
JUNE

TACOMA RAIL

2020

**INTERIM
FINANCIAL
REPORT**



Public Utility Board

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Finance Director

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 2020 year to date net operating income of \$1.6 million compared to \$3.0 million in 2019. Operating revenues decreased \$1.5 million (8.2%), and operating expenses decreased \$18,000 (0.1%) year to date in 2020 compared to 2019.

Operating revenues were \$16.4 million at the end of second quarter 2020, compared to \$17.9 million in 2019. Total switching revenues decreased \$1.7 million primarily due to decreases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2020	2019	Var	%Chg	2020	2019	Var	%Chg
Intermodal Line Hauls	28,072	36,449	(8,377)	-23.0%	\$ 4,762	\$ 6,154	(1,392)	-22.6%
Commercial Line Hauls	14,104	15,976	(1,872)	-11.7%	7,411	7,532	(121)	-1.6%
Capital Div. Line Hauls	342	389	(47)	-12.1%	195	222	(27)	-12.2%
Miscellaneous Switches	4,350	6,166	(1,816)	-29.5%	816	989	(173)	-17.5%
Total Line Hauls	46,868	58,980	(12,112)	-20.5%	\$ 13,184	\$ 14,897	\$ (1,713)	-11.5%

Demurrage and other operating revenues increased \$250,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$14.9 million year to date in both 2020 and 2019.

Salaries and wages were \$269,000 higher primarily due to increased Operations' overtime relative to 2019.

Supplies and expenses decreased \$291,000 primarily due to a significant decline in volume incentive.

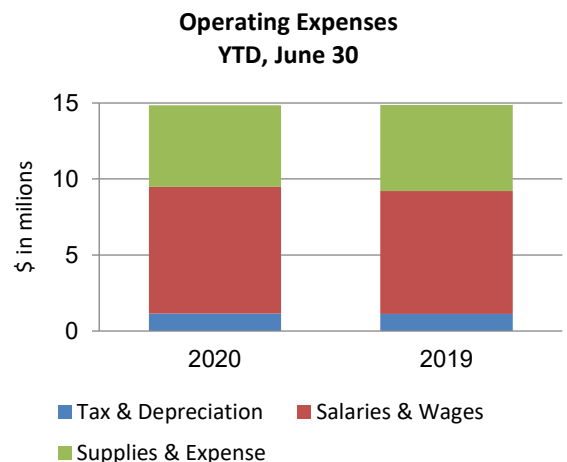
Depreciation increased \$12,000 due to an increase in depreciable assets of \$426,000 compared to the same period in 2019.

Transfers to other funds of \$500,000 represents the contribution to Public Works for Taylor Way Project.

Tacoma Rail's working capital ratios year to date of 2020 and 2019 were 8.8 and 6.8, 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)
 June 30, 2020 and June 30, 2019

ASSETS	<u>2020</u>	<u>2019</u>
CAPITAL ASSETS		
Road and Equipment Property	\$48,450,330	\$47,174,783
Less Accumulated Depreciation	<u>(24,379,215)</u>	<u>(22,677,763)</u>
Total	24,071,115	24,497,020
Construction Work in Progress	<u>3,415,799</u>	<u>1,539,030</u>
Net Capital Assets	27,486,914	26,036,050
CURRENT ASSETS		
Cash & Equity in Pooled Investments	14,301,990	13,731,154
Customer Accounts Receivable	3,783,890	4,166,241
Grants Receivable	9,210	13,069
Prepayments	1,641,628	1,033,996
Materials and Supplies Inventory	<u>1,272,233</u>	<u>1,235,979</u>
Total Current Assets	21,008,951	20,180,439
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>738,535</u>	<u>993,546</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$49,234,400</u></u>	<u><u>\$47,210,035</u></u>

NET POSITION AND LIABILITIES	<u>2020</u>	<u>2019</u>
NET POSITION		
Net Investment in Capital Assets	\$23,242,521	\$21,196,262
Unrestricted	<u>3,221,022</u>	<u>1,831,864</u>
TOTAL NET POSITION	26,463,543	23,028,126
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans	<u>3,424,144</u>	<u>4,019,538</u>
Total Long-Term Liabilities	3,424,144	4,019,538
CURRENT LIABILITIES		
Accounts Payable	889,920	700,501
Customer Deposits	40,000	-
Wages Payable	236,565	234,349
Unemployment and Other Tax Payables	275,363	342,540
Volume Incentive Payable	-	750,001
Current Portion of Long-Term Debt	820,250	820,250
Current Portion of Compensated Absences	<u>123,430</u>	<u>118,329</u>
Total Current Liabilities	2,385,528	2,965,970
LONG-TERM LIABILITIES		
On the Job Injury Reserve	763,804	844,983
Long-Term Portion of Compensated Absences	1,110,871	1,064,965
Pension Withdrawal Liability	2,354,440	2,320,000
OPEB Liability	9,947,627	12,179,967
Incurred but not Reported Claims	<u>417,958</u>	<u>496,684</u>
Total Long-Term Liabilities	14,594,700	16,906,599
TOTAL LIABILITIES	<u>20,404,372</u>	<u>23,892,107</u>
DEFERRED INFLOWS		
Deferred Inflows for OPEB	<u>2,366,485</u>	<u>289,802</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$49,234,400</u></u>	<u><u>\$47,210,035</u></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

Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
 June 30, 2020 and June 30, 2019

	JUNE 2020	JUNE 2019
OPERATING REVENUES		
Switching Revenues	\$1,946,947	\$2,523,527
Demurrage and Other Operating Revenues	462,310	499,208
Total Operating Revenues	<u>2,409,257</u>	<u>3,022,735</u>
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	90,771	76,788
Supplies and Expense	126,064	118,333
Mechanical		
Salaries and Wages	197,055	187,829
Supplies and Expense	412,532	405,457
Operations		
Salaries and Wages	775,320	826,938
Supplies and Expense	75,490	130,160
Administration		
Salaries and Wages	240,928	192,905
Supplies and Expense	(88,470)	337,340
Taxes - State	44,072	42,191
Depreciation	148,664	146,903
Total Operating Expenses	<u>2,022,426</u>	<u>2,464,844</u>
Net Operating Income	386,831	557,891
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	17,707	23,099
Miscellaneous	76,063	75,132
Total Non-Operating Revenues	<u>93,770</u>	<u>98,231</u>
Contributions - Grants	9,210	13,069
Total Contributions	<u>9,210</u>	<u>13,069</u>
Transfers		
City of Tacoma Gross Earnings Tax	(200,420)	(251,214)
Transfers to other funds	-	-
Total Transfers	<u>(200,420)</u>	<u>(251,214)</u>
CHANGE IN NET POSITION	<u>\$289,391</u>	<u>\$417,977</u>
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - JUNE 30		

YEAR TO DATE			
JUNE 30 2020	JUNE 30 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$13,183,930	\$14,897,315	(\$1,713,385)	-11.5%
3,243,797	2,993,863	249,934	8.3%
<u>16,427,727</u>	<u>17,891,178</u>	<u>(1,463,451)</u>	-8.2%
559,593	518,047	41,546	8.0%
772,344	534,261	238,083	44.6%
1,187,142	1,170,026	17,116	1.5%
2,334,025	2,159,664	174,361	8.1%
5,096,442	5,101,813	(5,371)	-0.1%
741,687	680,568	61,119	9.0%
1,493,693	1,278,132	215,561	16.9%
1,535,965	2,300,609	(764,644)	-33.2%
243,470	250,532	(7,062)	-2.8%
893,246	881,526	11,720	1.3%
<u>14,857,607</u>	<u>14,875,178</u>	<u>(17,571)</u>	-0.1%
1,570,120	3,016,000	(1,445,880)	-47.9%
39,437	185,628	(146,191)	-78.8%
<u>606,247</u>	<u>466,320</u>	<u>139,927</u>	30.0%
645,684	651,948	(6,264)	-1.0%
<u>19,587</u>	<u>25,787</u>	<u>(6,200)</u>	-24.0%
19,587	25,787	(6,200)	-24.0%
(1,372,993)	(1,479,322)	106,329	7.2%
<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	N/A
(1,872,993)	(1,479,322)	(393,671)	-26.6%
362,398	2,214,413	(1,852,015)	-83.6%
<u>26,101,145</u>	<u>20,813,713</u>		
<u>\$26,463,543</u>	<u>\$23,028,126</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)
 June 30, 2020 and June 30, 2019

	June 2020	June 2019
	<u> </u>	<u> </u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$722,433	\$1,025,405
LINE HAULS--COMMERCIAL	1,067,540	1,298,294
LINE HAULS--CAPITAL DIVISION	30,780	39,330
MISCELLANEOUS SWITCHES	<u>126,194</u>	<u>160,498</u>
TOTAL SWITCHING REVENUES	<u><u>\$1,946,947</u></u>	<u><u>\$2,523,527</u></u>
SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	4,246	5,934
LINE HAULS--COMMERCIAL	1,970	2,766
LINE HAULS--CAPITAL DIVISION	54	69
MISCELLANEOUS SWITCHES	<u>617</u>	<u>1,169</u>
TOTAL CARS SWITCHED	<u><u>6,887</u></u>	<u><u>9,938</u></u>

YEAR TO DATE			
June 30, 2020	June 30, 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$4,761,819	\$6,154,242	(\$1,392,423)	-22.6%
7,411,490	7,532,304	(120,814)	-1.6%
194,940	221,730	(26,790)	-12.1%
<u>815,681</u>	<u>989,039</u>	<u>(173,358)</u>	-17.5%
<u><u>\$13,183,930</u></u>	<u><u>\$14,897,315</u></u>	<u><u>(\$1,713,385)</u></u>	-11.5%
28,072	36,449	(8,377)	-23.0%
14,104	15,976	(1,872)	-11.7%
342	389	(47)	-12.1%
<u>4,350</u>	<u>6,166</u>	<u>(1,816)</u>	-29.5%
<u><u>46,868</u></u>	<u><u>58,980</u></u>	<u><u>(12,112)</u></u>	-20.5%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Cash Flows (Unaudited)
June 30, 2020 and June 30, 2019

	YEAR ENDED JUNE 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$16,709,994	\$17,200,947
Cash Paid to Suppliers	(6,650,415)	(5,868,620)
Cash Paid to Employees	(8,451,858)	(8,054,948)
Taxes Paid	(339,655)	(242,945)
Net Cash From Operating Activities	1,268,066	3,034,434
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,872,993)	(1,479,322)
Net Cash From Non-Capital Financing Activities	(1,872,993)	(1,479,322)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,213,810)	(804,177)
Principal Payments on Long-Term Debt	(383,695)	(383,695)
Proceeds from Capital Contributions	19,587	25,787
Proceeds from Long-Term Debt	224,849	-
Proceeds from Other Non-Operating Revenues	606,247	466,321
Net Cash From Capital and Related Financing Activities	(746,822)	(695,764)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	39,437	185,628
Net Cash From Investing Activities	39,437	185,628
Net Change in Cash and Equity in Pooled Investments	(1,312,312)	1,044,976
Cash & Equity in Pooled Investments at January 1	15,614,302	12,686,178
Cash & Equity in Pooled Investments at June 30	\$14,301,990	\$13,731,154

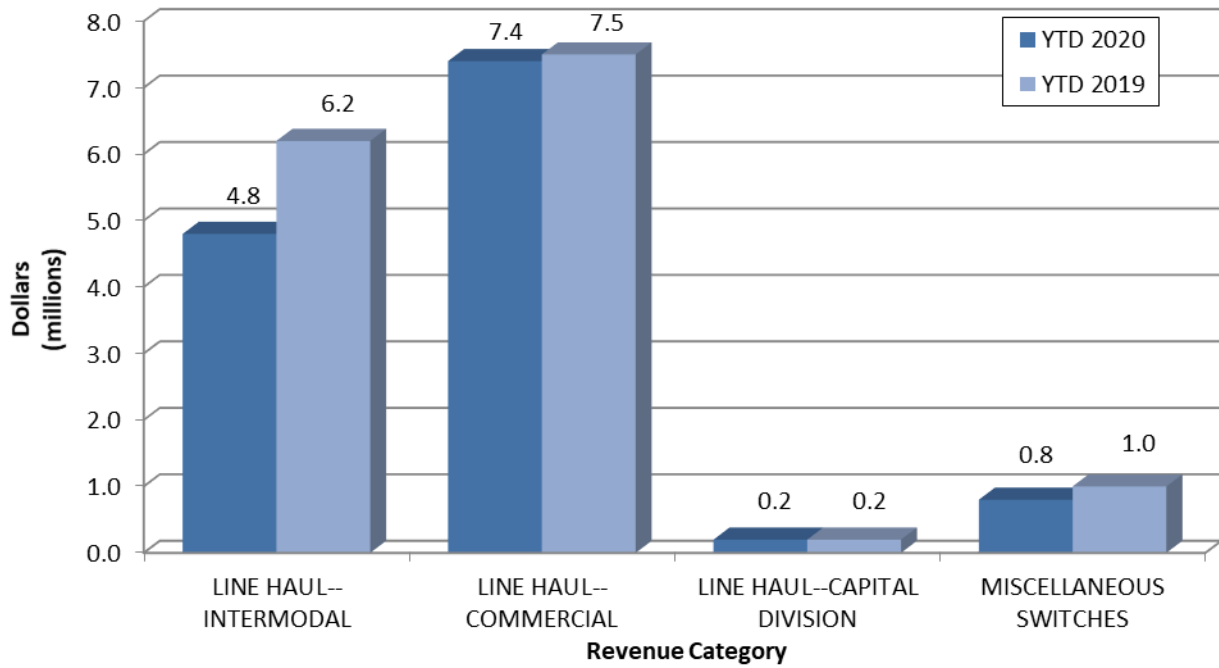
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	YEAR TO DATE	
	JUNE 30, 2020	JUNE 30, 2019
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income	\$1,570,120	\$3,016,000
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	893,246	881,526
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	282,267	(707,019)
Interfund Receivable	-	16,786
Materials and Supplies Inventory	(47,894)	(23,127)
Prepayments	301,661	271,689
Accounts Payable	(1,186,828)	(573,476)
Unemployment and other Tax Payables	(96,185)	7,587
Wages Payable and Compensated Absences	(54,760)	(21,000)
Volume Incentive Payable	(333,333)	458,333
Interfund Payable	-	(326,936)
Other Long-Term Liabilities & OJI Reserve	(60,228)	34,071
Total Adjustments	(302,054)	18,434
Net Cash From Operating Activities	<u>\$1,268,066</u>	<u>\$3,034,434</u>

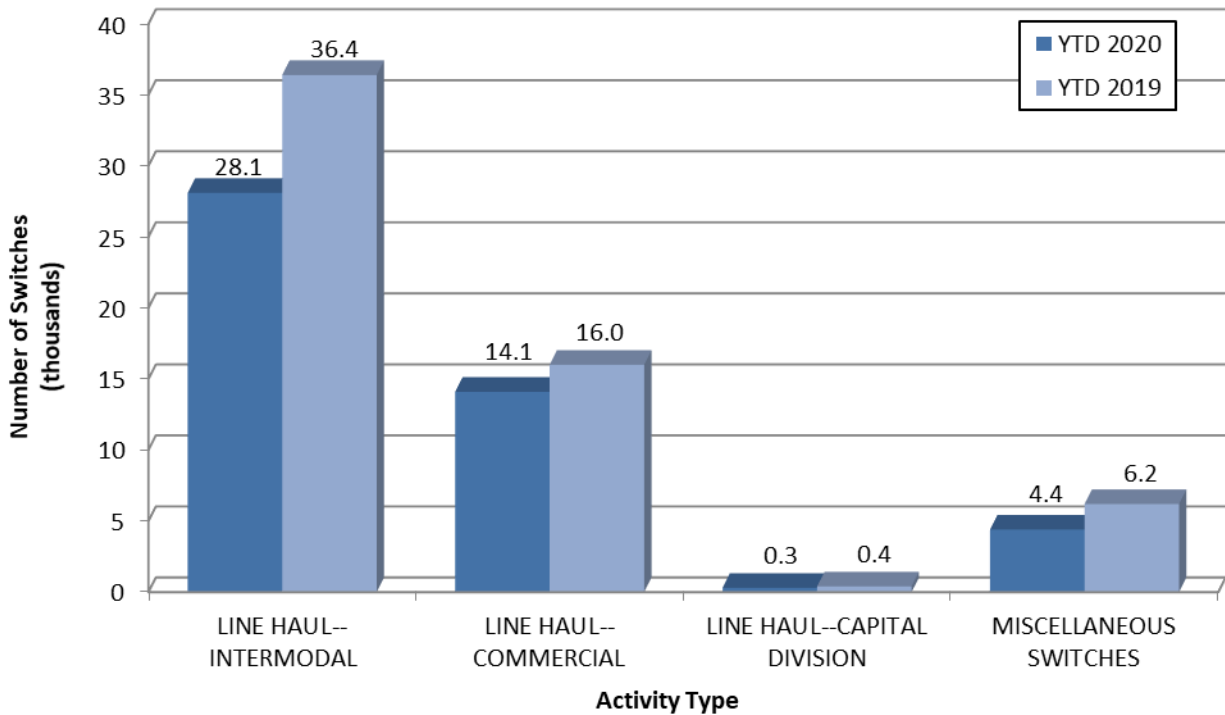
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Supplemental Data

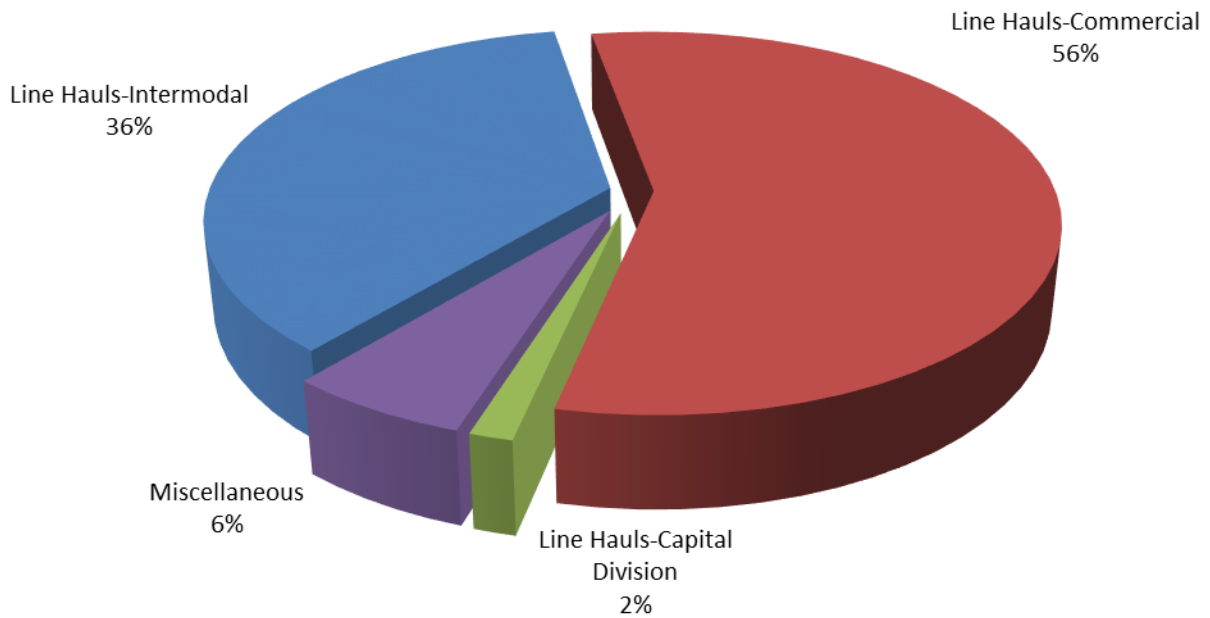
SWITCHING REVENUES Year to Date - June 2020 & 2019



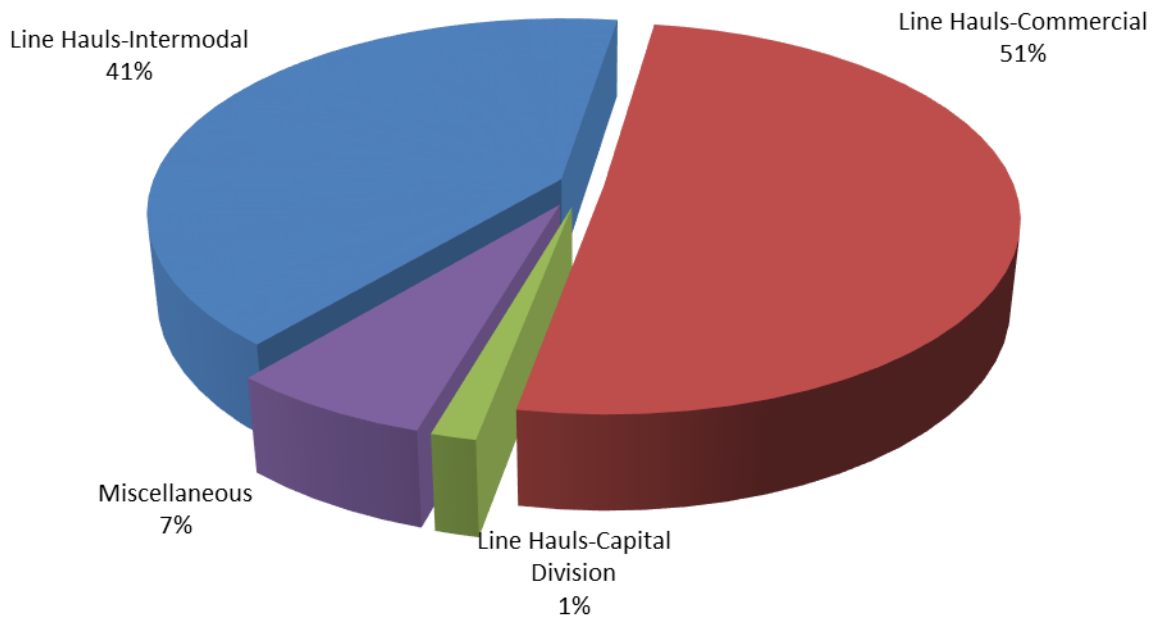
SWITCHING ACTIVITIES Year to Date - June 2020 & 2019



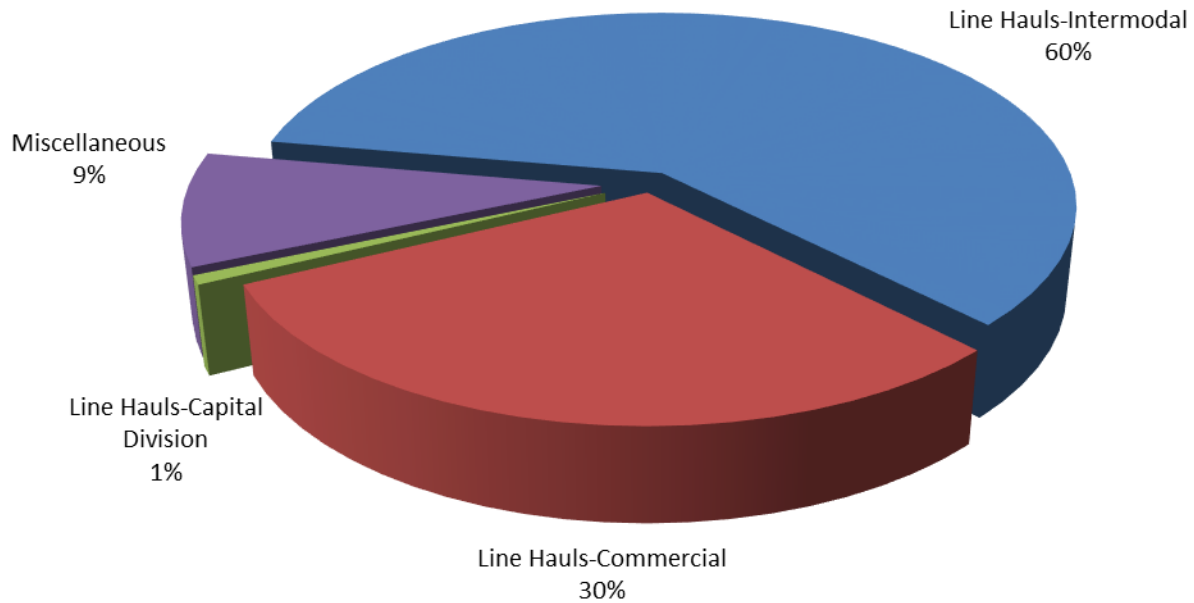
SWITCHING REVENUES
Year to Date - June 2020 (\$13,183,930)



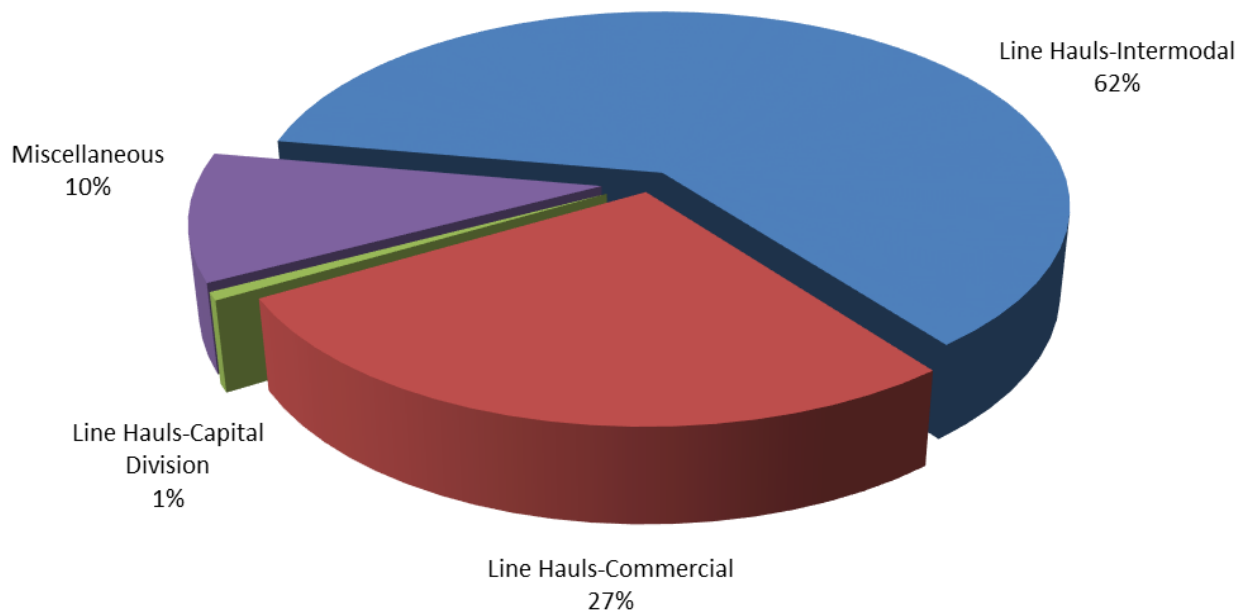
SWITCHING REVENUES
Year to Date - June 2019 (\$14,897,315)



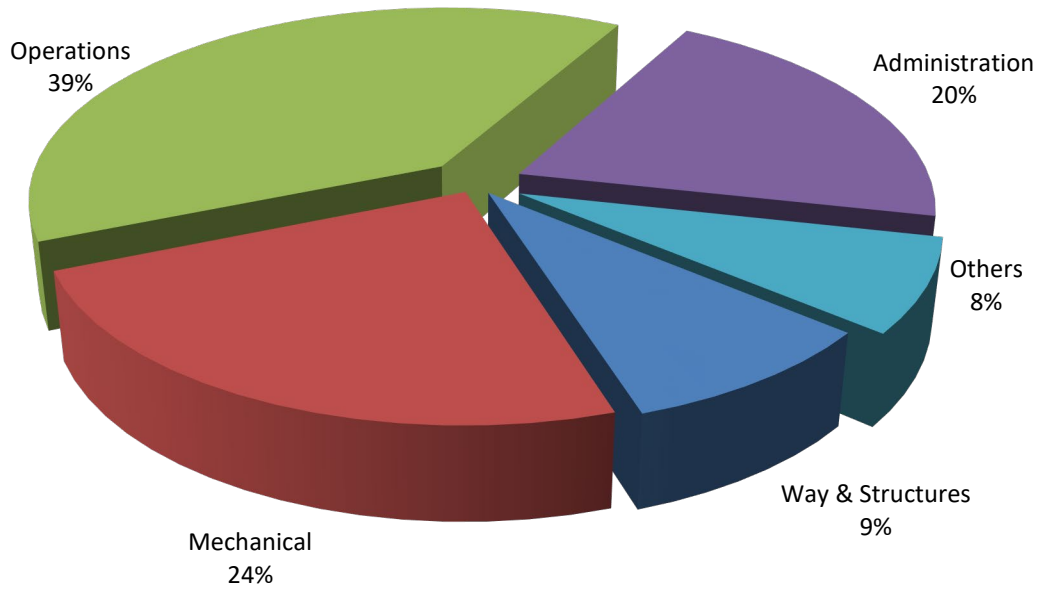
SWITCHING ACTIVITY Year to Date - June 2020 (46,868 cars)



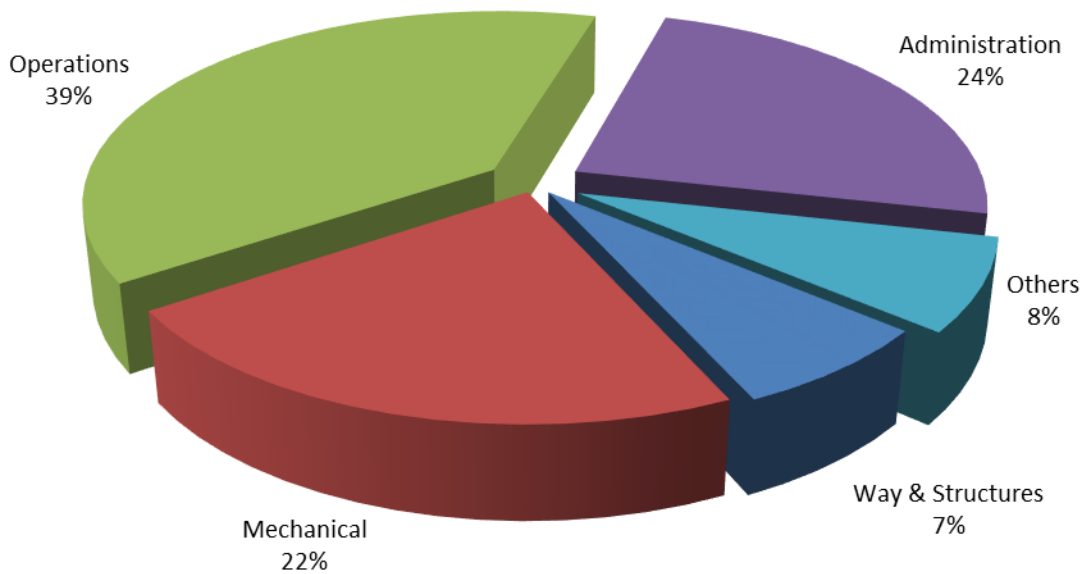
SWITCHING ACTIVITY Year to Date - June 2019 (58,980 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2020 (\$14,857,607)



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





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.