
JUNE

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 \$1.9 million compared to \$1.6 million in 2020. Operating revenues increased \$1.3 million or 7.7%, and operating expenses increased \$920,000 or 6.2% year to date in 2021 compared to 2020.

Operating revenues were \$17.7 million at the end of second quarter 2021, compared to \$16.4 million in 2020. Total switching revenues increased \$840,000 primarily due to increases as shown in the table below.

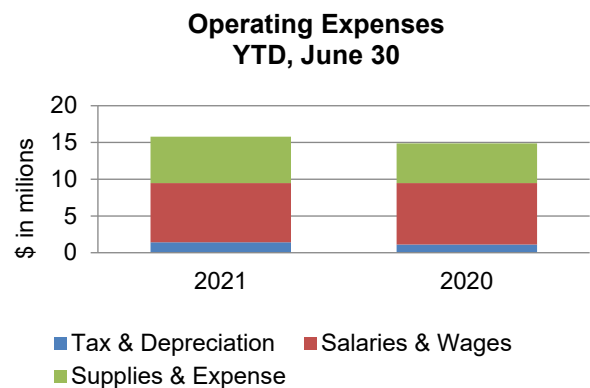
Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2021	2020	Var	%Chg	2021	2020	Var	%Chg
Intermodal Line Hauls	32,756	28,072	4,684	16.7%	\$ 5,292	\$ 4,762	530	11.1%
Commercial Line Hauls	14,125	14,104	21	0.1%	6,896	7,411	(515)	-6.9%
Capital Div. Line Hauls	369	342	27	7.9%	217	195	22	11.3%
Miscellaneous Switches	3,140	4,350	(1,210)	-27.8%	1,619	816	803	98.4%
Total Line Hauls	50,390	46,868	3,522	7.5%	\$ 14,024	\$ 13,184	\$ 840	6.4%

Demurrage and other operating revenues increased \$420,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$15.8 million year to date in 2021, compared to \$14.9 million in 2020.

Salaries and wages were \$288,000 lower due to decreased hours worked including overtime.

Supplies and expenses increased \$929,000 primarily due to increases in fuel costs and the rental charge for the use of others' railcars (car hire rental).



Interest income decreased \$203,000 primarily due to the reversal of the 2020 GASB 31 Gain/Loss entry.

Miscellaneous income decreased \$403,000 mainly due to the expiration of the lease to Port of Tacoma in August 2020.

Transfer from (to) other funds decreased \$503,000 is 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 7.9 and 8.8 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, 2021 and June 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>(27,653,089)</u>	<u>(24,379,215)</u>
Total	25,890,888	24,071,115
Construction Work in Progress	<u>6,790,800</u>	<u>3,415,799</u>
Net Capital Assets	32,681,688	27,486,914
CURRENT ASSETS		
Cash & Equity in Pooled Investments	14,623,867	14,301,990
Customer Accounts Receivable	3,246,364	3,783,890
Grants Receivable	4,274	9,210
Prepayments	1,629,041	1,641,628
Materials and Supplies Inventory	<u>1,323,473</u>	<u>1,272,233</u>
Total Current Assets	20,827,019	21,008,951
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>1,598,608</u>	<u>738,535</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$55,107,315</u></u>	<u><u>\$49,234,400</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	<u>2021</u>	<u>2020</u>
NET POSITION		
Net Investment in Capital Assets	\$28,854,769	\$23,242,521
Unrestricted	<u>2,584,175</u>	<u>3,221,022</u>
TOTAL NET POSITION	31,438,944	26,463,543
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans	<u>2,983,364</u>	<u>3,424,144</u>
Total Long-Term Liabilities	2,983,364	3,424,144
CURRENT LIABILITIES		
Accounts Payable	883,137	889,920
Customer Deposits	100,000	40,000
Wages Payable	347,027	236,565
Unemployment and Other Tax Payables	335,516	275,363
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	2,645,391	2,385,528
LONG-TERM LIABILITIES		
On the Job Injury Reserve	707,672	763,804
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	15,609,101	14,594,700
TOTAL LIABILITIES	<u>21,237,856</u>	<u>20,404,372</u>
DEFERRED INFLOWS		
Deferred Inflows for OPEB	<u>2,430,515</u>	<u>2,366,485</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS		
	<u>\$55,107,315</u>	<u>\$49,234,400</u>

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

	YEAR TO DATE					
	JUNE 2021	JUNE 2020	JUNE 30 2021	JUNE 30 2020	2021/2020 VARIANCE	PERCENT CHANGE
OPERATING REVENUES						
Switching Revenues	\$2,301,524	\$1,946,947	\$14,023,630	\$13,183,930	\$839,700	6.4%
Demurrage and Other Operating Revenues	618,171	462,310	3,663,400	3,243,797	419,603	12.9%
Total Operating Revenues	2,919,695	2,409,257	17,687,030	16,427,727	1,259,303	7.7%
OPERATING EXPENSES						
Maintenance of Way and Structures						
Salaries and Wages	103,663	90,771	521,077	559,593	(38,516)	-6.9%
Supplies and Expense	114,113	126,064	577,966	772,344	(194,378)	-25.2%
Mechanical						
Salaries and Wages	199,470	197,055	1,224,389	1,187,142	37,247	3.1%
Supplies and Expense	472,635	412,532	2,867,087	2,334,025	533,062	22.8%
Operations						
Salaries and Wages	789,877	775,320	4,754,712	5,096,442	(341,730)	-6.7%
Supplies and Expense	200,210	75,490	866,475	741,687	124,788	16.8%
Administration						
Salaries and Wages	257,482	240,928	1,548,728	1,493,693	55,035	3.7%
Supplies and Expense	320,858	(88,470)	2,001,650	1,535,965	465,685	30.3%
Taxes - State	45,548	44,072	277,308	243,470	33,838	13.9%
Depreciation	188,716	148,664	1,138,603	893,246	245,357	27.5%
Total Operating Expenses	2,692,572	2,022,426	15,777,995	14,857,607	920,388	6.2%
Net Operating Income	227,123	386,831	1,909,035	1,570,120	338,915	21.6%
NON-OPERATING REVENUES (EXPENSES)						
Interest Income	8,936	17,707	(163,308)	39,437	(202,745)	-514.1%
Miscellaneous	34,663	76,063	203,168	606,247	(403,079)	-66.5%
Total Non-Operating Revenues	43,599	93,770	39,860	645,684	(605,824)	-93.8%
Contributions - Grants	4,274	9,210	8,555	19,587	(11,032)	-56.3%
Total Contributions	4,274	9,210	8,555	19,587	(11,032)	-56.3%
Transfers						
City of Tacoma Gross Earnings Tax	(237,092)	(200,420)	(1,422,686)	(1,372,993)	(49,693)	-3.6%
Transfers from (to) other funds	-	-	2,818	(500,000)	502,818	100.6%
Total Transfers	(237,092)	(200,420)	(1,419,868)	(1,872,993)	453,125	24.2%
CHANGE IN NET POSITION	<u>\$37,904</u>	<u>\$289,391</u>	537,582	362,398	175,184	48.3%
TOTAL NET POSITION - JANUARY 1			<u>30,901,362</u>	<u>26,101,145</u>		
TOTAL NET POSITION - JUNE 30			<u>\$31,438,944</u>	<u>\$26,463,543</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, 2021 and June 30, 2020

	June 2021	June 2020	YEAR TO DATE		2021/2020 VARIANCE	PERCENT CHANGE
			June 30, 2021	June 30, 2020		
SWITCHING REVENUES						
LINE HAULS--INTERMODAL	\$932,095	\$722,433	\$5,291,797	\$4,761,819	\$529,978	11.1%
LINE HAULS--COMMERCIAL	1,190,312	1,067,540	6,896,597	7,411,490	(514,893)	-6.9%
LINE HAULS--CAPITAL DIVISION	38,155	30,780	216,603	194,940	21,663	11.1%
MISCELLANEOUS SWITCHES	<u>140,962</u>	<u>126,194</u>	<u>1,618,633</u>	<u>815,681</u>	<u>802,952</u>	98.4%
TOTAL SWITCHING REVENUES	<u>\$2,301,524</u>	<u>\$1,946,947</u>	<u>\$14,023,630</u>	<u>\$13,183,930</u>	<u>\$839,700</u>	6.4%
SWITCHING ACTIVITIES (CARS)						
LINE HAULS--INTERMODAL	5,813	4,246	32,756	28,072	4,684	16.7%
LINE HAULS--COMMERCIAL	2,101	1,970	14,125	14,104	21	0.1%
LINE HAULS--CAPITAL DIVISION	65	54	369	342	27	7.9%
MISCELLANEOUS SWITCHES	<u>596</u>	<u>617</u>	<u>3,140</u>	<u>4,350</u>	<u>(1,210)</u>	-27.8%
TOTAL CARS SWITCHED	<u>8,575</u>	<u>6,887</u>	<u>50,390</u>	<u>46,868</u>	<u>3,522</u>	7.5%

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

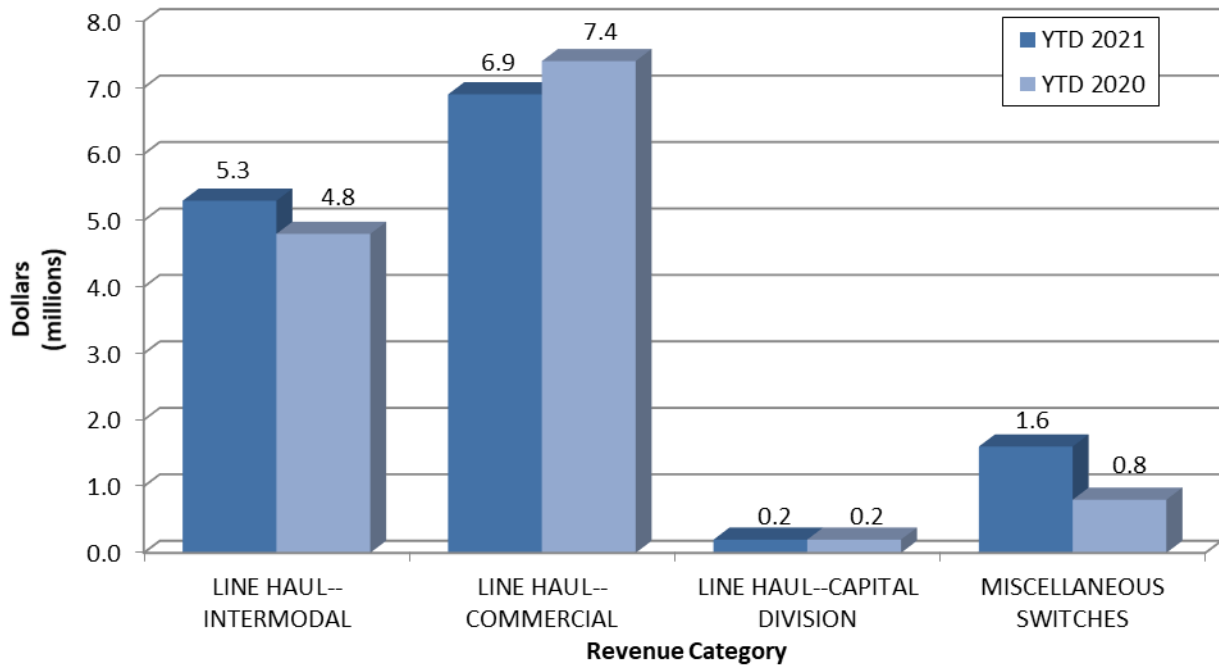
	YEAR ENDED JUNE 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$20,022,343	\$16,709,994
Cash Paid to Suppliers	(7,294,564)	(6,650,415)
Cash Paid to Employees	(8,098,439)	(8,451,858)
Taxes Paid	(293,047)	(339,655)
Net Cash From Operating Activities	4,336,293	1,268,066
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,419,868)	(1,872,993)
Net Cash From Non-Capital Financing Activities	(1,419,868)	(1,872,993)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(3,008,725)	(1,213,810)
Principal Payments on Long-Term Debt	(383,695)	(383,695)
Proceeds from Capital Contributions	8,555	19,587
Proceeds from Long-Term Debt	271,000	224,849
Proceeds from Other Non-Operating Revenues	203,168	606,247
Net Cash From Capital and Related Financing Activities	(2,909,697)	(746,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	(163,308)	39,437
Net Cash From Investing Activities	(163,308)	39,437
Net Change in Cash and Equity in Pooled Investments	(156,580)	(1,312,312)
Cash and Equity in Pooled Investments at January 1	14,780,447	15,614,302
Cash and Equity in Pooled Investments at June 30	\$14,623,867	\$14,301,990

	YEAR ENDED JUNE 30,	
	2021	2020
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income	\$1,909,035	\$1,570,120
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	1,138,603	893,246
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	2,335,313	282,267
Materials and Supplies Inventory	(64,864)	(47,894)
Prepayments	459,947	301,661
Accounts Payable	(1,376,469)	(1,186,828)
Unemployment and other Tax Payables	(15,739)	(96,185)
Wages Payable and Compensated Absences	(23,448)	(54,760)
Volume Incentive Payable	-	(333,333)
Other Long-Term Liabilities & OJI Reserve	(26,085)	(60,228)
Total Adjustments	<u>2,427,258</u>	<u>(302,054)</u>
Net Cash From Operating Activities	<u>\$4,336,293</u>	<u>\$1,268,066</u>

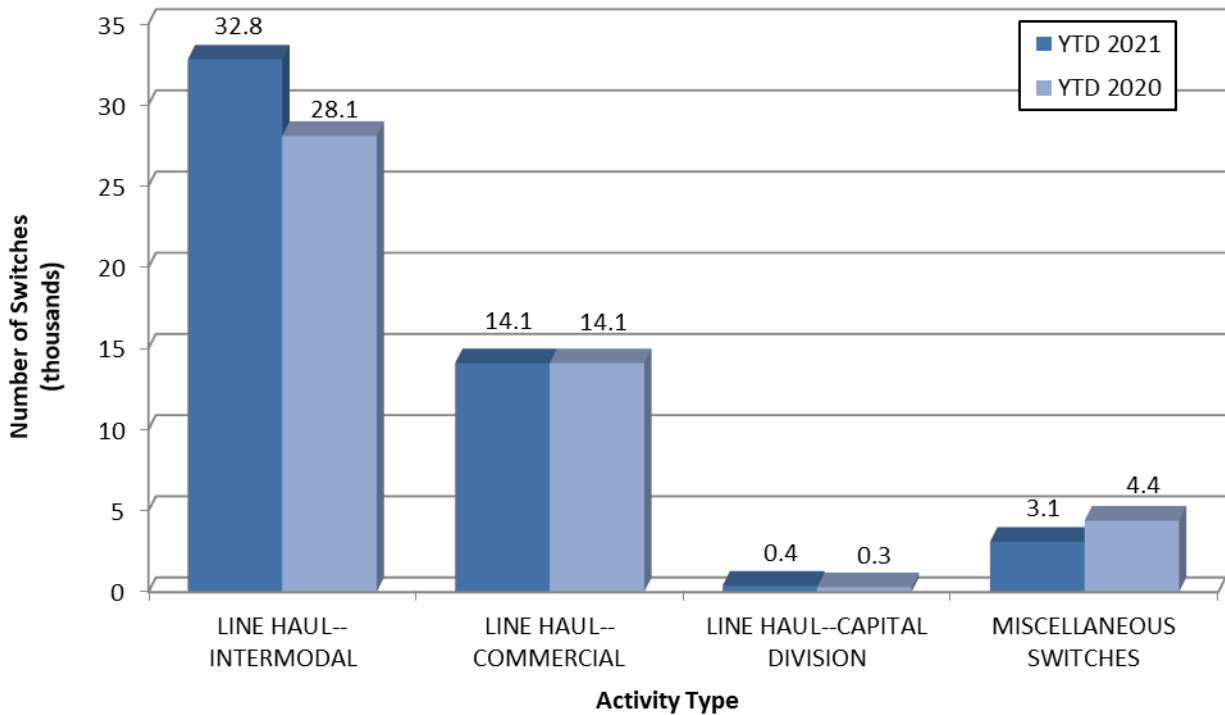
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Supplemental Data

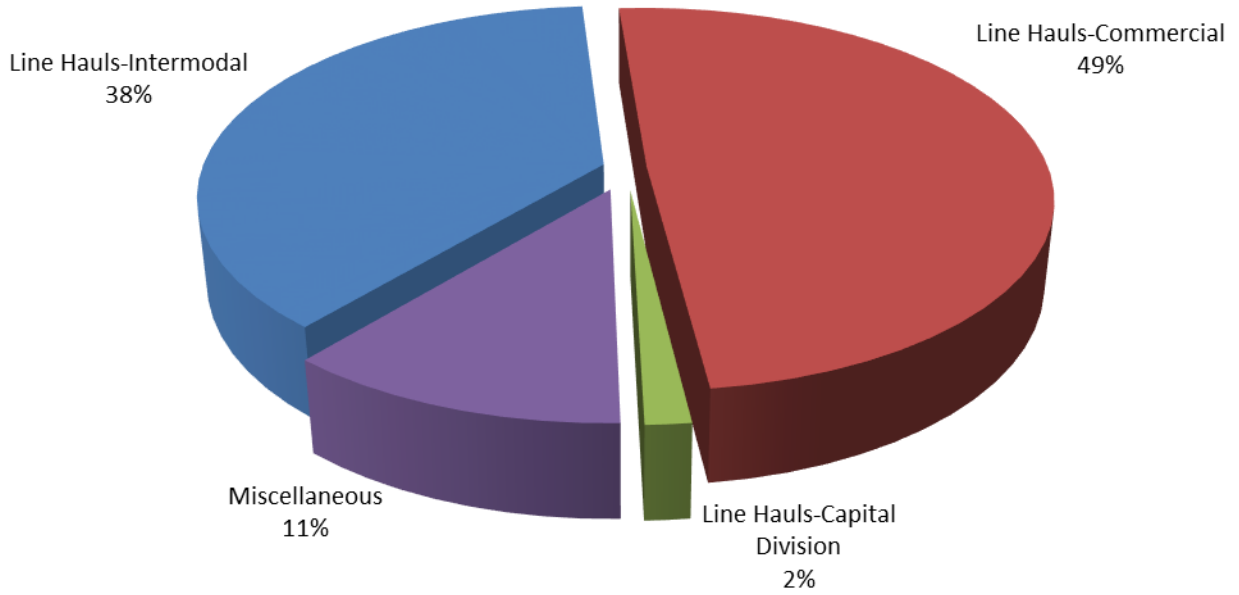
SWITCHING REVENUES Year to Date - June 2021 & 2020



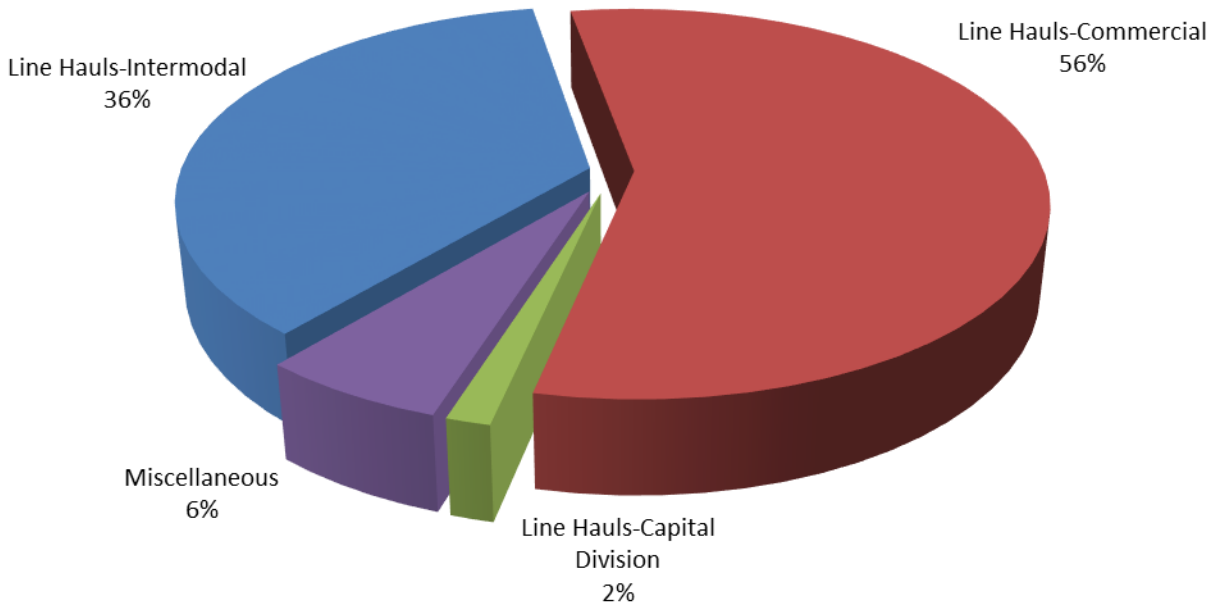
SWITCHING ACTIVITIES Year to Date - June 2021 & 2020



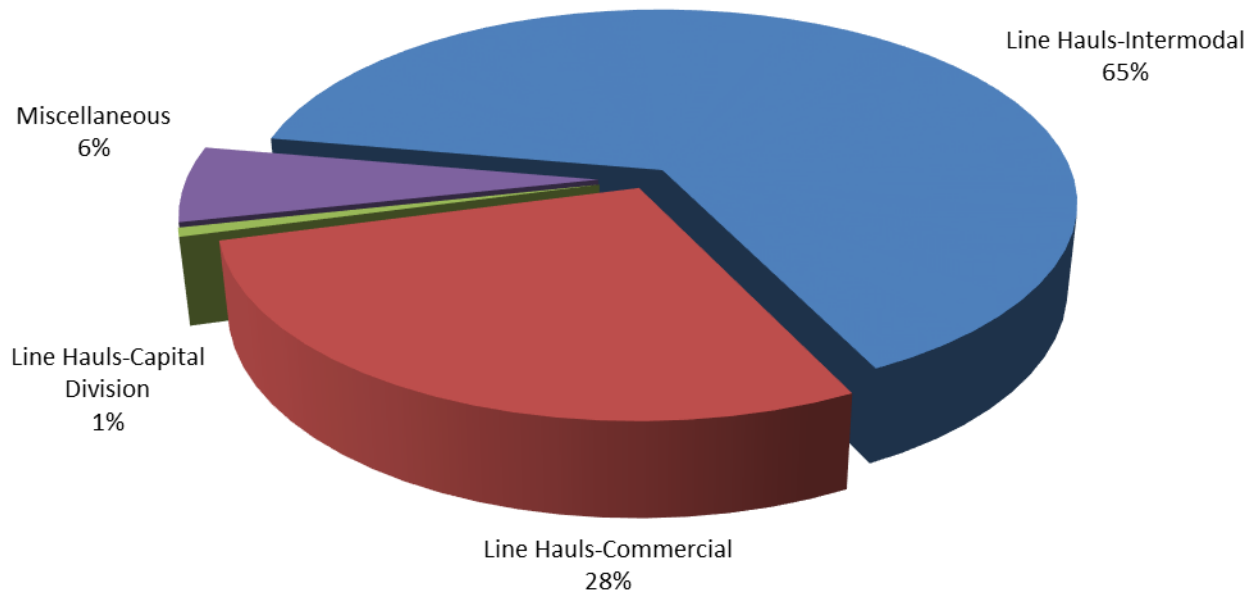
SWITCHING REVENUES
Year to Date - June 2021 (\$14,023,630)



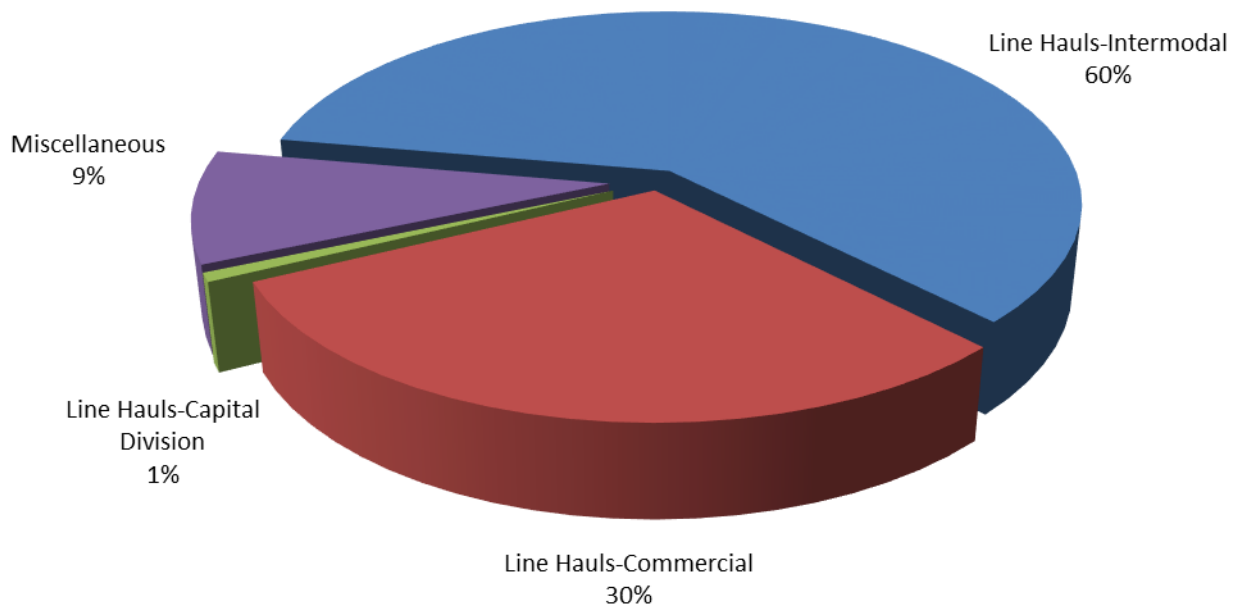
SWITCHING REVENUES
Year to Date - June 2020 (\$13,183,930)



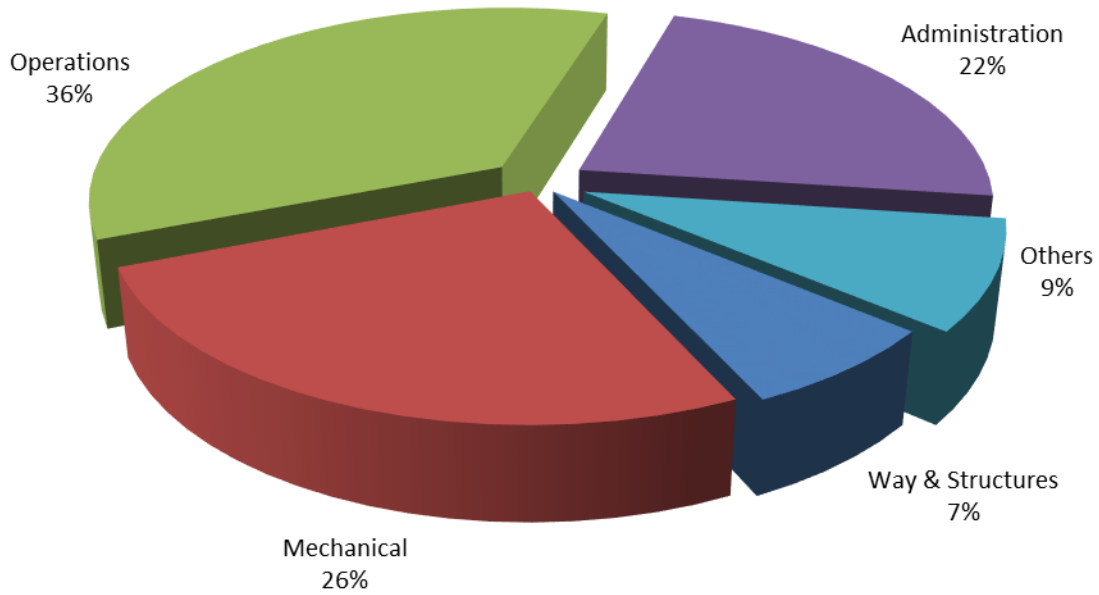
SWITCHING ACTIVITY Year to Date - June 2021 (50,390 cars)



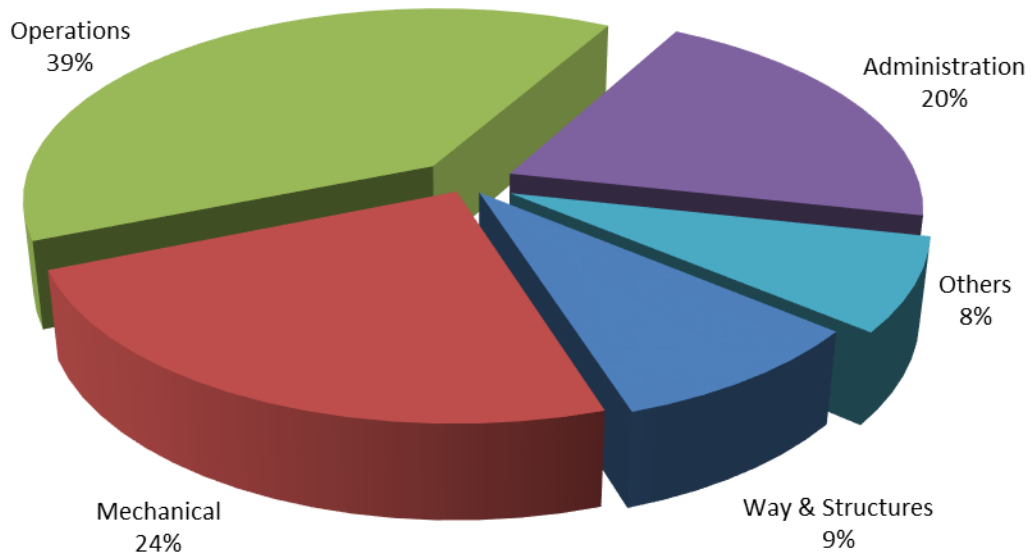
SWITCHING ACTIVITY Year to Date - June 2020 (46,868 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2021 (\$15,777,995)



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





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.