
JUNE

TACOMA RAIL

2015

**FINANCIAL
REPORT**



Public Utility Board

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Director of Utilities/CEO

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Rail Superintendent

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2015 year to date net operating income of \$1.5 million compared to \$3.0 million in 2014. Operating revenues increased \$93,000 (0.7%), and operating expenses increased \$1.7 million (15.0%) year to date in 2015 compared to 2014.

Operating revenues were \$14.3 million at the end of second quarter 2015, compared to \$14.2 million in 2014. Total switching revenues decreased \$772,000 primarily due to decreases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues			
	2015	2014	Var	%Chg	2015	2014	Var	%Chg
Intermodal Line Hauls	32,531	33,269	(738)	-2.2%	\$ 5,313	\$ 5,543	\$ (230)	-4.1%
Commercial Line Hauls	14,484	16,017	(1,533)	-9.6%	5,915	6,196	(281)	-4.5%
Capital Div. Line Hauls	841	1,487	(646)	-43.4%	363	667	(304)	-45.6%
Miscellaneous Switches	1,380	1,360	20	1.5%	706	663	43	6.5%
Total Line Hauls	49,236	52,133	(2,897)	-5.6%	\$ 12,297	\$ 13,069	\$ (772)	-5.9%

Demurrage and other operating revenues increased \$865,000 primarily due to an increase in servicing provided to Union Pacific and BNSF.


Total operating expenses were \$12.8 million year to date in 2015, compared to \$11.1 million in 2014.

Salaries and wages were \$1.0 million higher due to increased personnel, payroll taxes and wages.

Supplies and expenses increased \$562,000. The increase is primarily due to the new locomotive leases (\$328,500), the increase of public liability insurance (\$65,000) and increases in assessments (\$139,000).

Depreciation increased \$76,000 due to an increase in depreciable assets of \$2.7 million compared to the same period in 2014.

Tacoma Rail's working capital ratios year to date of 2015 and 2014 were 4.3 and 4.6, respectively.


William A. Gaines
Director of Utilities/CEO


Andrew Cherullo
Finance Director

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	JUNE 30,	
	2015	2014
CAPITAL ASSETS		
Road and Equipment Property	\$36,238,166	\$33,504,015
Less Accumulated Depreciation	(16,763,896)	(15,819,952)
Total	19,474,270	17,684,063
Construction Work in Progress	3,371,591	1,799,112
Net Capital Assets	22,845,861	19,483,175
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	9,955,045	9,936,679
Customer Accounts Receivable	2,614,324	2,516,406
Grants Receivable	-	250,000
Prepayments	1,765,281	2,029,693
Materials and Supplies Inventory.....	908,738	936,358
Total Current Assets	15,243,388	15,669,136
TOTAL ASSETS	\$38,154,353	\$35,217,415

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

NET POSITION AND LIABILITIES	JUNE 30,	
	2015	2014
NET POSITION		
Net Investment in Capital Assets.....	\$17,041,387	\$15,139,697
Restricted for:		
Debt Service	65,104	65,104
Unrestricted	7,925,884	9,818,467
TOTAL NET POSITION	<u>25,032,375</u>	<u>25,023,268</u>
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	312,763	548,332
State Loans.....	4,966,695	3,365,644
Total Long-Term Liabilities	<u>5,279,458</u>	<u>3,913,976</u>
CURRENT LIABILITIES		
Accounts Payable	664,512	703,953
Customer Deposits	42,350	47,250
Wages Payable	507,941	392,780
Unemployment and other Tax Payables	206,544	248,342
Volume Incentive Payable	1,500,000	1,500,000
Current Portion of Long Term Debt	525,015	429,502
Interest Payable	5,823	8,913
Current Portion of Compensated Absences	101,373	77,505
Total Current Liabilities	<u>3,553,558</u>	<u>3,408,245</u>
LONG-TERM LIABILITIES		
On the Job Injury Reserve	706,832	691,898
Long Term Portion of Compensated Absences	912,353	697,546
Other Long-Term Liabilities	2,669,777	1,482,482
Total Long-Term Liabilities	<u>4,288,962</u>	<u>2,871,926</u>
TOTAL LIABILITIES	<u>13,121,978</u>	<u>10,194,147</u>
TOTAL NET POSITION AND LIABILITIES	<u><u>\$38,154,353</u></u>	<u><u>\$35,217,415</u></u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	JUNE 2015	JUNE 2014
	<u> </u>	<u> </u>
OPERATING REVENUES		
Switching Revenues	\$1,849,030	\$2,202,633
Demurrage and Other Operating Revenues	123,500	225,039
Total Operating Revenues	<u>1,972,530</u>	<u>2,427,672</u>
 OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	88,411	79,062
Supplies and Expense	98,640	91,334
Mechanical		
Salaries and Wages	173,086	111,603
Supplies and Expense	165,873	264,712
Operations		
Salaries and Wages	819,095	758,695
Supplies and Expense	173,433	152,087
Administration		
Salaries and Wages	180,801	161,001
Supplies and Expense	273,586	487,673
Taxes - State	29,764	35,877
Depreciation	101,740	89,105
Total Operating Expenses	<u>2,104,429</u>	<u>2,231,149</u>
 Net Operating Income	(131,899)	196,523
 NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,806	6,143
Miscellaneous	80,766	49,124
Interest Expense	(1,941)	(2,971)
Total Non-Operating Revenues	<u>85,631</u>	<u>52,296</u>
 Contributions - Grants	-	-
Contributions - Others	-	250,000
Total Contributions	<u>-</u>	<u>250,000</u>
 Transfers		
City of Tacoma Gross Earnings Tax	(158,563)	(197,894)
 CHANGE IN NET POSITION	<u>(\$204,831)</u>	<u>\$300,925</u>
 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 2015 Financial Report.

YEAR TO DATE			
JUNE 30, 2015	JUNE 30, 2014	2015/2014 VARIANCE	PERCENT CHANGE
\$12,296,885	\$13,069,232	(\$772,347)	-5.9%
1,971,876	1,106,918	864,958	78.1%
14,268,761	14,176,150	92,611	0.7%
556,719	471,662	85,057	18.0%
605,878	596,517	9,361	1.6%
1,019,871	678,493	341,378	50.3%
1,448,959	1,109,022	339,937	30.7%
4,788,504	4,244,385	544,119	12.8%
647,005	590,757	56,248	9.5%
1,113,528	1,046,328	67,200	6.4%
1,819,657	1,662,811	156,846	9.4%
201,979	209,351	(7,372)	-3.5%
610,441	534,632	75,809	14.2%
12,812,541	11,143,958	1,668,583	15.0%
1,456,220	3,032,192	(1,575,972)	-52.0%
33,827	33,263	564	1.7%
465,897	429,282	36,615	8.5%
(12,434)	(18,574)	6,140	-33.1%
487,290	443,971	43,319	9.8%
34,670	-	34,670	100.0%
-	500,000	(500,000)	-100.0%
34,670	500,000	(465,330)	-93.1%
(1,175,995)	(1,171,074)	(4,921)	0.4%
802,185	2,805,089	(\$2,002,904)	-71.4%
24,230,190	22,218,179		
\$25,032,375	\$25,023,268		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>JUNE 2015</u>	<u>JUNE 2014</u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$1,066,136	\$1,038,135
LINE HAULS--COMMERCIAL	653,884	934,540
LINE HAULS--CAPITAL DIVISION	62,077	128,319
MISCELLANEOUS SWITCHES	<u>66,933</u>	<u>101,639</u>
TOTAL SWITCHING REVENUES	<u><u>\$1,849,030</u></u>	<u><u>\$2,202,633</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	6,601	4,744
LINE HAULS--COMMERCIAL	1,971	2,545
LINE HAULS--CAPITAL DIVISION	143	285
MISCELLANEOUS SWITCHES	<u>199</u>	<u>221</u>
TOTAL CARS SWITCHED	<u><u>8,914</u></u>	<u><u>7,795</u></u>

YEAR TO DATE			
<u>JUNE 30,</u> <u>2015</u>	<u>JUNE 30,</u> <u>2014</u>	<u>2015/2014</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$5,312,355	\$5,543,427	(\$231,072)	-4.2%
5,915,349	6,196,326	(280,977)	-4.5%
363,337	666,785	(303,448)	-45.5%
<u>705,844</u>	<u>662,694</u>	<u>43,150</u>	6.5%
<u>\$12,296,885</u>	<u>\$13,069,232</u>	<u>(\$772,347)</u>	-5.9%
32,531	33,269	(738)	-2.2%
14,484	16,017	(1,533)	-9.6%
841	1,487	(646)	-43.4%
<u>1,380</u>	<u>1,360</u>	<u>20</u>	1.5%
<u>49,236</u>	<u>52,133</u>	<u>(2,897)</u>	-5.6%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	JUNE 30, 2015	JUNE 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$14,697,888	\$14,213,410
Cash Paid to Suppliers	(4,818,697)	(3,726,993)
Cash Paid to Employees	(7,406,373)	(6,376,618)
Taxes Paid	(276,870)	(191,067)
Net Cash Provided by Operating Activities	2,195,948	3,918,732
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,175,995)	(1,171,074)
Net Cash Used in Non-Capital Financing Activities	(1,175,995)	(1,171,074)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(2,196,364)	(2,002,132)
Principal Payments on Long-Term Debt	(344,002)	359,318
Interest Paid	(14,000)	(20,059)
Proceeds from Capital Contributions	34,670	250,000
Proceeds from Long-Term Debt	1,112,669	765,339
Gain from Disposition of Property	(201,129)	-
Proceeds from Other Non-Operating Revenues	465,897	429,282
Net Cash Used in Capital and Related Financing Activities	(1,142,259)	(218,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	33,827	33,263
Net Cash Provided by Investing Activities	33,827	33,263
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(88,479)	2,562,669
Cash & Equity in Pooled Investments at January 1	<u>10,108,628</u>	<u>7,439,114</u>
Cash & Equity in Pooled Investments at June 30	<u><u>\$10,020,149</u></u>	<u><u>\$10,001,783</u></u>

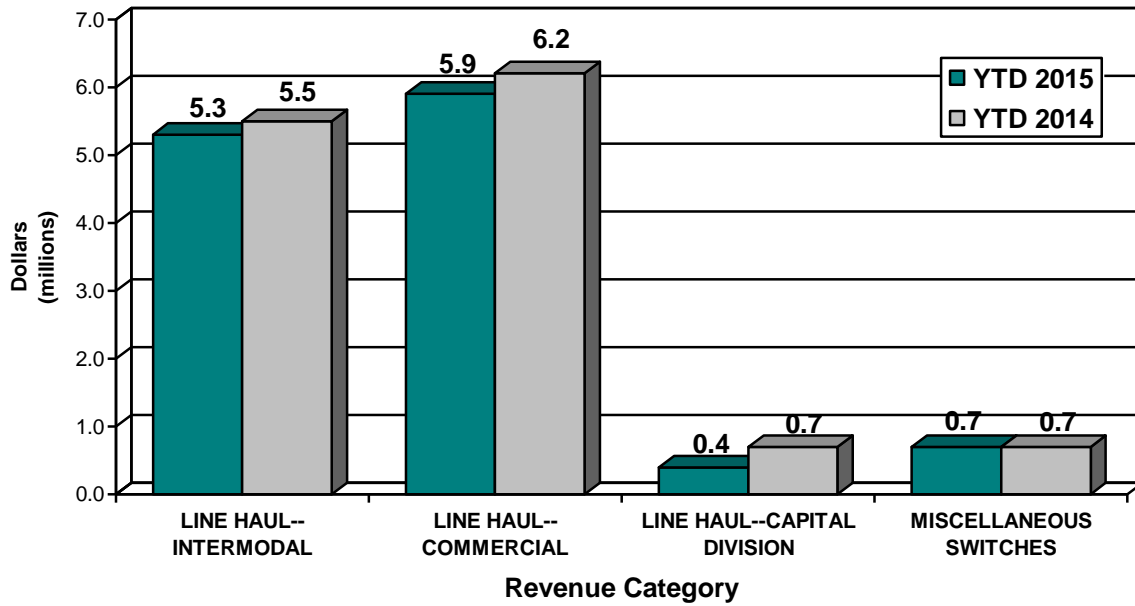
These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

	YEAR TO DATE	
	JUNE 30, 2015	JUNE 30, 2014
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$1,456,220	3,032,192
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	610,441	534,632
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	329,434	(37,145)
Interfund Receivable	103,243	81,455
Materials and Supplies Inventory	(23,338)	(96,688)
Prepayments	223,030	157,735
Accounts Payable	(579,937)	(402,613)
Customer Deposits	(3,550)	(7,050)
Unemployment and other Tax Payables	(74,891)	18,284
Wages Payable	62,200	19,510
Volume Incentive Payable	583,334	708,332
Other Long-Term Liabilities & OJI Reserve.....	10,049	44,740
Total Adjustments	<u>739,728</u>	<u>886,540</u>
Net Cash Provided by Operating Activities	<u>\$2,195,948</u>	<u>\$3,918,732</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>9,955,045</u>	<u>9,936,679</u>
Cash and Equity in Pooled Investments at June 30	<u>\$10,020,149</u>	<u>\$10,001,783</u>

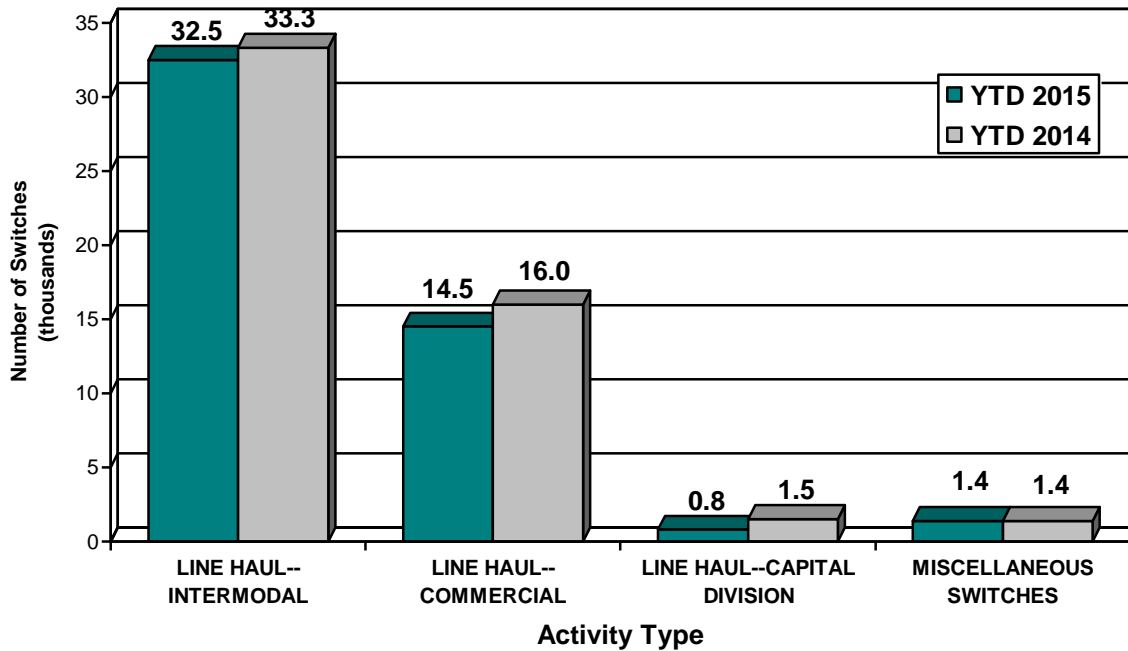
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Supplemental Data

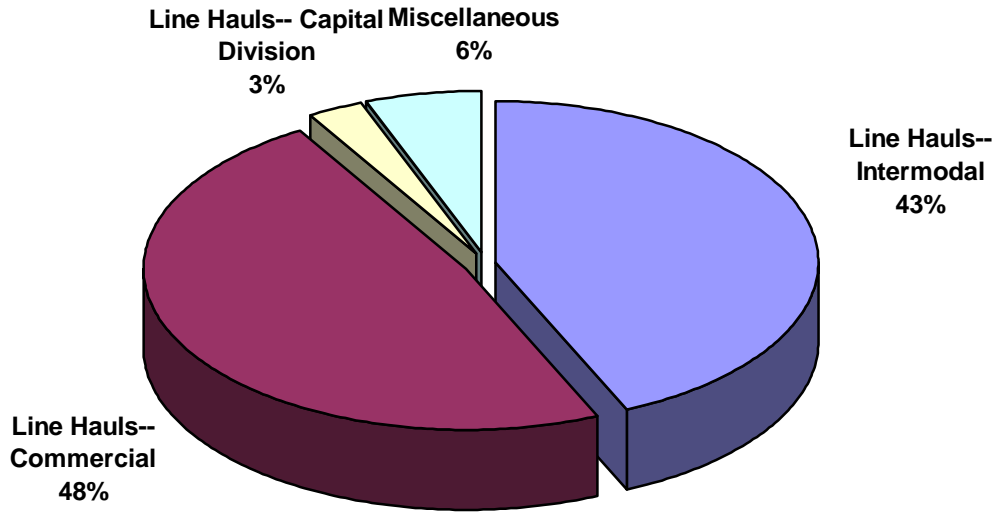
SWITCHING REVENUES
Year to Date - June 2015 & 2014



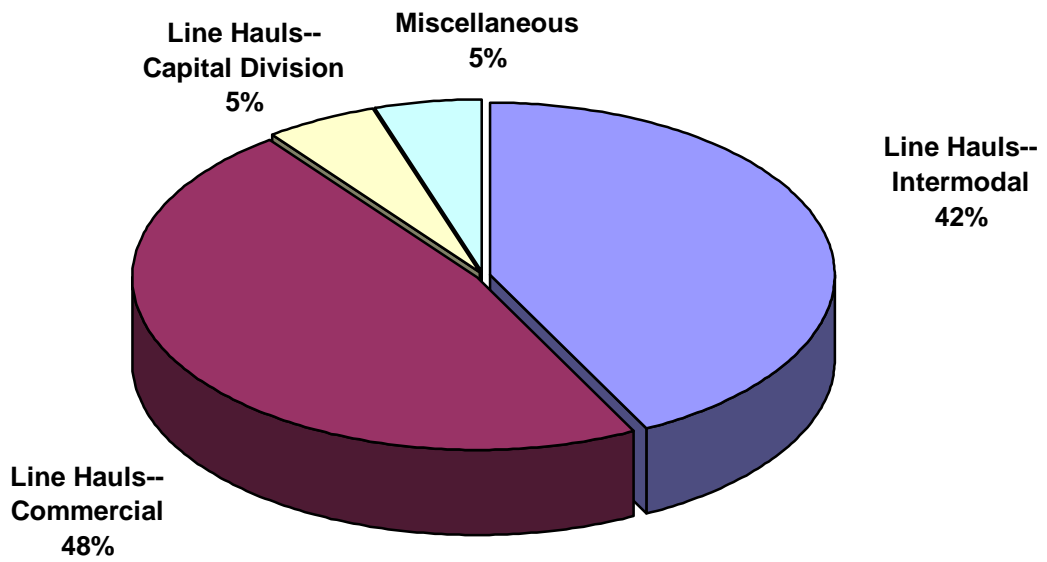
SWITCHING ACTIVITIES
Year to Date - June 2015 & 2014



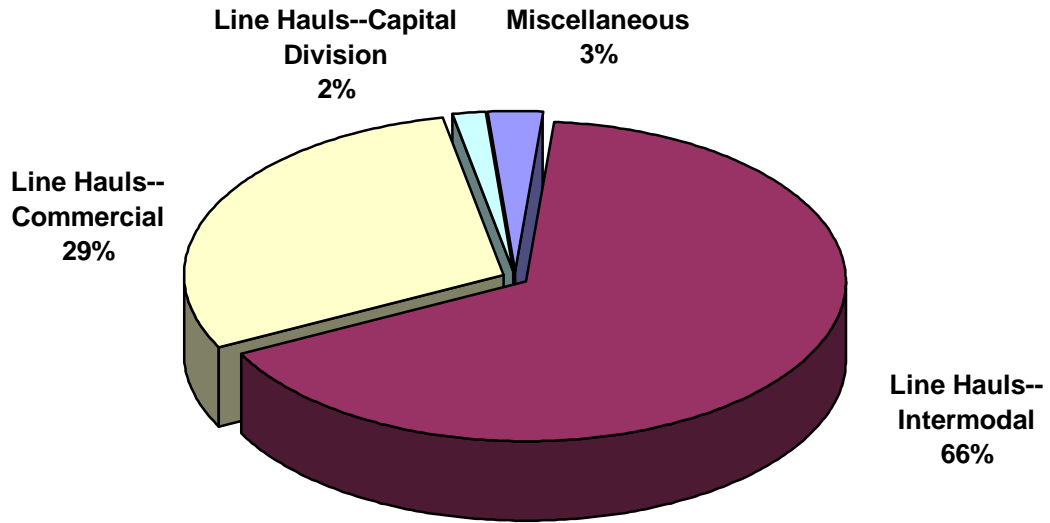
SWITCHING REVENUES
Year to Date - June 2015 (\$12,296,885)



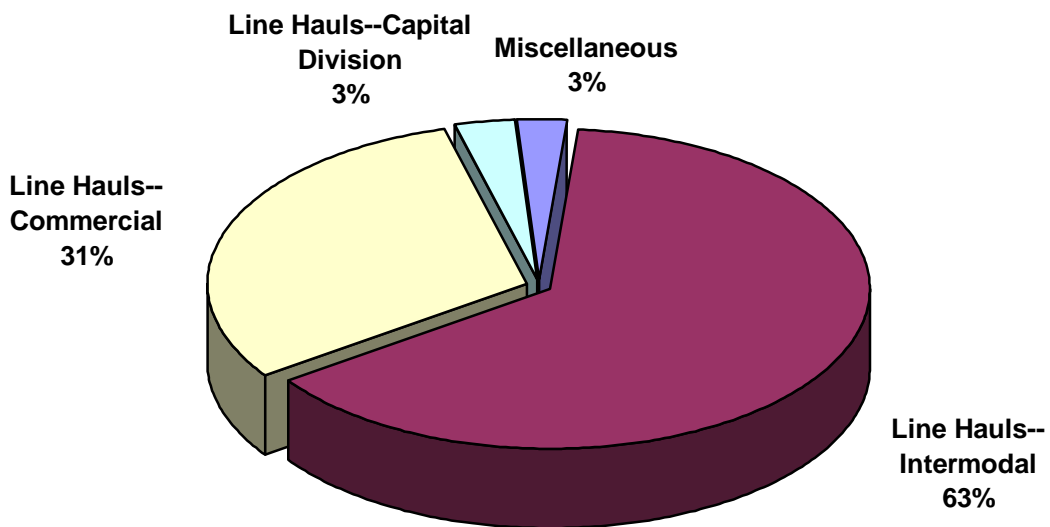
SWITCHING REVENUES
Year to Date - June 2014 (\$13,069,232)



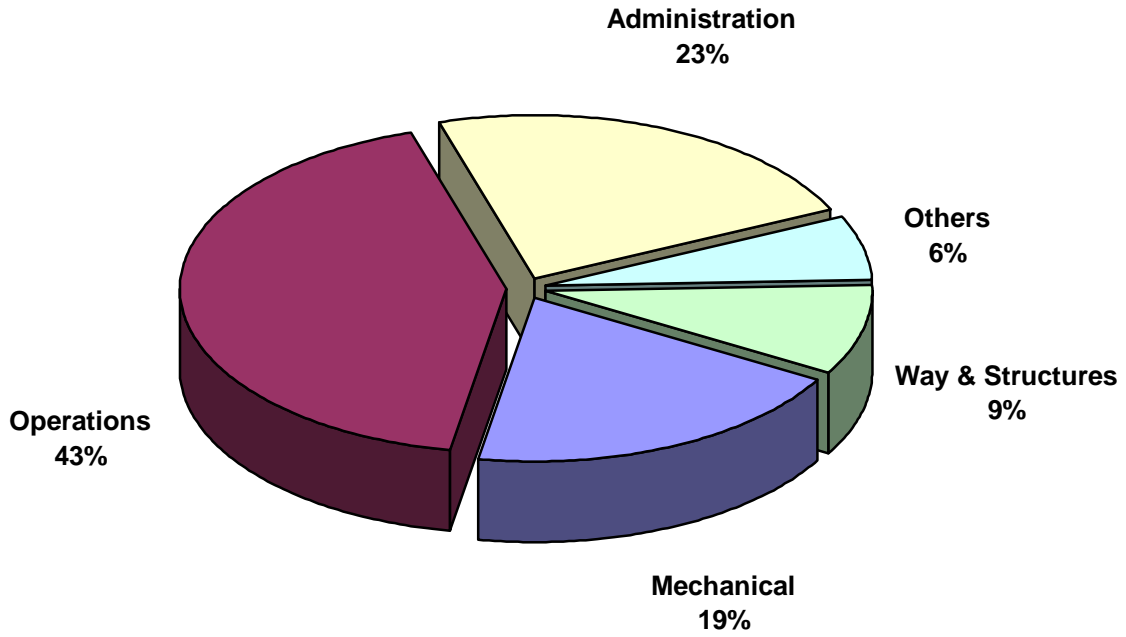
SWITCHING ACTIVITY
Year to Date - June 2015 (49,236 cars)



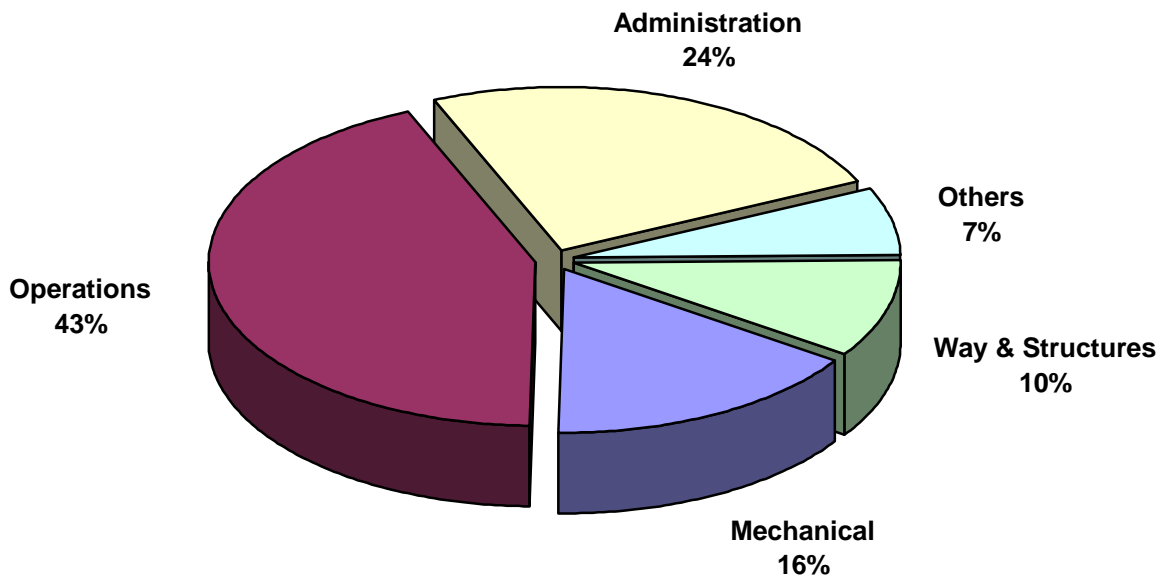
SWITCHING ACTIVITY
Year to Date - June 2014 (52,133 cars)



TOTAL OPERATING EXPENSES
Year to Date - June 2015 (\$12,812,541)



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





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.