
JUNE

TACOMA RAIL

2014

**FINANCIAL
REPORT**



Public Utility Board

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Director of Utilities/CEO

DALE KING
Rail Superintendent

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting year to date in 2014 operating income of \$3.0 million compared to \$2.2 million in 2013. Operating revenues increased \$311,000 (2.2%), and operating expenses decreased \$497,000 (4.3%) year to date in 2014 compared to 2013.

Operating revenues were \$14.2 million in the second quarter of 2014, compared to \$13.9 million in 2013, an increase of \$311,000. Total switching revenues increased \$579,000 primarily due to increases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2014	2013	Var	% Chg	2014	2013	Var	% Chg
Intermodal Line Hauls	33,269	32,708	561	1.7%	\$ 5,543	\$ 5,887	\$ (344)	(5.8%)
Commercial Line Hauls	16,017	15,756	261	1.7%	6,196	5,560	636	11.4%
Capital Div. Line Hauls	1,487	1,312	175	13.3%	667	590	77	13.1%
Miscellaneous Switches	1,360	926	434	46.9%	663	454	209	46.0%
Total Line Hauls	52,133	50,702	1,431	2.8%	\$ 13,069	\$ 12,491	\$ 578	4.6%

Demurrage and other operating revenues decreased \$267,000 primarily due to no longer providing service to Sound Refining.

Total operating expenses were \$11.1 million year to date in 2014, compared to \$11.6 million in 2013, a decrease of \$497,000.


Salaries and wages were \$188,000 higher due to increases in payroll taxes and wages.

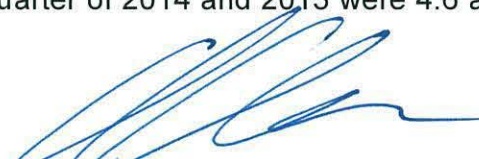
Supplies and expenses decreased \$746,000 primarily due to the decrease in volume incentive expense, training and professional development expense and external contracts.

State taxes increased \$6,000 and transfers to the City increased \$24,000 as a result of higher revenues.

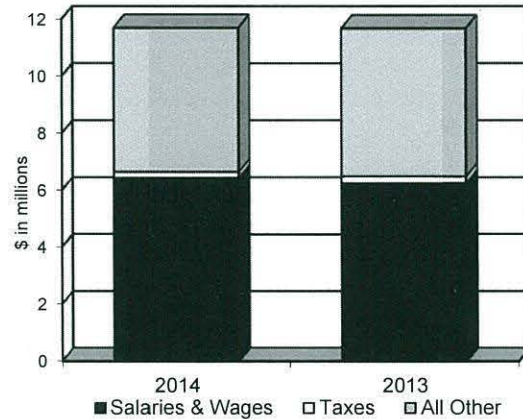
Depreciation increased \$55,000 due to an increase in depreciable assets of \$2.8 million compared to the same period in 2013.

Tacoma Rail's working capital ratios for the first quarter of 2014 and 2013 were 4.6 and 3.4, respectively.


 William A. Gaines
 Director of Utilities/CEO


 Andrew Cherullo
 Finance Director

OPERATING EXPENSES
YTD, June 30



CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES, BELT LINE DIVISION
Doing Business As

TACOMA RAIL

TABLE OF CONTENTS

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.

STATEMENTS OF NET POSITION	2 - 3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	4 - 5
SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES	6 - 7
STATEMENTS OF CASH FLOWS	8 - 9
SUPPLEMENTAL DATA	11 - 15

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF NET POSITION

ASSETS	JUNE 30,	
	2014	2013
CAPITAL ASSETS		
Road and Equipment Property	\$33,504,015	\$30,672,736
Less Accumulated Depreciation	(15,819,952)	(14,768,203)
Total	17,684,063	15,904,533
Construction Work in Progress	1,799,112	595,763
Net Capital Assets	19,483,175	16,500,296
SPECIAL FUNDS		
Cash and Equity in Pooled Investments:		
Debt Service Funds	65,104	65,104
Total Special Funds	65,104	65,104
CURRENT ASSETS		
Cash & Equity in Pooled Investments	9,936,679	7,894,400
Customer Accounts Receivable	2,516,406	2,747,429
Grants Receivable	250,000	-
Prepayments	2,029,693	2,032,596
Materials and Supplies Inventory.....	936,358	660,343
Total Current Assets	15,669,136	13,334,768
TOTAL ASSETS	\$35,217,415	\$29,900,168

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

NET POSITION AND LIABILITIES	JUNE 30,	
	2014	2013
NET POSITION		
Net Investment in Capital Assets.....	\$15,139,697	\$13,826,118
Restricted for:		
Debt Service	65,104	65,104
Unrestricted	9,818,467	7,952,419
TOTAL NET POSITION	25,023,268	21,843,641
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	548,332	771,620
State Loans.....	3,365,644	1,740,829
Total Long-Term Liabilities	3,913,976	2,512,449
CURRENT LIABILITIES		
Accounts Payable	703,953	489,862
Customer Deposits	47,250	54,300
Wages Payable	392,780	342,130
Unemployment and other Tax Payables	248,342	229,686
Volume Incentive Payable	1,500,000	2,500,000
Current Portion of Long Term Debt	429,502	161,729
Interest Payable	8,913	11,843
Current Portion of Compensated Absences	77,505	83,098
Total Current Liabilities	3,408,245	3,872,648
LONG-TERM LIABILITIES		
On the Job Injury Reserve	691,898	628,487
Long Term Portion of Compensated Absences	697,546	747,880
Other Long-Term Liabilities	1,482,482	295,063
Total Long-Term Liabilities	2,871,926	1,671,430
TOTAL LIABILITIES	10,194,147	8,056,527
TOTAL NET POSITION AND LIABILITIES	\$35,217,415	\$29,900,168

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	JUNE 2014	JUNE 2013
OPERATING REVENUES		
Switching Revenues	\$2,202,633	\$1,936,242
Demurrage and Other Operating Revenues	225,038	211,239
Total Operating Revenues	2,427,671	2,147,481
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	79,062	73,057
Supplies and Expense	91,334	163,179
Mechanical		
Salaries and Wages	111,603	108,202
Supplies and Expense	264,712	182,807
Operations		
Salaries and Wages	758,695	630,726
Supplies and Expense	152,087	192,869
Administration		
Salaries and Wages	161,001	159,034
Supplies and Expense	487,673	407,385
Taxes - State	35,877	37,817
Depreciation	89,105	79,944
Total Operating Expenses	2,231,149	2,035,020
Net Operating Income	196,522	112,461
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,143	5,210
Miscellaneous	49,124	72,177
Interest Expense	(2,971)	(3,952)
Total Non-Operating Revenues	52,296	73,435
Contributions - Grants	250,000	-
Total Contributions	250,000	-
Transfers		
City of Tacoma Gross Earnings Tax	(197,894)	(183,285)
CHANGE IN NET POSITION	\$300,924	\$2,611
TOTAL NET POSITION - JANUARY 1		
TOTAL NET POSITION - JUNE 30		

These statements should be read in conjunction with the Management Discussion and Analysis in the June 2014 Financial Report.

YEAR TO DATE

JUNE 30, 2014	JUNE 30, 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$13,069,232	\$12,490,564	\$578,668	4.6%
<u>1,106,918</u>	<u>1,374,130</u>	<u>(267,212)</u>	-19.4%
14,176,150	13,864,694	311,456	2.2%
471,662	466,393	5,269	1.1%
596,517	627,771	(31,254)	-5.0%
678,493	673,488	5,005	0.7%
1,109,022	1,142,123	(33,101)	-2.9%
4,244,385	4,105,640	138,745	3.4%
590,757	763,489	(172,732)	-22.6%
1,046,328	1,006,988	39,340	3.9%
1,662,811	2,171,947	(509,136)	-23.4%
209,351	203,509	5,842	2.9%
<u>534,632</u>	<u>479,665</u>	<u>54,967</u>	11.5%
11,143,958	11,641,013	(497,055)	-4.3%
3,032,192	2,223,681	808,511	36.4%
33,263	(6,637)	39,900	601.2%
429,282	447,694	(18,412)	-4.1%
<u>(18,574)</u>	<u>(24,417)</u>	<u>5,843</u>	23.9%
443,971	416,640	27,331	6.6%
<u>500,000</u>	<u>-</u>	<u>500,000</u>	100.0%
500,000	-	500,000	100.0%
(1,171,074)	(1,146,650)	(24,424)	2.1%
2,805,089	1,493,671	\$1,311,418	87.8%
<u>22,218,179</u>	<u>20,349,970</u>		
<u><u>\$25,023,268</u></u>	<u><u>\$21,843,641</u></u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>JUNE 2014</u>	<u>JUNE 2013</u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$1,038,135	\$884,780
LINE HAULS--COMMERCIAL	934,540	893,688
LINE HAULS--CAPITAL DIVISION	128,319	97,922
MISCELLANEOUS SWITCHES	<u>101,639</u>	<u>59,852</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,202,633</u></u>	<u><u>\$1,936,242</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	4,744	5,096
LINE HAULS--COMMERCIAL	2,545	2,233
LINE HAULS--CAPITAL DIVISION	285	217
MISCELLANEOUS SWITCHES	<u>221</u>	<u>115</u>
TOTAL CARS SWITCHED	<u><u>7,795</u></u>	<u><u>7,661</u></u>

YEAR TO DATE			
<u>JUNE 30,</u> <u>2014</u>	<u>JUNE 30,</u> <u>2013</u>	<u>2014/2013</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$5,543,427	\$5,886,569	(\$343,142)	-5.8%
6,196,327	5,560,230	636,097	11.4%
666,785	589,644	77,141	13.1%
<u>662,693</u>	<u>454,121</u>	<u>208,572</u>	<u>45.9%</u>
<u>\$13,069,232</u>	<u>\$12,490,564</u>	<u>\$578,668</u>	<u>4.6%</u>
33,269	32,708	562	1.7%
16,017	15,756	261	1.7%
1,487	1,312	175	13.3%
<u>1,360</u>	<u>926</u>	<u>434</u>	<u>46.9%</u>
<u>52,133</u>	<u>50,702</u>	<u>1,432</u>	<u>2.8%</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2014	JUNE 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$14,213,410	\$13,933,284
Cash Paid to Suppliers	(3,726,993)	(5,534,156)
Cash Paid to Employees	(6,376,618)	(4,556,042)
Taxes Paid	(191,067)	(427,195)
Net Cash Provided by Operating Activities	3,918,732	3,415,891
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,171,074)	(1,146,650)
Net Cash Used in Non-Capital Financing Activities	(1,171,074)	(1,146,650)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(2,002,132)	(721,036)
Principal Payments on Long-Term Debt	359,318	(184,300)
Interest Paid	(20,059)	(26,807)
Proceeds from Capital Contributions	250,000	-
Proceeds from Long-Term Debt	765,339	
Proceeds from Other Non-Operating Revenues	429,282	447,694
Net Cash Provided by/(Used in) Capital and Related Financing Activities	(218,252)	(484,449)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	33,263	(6,637)
Net Cash Provided by/(Used in) Investing Activities	33,263	(6,637)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	2,562,669	1,778,155
Cash & Equity in Pooled Investments at January 1 ..	7,439,114	6,181,349
Cash & Equity in Pooled Investments at June 30	\$10,001,783	\$7,959,504

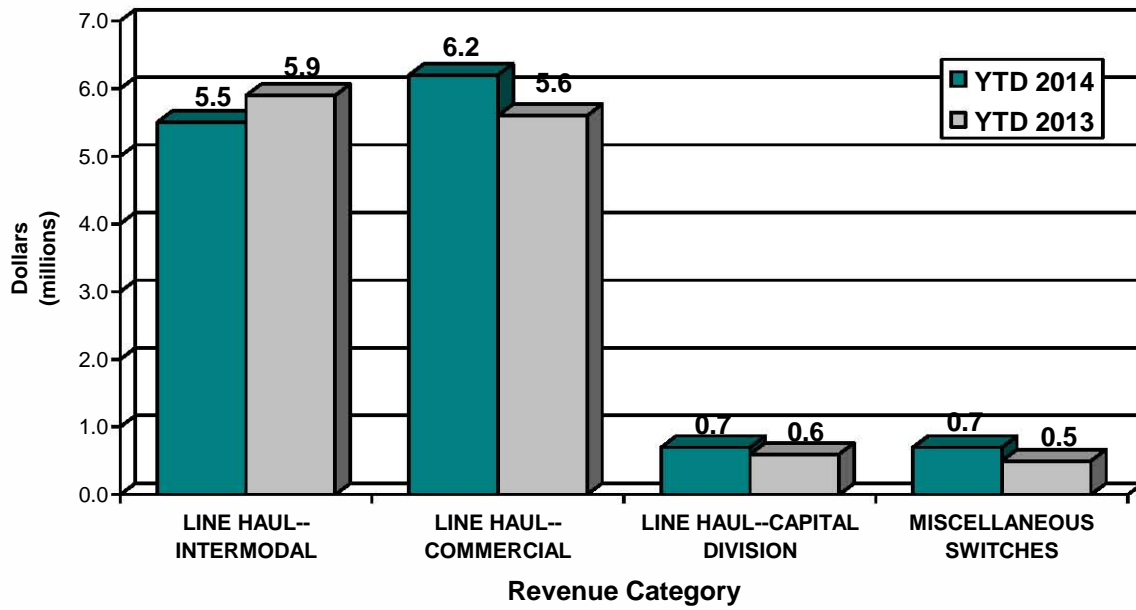
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	YEAR TO DATE	
	JUNE 30, 2014	JUNE 30, 2013
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income	\$3,032,192	\$2,223,681
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	534,632	479,665
Cash provided from changes in operating		
assets and liabilities:		
Accounts Receivable	(37,145)	(359,076)
Interfund Receivable	81,455	434,866
Materials and Supplies Inventory	(96,688)	(43,407)
Prepayments	157,735	141,197
Bond Issuance Costs		
Accounts Payable	(402,613)	(124,840)
Customer Deposits	(7,050)	(7,200)
Unemployment and other Tax Payables	18,284	(183,488)
Wages Payable	19,510	25,753
Volume Incentive Payable	708,332	1,291,667
Interfund Payable	(134,652)	(516,921)
Accrued Compensated Absences	-	
Deferred Credits	44,740	53,994
Other Long-Term Liabilities & OJI Reserve.....		
 Total Adjustments	 886,540	 1,192,210
 Net Cash Provided by Operating		
Activities	 <u>\$3,918,732</u>	 <u>\$3,415,891</u>
 Reconciliation of Cash and Equity in Pooled		
Investments to Balance Sheet:		
Cash and Equity in Pooled Investments		
in Special Funds	\$65,104	\$65,104
Cash and Equity in Pooled Investments		
in Operating Funds	9,936,679	7,894,400
Cash and Equity in Pooled Investments		
at June 30	<u>\$10,001,783</u>	<u>\$7,959,504</u>

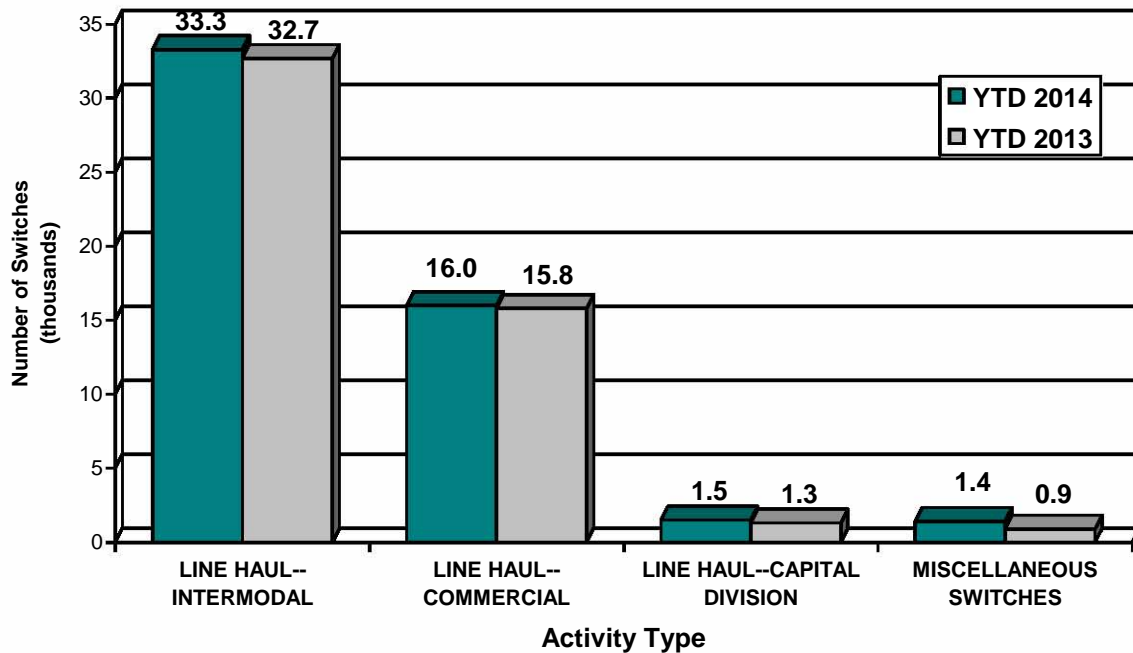
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Supplemental Data

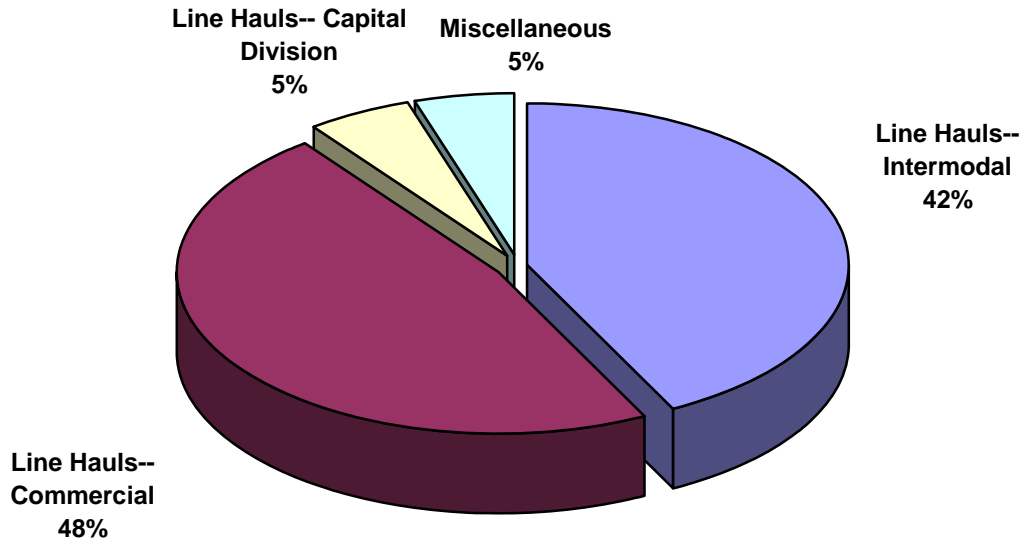
SWITCHING REVENUES
Year to Date - June 2014 & 2013



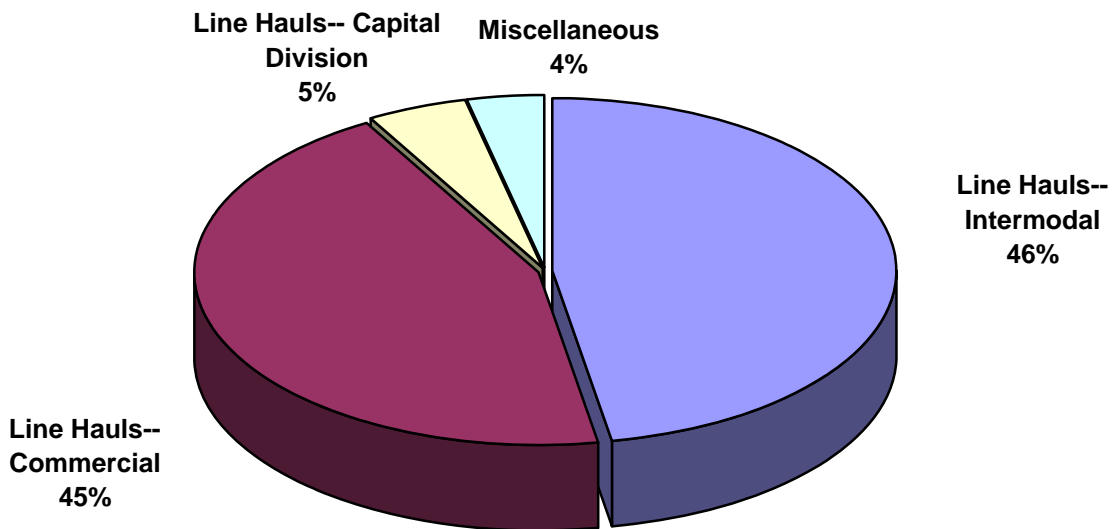
SWITCHING ACTIVITIES
Year to Date - June 2014 & 2013



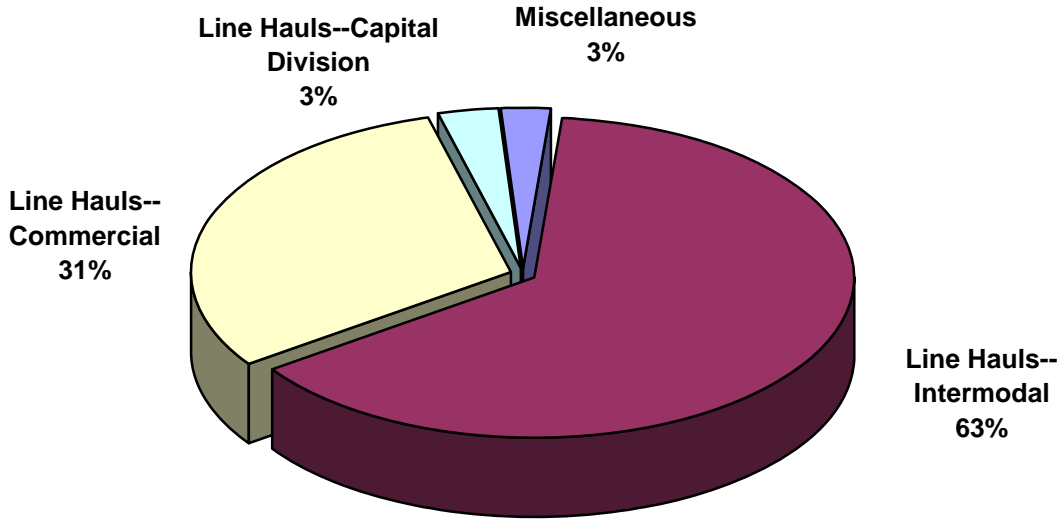
SWITCHING REVENUES
Year to Date - June 2014 (\$13,069,232)



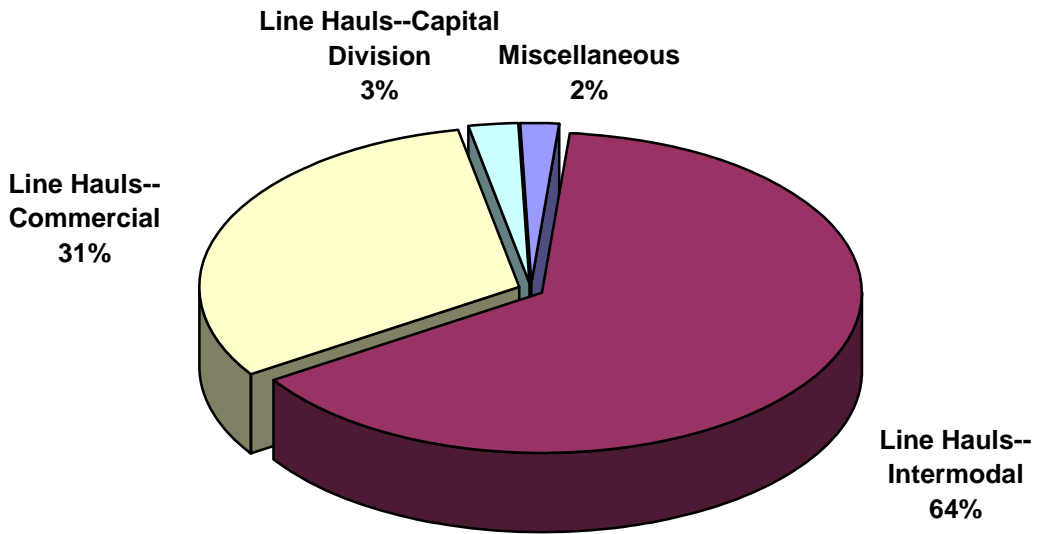
SWITCHING REVENUES
Year to Date - June 2013 (\$12,490,564)



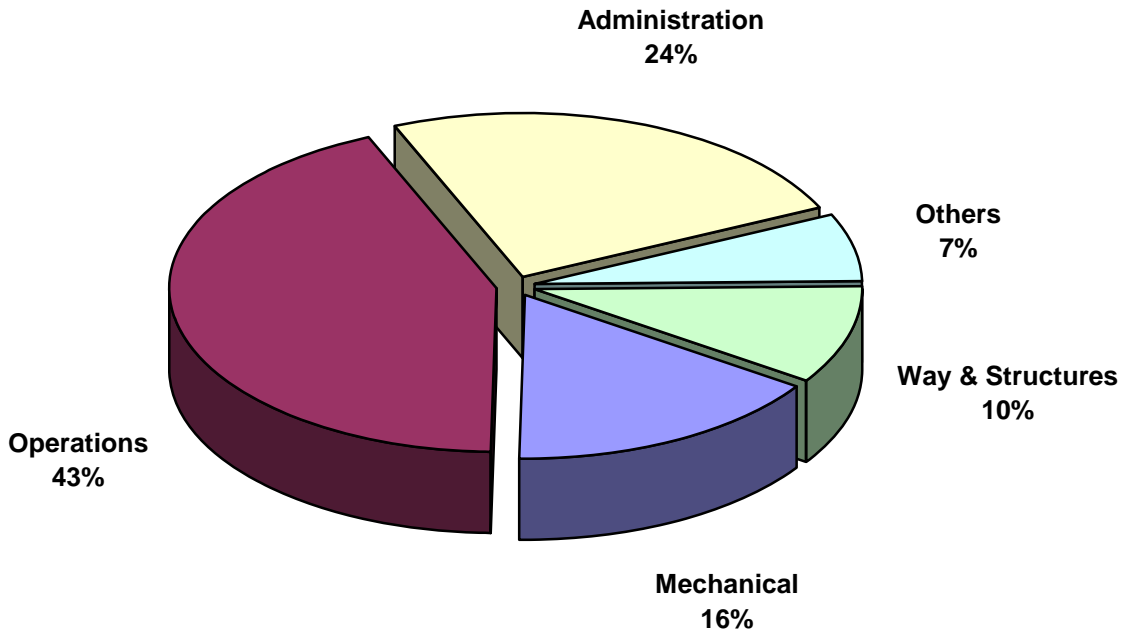
SWITCHING ACTIVITY
Year to Date - June 2014 (52,133 cars)



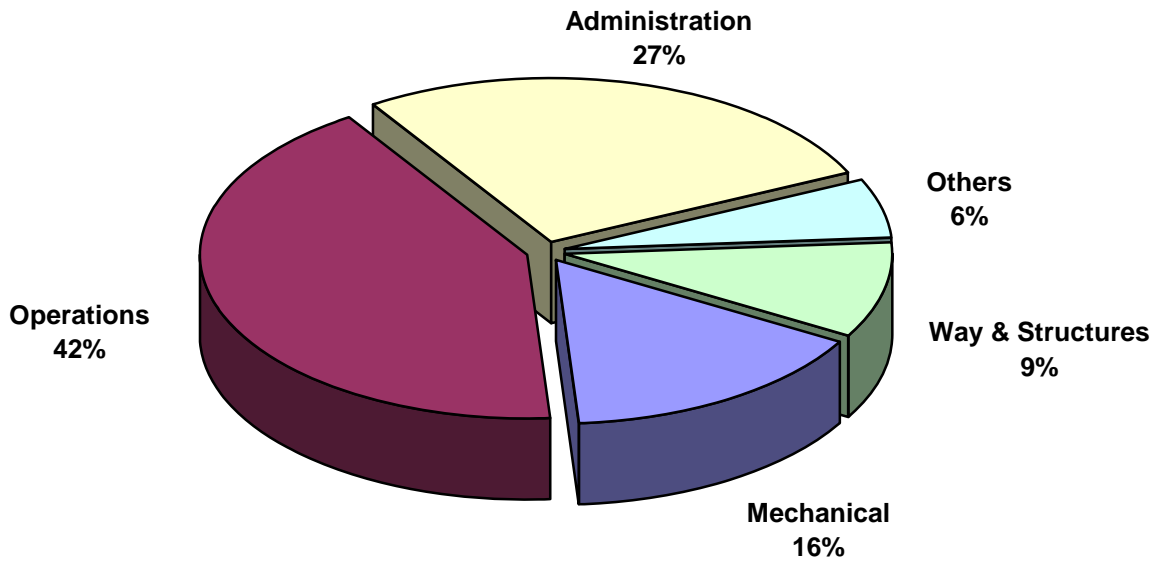
SWITCHING ACTIVITY
Year to Date - June 2013 (50,702 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2014 (\$11,143,958)



TOTAL OPERATING EXPENSES
Year to Date - June 2013 (\$11,641,013)





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.