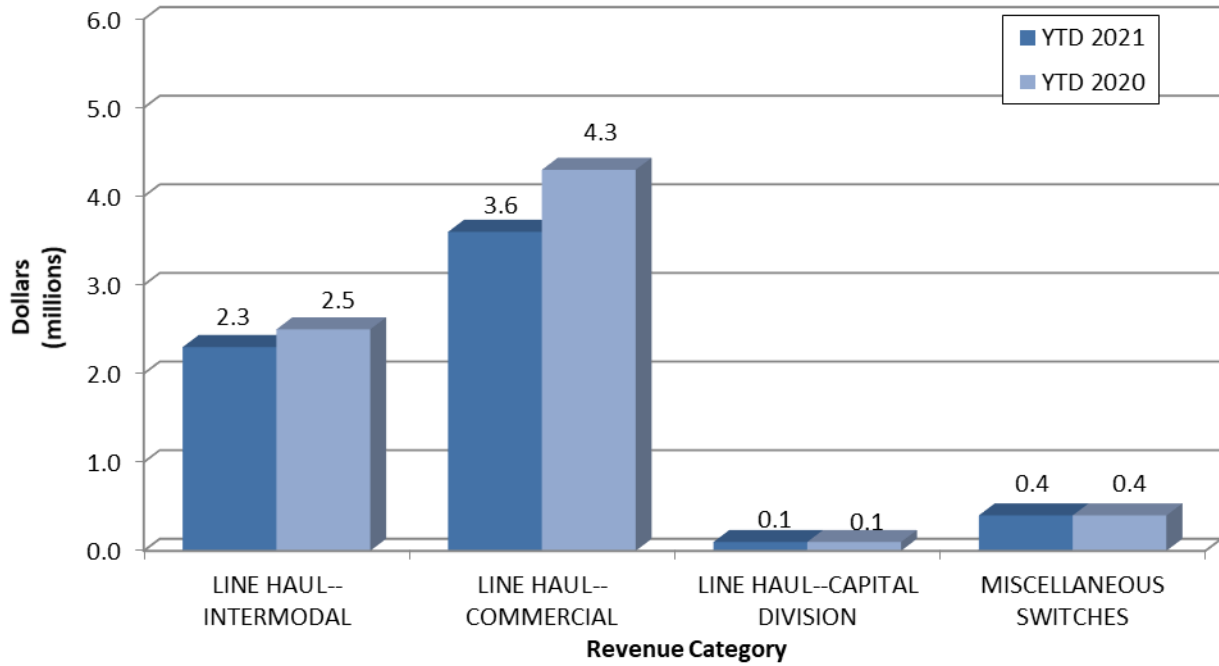
*These statements should be read in conjunction with the Notes to the Financial Statements contained in the previous year-end Financial Report.*

	YEAR ENDED MARCH 31,	
	2021	2020
<b>Reconciliation of Operating Income to Net Cash From Operating Activities:</b>		
Operating Income	\$358,325	\$895,643
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	569,845	447,255
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	1,647,300	618,108
Materials and Supplies Inventory	(20,348)	(14,597)
Prepayments	229,163	150,831
Accounts Payable	(843,800)	(989,624)
Unemployment and other Tax Payables	18,066	(27,506)
Wages Payable and Compensated Absences	205,775	264,639
Other Long-Term Liabilities & OJI Reserve	(22,256)	(24,781)
Total Adjustments	<u>1,783,745</u>	<u>424,325</u>
Net Cash From Operating Activities	<u><u>\$2,142,070</u></u>	<u><u>\$1,319,968</u></u>

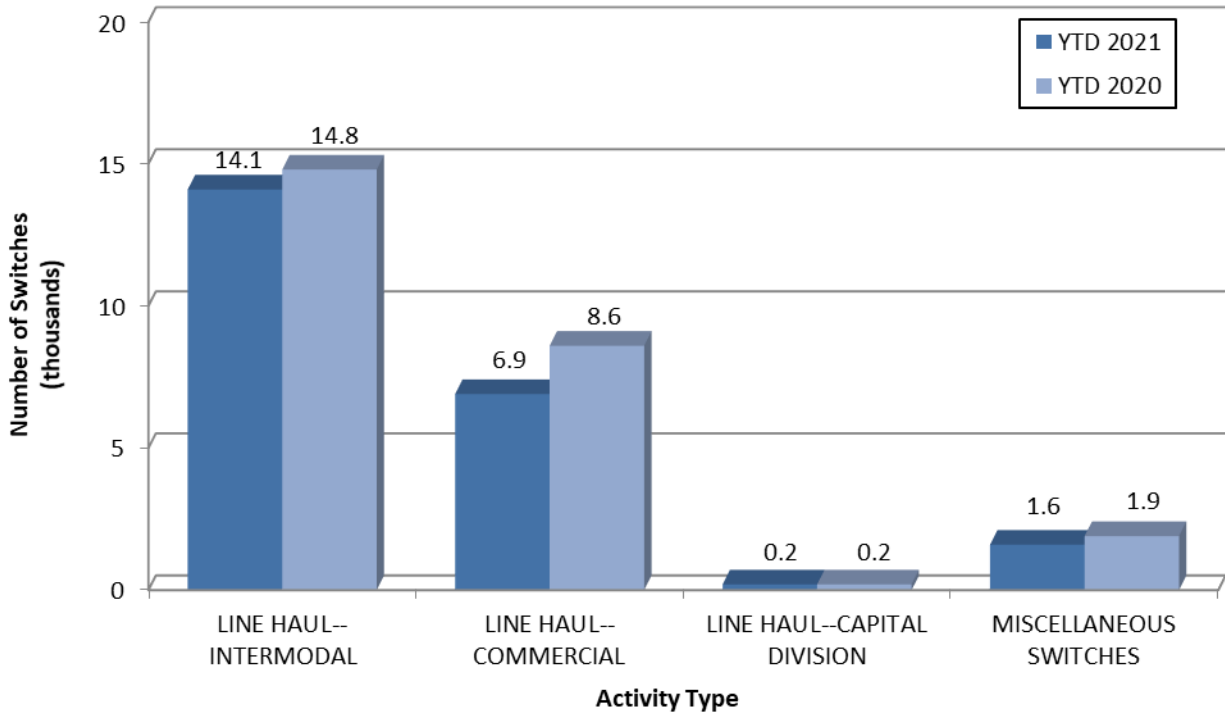
*This page has been left blank intentionally.*

## Supplemental Data

## SWITCHING REVENUES Year to Date - March 2021 & 2020

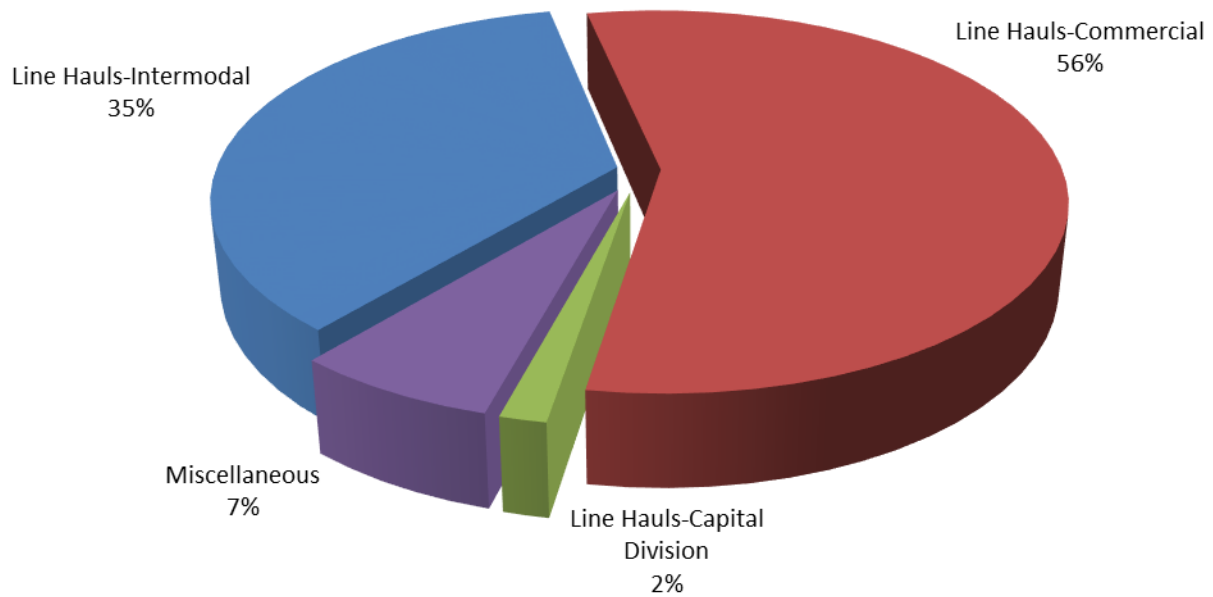


## SWITCHING ACTIVITIES Year to Date - March 2021 & 2020

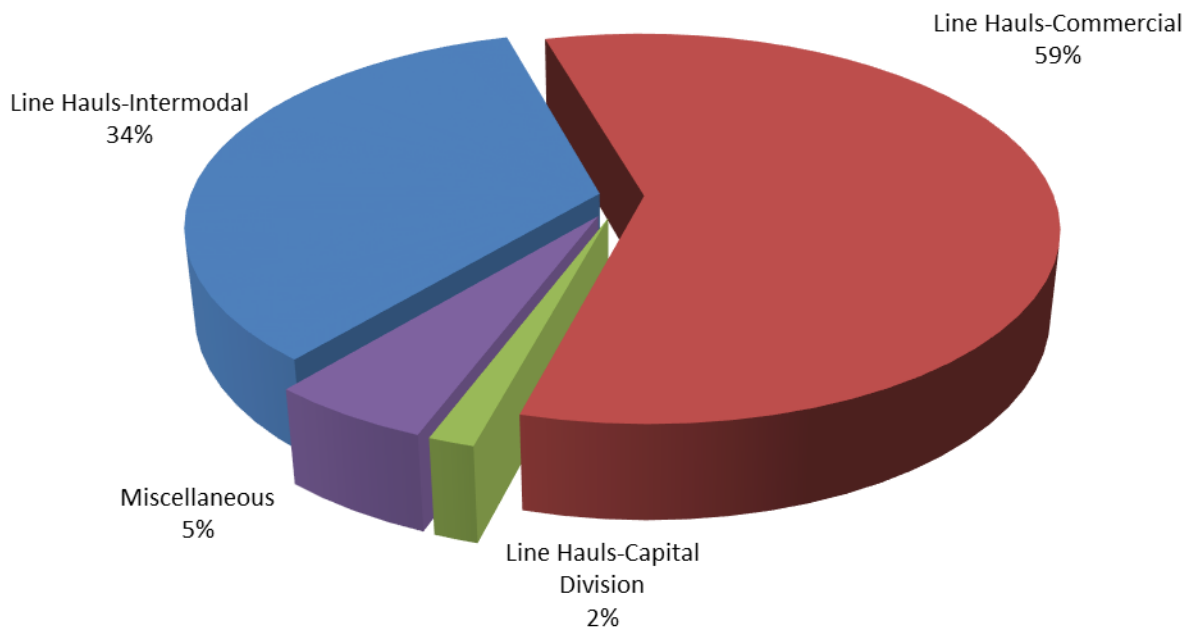




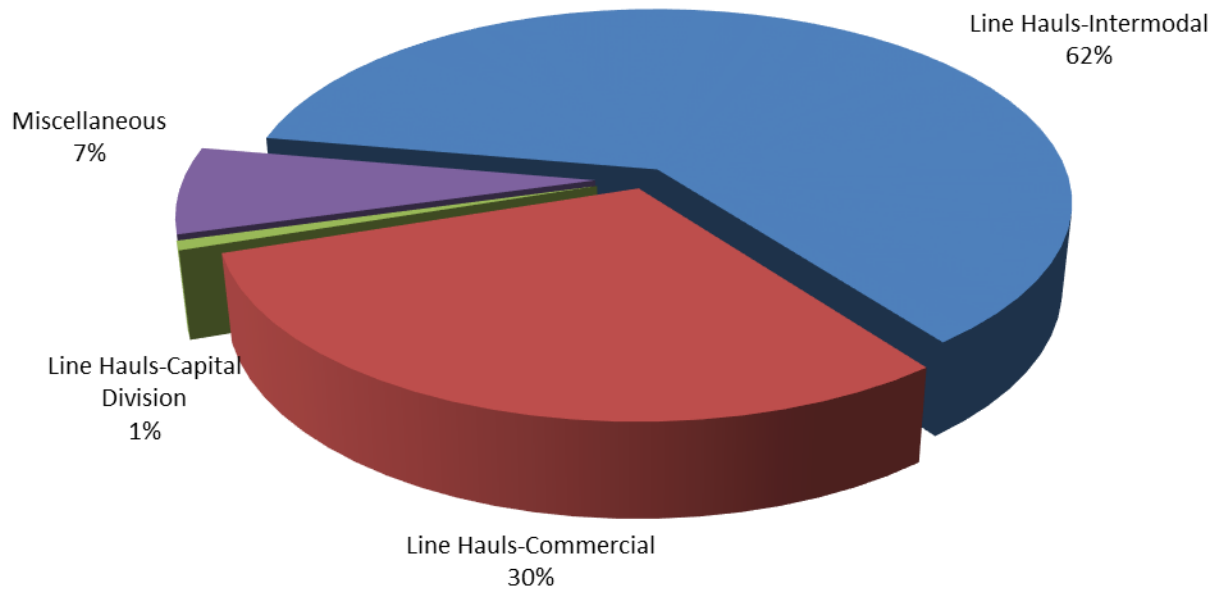
## SWITCHING REVENUES Year to Date - March 2021 (\$6,433,010)



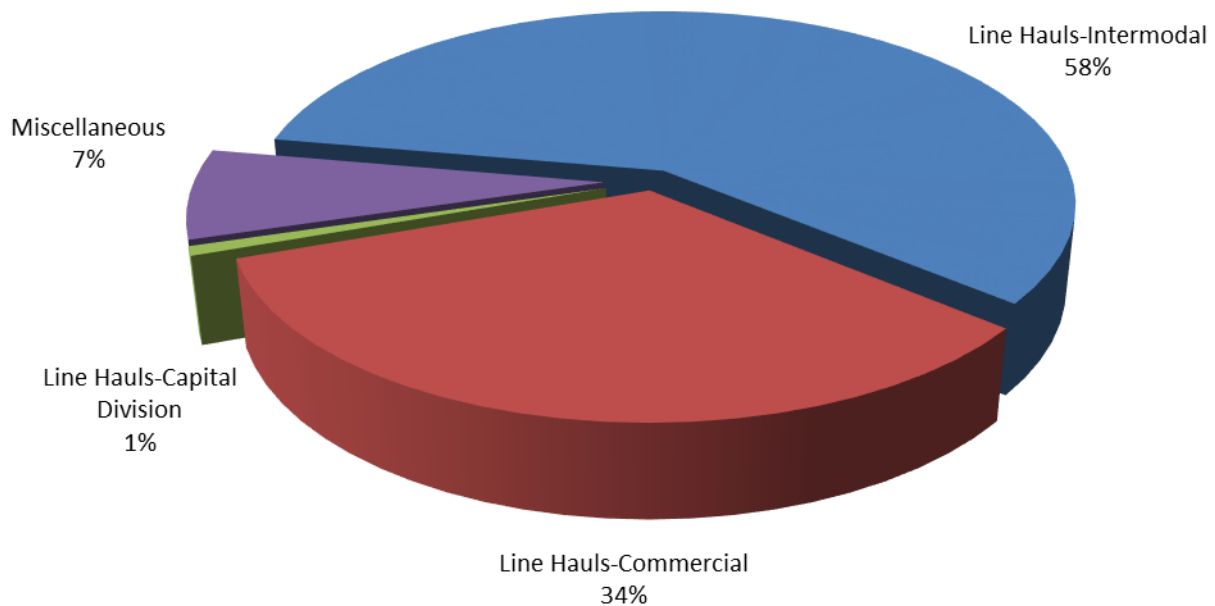
## SWITCHING REVENUES Year to Date - March 2020 (\$7,259,054)



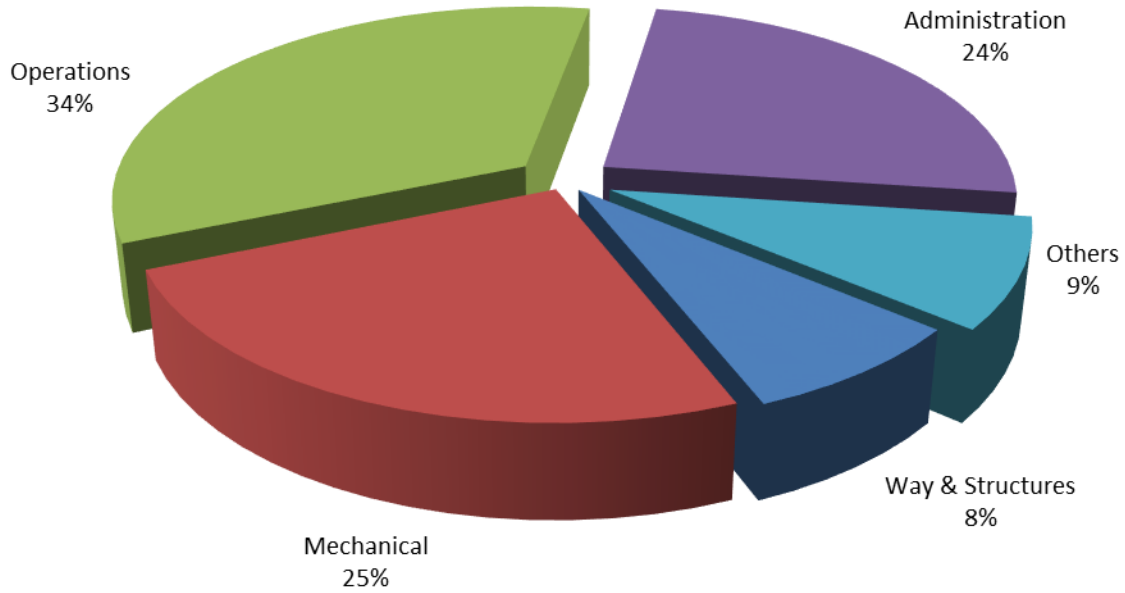
## SWITCHING ACTIVITY Year to Date - March 2021 (22,812 cars)



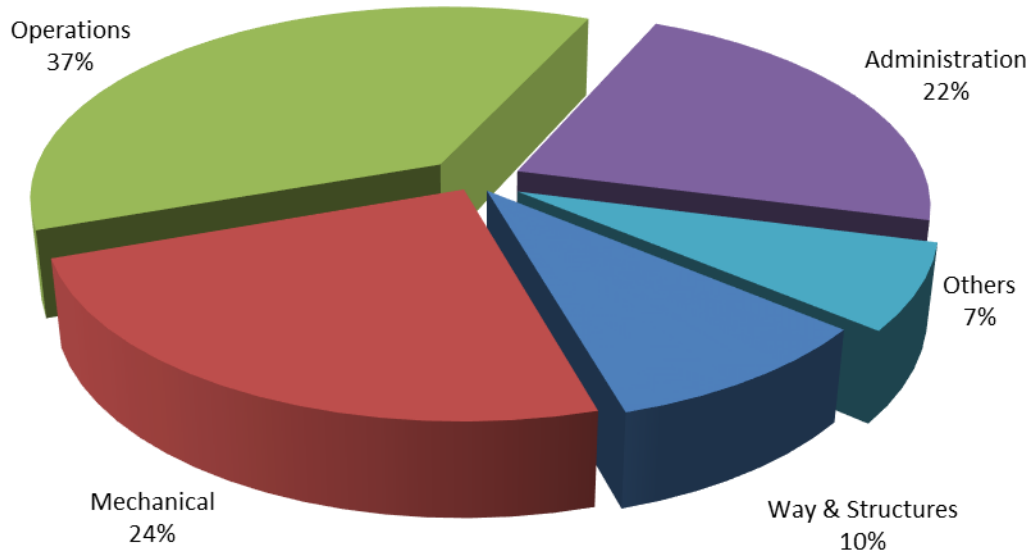
## SWITCHING ACTIVITY Year to Date - March 2020 (25,477 cars)



**TOTAL OPERATING EXPENSES**  
**Year to Date - March 2021 (\$7,799,321)**



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





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.