
SEPTEMBER

TACOMA RAIL

2014

**FINANCIAL
REPORT**



Public Utility Board

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Director of Utilities/CEO

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ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2014 year to date operating income of \$4.5 million compared to \$3.3 million in 2013. Operating revenues increased \$1.6 million (8.0%), and operating expenses increased \$415,000 (2.4%) year to date in 2014 compared to 2013.

Operating revenues were \$22.2 million at the end of third quarter 2014, compared to \$20.5 million in 2013, an increase of \$1.6 million. Total switching revenues increased \$1.5 million 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	51,808	48,944	2,864	5.9%	\$ 8,710	\$ 8,667	43	0.5%
Commercial Line Hauls	24,521	22,803	1,718	7.5%	9,111	8,192	919	11.2%
Capital Div. Line Hauls	2,368	1,958	410	20.9%	1,063	880	183	20.8%
Miscellaneous Switches	2,423	1,396	1,027	73.6%	1,281	921	360	39.1%
Total Line Hauls	81,120	75,101	6,019	8.0%	\$ 20,165	\$ 18,660	\$ 1,505	8.1%

Demurrage and other operating revenues increased \$130,000 primarily due to an increase in commercial traffic.

Total operating expenses were \$17.7 million year to date in 2014, compared to \$17.3 million in 2013, an increase of \$415,000.


Salaries and wages were \$624,000 higher due to increases in payroll taxes, wages and personnel.

Supplies and expenses decreased \$274,000 primarily due to the decrease in eligible volume incentive expense.

State taxes decreased \$18,000 due to an increase in deductions from air testing revenues. Transfers to the City increased \$124,000 as a result of higher revenues.

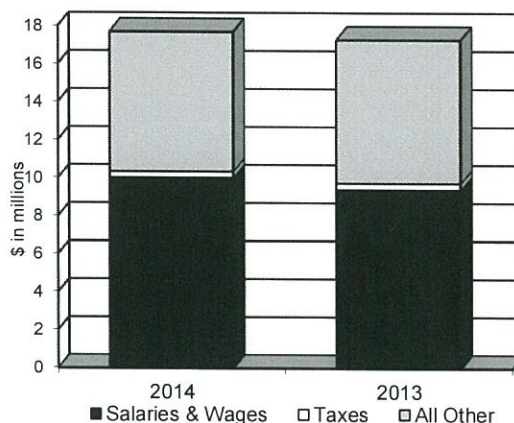
Depreciation increased \$82,000 due to an increase in depreciable assets of \$3.4 million compared to the same period in 2013.

Tacoma Rail's working capital ratios year to date of 2014 and 2013 were 7.1 and 6.8, respectively.


William A. Gaines
Director of Utilities/CEO


Andrew Cherullo
Finance Director

OPERATING EXPENSES
YTD, September 30



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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CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF NET POSITION

ASSETS	SEPTEMBER 30,	
	2014	2013
CAPITAL ASSETS		
Road and Equipment Property	\$33,510,101	\$30,682,676
Less Accumulated Depreciation	(16,087,268)	(15,008,035)
Total	17,422,833	15,674,641
Construction Work in Progress	2,833,726	1,233,837
Net Capital Assets	20,256,559	16,908,478
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	9,228,699	6,200,198
Customer Accounts Receivable	3,069,574	2,658,757
Prepayments	1,977,165	1,988,397
Materials and Supplies Inventory.....	831,660	715,280
Total Current Assets	15,107,098	11,562,632
TOTAL ASSETS	\$35,428,761	\$28,536,214

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

NET POSITION AND LIABILITIES	SEPTEMBER 30,	
	2014	2013
NET POSITION		
Net Investment in Capital Assets.....	\$15,677,586	\$13,997,116
Restricted for:		
Debt Service	65,104	65,104
Unrestricted	10,462,790	8,476,164
TOTAL NET POSITION	26,205,480	22,538,384
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	548,332	771,620
State Loans.....	3,656,257	1,854,467
Total Long-Term Liabilities	4,204,589	2,626,087
CURRENT LIABILITIES		
Accounts Payable	487,941	379,567
Customer Deposits	45,900	54,300
Wages Payable	245,292	201,417
Unemployment and other Tax Payables	294,015	226,733
Volume Incentive Payable	583,333	458,334
Current Portion of Long Term Debt	374,384	285,275
Interest Payable	8,156	11,125
Current Portion of Compensated Absences	77,505	83,098
Total Current Liabilities	2,116,526	1,699,849
LONG-TERM LIABILITIES		
On the Job Injury Reserve	722,140	628,951
Long Term Portion of Compensated Absences	697,546	747,880
Other Long-Term Liabilities	1,482,480	295,063
Total Long-Term Liabilities	2,902,166	1,671,894
TOTAL LIABILITIES	9,223,281	5,997,830
TOTAL NET POSITION AND LIABILITIES	\$35,428,761	\$28,536,214

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	SEPTEMBER 2014	SEPTEMBER 2013
	<u> </u>	<u> </u>
OPERATING REVENUES		
Switching Revenues	\$2,428,726	\$1,996,237
Demurrage and Other Operating Revenues	332,809	163,547
Total Operating Revenues	<u>2,761,535</u>	<u>2,159,784</u>
 OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	93,756	67,200
Supplies and Expense	123,584	203,063
Mechanical		
Salaries and Wages	176,703	109,375
Supplies and Expense	228,605	158,968
Operations		
Salaries and Wages	792,808	676,765
Supplies and Expense	170,229	113,132
Administration		
Salaries and Wages	151,635	153,169
Supplies and Expense	449,579	373,126
Taxes - State	44,084	38,284
Depreciation	89,105	79,944
Total Operating Expenses	<u>2,320,088</u>	<u>1,973,026</u>
 Net Operating Income	441,447	186,758
 NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,190	4,193
Miscellaneous	66,317	74,919
Interest Expense	(2,719)	(3,708)
Total Non-Operating Revenues	<u>69,788</u>	<u>75,404</u>
 Contributions - Grants	<u> -</u>	<u> -</u>
Total Contributions	-	-
 Transfers		
City of Tacoma Gross Earnings Tax	(249,203)	(212,620)
 CHANGE IN NET POSITION	<u>\$262,032</u>	<u>\$49,542</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - SEPTEMBER 30		

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

YEAR TO DATE

SEPTEMBER 30, 2014	SEPTEMBER 30, 2013	2014/2013 VARIANCE	PERCENT CHANGE
\$20,164,985	\$18,660,524	\$1,504,461	8.1%
1,995,944	1,866,358	129,586	6.9%
<u>22,160,929</u>	<u>20,526,882</u>	<u>1,634,047</u>	8.0%
737,753	669,809	67,944	10.1%
1,092,864	1,057,991	34,873	3.3%
1,114,840	1,011,488	103,352	10.2%
1,754,395	1,674,686	79,709	4.8%
6,625,364	6,208,785	416,579	6.7%
931,490	1,085,843	(154,353)	-14.2%
1,537,239	1,501,035	36,204	2.4%
2,768,290	3,002,355	(234,065)	-7.8%
324,632	342,745	(18,113)	-5.3%
801,949	719,498	82,451	11.5%
<u>17,688,816</u>	<u>17,274,235</u>	<u>414,581</u>	2.4%
4,472,113	3,252,647	1,219,466	37.5%
51,895	7,169	44,726	623.9%
636,579	668,155	(31,576)	-4.7%
(26,730)	(35,543)	8,813	-24.8%
<u>661,744</u>	<u>639,781</u>	<u>21,963</u>	3.4%
<u>681,396</u>	<u>-</u>	<u>681,396</u>	100.0%
681,396	-	681,396	100.0%
(1,827,952)	(1,704,014)	(123,938)	7.3%
3,987,301	2,188,414	\$1,798,887	82.2%
<u>22,218,179</u>	<u>20,349,970</u>		
<u>\$26,205,480</u>	<u>\$22,538,384</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>SEPTEMBER</u> 2014	<u>SEPTEMBER</u> 2013
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$1,038,237	\$901,568
LINE HAULS--COMMERCIAL	898,246	863,162
LINE HAULS--CAPITAL DIVISION	137,693	121,019
MISCELLANEOUS SWITCHES	<u>354,550</u>	<u>110,488</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,428,726</u></u>	<u><u>\$1,996,237</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	6,493	5,372
LINE HAULS--COMMERCIAL	2,676	2,007
LINE HAULS--CAPITAL DIVISION	305	269
MISCELLANEOUS SWITCHES	<u>611</u>	<u>198</u>
TOTAL CARS SWITCHED	<u><u>10,085</u></u>	<u><u>7,846</u></u>

YEAR TO DATE			
<u>SEPTEMBER 30,</u> <u>2014</u>	<u>SEPTEMBER 30,</u> <u>2013</u>	<u>2014/2013</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$8,709,991	\$8,667,355	\$42,636	0.5%
9,111,247	8,191,678	919,569	11.2%
1,062,728	880,325	182,403	20.7%
<u>1,281,019</u>	<u>921,166</u>	<u>359,853</u>	39.1%
<u>\$20,164,985</u>	<u>\$18,660,524</u>	<u>\$1,504,461</u>	8.1%
51,808	48,944	2,864	5.9%
24,521	22,803	1,718	7.5%
2,368	1,958	410	20.9%
<u>2,423</u>	<u>1,396</u>	<u>1,027</u>	73.6%
<u>81,120</u>	<u>75,101</u>	<u>6,019</u>	8.0%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$21,643,671	\$20,684,143
Cash Paid to Suppliers	(7,290,380)	(10,711,791)
Cash Paid to Employees	(10,068,192)	(6,975,707)
Taxes Paid	(260,675)	(529,186)
Net Cash Provided by Operating Activities	4,024,424	2,467,459
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,827,952)	(1,704,014)
Net Cash Used in Non-Capital Financing Activities	(1,827,952)	(1,704,014)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(3,042,832)	(1,369,051)
Principal Payments on Long-Term Debt	(396,915)	(702,096)
Interest Paid	(28,972)	(38,651)
Proceeds from Capital Contributions	681,396	-
Proceeds from Long-Term Debt	1,757,066	754,980
Proceeds from Other Non-Operating Revenues	636,579	668,157
Net Cash Provided by/(Used in) Capital and Related Financing Activities	(393,678)	(686,661)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	51,895	7,169
Net Cash Provided by/(Used in) Investing Activities	51,895	7,169
Net Increase (Decrease) in Cash and Equity in Pooled Investments	1,854,689	83,953
Cash & Equity in Pooled Investments at January 1 ..	7,439,114	6,181,349
Cash & Equity in Pooled Investments at September 30	\$9,293,803	\$6,265,302

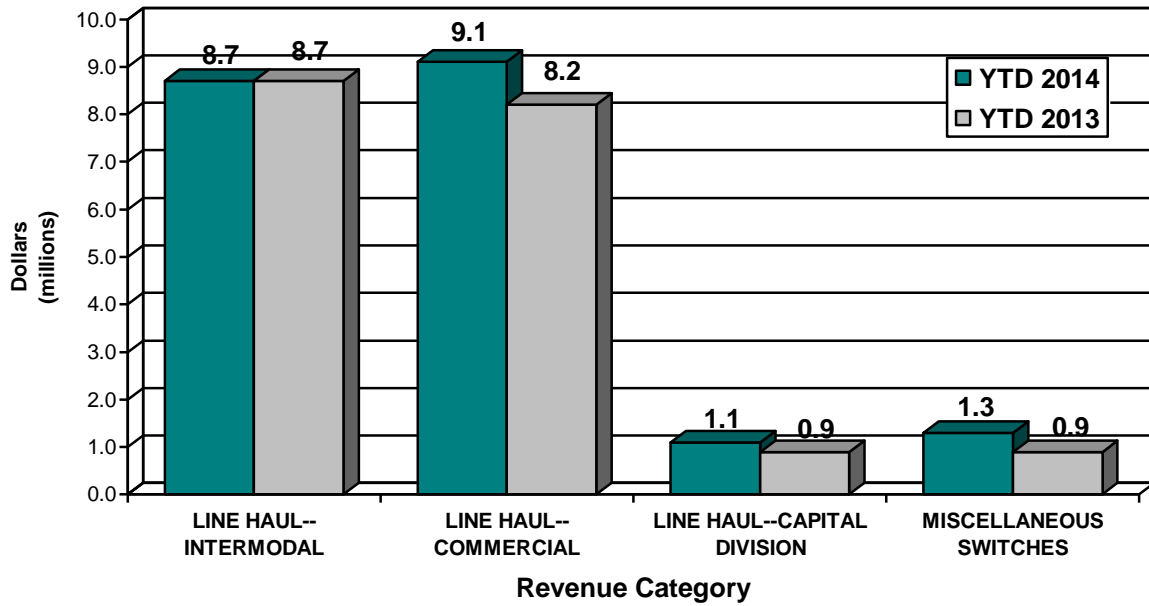
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	YEAR TO DATE	
	SEPTEMBER 30, 2014	SEPTEMBER 30, 2013
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income	\$4,472,113	\$3,252,647
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	801,949	719,498
Cash provided from changes in operating		
assets and liabilities:		
Accounts Receivable	(590,313)	(270,405)
Interfund Receivable	81,455	434,866
Materials and Supplies Inventory	8,010	(98,343)
Prepayments	210,263	185,396
Accounts Payable	(618,627)	(235,137)
Customer Deposits	(8,400)	(7,200)
Unemployment and other Tax Payables	63,957	(186,441)
Wages Payable	(127,978)	(114,960)
Volume Incentive Payable	(208,335)	(749,999)
Interfund Payable	(134,652)	(516,921)
Other Long-Term Liabilities & OJI Reserve.....	74,982	54,458
Total Adjustments	(447,689)	(785,188)
Net Cash Provided by Operating		
Activities	<u>\$4,024,424</u>	<u>\$2,467,459</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	<u>9,228,699</u>	<u>6,200,198</u>
Cash and Equity in Pooled Investments		
at September 30	<u>\$9,293,803</u>	<u>\$6,265,302</u>

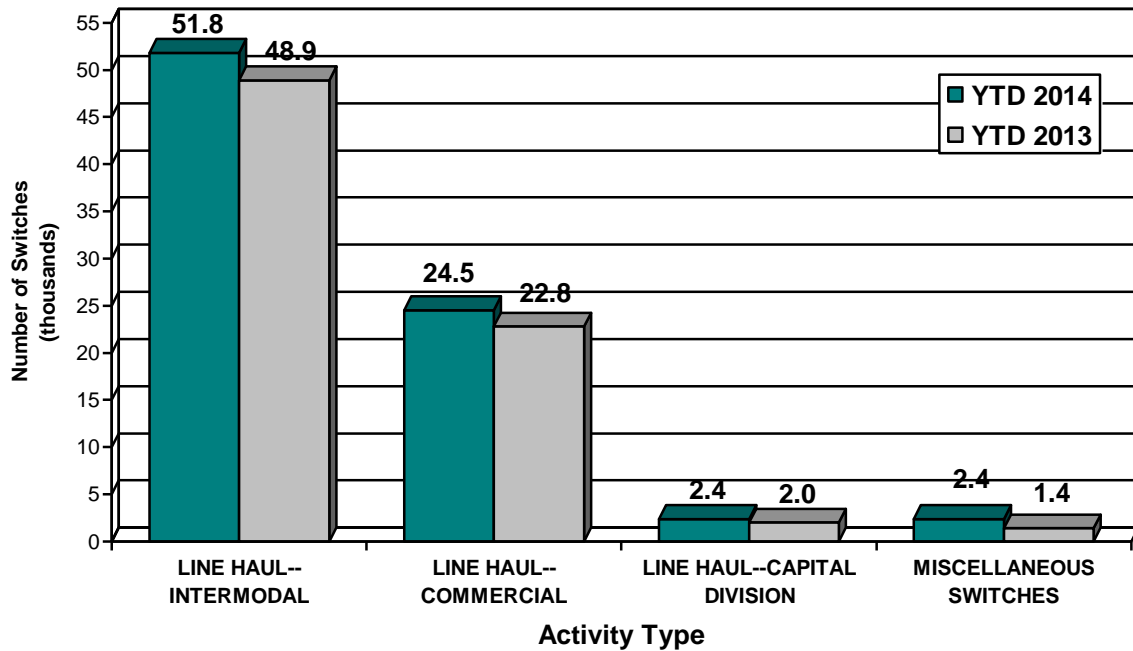
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Supplemental Data

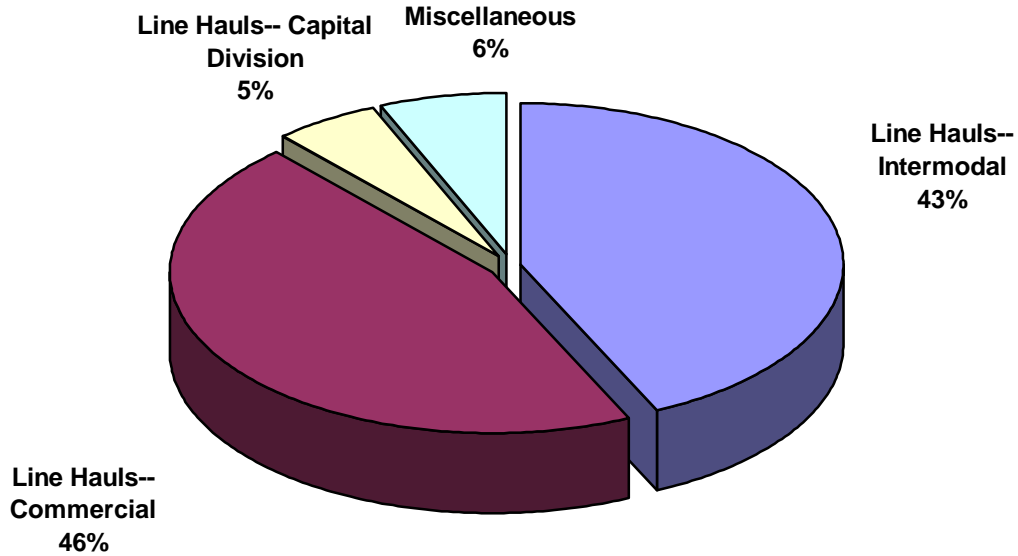
SWITCHING REVENUES
Year to Date - September 2014 & 2013



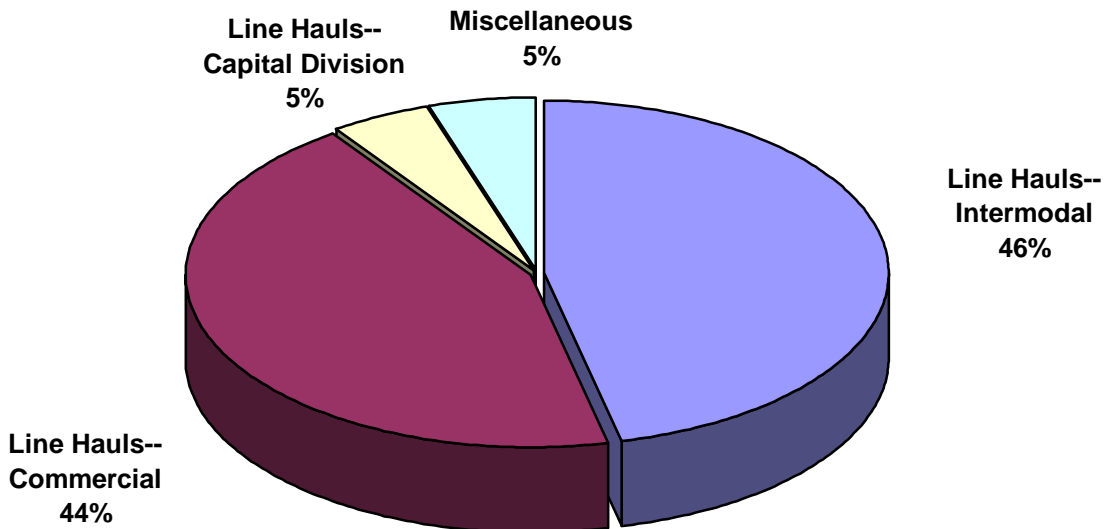
SWITCHING ACTIVITIES
Year to Date - September 2014 & 2013



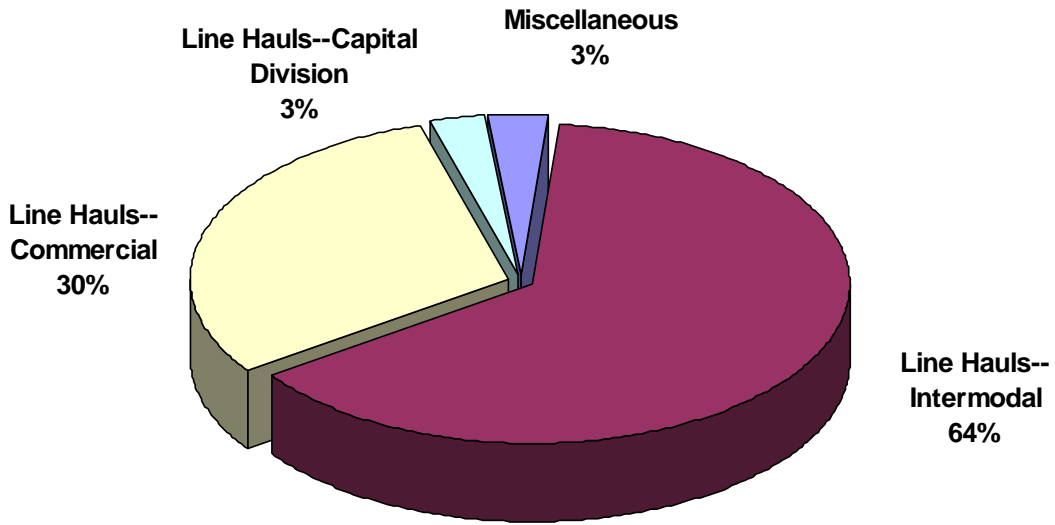
SWITCHING REVENUES
Year to Date - September 2014 (\$20,164,985)



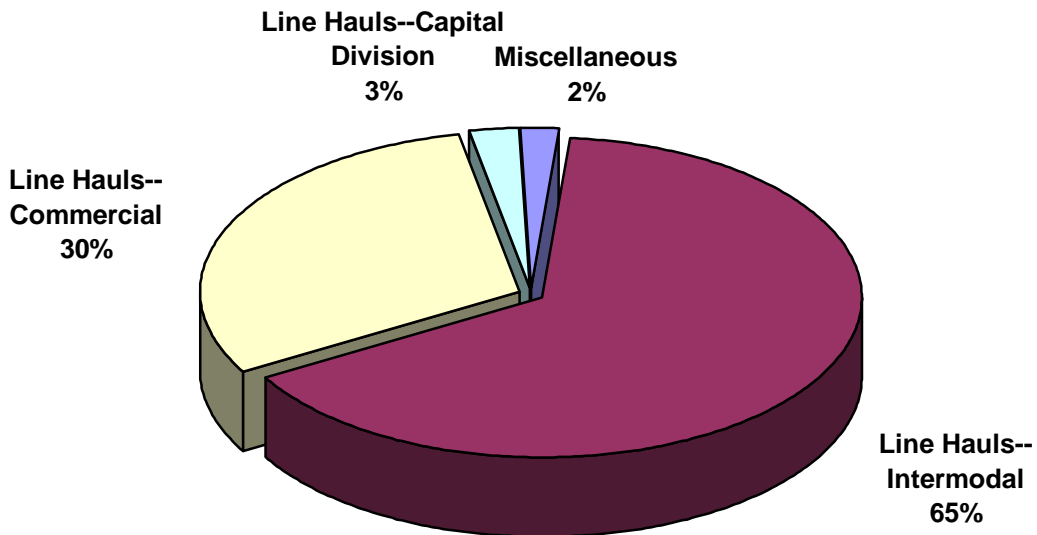
SWITCHING REVENUES
Year to Date - September 2013 (\$18,660,524)



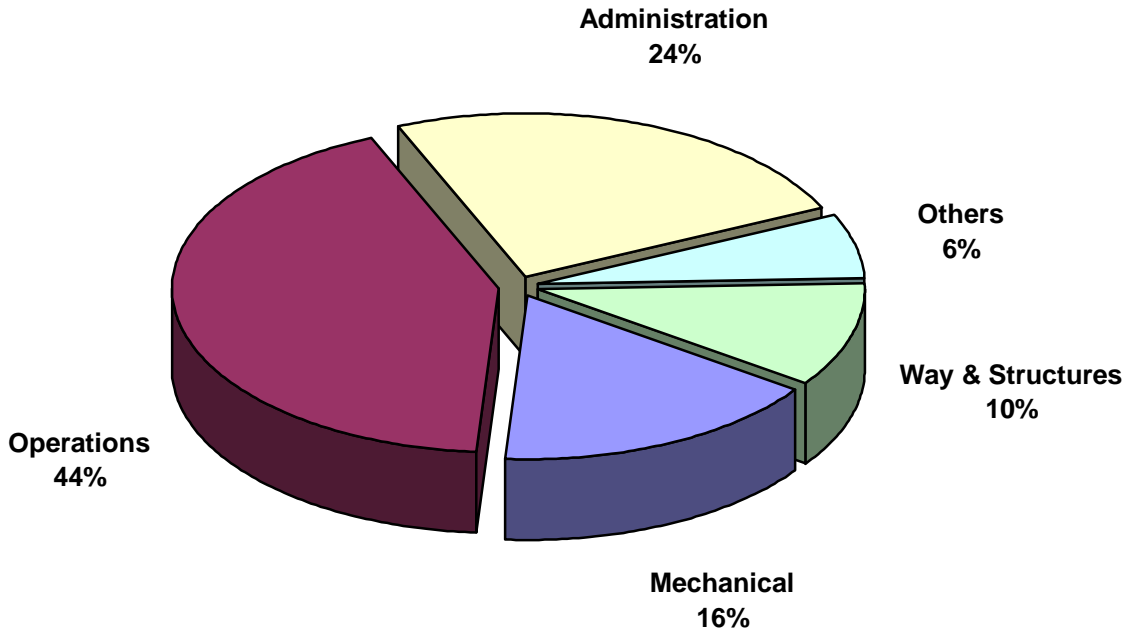
SWITCHING ACTIVITY
Year to Date - September 2014 (81,120 cars)



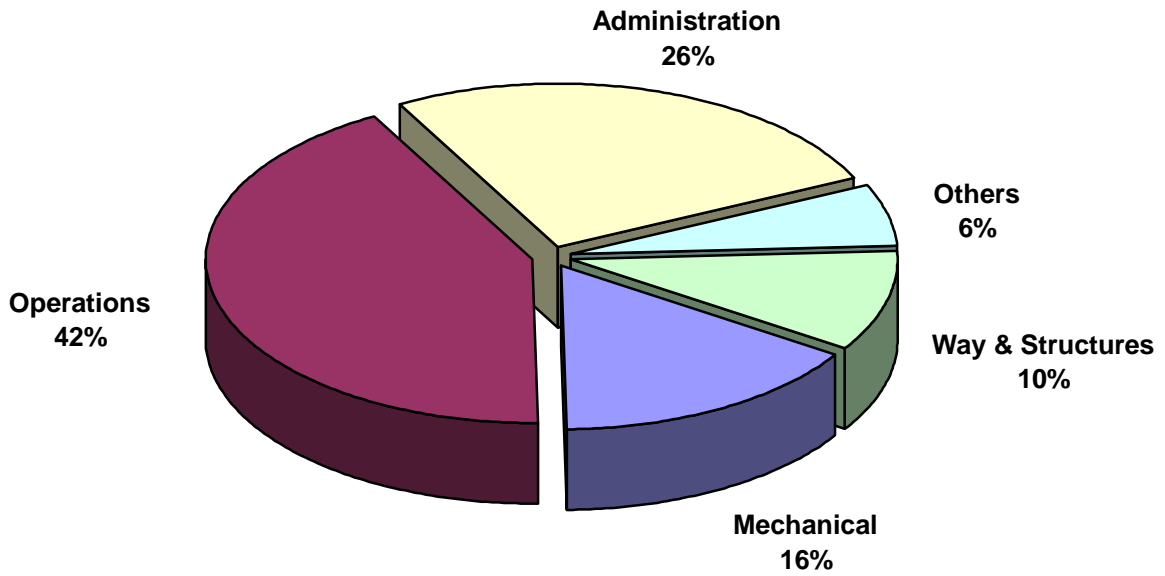
SWITCHING ACTIVITY
Year to Date - September 2013 (75,101 cars)



TOTAL OPERATING EXPENSES
Year to Date - September 2014 (\$17,688,816)



TOTAL OPERATING EXPENSES
Year to Date - September 2013 (\$17,274,235)





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.