
MARCH

TACOMA RAIL

2015

**FINANCIAL
REPORT**



Public Utility Board

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Vice-Chair

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Member

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Member

WILLIAM A. GAINES
Director of Utilities/CEO

DALE KING
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 operating income of \$949,000 compared to \$1.3 million in 2014. Operating revenues increased \$617,000 (9.5%), and operating expenses increased \$932,000 (17.8%) year to date in 2015 compared to 2014.

Operating revenues were \$7.1 million at the end of first quarter 2015, compared to \$6.5 million in 2014. Total switching revenues increased \$51,000 primarily due to increases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues			
	2015	2014	Var	%Chg	2015	2014	Var	%Chg
Intermodal Line Hauls	13,737	15,777	(2,040)	-12.9%	\$ 2,252	\$ 2,495	\$ (243)	-9.7%
Commercial Line Hauls	7,674	7,654	20	0.3%	3,283	3,019	264	8.7%
Capital Div. Line Hauls	402	709	(307)	-43.3%	173	317	(144)	-45.4%
Miscellaneous Switches	712	639	73	11.4%	435	261	174	66.7%
Total Line Hauls	22,525	24,779	(2,254)	-9.1%	\$ 6,143	\$ 6,092	\$ 51	0.8%

Demurrage and other operating revenues increased \$566,000 primarily due to an increase in commercial traffic.

Total operating expenses were \$6.2 million year to date in 2015, compared to \$5.2 million in 2014.

Salaries and wages were \$1.3 million higher due to increased personnel, payroll taxes and wages.

Supplies and expenses decreased \$421,000 primarily due to the decrease in eligible volume incentive expense.

Transfers to the City increased \$38,000 as a result of higher revenues.

Depreciation increased \$38,000 due to an increase in depreciable assets of \$2.9 million compared to the same period in 2014.

Tacoma Rail's working capital ratios year to date of 2015 and 2014 were 5.6 and 5.1, respectively.

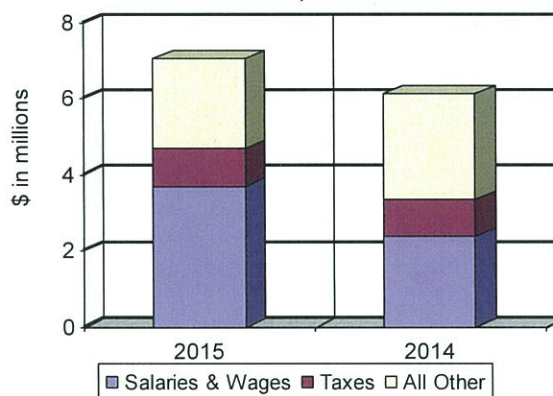


William A. Gaines
Director of Utilities/CEO



Andrew Cherullo
Finance Director

Operating Expenses
YTD, March 31



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	MARCH 31,	
	2015	2014
CAPITAL ASSETS		
Road and Equipment Property	\$36,422,720	\$32,604,817
Less Accumulated Depreciation	(16,659,805)	(15,552,636)
Total	19,762,915	17,052,181
Construction Work in Progress	1,660,099	1,417,461
Net Capital Assets	21,423,014	18,469,642
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	9,613,258	7,525,279
Customer Accounts Receivable	3,030,411	3,010,614
Grants Receivable	116,636	-
Prepayments	1,876,796	2,108,560
Materials and Supplies Inventory.....	881,592	879,169
Total Current Assets	15,518,693	13,523,622
TOTAL ASSETS	\$37,006,811	\$32,058,368

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

NET POSITION AND LIABILITIES	<u>MARCH 31,</u> 2015	<u>MARCH 31,</u> 2014
NET POSITION		
Net Investment in Capital Assets.....	\$15,855,112	\$14,695,127
Restricted for:		
Debt Service	65,104	65,104
Unrestricted	8,954,339	8,414,900
TOTAL NET POSITION	<u>24,874,555</u>	<u>23,175,131</u>
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	312,763	548,332
State Loans.....	4,759,849	2,827,027
Total Long-Term Liabilities	<u>5,072,612</u>	<u>3,375,359</u>
CURRENT LIABILITIES		
Accounts Payable	381,462	696,927
Customer Deposits	45,900	51,900
Wages Payable	268,662	208,749
Unemployment and other Tax Payables	267,446	215,530
Volume Incentive Payable	1,208,333	1,000,002
Current Portion of Long Term Debt	495,290	399,156
Interest Payable	6,611	9,660
Current Portion of Compensated Absences	101,373	77,505
Total Current Liabilities	<u>2,775,077</u>	<u>2,659,429</u>
LONG-TERM LIABILITIES		
On the Job Injury Reserve	702,437	668,421
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>4,284,567</u>	<u>2,848,449</u>
TOTAL LIABILITIES	<u>12,132,256</u>	<u>8,883,237</u>
TOTAL NET POSITION AND LIABILITIES	<u>\$37,006,811</u>	<u>\$32,058,368</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	MARCH 2015	MARCH 2014
	<u> </u>	<u> </u>
OPERATING REVENUES		
Switching Revenues	\$2,325,096	\$1,996,286
Demurrage and Other Operating Revenues	330,073	128,606
Total Operating Revenues	<u>2,655,169</u>	<u>2,124,892</u>
 OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	94,992	63,114
Supplies and Expense	79,935	144,582
Mechanical		
Salaries and Wages	159,828	78,855
Supplies and Expense	192,463	152,560
Operations		
Salaries and Wages	774,157	517,738
Supplies and Expense	97,072	253,482
Administration		
Salaries and Wages	179,607	128,286
Supplies and Expense	555,985	248,896
Taxes - State	34,406	31,830
Depreciation	101,963	89,105
Total Operating Expenses	<u>2,270,408</u>	<u>1,708,448</u>
 Net Operating Income	 384,761	 416,444
 NON-OPERATING REVENUES (EXPENSES)		
Interest Income	6,274	5,797
Miscellaneous	76,726	75,037
Interest Expense	(2,204)	(3,220)
Total Non-Operating Revenues	<u>80,796</u>	<u>77,614</u>
 Contributions - Grants	 34,670	 -
Total Contributions	<u>34,670</u>	<u>-</u>
 Transfers		
City of Tacoma Gross Earnings Tax	(207,863)	(177,712)
 CHANGE IN NET POSITION	 <u>\$292,364</u>	 <u>\$316,346</u>
 TOTAL NET POSITION - JANUARY 1		
 TOTAL NET POSITION - MARCH 31		

These statements should be read in conjunction with the Management Discussion and Analysis in the March 2015 Financial Report.

YEAR TO DATE

<u>MARCH 31,</u> <u>2015</u>	<u>MARCH 31,</u> <u>2014</u>	<u>2015/2014</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$6,143,118	\$6,091,907	\$51,211	0.8%
984,390	418,505	565,885	135.2%
<u>7,127,508</u>	<u>6,510,412</u>	<u>617,096</u>	9.5%
289,652	185,565	104,087	56.1%
247,675	374,993	(127,318)	-34.0%
520,562	230,273	290,289	126.1%
673,711	559,051	114,660	20.5%
2,322,508	1,579,007	743,501	47.1%
284,879	747,045	(462,166)	-61.9%
573,215	397,205	176,010	44.3%
862,946	809,114	53,832	6.7%
98,070	96,565	1,505	1.6%
305,220	267,316	37,904	14.2%
<u>6,178,438</u>	<u>5,246,134</u>	<u>932,304</u>	17.8%
949,070	1,264,278	(315,208)	-24.9%
13,614	15,494	(1,880)	-12.1%
232,216	227,659	4,557	2.0%
(6,611)	(9,660)	3,049	-31.6%
<u>239,219</u>	<u>233,493</u>	<u>5,726</u>	2.5%
<u>34,670</u>	<u>-</u>	<u>34,670</u>	100.0%
34,670	-	34,670	100.0%
(578,594)	(540,819)	(37,775)	7.0%
644,365	956,952	(\$312,587)	-32.7%
<u>24,230,190</u>	<u>22,218,179</u>		
<u>\$24,874,555</u>	<u>\$23,175,131</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>MARCH</u> <u>2015</u>	<u>MARCH</u> <u>2014</u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$1,077,847	\$802,048
LINE HAULS--COMMERCIAL	1,056,843	1,004,920
LINE HAULS--CAPITAL DIVISION	50,599	117,487
MISCELLANEOUS SWITCHES	<u>139,807</u>	<u>71,831</u>
TOTAL SWITCHING REVENUES	<u><u>\$2,325,096</u></u>	<u><u>\$1,996,286</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	6,684	4,886
LINE HAULS--COMMERCIAL	2,620	2,638
LINE HAULS--CAPITAL DIVISION	118	262
MISCELLANEOUS SWITCHES	<u>221</u>	<u>253</u>
TOTAL CARS SWITCHED	<u><u>9,643</u></u>	<u><u>8,039</u></u>

YEAR TO DATE			
<u>MARCH 31,</u> <u>2015</u>	<u>MARCH 31,</u> <u>2014</u>	<u>2015/2014</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$2,251,522	\$2,494,532	(\$243,010)	-9.7%
3,282,779	3,019,115	263,664	8.7%
173,292	317,364	(144,072)	-45.4%
<u>435,525</u>	<u>260,896</u>	<u>174,629</u>	66.9%
<u>\$6,143,118</u>	<u>\$6,091,907</u>	<u>\$51,211</u>	0.8%
13,737	15,777	(2,040)	-12.9%
7,674	7,654	20	0.3%
402	709	(307)	-43.3%
<u>712</u>	<u>639</u>	<u>73</u>	11.4%
<u>22,525</u>	<u>24,779</u>	<u>(2,254)</u>	-9.1%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$7,144,097	\$6,058,114
Cash Paid to Suppliers	(3,025,496)	(2,786,791)
Cash Paid to Employees	(3,877,361)	(2,535,308)
Taxes Paid	(112,058)	(111,093)
Net Cash Provided by Operating Activities	129,182	624,922
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(578,594)	(540,819)
Net Cash Used in Non-Capital Financing Activities	(578,594)	(540,819)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(669,426)	(721,283)
Principal Payments on Long-Term Debt	(57,715)	(54,706)
Interest Paid	(7,389)	(10,398)
Proceeds from Capital Contributions	(81,966)	-
Proceeds from Long-Term Debt	589,809	610,400
Proceeds from Other Non-Operating Revenues	232,219	227,659
Net Cash Used in Capital and Related Financing Activities	5,532	51,672
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	13,614	15,494
Net Cash Provided by Investing Activities	13,614	15,494
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(430,266)	151,269
Cash & Equity in Pooled Investments at January 1	10,108,628	7,439,114
Cash & Equity in Pooled Investments at March 31	\$9,678,362	\$7,590,383

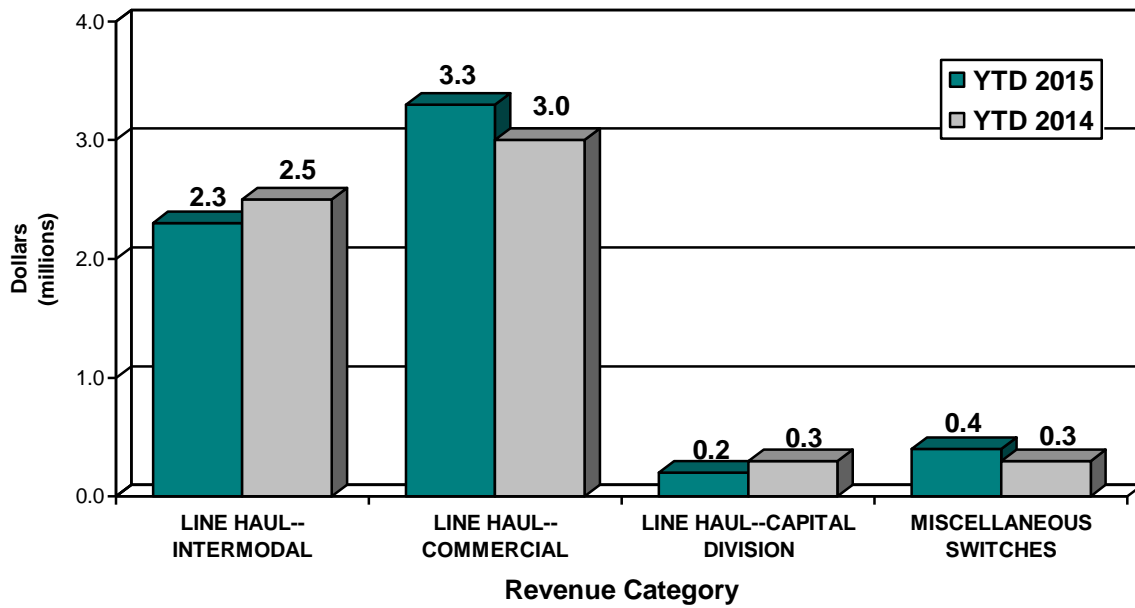
These statements should be read in conjunction with the Notes to Financial Statements contained in the 2014 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2015	MARCH 31, 2014
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating Income	\$949,070	\$1,264,278
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	305,220	267,316
Cash provided from changes in operating		
assets and liabilities:		
Accounts Receivable	(86,653)	(531,353)
Interfund Receivable	103,242	81,455
Materials and Supplies Inventory	3,808	(39,499)
Prepayments	111,515	78,868
Accounts Payable	(862,987)	(409,639)
Customer Deposits	-	(2,400)
Unemployment and other Tax Payables	(13,989)	(14,528)
Wages Payable	(177,078)	(164,521)
Volume Incentive Payable	291,667	208,334
Interfund Payable	(500,287)	(134,652)
Other Long-Term Liabilities & OJI Reserve.....	5,654	21,263
Total Adjustments	(819,888)	(639,356)
Net Cash Provided by Operating		
Activities	\$129,182	\$624,922
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	9,613,258	7,525,279
Cash and Equity in Pooled Investments		
at March 31	\$9,678,362	\$7,590,383

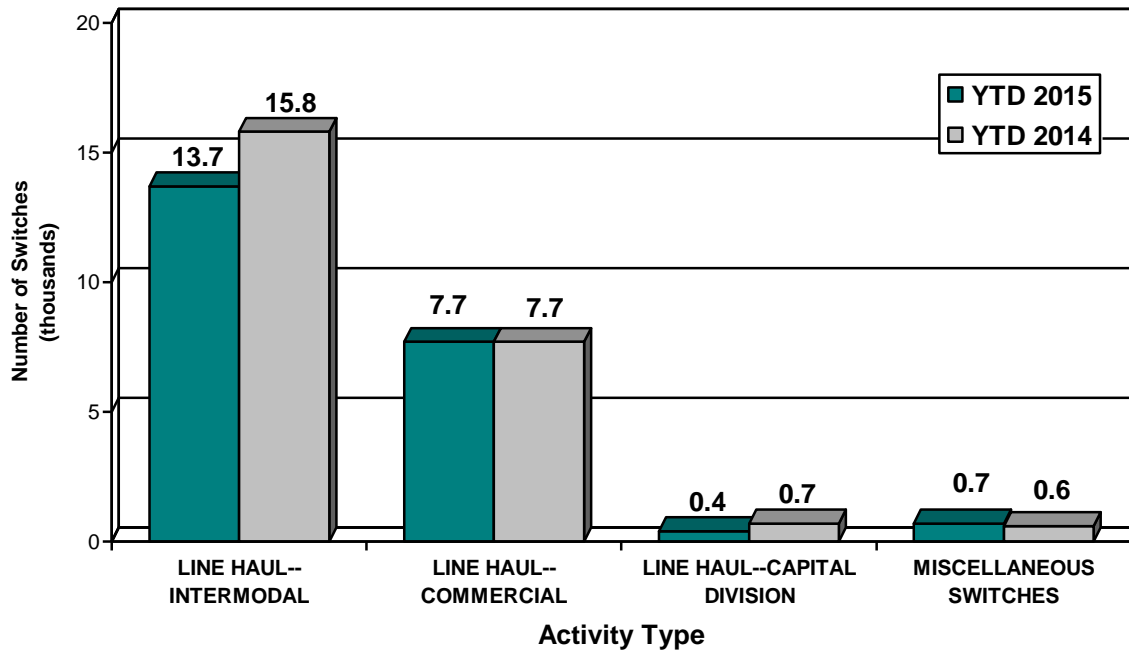
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Supplemental Data

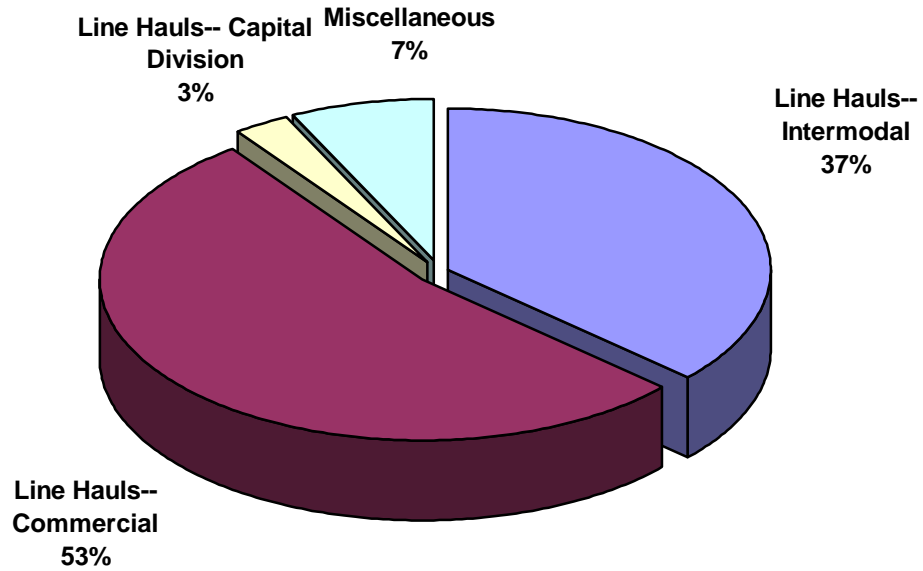
SWITCHING REVENUES
Year to Date - March 2015 & 2014



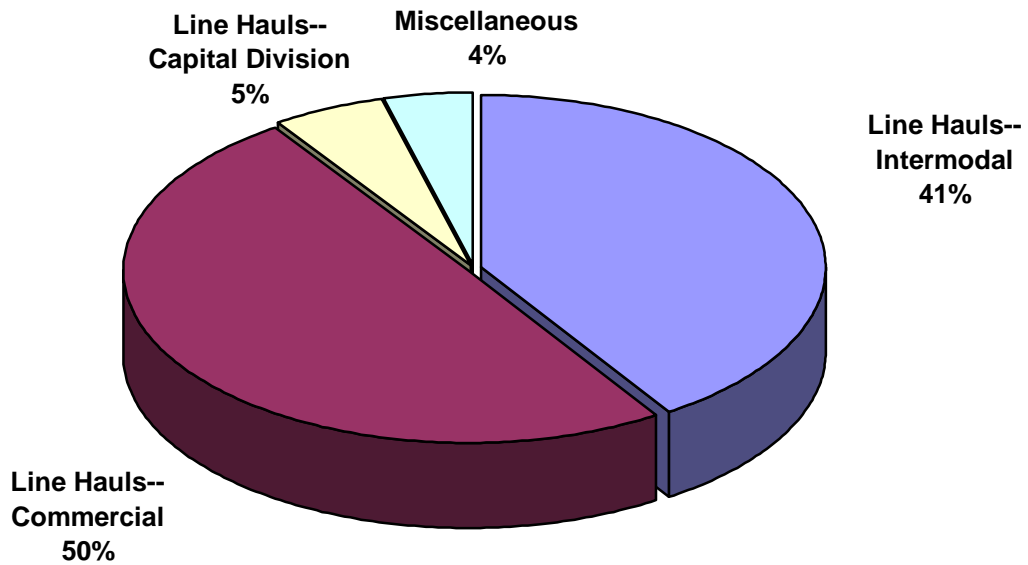
SWITCHING ACTIVITIES
Year to Date - March 2015 & 2014



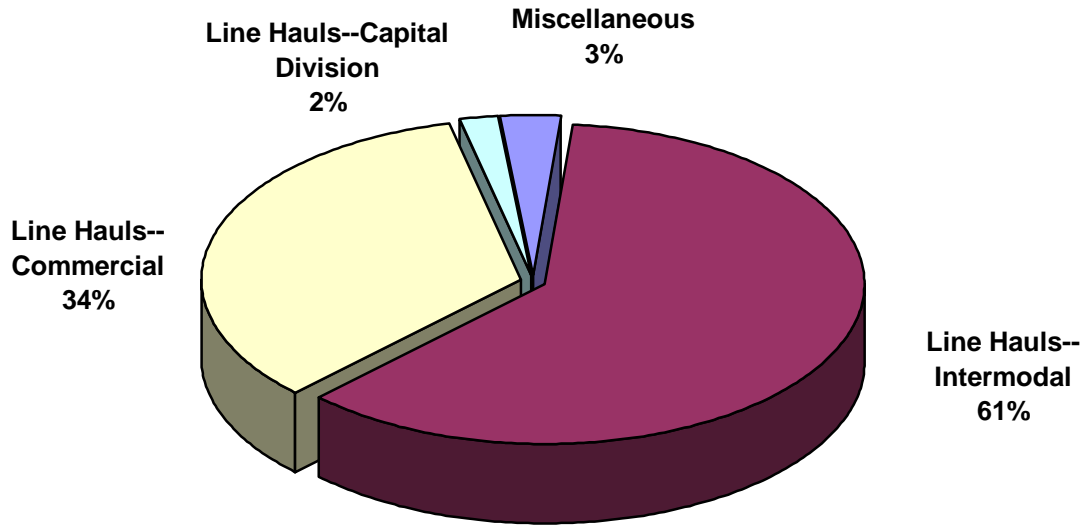
SWITCHING REVENUES
Year to Date - March 2015 (\$6,143,118)



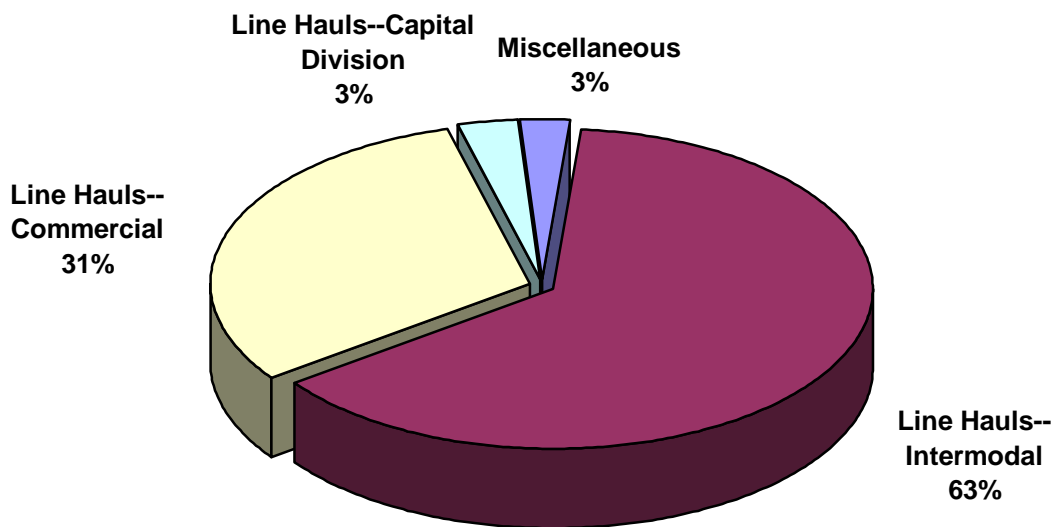
SWITCHING REVENUES
Year to Date - March 2014 (\$6,091,907)



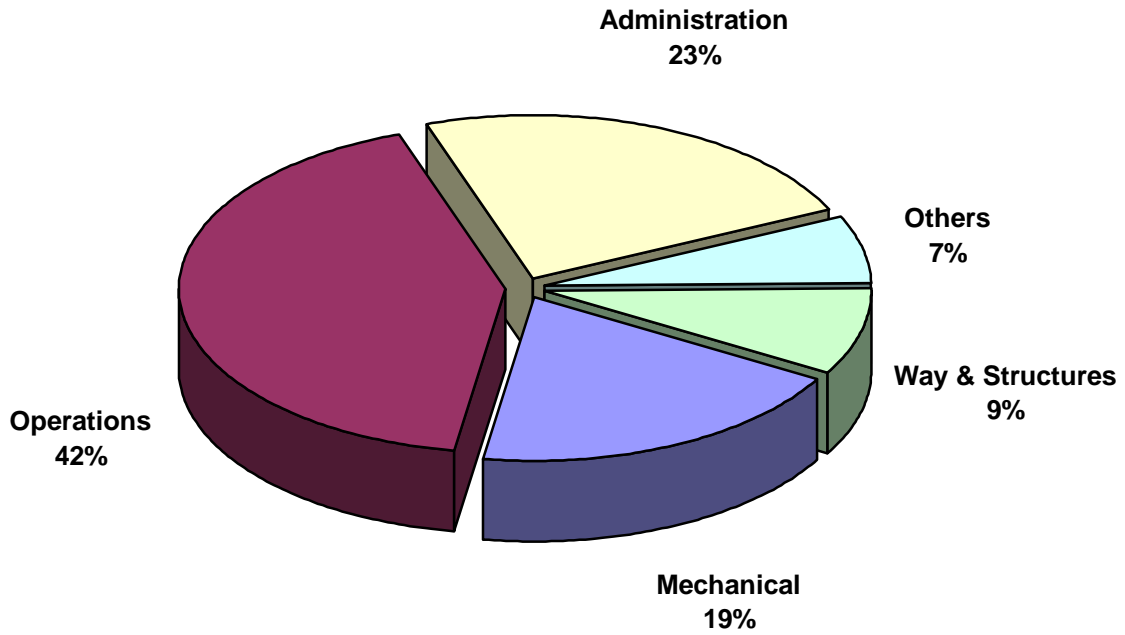
SWITCHING ACTIVITY
Year to Date - March 2015 (22,525 cars)



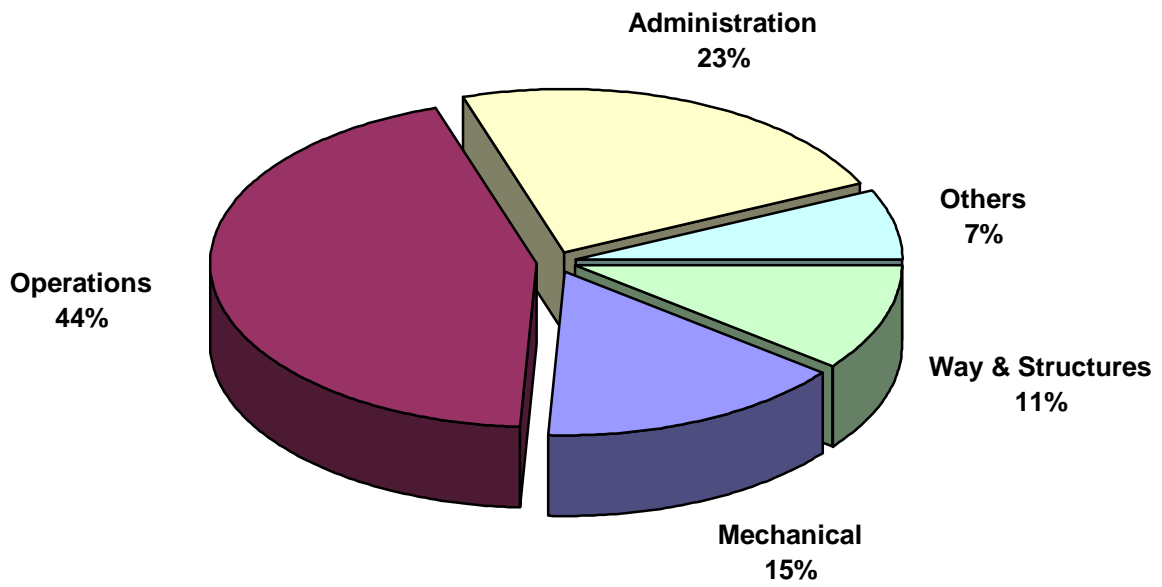
SWITCHING ACTIVITY
Year to Date - March 2014 (24,779 cars)



TOTAL OPERATING EXPENSES
Year to Date - March 2015 (\$6,178,438)



TOTAL OPERATING EXPENSES
Year to Date - March 2014 (\$5,246,134)





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.