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**SEPTEMBER**

***TACOMA RAIL***

**2020**

**INTERIM  
FINANCIAL  
REPORT**





# Public Utility Board

**BRYAN FLINT**

Chair

**MARK PATTERSON**

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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 \$2.9 million compared to \$4.7 million in 2019. Operating revenues decreased \$2.3 million (8.5%), and operating expenses decreased \$515,000 (2.3%) year to date in 2020 compared to 2019.

Operating revenues were \$24.8 million at the end of third quarter 2020, compared to \$27.1 million in 2019. Total switching revenues decreased \$2.5 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	41,961	54,350	(12,389)	-22.8%	\$ 7,036	\$ 9,207	(2,171)	-23.6%
Commercial Line Hauls	21,368	23,918	(2,550)	-10.7%	11,337	11,444	(107)	-0.9%
Capital Div. Line Hauls	541	607	(66)	-10.9%	308	346	(38)	-11.0%
Miscellaneous Switches	6,581	8,747	(2,166)	-24.8%	1,238	1,431	(193)	-13.5%
Total Line Hauls	70,451	87,622	(17,171)	-19.6%	\$ 19,919	\$ 22,428	\$ (2,509)	-11.2%

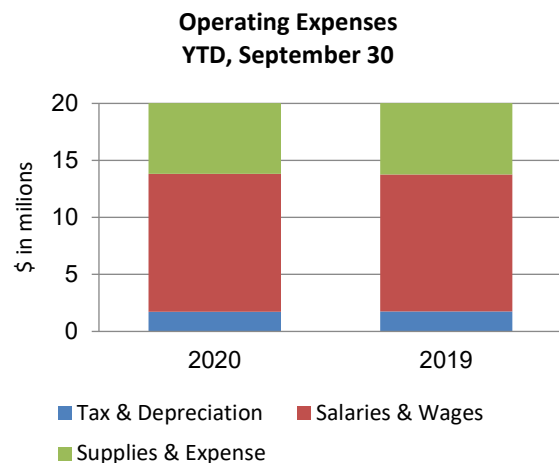
Demurrage and other operating revenues increased \$198,000 primarily due to increased railcar dwell and locomotive services.

Total operating expenses were \$21.9 million year to date in 2020 compared to \$22.4 million in 2019.

Salaries and wages were \$97,000 higher primarily due to increased Operations' overtime relative to 2019.

Supplies and expenses decreased \$567,000 primarily due to a significant decline in volume incentive.

Tacoma Rail's working capital ratios year to date of 2020 and 2019 were 8.7 and 6.9, 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)  
 September 30, 2020 and September 30, 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CAPITAL ASSETS</b>		
Road and Equipment Property	\$48,450,330	\$47,028,504
Less Accumulated Depreciation	<u>(24,824,844)</u>	<u>(23,029,305)</u>
Total	23,625,486	23,999,199
Construction Work in Progress	<u>3,534,168</u>	<u>1,720,250</u>
Net Capital Assets	27,159,654	25,719,449
<b>CURRENT ASSETS</b>		
Cash & Equity in Pooled Investments	15,280,248	16,104,666
Customer Accounts Receivable	3,929,830	3,283,885
Grants Receivable	4,441	-
Prepayments	1,529,417	936,785
Materials and Supplies Inventory	<u>1,279,715</u>	<u>1,264,975</u>
Total Current Assets	22,023,651	21,590,311
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflows for OPEB	<u>738,535</u>	<u>993,546</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><u>\$49,921,840</u></u>	<u><u>\$48,303,306</u></u>



<b>NET POSITION AND LIABILITIES</b>	<u>2020</u>	<u>2019</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$23,214,776	\$21,188,262
Unrestricted	<u>4,115,885</u>	<u>3,096,758</u>
<b>TOTAL NET POSITION</b>	<b>27,330,661</b>	<b>24,285,020</b>
<b>LONG-TERM DEBT, NET OF CURRENT MATURITIES</b>		
State Loans	<u>3,124,629</u>	<u>3,710,938</u>
<b>Total Long-Term Liabilities</b>	<b>3,124,629</b>	<b>3,710,938</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	664,659	1,143,061
Customer Deposits	100,000	-
Wages Payable	514,115	471,957
Unemployment and Other Tax Payables	305,827	316,996
Volume Incentive Payable	-	250,000
Current Portion of Long-Term Debt	820,250	820,250
Current Portion of Compensated Absences	<u>123,430</u>	<u>118,329</u>
<b>Total Current Liabilities</b>	<b>2,528,281</b>	<b>3,120,593</b>
<b>LONG-TERM LIABILITIES</b>		
On the Job Injury Reserve	740,888	835,337
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>
<b>Total Long-Term Liabilities</b>	<b>14,571,784</b>	<b>16,896,953</b>
<b>TOTAL LIABILITIES</b>	<b><u>20,224,694</u></b>	<b><u>23,728,484</u></b>
<b>DEFERRED INFLOWS</b>		
Deferred Inflows for OPEB	<u>2,366,485</u>	<u>289,802</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS</b>	<b><u><u>\$49,921,840</u></u></b>	<b><u><u>\$48,303,306</u></u></b>

*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)  
 September 30, 2020 and September 30, 2019

	SEPTEMBER 2020	SEPTEMBER 2019
<b>OPERATING REVENUES</b>		
Switching Revenues	\$2,177,765	\$2,408,936
Demurrage and Other Operating Revenues	549,845	453,155
Total Operating Revenues	2,727,610	2,862,091
<b>OPERATING EXPENSES</b>		
Maintenance of Way and Structures		
Salaries and Wages	74,740	78,589
Supplies and Expense	91,818	101,016
Mechanical		
Salaries and Wages	188,825	175,553
Supplies and Expense	368,445	409,117
Operations		
Salaries and Wages	724,030	842,419
Supplies and Expense	141,818	179,621
Administration		
Salaries and Wages	219,721	215,861
Supplies and Expense	297,531	403,785
Taxes - State	43,399	40,532
Depreciation	148,301	146,401
Total Operating Expenses	2,298,628	2,592,894
Net Operating Income	428,982	269,197
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	16,298	25,165
Miscellaneous	28,097	80,931
Total Non-Operating Revenues	44,395	106,096
Contributions - Grants	4,441	-
Total Contributions	4,441	-
Transfers		
City of Tacoma Gross Earnings Tax	(221,818)	(237,513)
Transfers to other funds	-	-
Total Transfers	(221,818)	(237,513)
<b>CHANGE IN NET POSITION</b>	<b>\$256,000</b>	<b>\$137,780</b>
<b>TOTAL NET POSITION - JANUARY 1</b>		
<b>TOTAL NET POSITION - SEPTEMBER 30</b>		

YEAR TO DATE			
SEPTEMBER 30 2020	SEPTEMBER 30 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$19,919,533	\$22,428,784	(\$2,509,251)	-11.2%
<u>4,882,693</u>	<u>4,684,934</u>	<u>197,759</u>	4.2%
24,802,226	27,113,718	(2,311,492)	-8.5%
792,856	769,585	23,271	3.0%
<u>1,063,472</u>	<u>847,281</u>	<u>216,191</u>	<u>25.5%</u>
1,765,504	1,721,131	44,373	2.6%
<u>3,519,736</u>	<u>3,477,260</u>	<u>42,476</u>	<u>1.2%</u>
7,365,590	7,596,303	(230,713)	-3.0%
<u>1,092,540</u>	<u>1,124,147</u>	<u>(31,607)</u>	<u>-2.8%</u>
2,182,393	1,922,389	260,004	13.5%
<u>2,374,260</u>	<u>3,168,460</u>	<u>(794,200)</u>	<u>-25.1%</u>
376,968	377,361	(393)	-0.1%
<u>1,338,874</u>	<u>1,383,775</u>	<u>(44,901)</u>	<u>-3.2%</u>
21,872,193	22,387,692	(515,499)	-2.3%
2,930,033	4,726,026	(1,795,993)	-38.0%
92,958	260,844	(167,886)	-64.4%
<u>740,497</u>	<u>696,917</u>	<u>43,580</u>	<u>6.3%</u>
833,455	957,761	(124,306)	-13.0%
<u>24,027</u>	<u>29,168</u>	<u>(5,141)</u>	<u>-17.6%</u>
24,027	29,168	(5,141)	-17.6%
(2,057,999)	(2,241,648)	183,649	8.2%
<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>N/A</u>
(2,557,999)	(2,241,648)	(316,351)	-14.1%
1,229,516	3,471,307	(2,241,791)	-64.6%
<u>26,101,145</u>	<u>20,813,713</u>		
<u>\$27,330,661</u>	<u>\$24,285,020</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)  
 September 30, 2020 and September 30, 2019

	September 2020	September 2019
	<u>                    </u>	<u>                    </u>
<b>SWITCHING REVENUES</b>		
LINE HAULS--INTERMODAL	\$723,081	\$977,995
LINE HAULS--COMMERCIAL	1,272,342	1,243,902
LINE HAULS--CAPITAL DIVISION	46,170	35,910
MISCELLANEOUS SWITCHES	<u>136,172</u>	<u>151,129</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,177,765</u></u>	<u><u>\$2,408,936</u></u>
<b>SWITCHING ACTIVITIES (CARS)</b>		
LINE HAULS--INTERMODAL	4,566	5,820
LINE HAULS--COMMERCIAL	2,256	2,628
LINE HAULS--CAPITAL DIVISION	81	63
MISCELLANEOUS SWITCHES	<u>691</u>	<u>885</u>
TOTAL CARS SWITCHED	<u><u>7,594</u></u>	<u><u>9,396</u></u>

YEAR TO DATE			
September 30, 2020	September 30, 2019	2020/2019 VARIANCE	PERCENT CHANGE
\$7,036,236	\$9,207,318	(\$2,171,082)	-23.6%
11,336,480	11,444,278	(107,798)	-0.9%
308,370	345,990	(37,620)	-10.9%
<u>1,238,447</u>	<u>1,431,198</u>	<u>(192,751)</u>	-13.5%
<u><u>\$19,919,533</u></u>	<u><u>\$22,428,784</u></u>	<u><u>(\$2,509,251)</u></u>	-11.2%
41,961	54,350	(12,389)	-22.8%
21,368	23,918	(2,550)	-10.7%
541	607	(66)	-10.9%
<u>6,581</u>	<u>8,747</u>	<u>(2,166)</u>	-24.8%
<u><u>70,451</u></u>	<u><u>87,622</u></u>	<u><u>(17,171)</u></u>	-19.6%

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

	YEAR ENDED SEPTEMBER 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Customers	\$25,003,322	\$27,318,912
Cash Paid to Suppliers	(9,436,934)	(8,799,892)
Cash Paid to Employees	(11,966,697)	(11,768,375)
Taxes Paid	(442,689)	(395,318)
Net Cash From Operating Activities	3,157,002	6,355,327
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers to Other Funds	(2,557,999)	(2,241,648)
Net Cash From Non-Capital Financing Activities	(2,557,999)	(2,241,648)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Expenditures, Net	(1,332,179)	(989,825)
Principal Payments on Long-Term Debt	(692,295)	(692,295)
Proceeds from Capital Contributions	24,027	29,168
Proceeds from Long-Term Debt	233,935	-
Proceeds from Other Non-Operating Revenues	740,497	696,917
Net Cash From Capital and Related Financing Activities	(1,026,015)	(956,035)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	92,958	260,844
Net Cash From Investing Activities	92,958	260,844
Net Change in Cash and Equity in Pooled Investments	(334,054)	3,418,488
<b>Cash &amp; Equity in Pooled Investments at January 1</b>	15,614,302	12,686,178
<b>Cash &amp; Equity in Pooled Investments at September 30</b>	<u>\$15,280,248</u>	<u>\$16,104,666</u>

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

	YEAR TO DATE	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
<b>Reconciliation of Operating Income to Net Cash From Operating Activities:</b>		
Operating Income	\$2,930,033	\$4,726,026
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities:		
Depreciation Expense	1,338,874	1,383,775
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	141,096	188,407
Interfund Receivable	-	16,786
Materials and Supplies Inventory	(55,376)	(52,123)
Prepayments	413,872	368,900
Accounts Payable	(1,412,089)	(130,916)
Customer Deposits	60,000	-
Unemployment and other Tax Payables	(65,721)	(17,957)
Wages Payable and Compensated Absences	222,790	216,608
Volume Incentive Payable	(333,333)	(41,668)
Interfund Payable	-	(326,936)
Other Long-Term Liabilities & OJI Reserve	(83,144)	24,425
Total Adjustments	226,969	1,629,301
Net Cash From Operating Activities	<u>\$3,157,002</u>	<u>\$6,355,327</u>

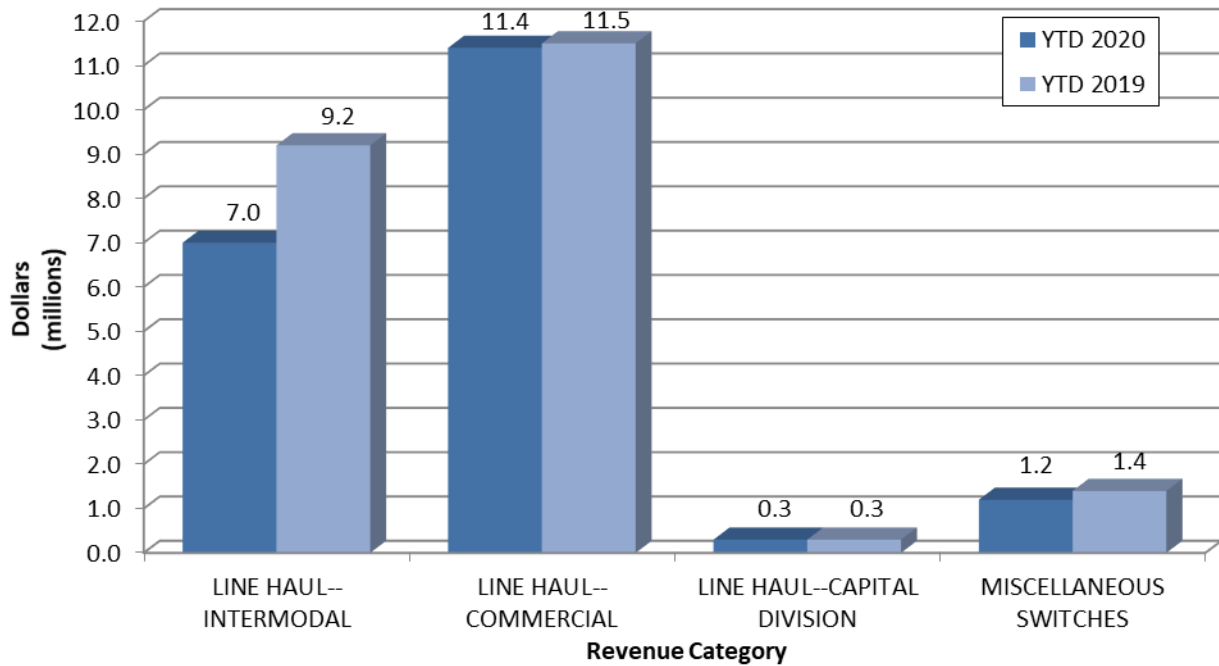
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## Supplemental Data

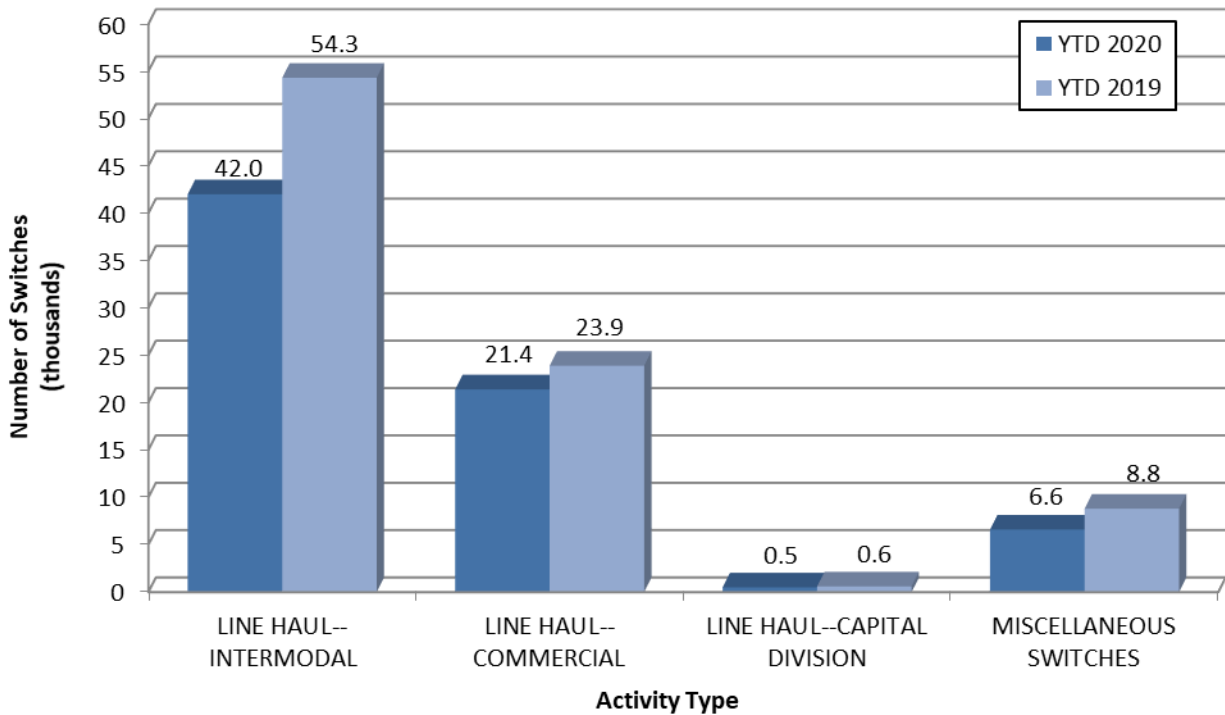
## SWITCHING REVENUES

### Year to Date - September 2020 & 2019

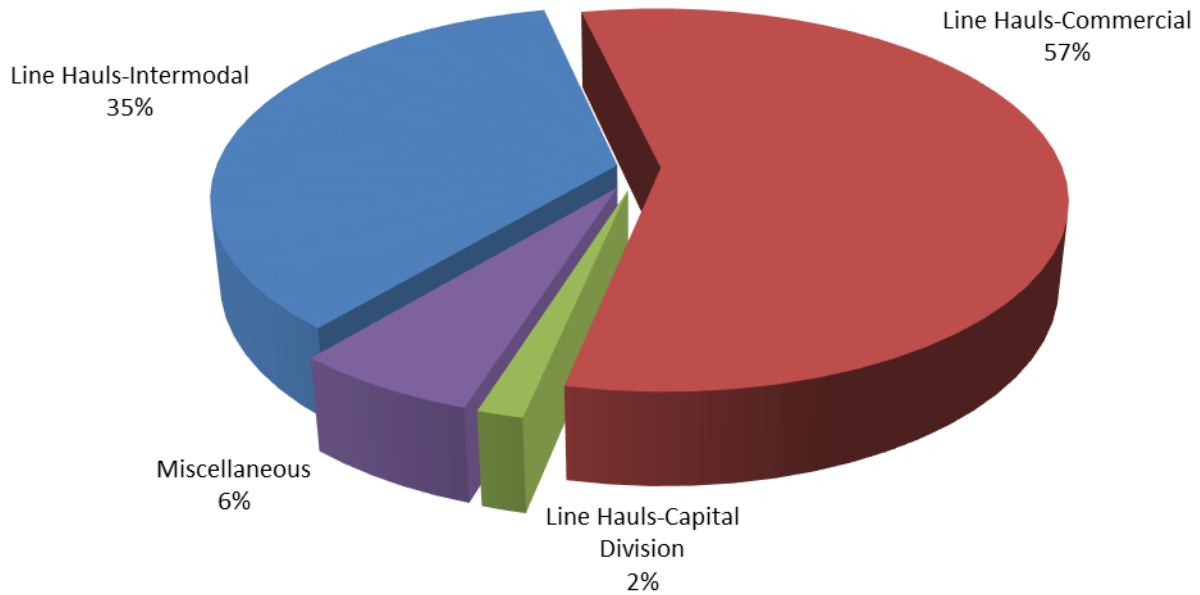


## SWITCHING ACTIVITIES

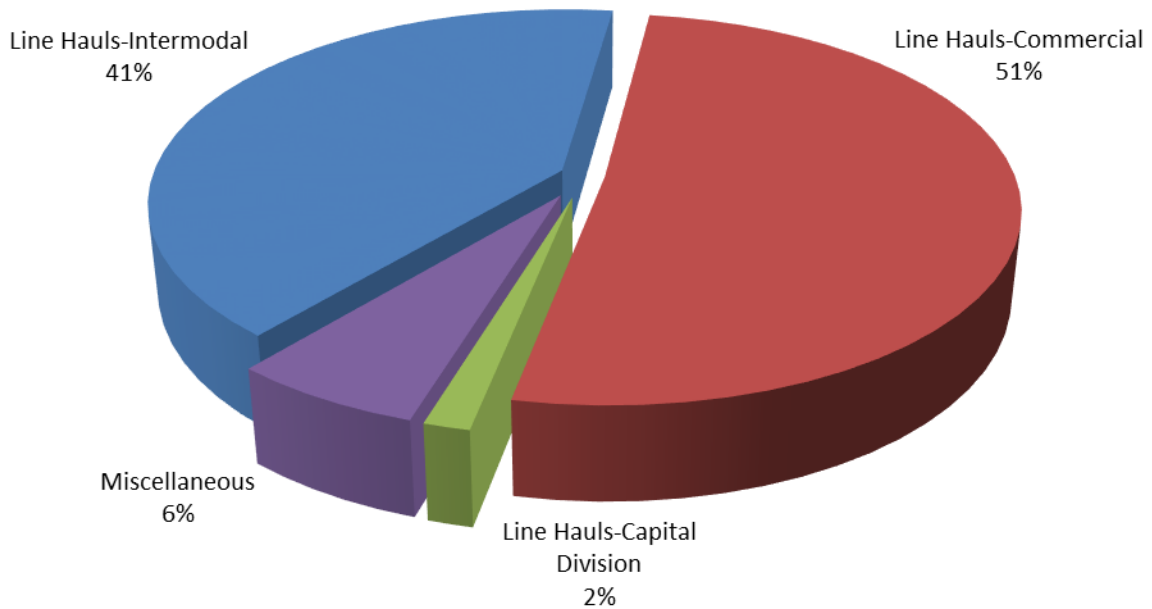
### Year to Date - September 2020 & 2019



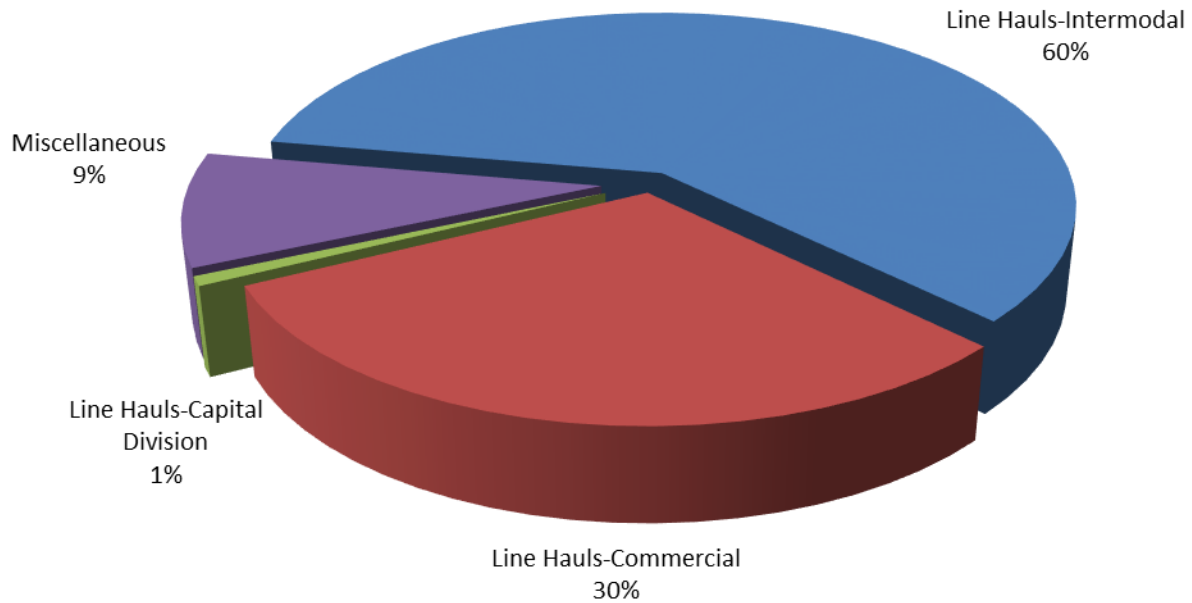
**SWITCHING REVENUES**  
**Year to Date - September 2020 (\$19,919,533)**



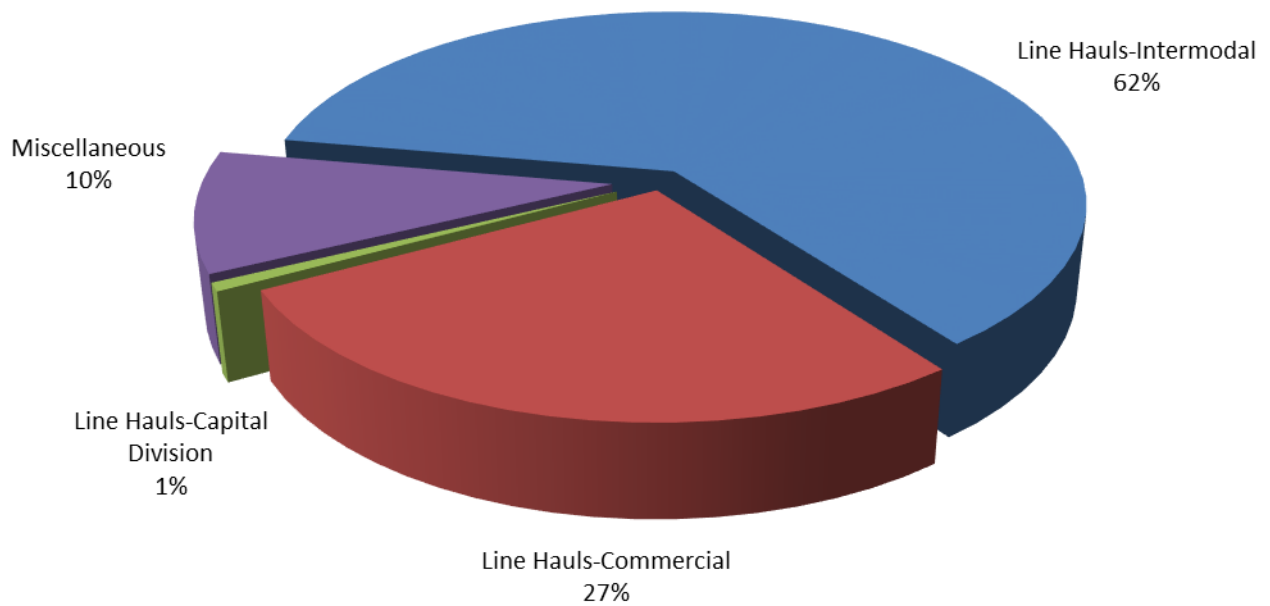
**SWITCHING REVENUES**  
**Year to Date - September 2019 (\$22,428,784)**



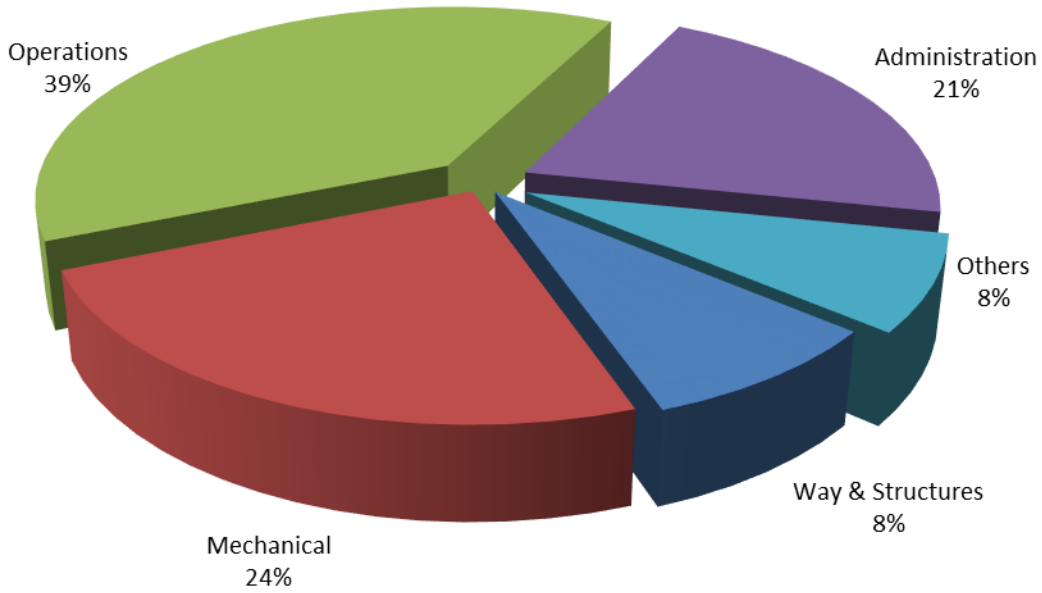
## SWITCHING ACTIVITY Year to Date - September 2020 (70,451 cars)



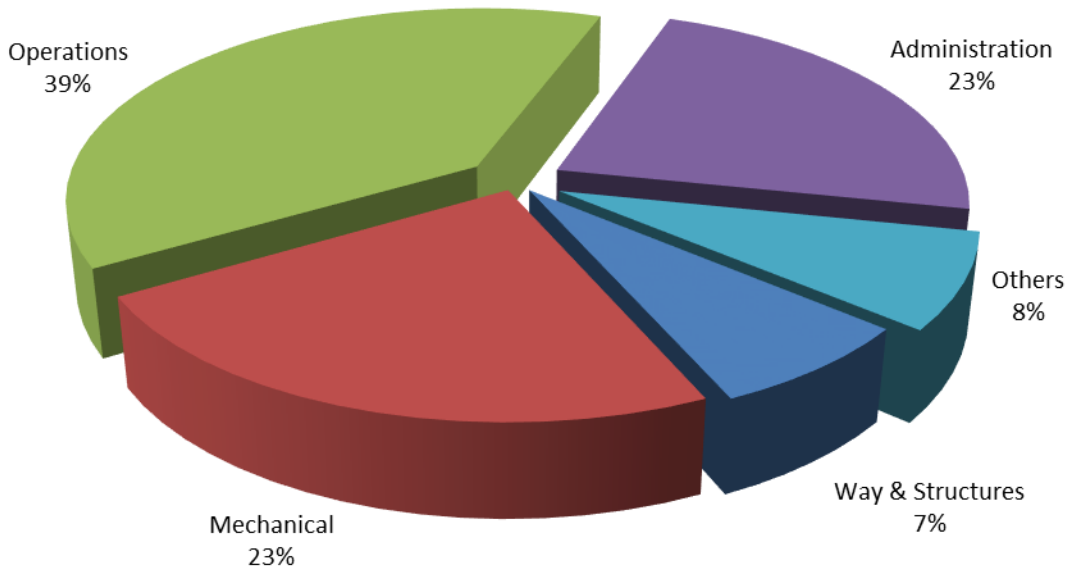
## SWITCHING ACTIVITY Year to Date - September 2019 (87,622 cars)



**TOTAL OPERATING EXPENSES**  
**Year to Date - September 2020 (\$21,872,193)**



**TOTAL OPERATING EXPENSES**  
**Year to Date - September 2019 (\$22,387,692)**





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.