

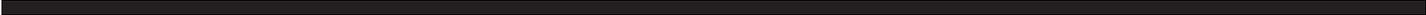
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*MARCH*

*TACOMA RAIL*

2022

**INTERIM  
FINANCIAL  
REPORT**





# Public Utility Board

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Chair

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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 2022 year to date net operating income of \$335,000 compared to \$358,000 in 2021. Operating revenues decreased \$466,000 or 5.7%, and operating expenses decreased \$443,000 or 5.7% year to date in 2022 compared to 2021.

Operating revenues were \$7.7 million at the end of first quarter 2022, compared to \$8.2 million in 2021. Total switching revenues decreased \$229,000 primarily due to decreases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2022	2021	Var	%Chg	2022	2021	Var	%Chg
Intermodal Line Hauls	13,262	14,135	(873)	-6.2%	\$ 2,265	\$ 2,289	(24)	-1.0%
Commercial Line Hauls	6,324	6,873	(549)	-8.0%	3,420	3,599	(179)	-5.0%
Capital Div. Line Hauls	160	174	(14)	-8.0%	96	102	(6)	-5.9%
Miscellaneous Switches	1,249	1,630	(381)	-23.4%	423	443	(20)	-4.5%
Total Line Hauls	20,995	22,812	(1,817)	-8.0%	\$ 6,204	\$ 6,433	\$ (229)	-3.6%

Demurrage and other operating revenues decreased \$236,000 primarily due to decreased railcar dwell and locomotive services.

Total operating expenses were \$7.4 million year to date in 2022, compared to \$7.8 million in 2021.

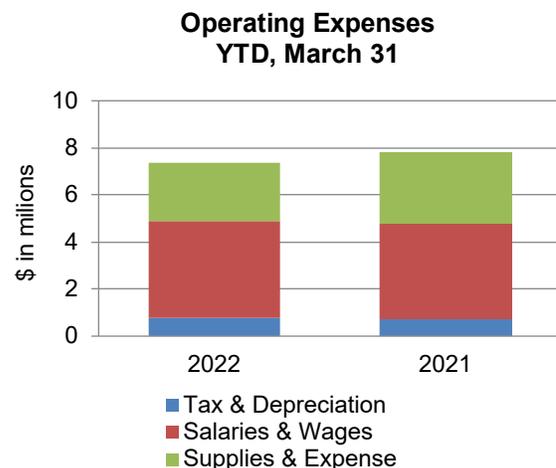
Salaries and wages were \$49,000 higher due to increased wages and cost of living adjustments.

Supplies and expenses decreased \$577,000 primarily due to a decrease external contract services and in intermodal volume incentives.

Tacoma Rail's working capital ratios year to date of 2022 and 2021 were 7.3 and 6.1 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, 2022 and March 31, 2021

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>CAPITAL ASSETS</b>		
Road and Equipment Property	\$60,950,055	\$53,541,159
Less Accumulated Depreciation	<u>(29,159,690)</u>	<u>(27,084,331)</u>
Total	31,790,365	26,456,828
Construction Work in Progress	<u>1,613,859</u>	<u>6,002,870</u>
Net Capital Assets	33,404,224	32,459,698
<b>CURRENT ASSETS</b>		
Cash & Equity in Pooled Investments	13,752,016	13,979,571
Customer Accounts Receivable	3,289,312	3,934,369
Grants Receivable	427,706	4,282
Prepayments	3,142,642	1,859,825
Materials and Supplies Inventory	<u>1,459,349</u>	<u>1,278,956</u>
Total Current Assets	22,071,025	21,057,003
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflows for OPEB	<u>2,053,980</u>	<u>1,598,608</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><u>\$57,529,229</u></u>	<u><u>\$55,115,309</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>2022</u>	<u>2021</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$29,891,631	\$28,487,769
Unrestricted	<u>1,728,702</u>	<u>2,014,631</u>
TOTAL NET POSITION	31,620,333	30,502,400
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>		
State Loans	<u>2,669,038</u>	<u>3,128,375</u>
Total Long-Term Liabilities	2,669,038	3,128,375
<b>CURRENT LIABILITIES</b>		
Accounts Payable	783,870	1,415,806
Customer Deposits	100,000	100,000
Wages Payable	625,572	576,250
Unemployment and Other Tax Payables	307,428	369,321
Current Portion of Long-Term Debt	843,555	843,555
Current Portion of Compensated Absences	145,672	136,156
Current Portion of Pension Withdrawal Liability	<u>229,581</u>	<u>-</u>
Total Current Liabilities	3,035,678	3,441,088
<b>LONG-TERM LIABILITIES</b>		
On the Job Injury Reserve	715,329	711,502
Long-Term Portion of Compensated Absences	1,311,048	1,225,403
Pension Withdrawal Liability	2,749,743	2,354,440
OPEB Liability	11,164,478	10,987,505
Incurred but not Reported Claims	<u>1,446,150</u>	<u>334,081</u>
Total Long-Term Liabilities	17,386,748	15,612,931
TOTAL LIABILITIES	<u>23,091,464</u>	<u>22,182,394</u>
<b>DEFERRED INFLOWS</b>		
Deferred Inflows for OPEB	<u>2,817,432</u>	<u>2,430,515</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>		
	<u>\$57,529,229</u>	<u>\$55,115,309</u>

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Rail  
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)  
March 31, 2022 and March 31, 2021

	YEAR TO DATE					
	MARCH 2022	MARCH 2021	MARCH 31 2022	MARCH 31 2021	2022/2021 VARIANCE	PERCENT CHANGE
<b>OPERATING REVENUES</b>						
Switching Revenues	\$2,161,808	\$2,370,846	\$6,203,520	\$6,433,010	(\$229,490)	-3.6%
Demurrage and Other Operating Revenues	544,077	750,841	1,488,283	1,724,636	(236,353)	-13.7%
Total Operating Revenues	<u>2,705,885</u>	<u>3,121,687</u>	<u>7,691,803</u>	<u>8,157,646</u>	<u>(465,843)</u>	<u>-5.7%</u>
<b>OPERATING EXPENSES</b>						
Maintenance of Way and Structures						
Salaries and Wages	89,325	82,432	276,708	272,504	4,204	1.5%
Supplies and Expense	77,632	145,697	264,428	340,571	(76,143)	-22.4%
Mechanical						
Salaries and Wages	219,362	201,009	654,784	610,149	44,635	7.3%
Supplies and Expense	76,222	550,550	606,080	1,314,862	(708,782)	-53.9%
Operations						
Salaries and Wages	799,427	784,959	2,410,335	2,367,783	42,552	1.8%
Supplies and Expense	199,909	150,580	439,133	286,210	152,923	53.4%
Administration						
Salaries and Wages	272,907	261,878	765,930	808,154	(42,224)	-5.2%
Supplies and Expense	509,743	488,237	1,155,603	1,100,130	55,473	5.0%
Taxes - State	45,834	49,042	128,161	129,113	(952)	-0.7%
Depreciation	<u>217,452</u>	<u>189,948</u>	<u>655,449</u>	<u>569,845</u>	<u>85,604</u>	<u>15.0%</u>
Total Operating Expenses	<u>2,507,813</u>	<u>2,904,332</u>	<u>7,356,611</u>	<u>7,799,321</u>	<u>(442,710)</u>	<u>-5.7%</u>
Net Operating Income	198,072	217,355	335,192	358,325	(23,133)	-6.5%
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment Income (Loss)	8,892	11,092	12,015	(192,479)	204,494	106.2%
Loss from Disposition of Property	-	-	(47,881)	-	-	N/A
Miscellaneous	<u>36,614</u>	<u>28,937</u>	<u>97,122</u>	<u>92,250</u>	<u>4,872</u>	<u>5.3%</u>
Total Non-Operating Revenues	45,506	40,029	61,256	(100,229)	161,485	161.1%
Contributions - Grants	<u>3,176</u>	<u>4,282</u>	<u>3,203</u>	<u>4,282</u>	<u>(1,079)</u>	<u>-25.2%</u>
Total Contributions	3,176	4,282	3,203	4,282	(1,079)	-25.2%
Transfers						
City of Tacoma Gross Earnings Tax	<u>(220,088)</u>	<u>(252,558)</u>	<u>(626,763)</u>	<u>(661,340)</u>	<u>34,577</u>	<u>5.2%</u>
Total Transfers	(220,088)	(252,558)	(626,763)	(661,340)	34,577	5.2%
<b>CHANGE IN NET POSITION</b>	<u>\$26,666</u>	<u>\$9,108</u>	(227,112)	(398,962)	171,850	43.1%
<b>TOTAL NET POSITION - JANUARY 1</b>			<u>31,847,445</u>	<u>30,901,362</u>		
<b>TOTAL NET POSITION - MARCH 31</b>			<u>\$31,620,333</u>	<u>\$30,502,400</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, 2022 and March 31, 2021

	March 2022	March 2021	YEAR TO DATE		2022/2021 VARIANCE	PERCENT CHANGE
			March 31, 2022	March 31, 2021		
<b>SWITCHING REVENUES</b>						
LINE HAULS--INTERMODAL	\$737,898	\$864,215	\$2,264,524	\$2,288,970	(\$24,446)	-1.1%
LINE HAULS--COMMERCIAL	1,246,279	1,302,980	3,419,618	3,598,967	(179,349)	-5.0%
LINE HAULS--CAPITAL DIVISION	30,705	41,090	96,328	102,138	(5,810)	-5.7%
MISCELLANEOUS SWITCHES	<u>146,926</u>	<u>162,561</u>	<u>423,050</u>	<u>442,935</u>	<u>(19,885)</u>	-4.5%
TOTAL SWITCHING REVENUES	<u>\$2,161,808</u>	<u>\$2,370,846</u>	<u>\$6,203,520</u>	<u>\$6,433,010</u>	<u>(\$229,490)</u>	-3.6%
<b>SWITCHING ACTIVITIES (CARS)</b>						
LINE HAULS--INTERMODAL	4,395	5,369	13,262	14,135	(873)	-6.2%
LINE HAULS--COMMERCIAL	2,176	2,460	6,324	6,873	(549)	-8.0%
LINE HAULS--CAPITAL DIVISION	51	70	160	174	(14)	-8.0%
MISCELLANEOUS SWITCHES	<u>254</u>	<u>621</u>	<u>1,249</u>	<u>1,630</u>	<u>(381)</u>	-23.4%
TOTAL CARS SWITCHED	<u>6,876</u>	<u>8,520</u>	<u>20,995</u>	<u>22,812</u>	<u>(1,817)</u>	-8.0%

City of Tacoma, Washington  
Department of Public Utilities  
Tacoma Rail  
Statements of Cash Flows (Unaudited)  
March 31, 2022 and March 31, 2021

	YEAR ENDED MARCH 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers	\$7,967,528	\$9,804,946
Cash Paid to Suppliers	(2,979,677)	(3,676,758)
Cash Paid to Employees	(3,883,428)	(3,875,071)
Taxes Paid	(136,089)	(111,047)
Net Cash From Operating Activities	968,334	2,142,070
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers to Other Funds	(626,763)	(2,626,062)
Net Cash From Non-Capital Financing Activities	(626,763)	(2,626,062)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for capital assets acquisitions	(922,146)	622,618
Principal Payments on Long-Term Debt	(67,685)	(843,555)
Proceeds from Capital Contributions	3,177	4,282
Proceeds from Long-Term Debt	250,000	-
Proceeds from sale of capital assets	(47,881)	-
Proceeds from Other Non-Operating Revenues	97,122	92,250
Net Cash From Capital and Related Financing Activities	(687,413)	(124,405)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	12,015	(192,479)
Net Cash From Investing Activities	12,015	(192,479)
Net Change in Cash and Equity in Pooled Investments	(333,827)	(800,876)
<b>Cash and Equity in Pooled Investments at January 1</b>	14,085,843	14,780,447
<b>Cash and Equity in Pooled Investments at March 31</b>	\$13,752,016	\$13,979,571

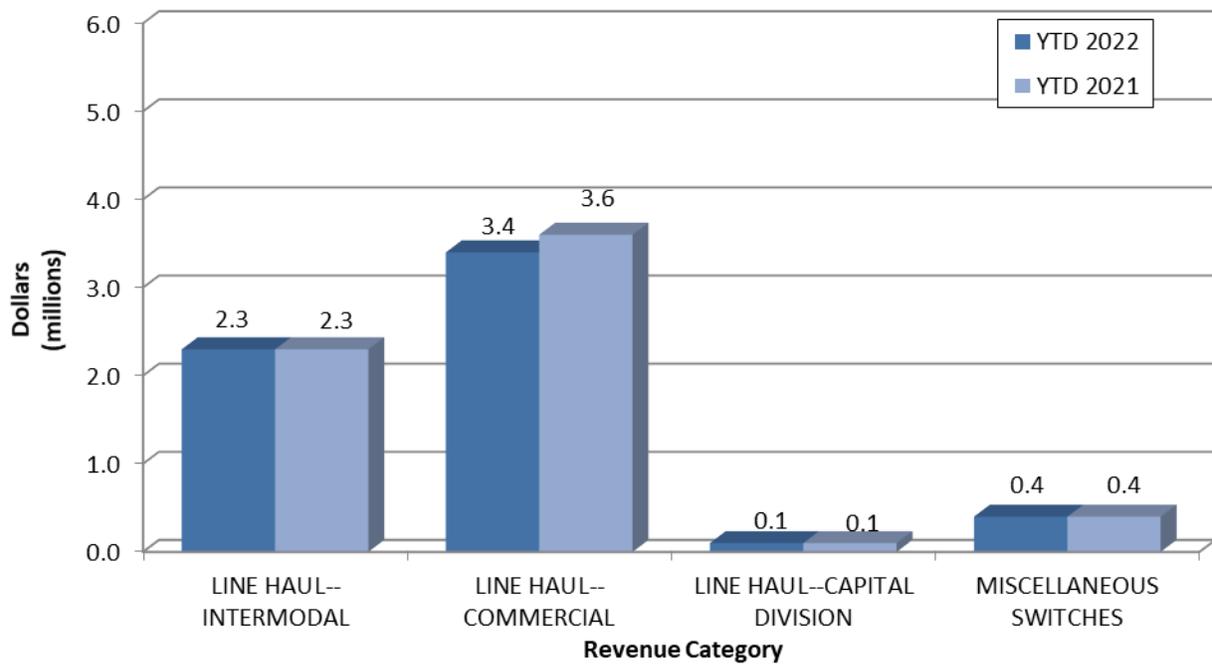
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	<u>YEAR ENDED MARCH 31,</u>	
	<u>2022</u>	<u>2021</u>
<b>Reconciliation of Operating Income to Net Cash From Operating Activities:</b>		
Operating Income	\$335,192	\$358,325
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	655,449	569,845
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	275,726	1,647,300
Materials and Supplies Inventory	(104,891)	(20,348)
Prepayments	237,117	229,163
Accounts Payable	(646,658)	(843,800)
Unemployment and other Tax Payables	(7,928)	18,066
Wages Payable and Compensated Absences	224,700	205,775
On the Job Injury Reserve	<u>(373)</u>	<u>(22,256)</u>
Total Adjustments	<u>633,142</u>	<u>1,783,745</u>
Net Cash From Operating Activities	<u><u>\$968,334</u></u>	<u><u>\$2,142,070</u></u>

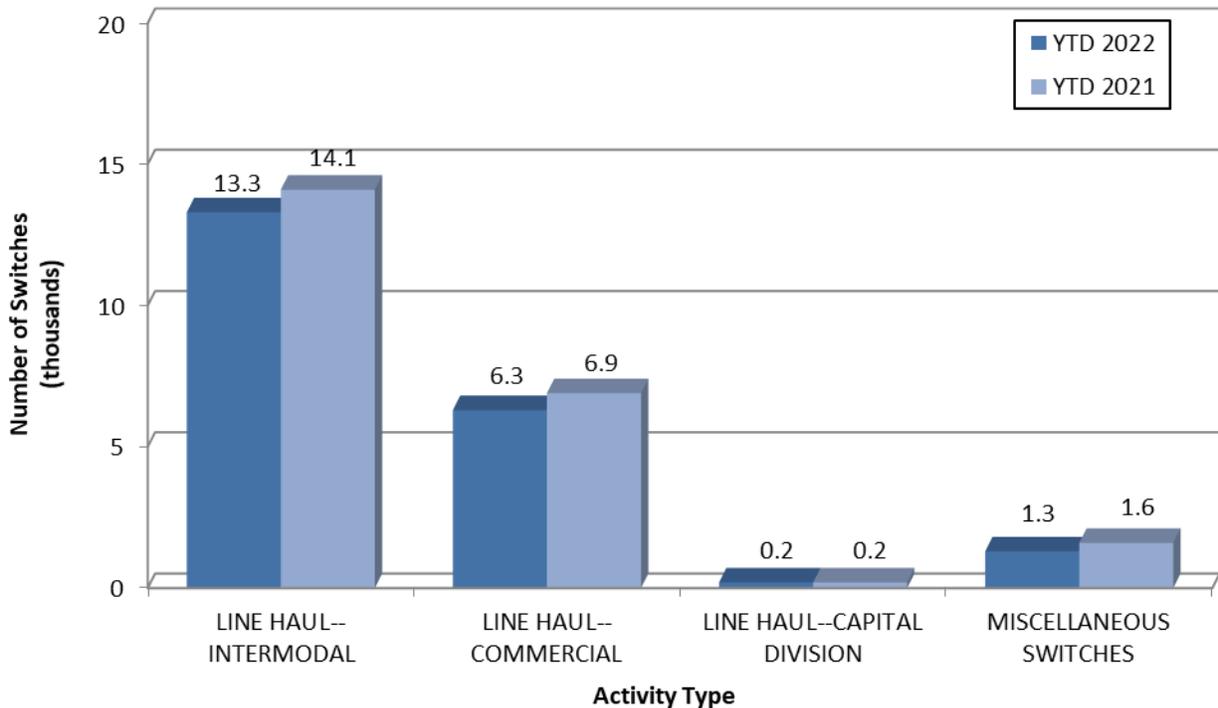
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## Supplemental Data

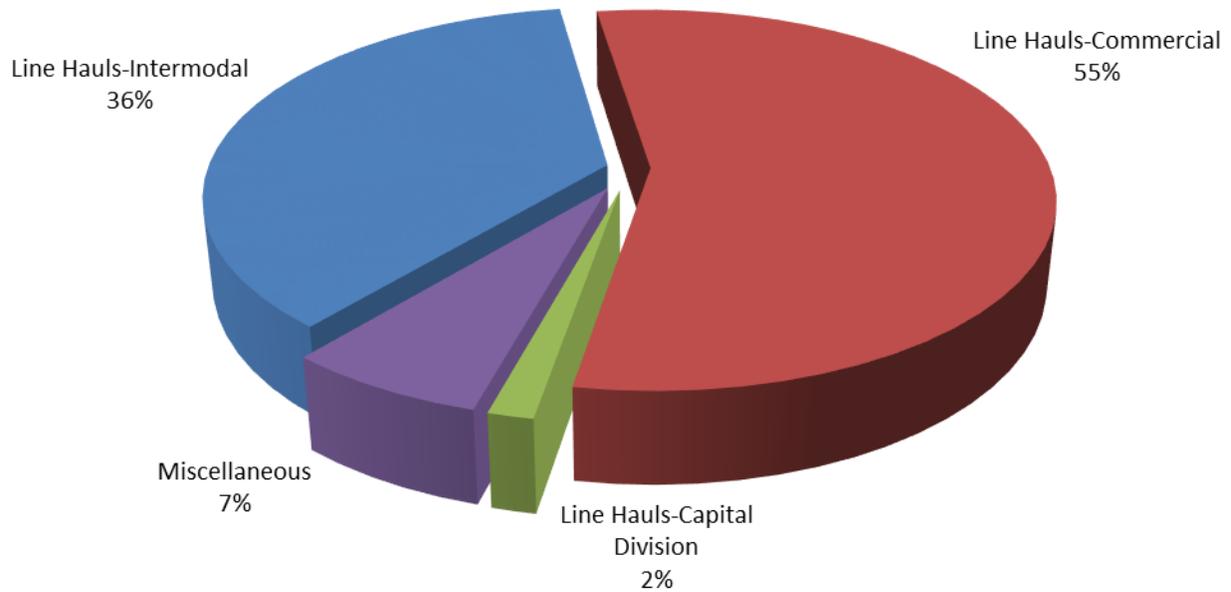
## SWITCHING REVENUES Year to Date - March 2022 & 2021



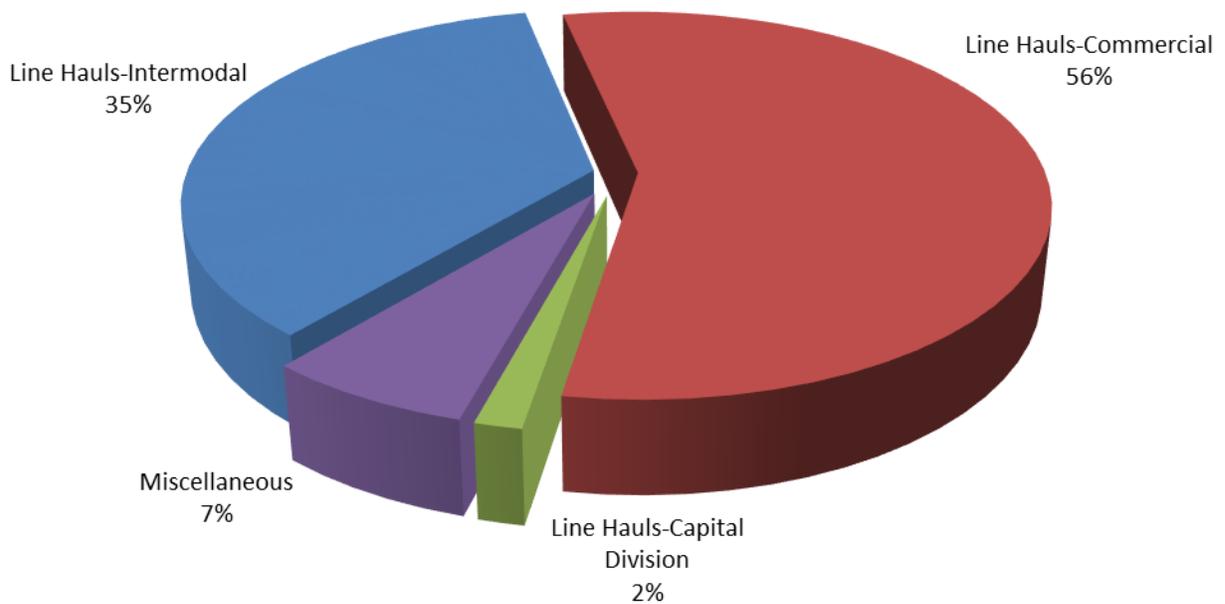
## SWITCHING ACTIVITIES Year to Date - March 2022 & 2021



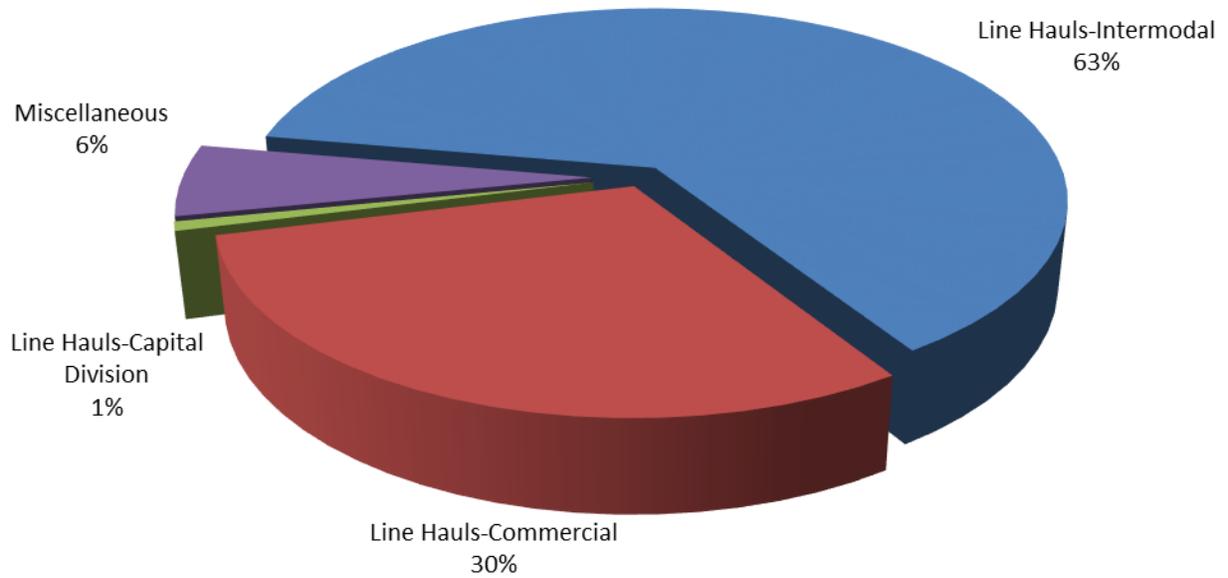
**SWITCHING REVENUES**  
**Year to Date - March 2022 (\$6,203,520)**



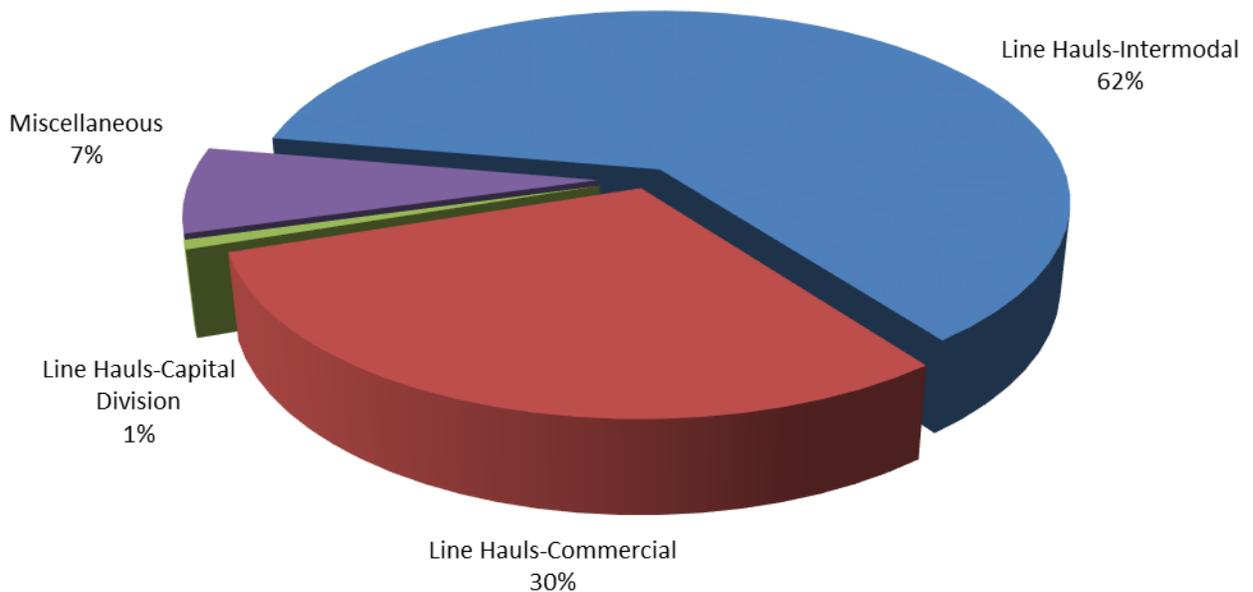
**SWITCHING REVENUES**  
**Year to Date - March 2021 (\$6,433,010)**



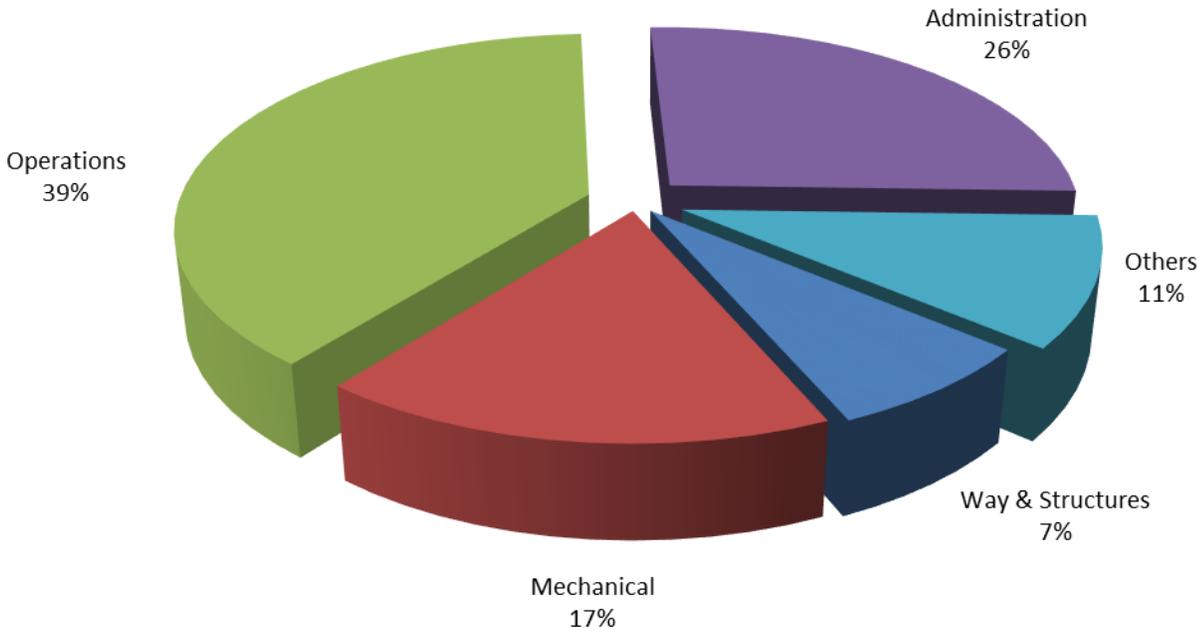
## SWITCHING ACTIVITY Year to Date - March 2022 (20,995 cars)



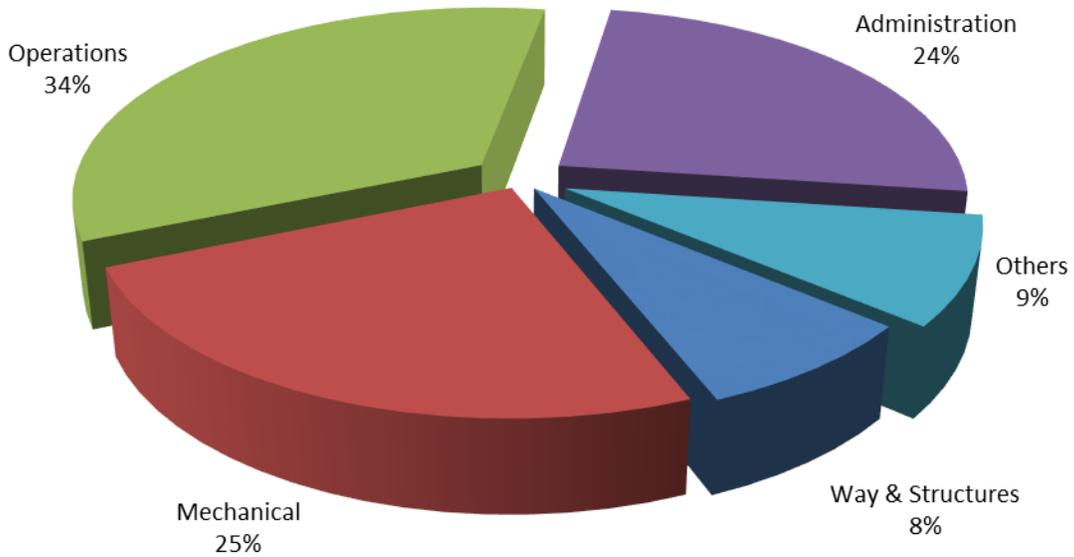
## SWITCHING ACTIVITY Year to Date - March 2021 (22,812 cars)



**TOTAL OPERATING EXPENSES**  
**Year to Date - March 2022 (\$7,356,611)**



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





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.