
JUNE

TACOMA RAIL

2022

**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 2022 year to date net operating loss of \$10,000 compared to a net operating income \$1.9 million in 2021. Operating revenues decreased \$2.6 million or 14.9%, and operating expenses decreased \$721,000 or 4.6% year to date in 2022 compared to 2021.

Operating revenues were \$15.0 million at the end of second quarter 2022, compared to \$17.7 million in 2021. Total switching revenues decreased \$1.6 million 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	23,808	32,756	(8,948)	-27.3%	\$ 4,036	\$ 5,292	(1,256)	-23.7%
Commercial Line Hauls	12,410	14,125	(1,715)	-12.1%	7,402	6,896	506	7.3%
Capital Div. Line Hauls	322	369	(47)	-12.7%	195	217	(22)	-10.1%
Miscellaneous Switches	2,046	3,140	(1,094)	-34.8%	780	1,619	(839)	-51.8%
Total Line Hauls	38,586	50,390	(11,804)	-23.4%	\$ 12,413	\$ 14,024	\$ (1,611)	-11.5%

Demurrage and other operating revenues decreased \$1.0 million primarily due to decreased railcar dwell and locomotive services.

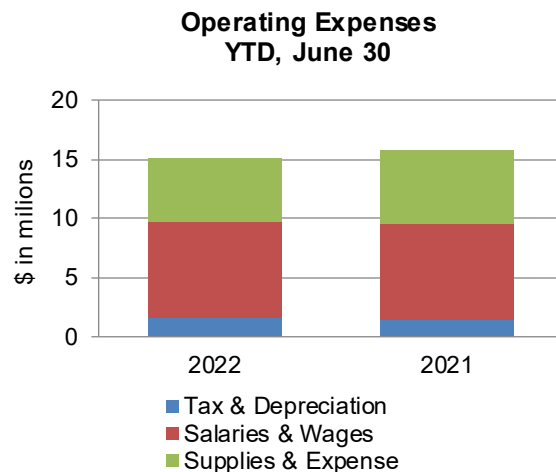
Total operating expenses were \$15.1 million year to date in 2022, compared to \$15.8 million in 2021.

Salaries and wages were \$67,000 higher due to increased wages and cost of living adjustments.

Supplies and expenses decreased \$930,000 primarily due to a decrease external contract services and intermodal volume incentives.

Tacoma Rail's working capital ratios year to date of 2022 and 2021 were 6.5 and 7.9 respectively.

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, 2022 and June 30, 2021

ASSETS	<u>2022</u>	<u>2021</u>
CAPITAL ASSETS		
Road and Equipment Property	\$61,134,185	\$53,543,977
Less Accumulated Depreciation	<u>(29,942,683)</u>	<u>(27,653,089)</u>
Total	31,191,502	25,890,888
Construction Work in Progress	<u>3,507,016</u>	<u>6,790,800</u>
Net Capital Assets	34,698,518	32,681,688
CURRENT ASSETS		
Cash & Equity in Pooled Investments	12,376,480	14,623,867
Customer Accounts Receivable	3,231,844	3,246,364
Grants Receivable	-	4,274
GASB 31 market rate adjustment	12,019	-
Prepayments	2,905,525	1,629,041
Materials and Supplies Inventory	<u>1,486,351</u>	<u>1,323,473</u>
Total Current Assets	20,012,219	20,827,019
DEFERRED OUTFLOWS		
Deferred Outflows for OPEB	<u>2,053,980</u>	<u>1,598,608</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$56,764,717</u>	<u>\$55,107,315</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>2022</u>	<u>2021</u>
NET POSITION		
Net Investment in Capital Assets	\$31,251,935	\$28,854,769
Unrestricted	<u>(372,318)</u>	<u>2,584,175</u>
TOTAL NET POSITION	30,879,617	31,438,944
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
State Loans	<u>2,603,028</u>	<u>2,983,364</u>
Total Long-Term Liabilities	2,603,028	2,983,364
CURRENT LIABILITIES		
Accounts Payable	1,209,449	883,137
Customer Deposits	100,000	100,000
Wages Payable	373,442	347,027
Unemployment and Other Tax Payables	284,496	335,516
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>114,790</u>	<u>-</u>
Total Current Liabilities	3,071,404	2,645,391
LONG-TERM LIABILITIES		
On the Job Injury Reserve	721,818	707,672
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>1,446,149</u>	<u>334,081</u>
Total Long-Term Liabilities	17,393,236	15,609,101
TOTAL LIABILITIES	<u>23,067,668</u>	<u>21,237,856</u>
DEFERRED INFLOWS		
Deferred Inflows for OPEB	<u>2,817,432</u>	<u>2,430,515</u>
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS	<u><u>\$56,764,717</u></u>	<u><u>\$55,107,315</u></u>

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Revenues, Expenses and Changes in Net Position (Unaudited)
June 30, 2022 and June 30, 2021

	YEAR TO DATE					
	JUNE 2022	JUNE 2021	JUNE 30 2022	JUNE 30 2021	2022/2021 VARIANCE	PERCENT CHANGE
OPERATING REVENUES						
Switching Revenues	\$2,032,722	\$2,301,524	\$12,412,874	\$14,023,630	(\$1,610,756)	-11.5%
Demurrage and Other Operating Revenues	399,511	618,171	2,634,489	3,663,400	(1,028,911)	-28.1%
Total Operating Revenues	<u>2,432,233</u>	<u>2,919,695</u>	<u>15,047,363</u>	<u>17,687,030</u>	<u>(2,639,667)</u>	-14.9%
OPERATING EXPENSES						
Maintenance of Way and Structures						
Salaries and Wages	100,309	103,663	561,082	521,077	40,005	7.7%
Supplies and Expense	109,421	114,113	669,375	577,966	91,409	15.8%
Mechanical						
Salaries and Wages	207,591	199,470	1,286,137	1,224,389	61,748	5.0%
Supplies and Expense	291,877	472,635	1,805,711	2,867,087	(1,061,376)	-37.0%
Operations						
Salaries and Wages	780,338	789,877	4,724,037	4,754,712	(30,675)	-0.6%
Supplies and Expense	139,709	200,210	861,693	866,475	(4,782)	-0.6%
Administration						
Salaries and Wages	262,945	257,482	1,544,840	1,548,728	(3,888)	-0.3%
Supplies and Expense	264,087	320,858	2,046,202	2,001,650	44,552	2.2%
Taxes - State	40,554	45,548	250,504	277,308	(26,804)	-9.7%
Depreciation	217,448	188,716	1,307,847	1,138,603	169,244	14.9%
Total Operating Expenses	<u>2,414,279</u>	<u>2,692,572</u>	<u>15,057,428</u>	<u>15,777,995</u>	<u>(720,567)</u>	-4.6%
Net Operating Income (Loss)	17,954	227,123	(10,065)	1,909,035	(1,919,100)	-100.5%
NON-OPERATING REVENUES (EXPENSES)						
Investment Income (Loss)	22,932	8,936	54,680	(163,308)	217,988	133.5%
Loss from Disposition of Property	-	-	3,165	-	-	N/A
Miscellaneous	61,682	34,663	207,174	203,168	4,006	2.0%
Total Non-Operating Revenues	<u>84,614</u>	<u>43,599</u>	<u>265,019</u>	<u>39,860</u>	<u>225,159</u>	564.9%
Contributions - Grants	-	4,274	7,766	8,555	(789)	-9.2%
Total Contributions	<u>-</u>	<u>4,274</u>	<u>7,766</u>	<u>8,555</u>	<u>(789)</u>	-9.2%
Transfers						
City of Tacoma Gross Earnings Tax	(200,386)	(237,092)	(1,230,548)	(1,422,686)	192,138	13.5%
Transfers from (to) other funds	-	-	-	2,818	(2,818)	-100.0%
Total Transfers	<u>(200,386)</u>	<u>(237,092)</u>	<u>(1,230,548)</u>	<u>(1,419,868)</u>	<u>189,320</u>	13.3%
CHANGE IN NET POSITION	<u>(\$97,818)</u>	<u>\$37,904</u>	<u>(967,828)</u>	<u>537,582</u>	<u>(1,505,410)</u>	-280.0%
TOTAL NET POSITION - JANUARY 1			<u>31,847,445</u>	<u>30,901,362</u>		
TOTAL NET POSITION - JUNE 30			<u>\$30,879,617</u>	<u>\$31,438,944</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, 2022 and June 30, 2021

	June 2022	June 2021	YEAR TO DATE		2022/2021 VARIANCE	PERCENT CHANGE
			June 30, 2022	June 30, 2021		
SWITCHING REVENUES						
LINE HAULS--INTERMODAL	\$527,664	\$932,095	\$4,036,249	\$5,291,797	(\$1,255,548)	-23.7%
LINE HAULS--COMMERCIAL	1,345,759	1,190,312	7,402,486	6,896,597	505,889	7.3%
LINE HAULS--CAPITAL DIVISION	40,003	38,155	194,516	216,603	(22,087)	-10.2%
MISCELLANEOUS SWITCHES	<u>119,296</u>	<u>140,962</u>	<u>779,623</u>	<u>1,618,633</u>	<u>(839,010)</u>	-51.8%
TOTAL SWITCHING REVENUES	<u>\$2,032,722</u>	<u>\$2,301,524</u>	<u>\$12,412,874</u>	<u>\$14,023,630</u>	<u>(\$1,610,756)</u>	-11.5%
SWITCHING ACTIVITIES (CARS)						
LINE HAULS--INTERMODAL	3,207	5,813	23,808	32,756	(8,948)	-27.3%
LINE HAULS--COMMERCIAL	2,038	2,101	12,410	14,125	(1,715)	-12.1%
LINE HAULS--CAPITAL DIVISION	66	65	322	369	(47)	-12.7%
MISCELLANEOUS SWITCHES	<u>201</u>	<u>596</u>	<u>2,046</u>	<u>3,140</u>	<u>(1,094)</u>	-34.8%
TOTAL CARS SWITCHED	<u>5,512</u>	<u>8,575</u>	<u>38,586</u>	<u>50,390</u>	<u>(11,804)</u>	-23.4%

City of Tacoma, Washington
Department of Public Utilities
Tacoma Rail
Statements of Cash Flows (Unaudited)
June 30, 2022 and June 30, 2021

	YEAR ENDED JUNE 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$15,808,238	\$20,022,343
Cash Paid to Suppliers	(5,376,512)	(7,294,564)
Cash Paid to Employees	(8,137,410)	(8,098,439)
Taxes Paid	(281,364)	(293,047)
Net Cash From Operating Activities	2,012,952	4,336,293
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,230,548)	(1,419,868)
Net Cash From Non-Capital Financing Activities	(1,230,548)	(1,419,868)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital assets acquisitions	(2,868,838)	(3,008,725)
Principal Payments on Long-Term Debt	(383,695)	(383,695)
Proceeds from Capital Contributions	7,766	8,555
Proceeds from Long-Term Debt	500,000	271,000
Proceeds from sale of capital assets	3,165	-
Proceeds from Other Non-Operating Revenues	207,174	203,168
Net Cash From Capital and Related Financing Activities	(2,534,428)	(2,909,697)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Income (Loss)	42,661	(163,308)
Net Cash From Investing Activities	42,661	(163,308)
Net Change in Cash and Equity in Pooled Investments	(1,709,363)	(156,580)
Cash and Equity in Pooled Investments at January 1	14,085,843	14,780,447
Cash and Equity in Pooled Investments at June 30	\$12,376,480	\$14,623,867

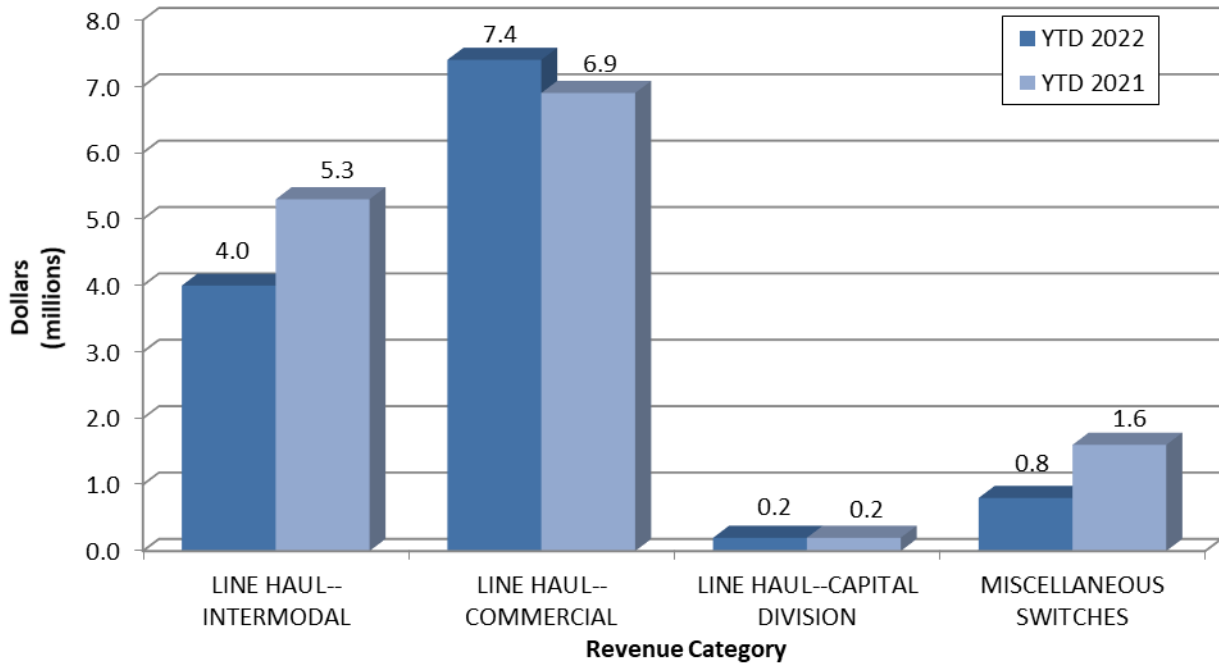
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	<u>YEAR ENDED JUNE 30,</u>	
	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income (Loss)	(\$10,065)	\$1,909,035
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	1,307,847	1,138,603
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	760,872	2,335,313
Materials and Supplies Inventory	(131,893)	(64,864)
Prepayments	474,234	459,947
Accounts Payable	(221,078)	(1,376,469)
Unemployment and other Tax Payables	(30,860)	(15,739)
Wages Payable and Compensated Absences On the Job Injury Reserve	(142,221)	(23,448)
	<u>6,116</u>	<u>(26,085)</u>
Total Adjustments	<u>2,023,017</u>	<u>2,427,258</u>
Net Cash From Operating Activities	<u>\$2,012,952</u>	<u>\$4,336,293</u>

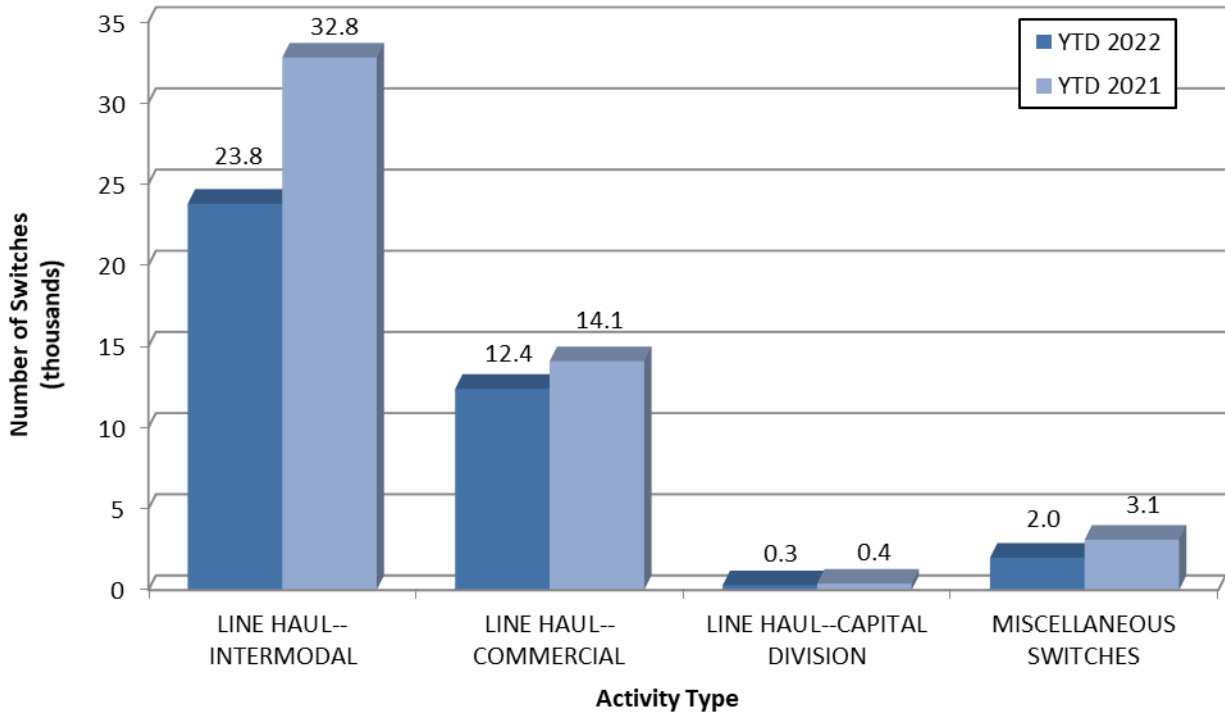
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Supplemental Data

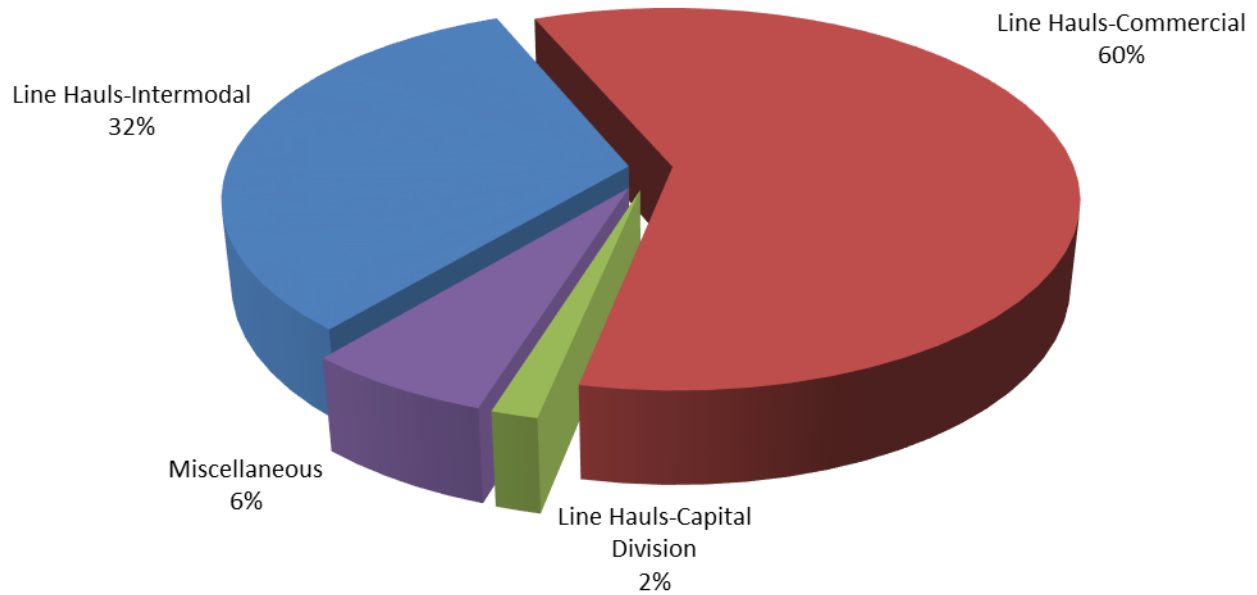
SWITCHING REVENUES Year to Date - June 2022 & 2021



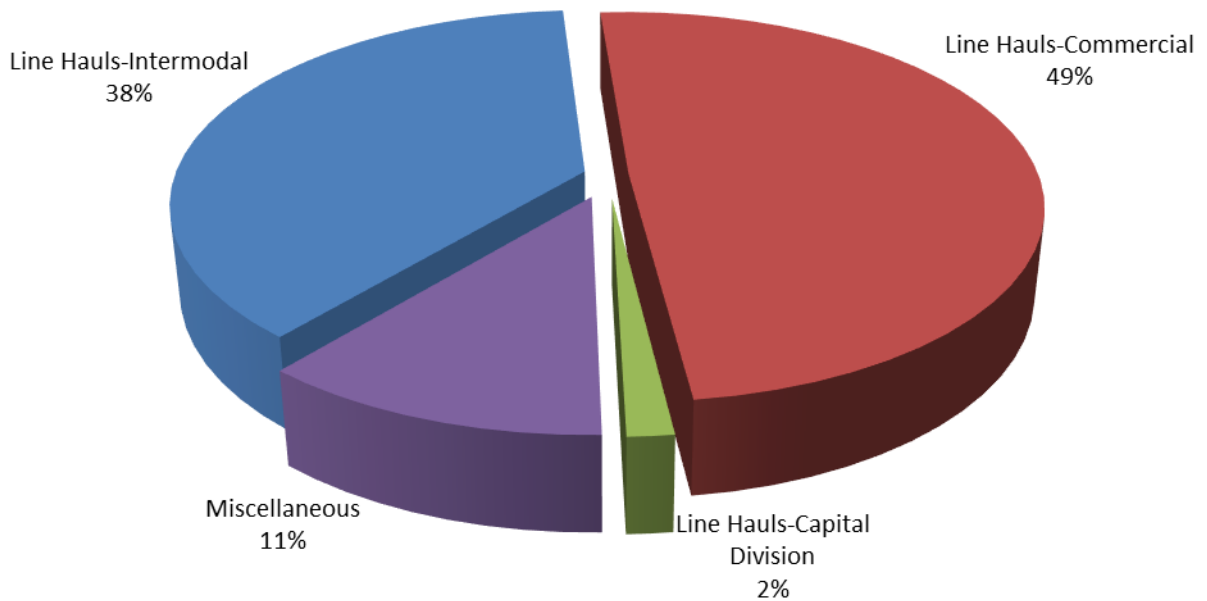
SWITCHING ACTIVITIES Year to Date - June 2022 & 2021



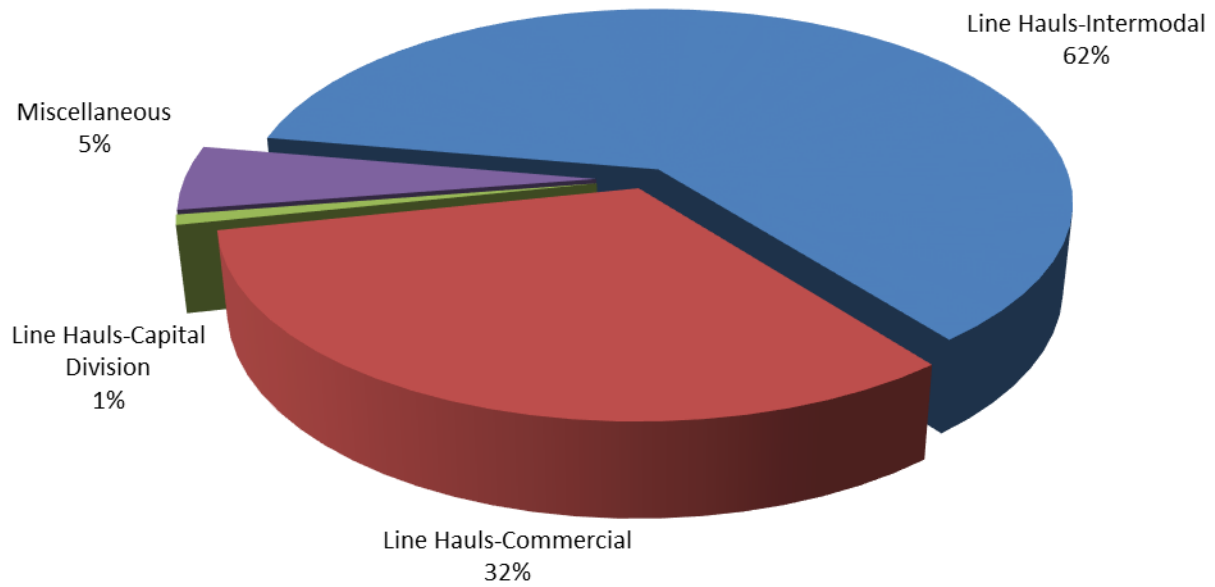
SWITCHING REVENUES Year to Date - June 2022 (\$12,412,874)



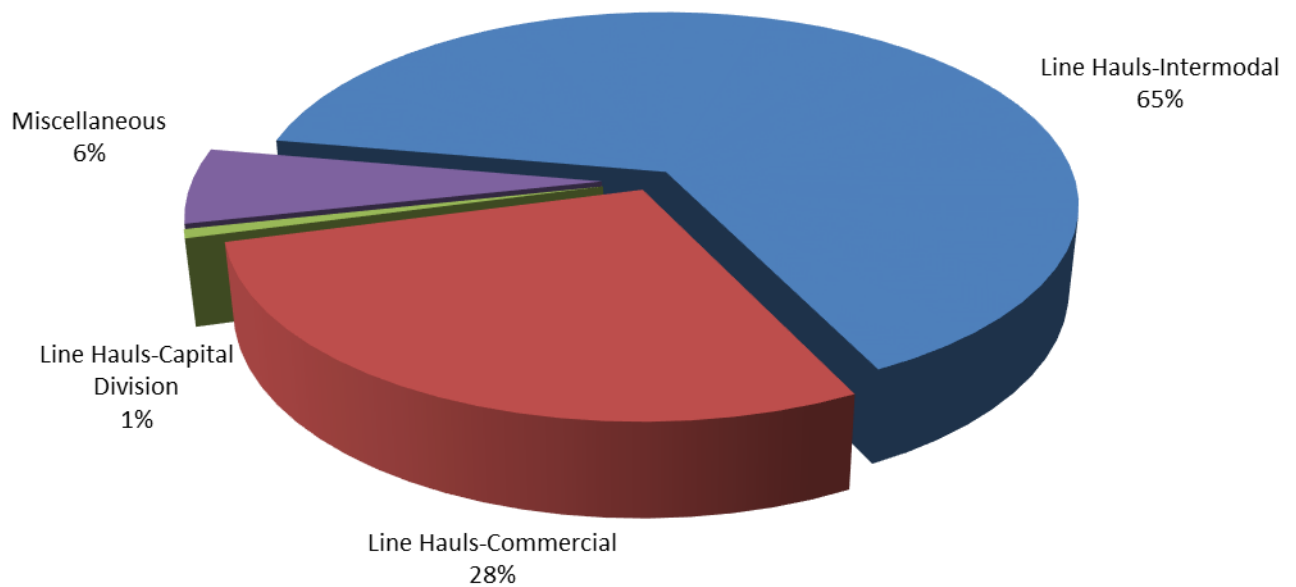
SWITCHING REVENUES Year to Date - June 2021 (\$14,023,630)



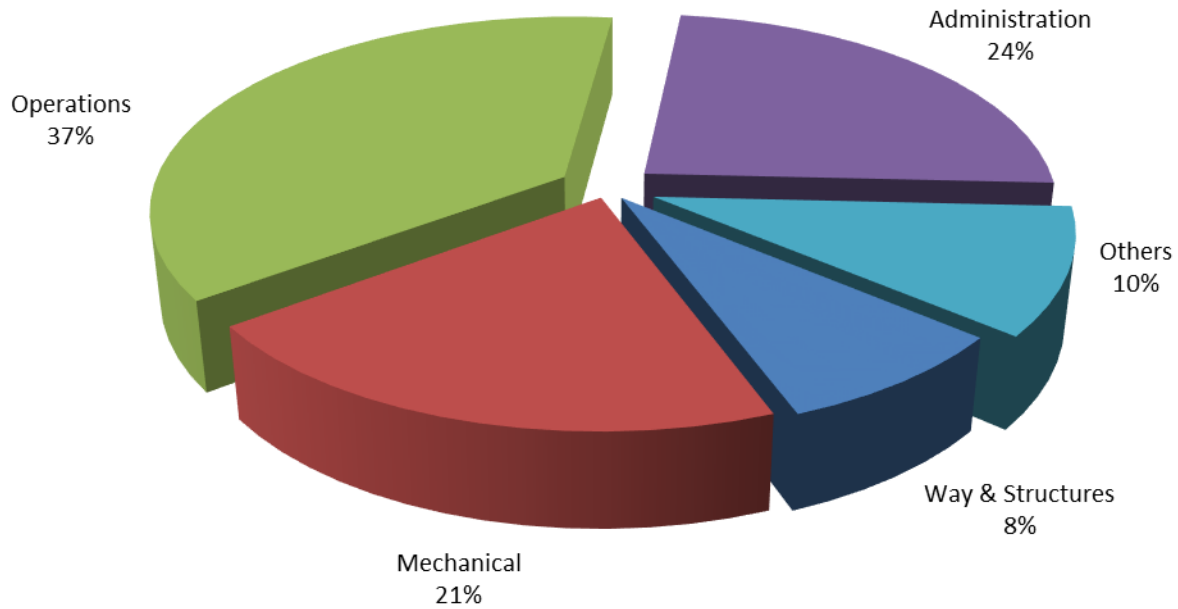
SWITCHING ACTIVITY Year to Date - June 2022 (38,586 cars)



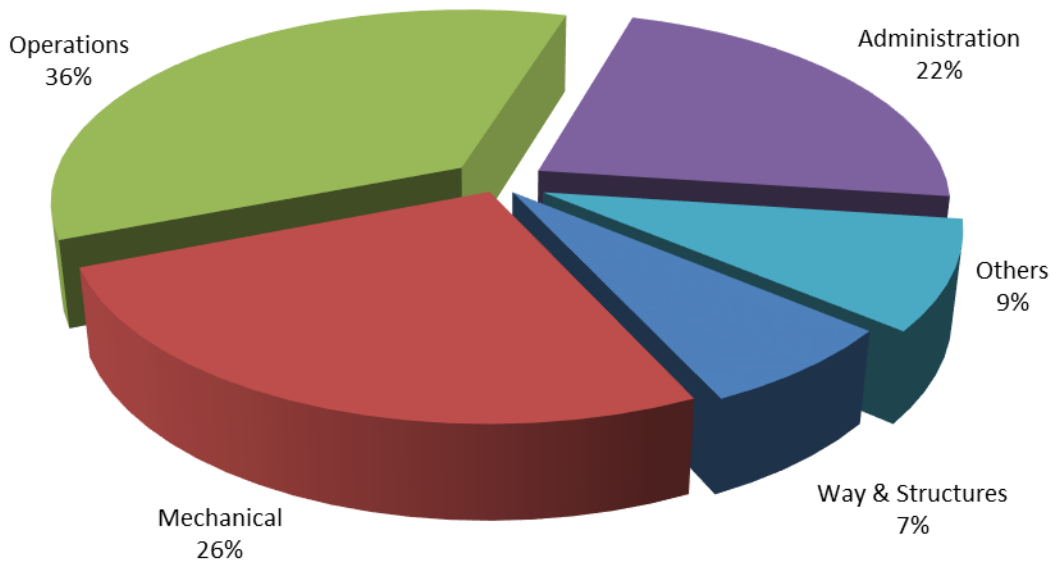
SWITCHING ACTIVITY Year to Date - June 2021 (50,390 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2022 (\$15,057,428)



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





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.