
SEPTEMBER

TACOMA RAIL

2013

**FINANCIAL
REPORT**



Public Utility Board

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WOODROW JONES

Vice-Chair

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WILLIAM A. GAINES
Director of Utilities/CEO

DALE KING
Rail Superintendent

ANDREW CHERULLO
Finance Director

DEPARTMENT OF PUBLIC UTILITIES
CITY OF TACOMA

MANAGEMENT ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting year-to date operating income of \$3.3 million compared to \$2.0 in 2012. Operating revenues increased \$3.9 million (23.3%), and operating expenses increased \$2.7 million (18.1%), year-to-date for 2013 compared to 2012.

Operating revenues were \$20.5 million at the end of the third quarter of 2013, compared to \$16.7 million in 2012, an increase of \$3.9 million. Total switching revenues increased \$3.7 million primarily due to increased traffic as shown in the table below.

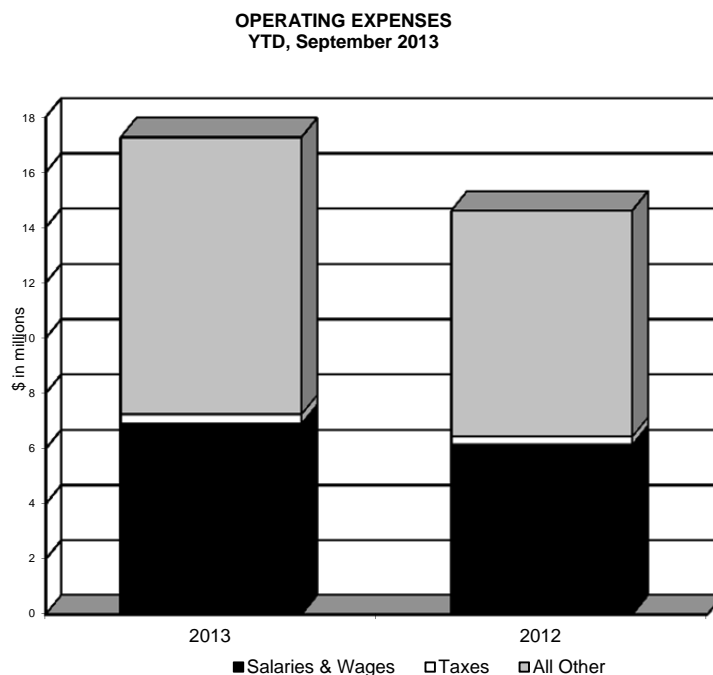
Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2013	2012	Var	% Chg	2013	2012	Var	% Chg
Intermodal Line Hauls	76,790	41,698	35,092	84.2%	\$ 8,667	\$ 7,177	\$ 1,490	20.8%
Commercial Line Hauls	22,426	20,812	1,614	7.8%	7,118	6,547	571	8.7%
Capital Div. Line Hauls	1,958	1,297	661	51.0%	880	566	314	55.5%
Miscellaneous Switches	1,432	2,002	(570)	(28.5%)	1,995	679	1,316	193.8%
Total Line Hauls	102,606	65,809	36,797	55.9%	\$ 18,660	\$ 14,969	\$ 3,691	24.7%

	Platforms/Containers				Switching Revenues (in thousands)			
	2013	2012	Var	% Chg	2013	2012	Var	% Chg
Intermodal Empty Platforms	38,835	28,990	9,845	34.0%	\$ 1,828	\$ 1,363	\$ 465	34.1%
Intermodal Loaded Platforms	136,386	116,131	20,255	17.4%	6,410	5,458	952	17.4%
Intermodal Loaded Containers	14,792	12,263	2,529	20.6%	429	356	73	20.5%
Total Intermodal Line Hauls	190,013	157,384	32,629	20.7%	\$ 8,667	\$ 7,177	\$ 1,490	20.8%

In addition to the increase in switching revenues, demurrage and other operating revenues increased \$185,000.

Total operating expenses were \$17.3 million at the end of the third quarter of 2013, compared to \$14.6 million in 2012, an increase of \$2.7 million. Salaries and wages were \$754,000 higher due to increases in FTE, payroll taxes and wages.

Supplies and expenses increased \$1.7 million mainly due to the volume incentive allowance with the Port of Tacoma. Higher traffic volume and compliance with Federal Railroad Administration regulations also contributed to the increase in supplies and expenses.



State taxes increased \$51,000 and transfers to the City increased \$312,000 as a result of higher revenues. Depreciation increased \$144,000 due to increase in depreciable assets.

Tacoma Rail's working capital ratios for the third quarter of 2013 and 2012 were 6.8 and 4.7 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	SEPTEMBER 30,	
	2013	2012
CAPITAL ASSETS		
Road and Equipment Property	\$30,682,676	\$27,117,813
Less Accumulated Depreciation	(15,008,035)	(14,851,182)
Total	15,674,641	12,266,631
Construction Work in Progress	1,233,837	3,302,380
Net Capital Assets	16,908,478	15,569,011
SPECIAL FUNDS		
Cash and Equity in Pooled Investments:		
Debt Service Funds	65,104	314,517
Total Special Funds	65,104	314,517
CURRENT ASSETS		
Cash & Equity in Pooled Investments	6,200,198	3,594,908
Customer Accounts Receivable	2,658,757	3,163,737
Prepayments	1,988,397	1,723,583
Materials and Supplies Inventory.....	715,280	614,596
Total Current Assets	11,562,632	9,096,824
TOTAL ASSETS	\$28,536,214	\$24,980,352

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2012 Annual Report.

NET POSITION AND LIABILITIES	SEPTEMBER 30,	
	2013	2012
NET POSITION		
Net Investment in Capital Assets.....	\$13,997,116	\$13,086,928
Restricted for:		
Debt Service	65,104	314,517
Unrestricted	8,476,164	6,300,966
TOTAL NET POSITION	22,538,384	19,702,411
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	771,620	983,267
State Loans.....	1,854,467	1,057,586
Total Long-Term Liabilities	2,626,087	2,040,853
CURRENT LIABILITIES		
Accounts Payable	379,567	311,499
Customer Deposits	54,300	62,250
Wages Payable	201,417	154,951
Unemployment and other Tax Payables	226,733	230,715
Volume Incentive Payable	458,334	624,999
Current Portion of Long Term Debt	285,275	445,554
Interest Payable	11,125	15,102
Current Portion of Compensated Absences	83,098	70,978
Total Current Liabilities	1,699,849	1,916,048
LONG-TERM LIABILITIES		
On the Job Injury Reserve	628,951	567,076
Long Term Portion of Compensated Absences	747,880	638,804
Other Long-Term Liabilities	295,063	115,160
Total Long-Term Liabilities	1,671,894	1,321,040
TOTAL LIABILITIES	5,997,830	5,277,941
TOTAL NET POSITION AND LIABILITIES	\$28,536,214	\$24,980,352

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	SEPTEMBER 2013	SEPTEMBER 2012 (As Restated)
OPERATING REVENUES		
Switching Revenues	\$1,996,237	\$1,794,524
Demurrage and Other Operating Revenues	163,547	242,177
Total Operating Revenues	2,159,784	2,036,701
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	61,012	59,427
Supplies and Expense	209,250	112,521
Mechanical		
Salaries and Wages	77,436	70,487
Supplies and Expense	190,906	218,238
Operations		
Salaries and Wages	504,830	455,946
Supplies and Expense	285,066	244,664
Administration		
Salaries and Wages	111,402	107,638
Supplies and Expense	248,226	445,384
Taxes - State	38,284	37,098
Depreciation	79,944	62,936
Total Operating Expenses	1,806,356	1,814,339
Net Operating Income	353,428	222,277
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	4,193	5,191
Miscellaneous	74,919	71,475
Interest Expense	(3,708)	(5,038)
Total Non-Operating Revenues	75,404	71,628
Contributions - Grants	-	-
Contributions - Others	-	-
Total Contributions	-	-
Transfers		
City of Tacoma Gross Earnings Tax	212,620	175,417
Transfers to other funds	-	-
Total Transfers	212,620	175,417
CHANGE IN NET POSITION	\$216,212	\$118,488
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 2013 Financial Report.

YEAR TO DATE			
SEPTEMBER 30, 2013	SEPTEMBER 30, 2012 (As Restated)	2013/2012 VARIANCE	PERCENT CHANGE
\$18,660,524	\$14,968,540	\$3,691,984	24.7%
1,866,358	1,681,496	184,862	11.0%
<u>20,526,882</u>	<u>16,650,036</u>	<u>3,876,846</u>	23.3%
514,022	571,291	(57,269)	-10.0%
1,213,778	1,332,247	(118,469)	-8.9%
708,686	677,313	31,373	4.6%
1,977,487	2,031,635	(54,148)	-2.7%
4,634,622	3,912,466	722,156	18.5%
2,660,007	2,119,621	540,386	25.5%
1,057,874	999,743	58,131	5.8%
3,445,516	2,112,281	1,333,235	63.1%
342,745	291,868	50,877	17.4%
719,498	575,490	144,008	25.0%
<u>17,274,235</u>	<u>14,623,955</u>	<u>2,650,280</u>	18.1%
3,252,647	2,026,081	1,226,566	60.5%
7,169	26,089	(18,920)	-72.5%
668,155	697,428	(29,273)	-4.2%
(35,543)	(47,855)	12,312	-25.7%
<u>639,781</u>	<u>675,662</u>	<u>(35,881)</u>	-5.3%
-	165,410	(165,410)	-100.0%
-	80,897	(80,897)	-100.0%
<u>-</u>	<u>246,307</u>	<u>(246,307)</u>	-100.0%
1,704,014	1,392,469	311,545	22.4%
-	(31)	31	-100.0%
<u>1,704,014</u>	<u>1,392,438</u>	<u>311,576</u>	22.4%
2,188,414	1,555,612	\$632,802	40.7%
<u>20,349,970</u>	<u>18,146,799</u>		
<u>\$22,538,384</u>	<u>\$19,702,411</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>SEPTEMBER 2013</u>	<u>SEPTEMBER 2012</u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$901,568	\$976,645
LINE HAULS--COMMERCIAL	621,430	691,955
LINE HAULS--CAPITAL DIVISION	121,019	71,604
MISCELLANEOUS SWITCHES	<u>352,220</u>	<u>54,320</u>
TOTAL SWITCHING REVENUES	<u><u>\$1,996,237</u></u>	<u><u>\$1,794,524</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	5,372	5,869
LINE HAULS--COMMERCIAL	1,931	2,158
LINE HAULS--CAPITAL DIVISION	269	163
MISCELLANEOUS SWITCHES	<u>198</u>	<u>139</u>
TOTAL CARS SWITCHED	<u><u>7,770</u></u>	<u><u>8,329</u></u>

YEAR TO DATE			
SEPTEMBER 30, 2013	SEPTEMBER 30, 2012	2013/2012 VARIANCE	PERCENT CHANGE
\$8,667,355	\$7,177,066	\$1,490,289	20.8%
7,117,710	6,547,240	570,470	8.7%
880,325	565,725	314,600	55.6%
<u>1,995,134</u>	<u>678,509</u>	<u>1,316,625</u>	194.0%
<u>\$18,660,524</u>	<u>\$14,968,540</u>	<u>\$3,691,984</u>	24.7%
76,790	41,698	35,092	84.2%
22,426	20,812	1,614	7.8%
1,958	1,297	661	51.0%
<u>1,432</u>	<u>2,002</u>	<u>(570)</u>	-28.5%
<u>102,606</u>	<u>65,809</u>	<u>36,797</u>	55.9%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2013	SEPTEMBER 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$20,684,143	\$15,671,913
Cash Paid to Suppliers	(10,711,791)	(7,207,946)
Cash Paid to Employees	(6,975,707)	(6,247,020)
Taxes Paid	(529,186)	(251,055)
Net Cash Provided by Operating Activities	2,467,459	1,965,892
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,704,014)	(1,392,438)
Proceeds from Non-Capital Contributions	-	92,674
Net Cash Used in Non-Capital Financing Activities	(1,704,014)	(1,299,764)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(1,369,051)	(2,185,687)
Principal Payments on Long-Term Debt	(702,096)	(438,335)
Interest Paid	(38,651)	(51,895)
Proceeds from Capital Contributions	-	281,740
Proceeds from Long-Term Debt	754,980	-
Proceeds from Other Non-Operating Revenues	668,157	697,431
Net Cash Used in Capital and Related Financing Activities	(686,661)	(1,696,746)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	7,169	26,089
Net Cash Provided by Investing Activities	7,169	26,089
Net Decrease in Cash and Equity in Pooled Investments	83,953	(1,004,529)
Cash & Equity in Pooled Investments at January 1 ..	6,181,349	4,913,954
Cash & Equity in Pooled Investments at September 30	\$6,265,302	\$3,909,425

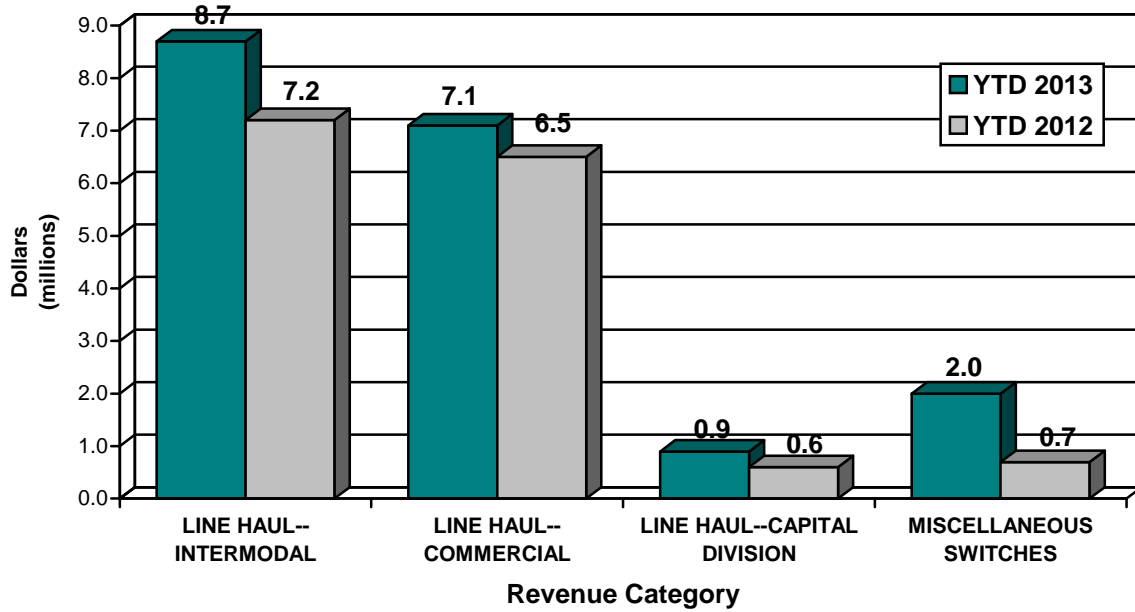
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	YEAR TO DATE	
	SEPTEMBER 30, 2013	SEPTEMBER 30, 2012
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income	\$3,252,647	\$2,026,081
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	719,498	575,490
Accounts Receivable	(270,405)	(1,003,490)
Interfund Receivable	434,866	31,516
Materials and Supplies Inventory	(98,343)	(84,585)
Prepayments	185,396	153,918
Accounts Payable	(235,137)	(171,156)
Customer Deposits	(7,200)	(6,150)
Unemployment and other Tax Payables	(186,441)	40,813
Wages Payable	(114,960)	(98,476)
Volume Incentive Payable	(749,999)	624,999
Interfund Payable	(516,921)	(128,025)
Deferred Credits	54,458	4,957
 Total Adjustments	 <u>(785,188)</u>	 <u>(60,189)</u>
 Net Cash Provided by Operating Activities	 <u>\$2,467,459</u>	 <u>\$1,965,892</u>
 Reconciliation of Cash and Equity in Pooled		
Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	\$65,104	\$314,517
Cash and Equity in Pooled Investments in Operating Funds	<u>6,200,198</u>	<u>3,594,908</u>
Cash and Equity in Pooled Investments at September 30	<u>\$6,265,302</u>	<u>\$3,909,425</u>

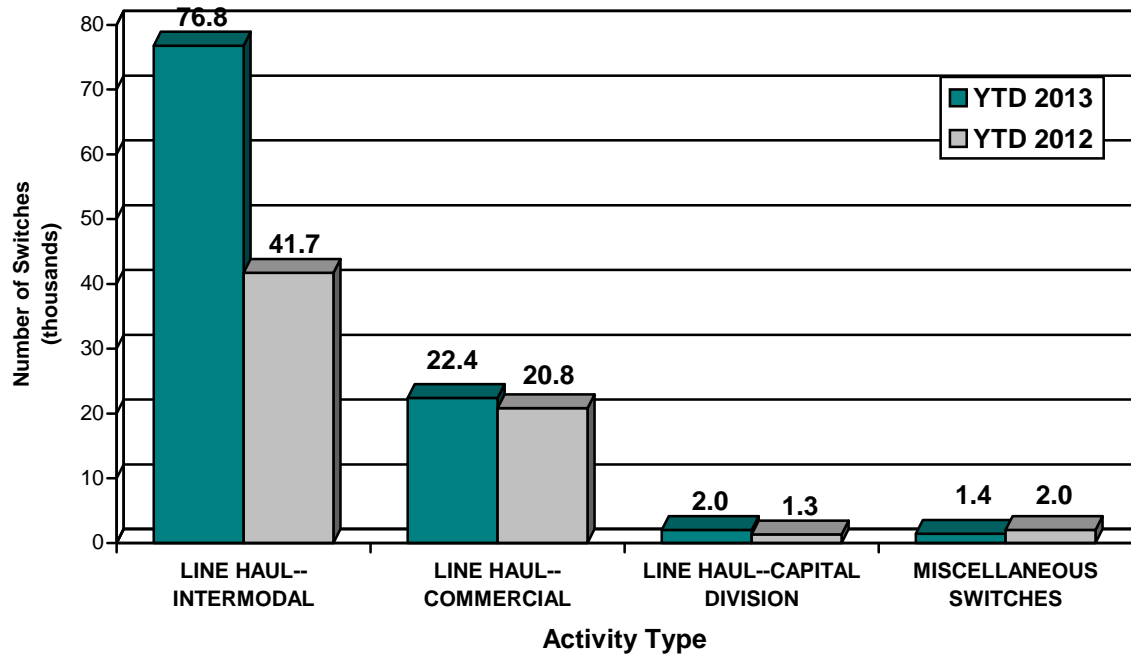
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Supplemental Data

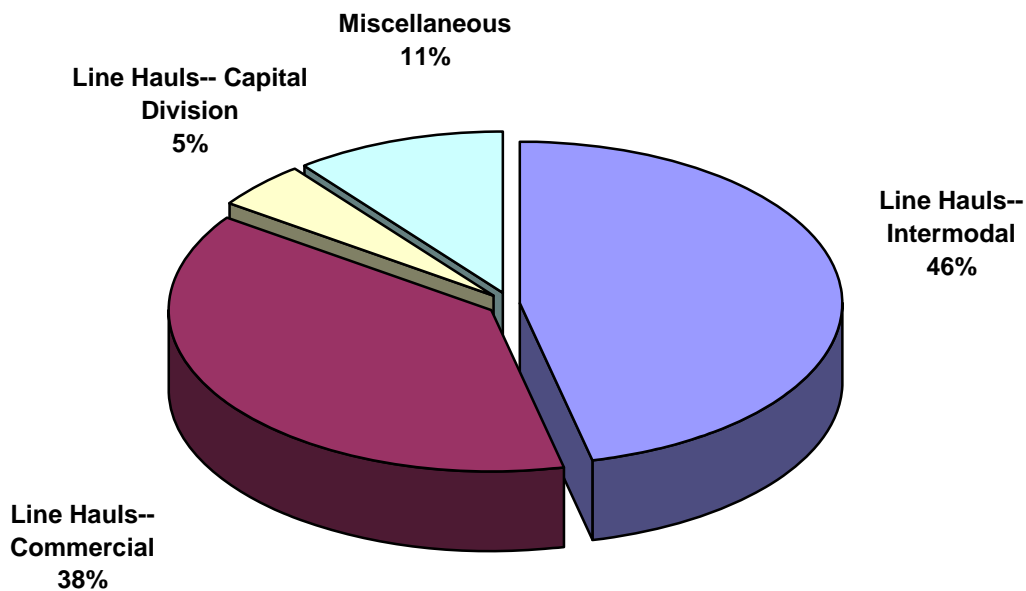
SWITCHING REVENUES
Year to Date - September 2013 & 2012



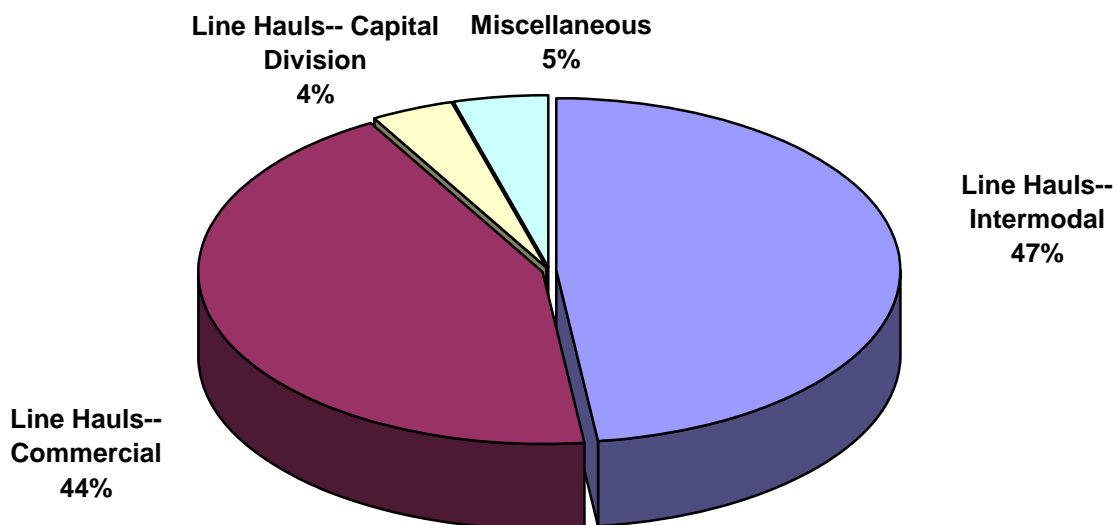
SWITCHING ACTIVITIES
Year to Date - September 2013 & 2012



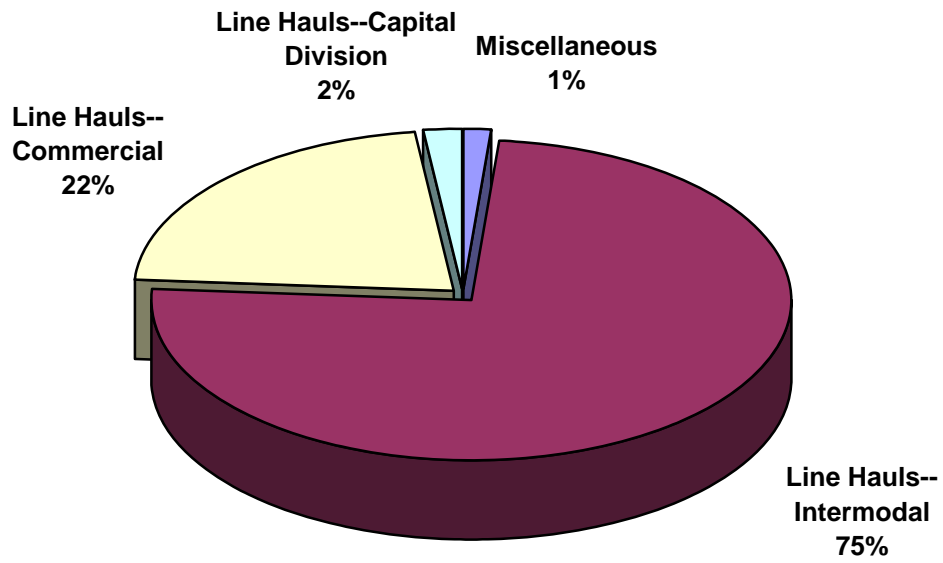
SWITCHING REVENUES
Year to Date - September 2013 (\$18,660,524)



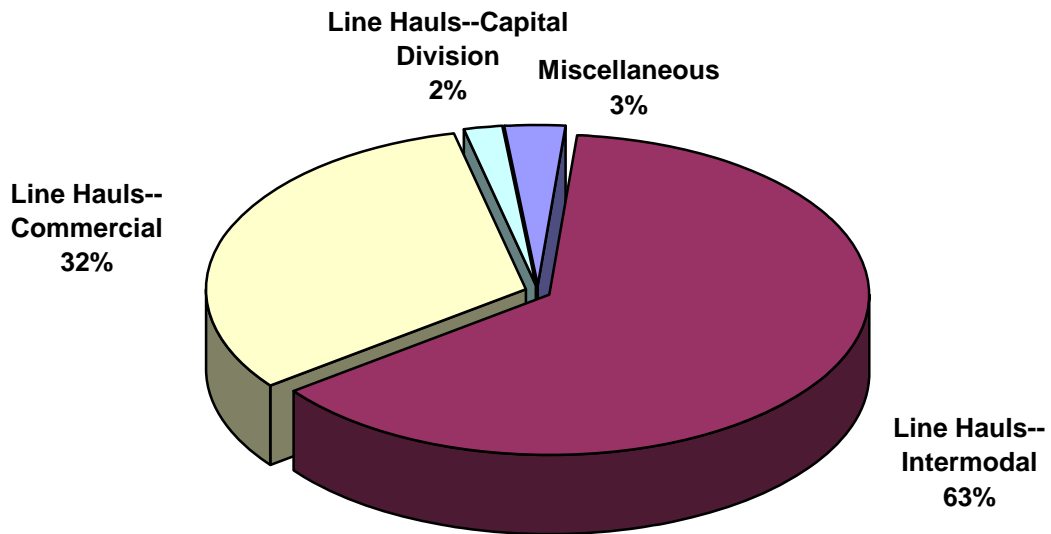
SWITCHING REVENUES
Year to Date - September 2012 (\$14,968,540)



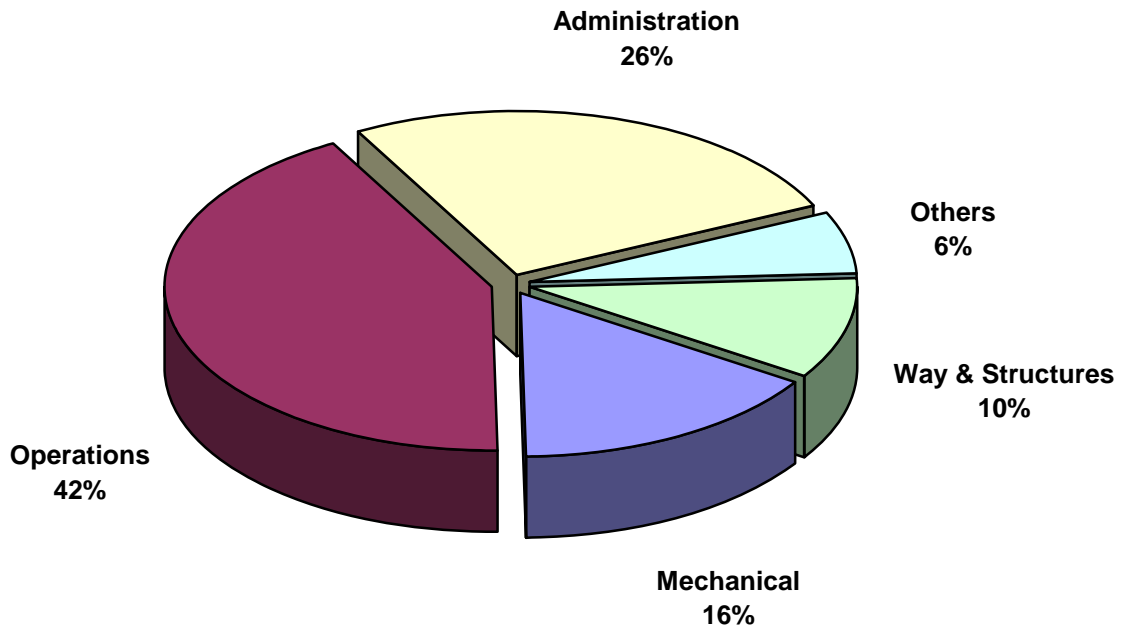
SWITCHING ACTIVITY
Year to Date - September 2013 (102,606 cars)



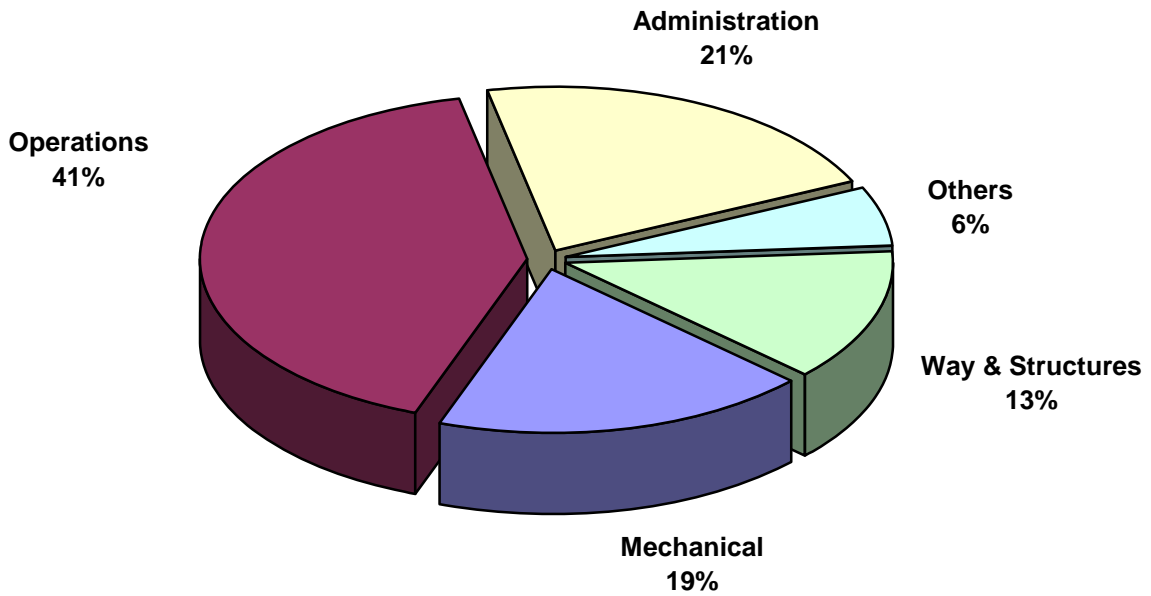
SWITCHING ACTIVITY
Year to Date - September 2012 (65,809 cars)



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



TOTAL OPERATING EXPENSES
Year to Date - September 2012 (\$14,623,955)





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.