
SEPTEMBER

TACOMA RAIL

2017

**FINANCIAL
REPORT**



Public Utility Board

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DEPARTMENT OF PUBLIC UTILITIES

CITY OF TACOMA

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MANAGEMENT DISCUSSION AND ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting 2017 year to date net operating income of \$2.7 million compared to \$2.5 million in 2016. Operating revenues increased \$138,000 (0.6%), and operating expenses decreased \$21,000 (-0.1%) year to date in 2017 compared to 2016.

Operating revenues were \$23.3 million at the end of third quarter 2017, compared to \$23.2 million in 2016. Total switching revenues decreased \$283,000 primarily due to decreases as shown in the table below.

Activity Types	Rail Cars				Switching Revenues			
	2017	2016	Var	%Chg	2017	2016	Var	%Chg
Intermodal Line Hauls	47,979	56,576	(8,597)	-15.2%	\$ 8,276	\$ 9,435	\$ (1,159)	-12.3%
Commercial Line Hauls	21,413	23,085	(1,672)	-7.2%	9,721	9,693	28	0.3%
Capital Div. Line Hauls	521	616	(95)	-15.4%	218	262	(44)	-16.8%
Miscellaneous Switches	12,070	2,663	9,407	353.2%	2,129	1,237	892	72.1%
Total Line Hauls	81,983	82,940	(957)	-1.2%	\$ 20,344	\$ 20,627	\$ (283)	-1.4%

Demurrage and other operating revenues increased \$421,000 primarily due to increased railcar dwell and locomotive services.


Total operating expenses were \$20.7 million year to date in both 2017 and 2016.

Salaries and wages were \$122,000 higher due to cost of living adjustments and increased overtime.

Supplies and expenses decreased \$264,000 primarily due to a decrease in intermodal volume incentives.

Depreciation increased \$122,000 due to an increase in depreciable assets of \$3.5 million compared to the same period in 2016.

Tacoma Rail's working capital ratios year to date of 2017 and 2016 were 7.1 and 6.0, respectively.


 William A. Gaines
 Director of Utilities/CEO


 Andrew Cherullo
 Finance Director

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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,	
	2017	2016
CAPITAL ASSETS		
Road and Equipment Property	\$44,810,611	\$41,313,215
Less Accumulated Depreciation	(20,074,389)	(18,479,407)
Total	24,736,222	22,833,808
Construction Work in Progress	2,964,151	3,603,289
Net Capital Assets	27,700,373	26,437,097
SPECIAL FUNDS		
Cash and Equity in Pooled Investments:		
Debt Service Funds	-	65,104
Total Special Funds	-	65,104
CURRENT ASSETS		
Cash & Equity in Pooled Investments	9,207,753	9,468,665
Customer Accounts Receivable	2,667,960	2,976,691
Prepayments	1,467,109	1,584,177
Materials and Supplies Inventory.....	1,078,375	998,415
Total Current Assets	14,421,197	15,027,948
TOTAL ASSETS	\$42,121,570	\$41,530,149

These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.

NET POSITION AND LIABILITIES	SEPTEMBER 30,	SEPTEMBER 30,
	2017	2016
NET POSITION		
Net Investment in Capital Assets.....	\$21,528,694	\$19,760,999
Restricted for:		
Debt Service	-	65,104
Unrestricted	9,167,629	9,642,978
TOTAL NET POSITION	30,696,323	29,469,081
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	-	471,437
State Loans.....	5,351,430	5,425,665
Total Long-Term Liabilities	5,351,430	5,897,102
CURRENT LIABILITIES		
Accounts Payable	453,982	378,752
Customer Deposits	-	10,500
Wages Payable	393,006	349,677
Unemployment and other Tax Payables	249,489	261,883
Volume Incentive Payable	-	625,000
Current Portion of Long Term Debt	820,250	778,996
Interest Payable	-	5,125
Current Portion of Compensated Absences	111,516	113,117
Total Current Liabilities	2,028,243	2,523,050
LONG-TERM LIABILITIES		
On the Job Injury Reserve	801,007	746,504
Long Term Portion of Compensated Absences	1,003,644	1,018,056
Other Long-Term Liabilities	2,240,923	1,876,356
Total Long-Term Liabilities	4,045,574	3,640,916
TOTAL LIABILITIES	11,425,247	12,061,068
TOTAL NET POSITION AND LIABILITIES	\$42,121,570	\$41,530,149

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	SEPTEMBER 2017	SEPTEMBER 2016
OPERATING REVENUES		
Switching Revenues	\$1,969,289	\$2,289,429
Demurrage and Other Operating Revenues	264,014	174,482
Total Operating Revenues	2,233,303	2,463,911
OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	49,069	78,068
Supplies and Expense	134,103	94,793
Mechanical		
Salaries and Wages	150,304	155,569
Supplies and Expense	252,426	248,362
Operations		
Salaries and Wages	711,148	905,496
Supplies and Expense	123,953	149,520
Administration		
Salaries and Wages	184,649	166,256
Supplies and Expense	260,935	410,426
Taxes - State	31,687	75,765
Depreciation	136,277	122,592
Total Operating Expenses	2,034,551	2,406,847
Net Operating Income	198,752	57,064
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	8,025	7,990
Miscellaneous	74,731	98,926
Interest Expense	-	(854)
Total Non-Operating Revenues	82,756	106,062
Contributions - Grants	-	-
Contributions - Others	-	-
Total Contributions	-	-
Transfers		
City of Tacoma Gross Earnings Tax	(185,285)	(441,663)
CHANGE IN NET POSITION	\$96,223	(\$278,537)
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 2017 Financial Report.

YEAR TO DATE			
SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$20,344,121	\$20,626,650	(\$282,529)	-1.4%
2,990,287	2,569,508	420,779	16.4%
<u>23,334,408</u>	<u>23,196,158</u>	<u>138,250</u>	<u>0.6%</u>
690,647	775,390	(84,743)	-10.9%
962,966	1,269,683	(306,717)	-24.2%
1,457,044	1,494,866	(37,822)	-2.5%
2,332,339	2,050,568	281,771	13.7%
7,386,388	7,179,884	206,504	2.9%
1,222,180	1,093,905	128,275	11.7%
1,774,759	1,736,885	37,874	2.2%
3,291,105	3,658,415	(367,310)	-10.0%
329,023	330,298	(1,275)	-0.4%
1,227,096	1,105,071	122,025	11.0%
<u>20,673,547</u>	<u>20,694,965</u>	<u>(21,418)</u>	<u>-0.1%</u>
2,660,861	2,501,193	159,668	6.4%
96,631	89,447	7,184	8.0%
806,317	980,970	(174,653)	-17.8%
(6)	(11,081)	11,075	-99.9%
<u>902,942</u>	<u>1,059,336</u>	<u>(156,394)</u>	<u>-14.8%</u>
-	801,949	(801,949)	-100.0%
36,254	4,110	32,144	782.1%
<u>36,254</u>	<u>806,059</u>	<u>(769,805)</u>	<u>-95.5%</u>
(1,937,632)	(1,939,168)	(1,536)	-0.1%
1,662,425	2,427,420	(\$764,995)	-31.5%
<u>29,033,898</u>	<u>27,041,661</u>		
<u>\$30,696,323</u>	<u>\$29,469,081</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES
SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	<u>September 2017</u>	<u>September 2016</u>
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$743,976	\$1,152,575
LINE HAULS--COMMERCIAL	985,450	1,007,730
LINE HAULS--CAPITAL DIVISION	24,207	22,977
MISCELLANEOUS SWITCHES	<u>215,656</u>	<u>106,147</u>
TOTAL SWITCHING REVENUES	<u><u>\$1,969,289</u></u>	<u><u>\$2,289,429</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	4,033	6,909
LINE HAULS--COMMERCIAL	2,164	2,499
LINE HAULS--CAPITAL DIVISION	58	55
MISCELLANEOUS SWITCHES	<u>1,443</u>	<u>339</u>
TOTAL CARS SWITCHED	<u><u>7,698</u></u>	<u><u>9,802</u></u>

* The Summary of Switching Activites (Cars) includes an update to allocations for 2016.

YEAR TO DATE			
September 30, 2017	September 30, 2016	2017/2016 VARIANCE	PERCENT CHANGE
\$8,276,343	\$9,435,069	(\$1,158,726)	-12.3%
9,721,205	9,692,910	28,295	0.3%
217,445	261,533	(44,088)	-16.9%
<u>2,129,128</u>	<u>1,237,138</u>	<u>891,990</u>	<u>72.1%</u>
<u>\$20,344,121</u>	<u>\$20,626,650</u>	<u>(\$282,529)</u>	<u>-1.4%</u>
47,979	56,576	(8,597)	-15.2%
21,413	23,085	(1,672)	-7.2%
521	616	(95)	-15.4%
<u>12,070</u>	<u>2,663</u>	<u>9,407</u>	<u>353.2%</u>
<u>81,983</u>	<u>82,940</u>	<u>(957)</u>	<u>-1.2%</u>

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$23,799,053	\$23,076,633
Cash Paid to Suppliers	(9,464,755)	(8,726,825)
Cash Paid to Employees	(11,056,538)	(10,942,470)
Taxes Paid	(369,544)	(341,879)
Net Cash Provided by Operating Activities	2,908,216	3,065,459
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,937,631)	(1,939,168)
Net Cash Used in Non-Capital Financing Activities	(1,937,631)	(1,939,168)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(710,725)	(2,793,779)
Principal Payments on Long-Term Debt	(756,535)	(778,605)
Interest Paid	(872)	(10,170)
Proceeds from Capital Contributions	36,254	806,059
Proceeds from Long-Term Debt	714,796	952,710
Debt Issuance Costs	(7,160)	
Proceeds from Other Non-Operating Revenues	813,477	980,970
Net Cash Used in Capital and Related Financing Activities	89,235	(842,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	96,630	89,447
Net Cash Provided by Investing Activities	96,630	89,447
Net Increase (Decrease) in Cash and Equity in Pooled Investments	1,156,450	372,923
Cash & Equity in Pooled Investments at January 1	8,051,303	9,160,846
Cash & Equity in Pooled Investments at September 30	\$9,207,753	\$9,533,769

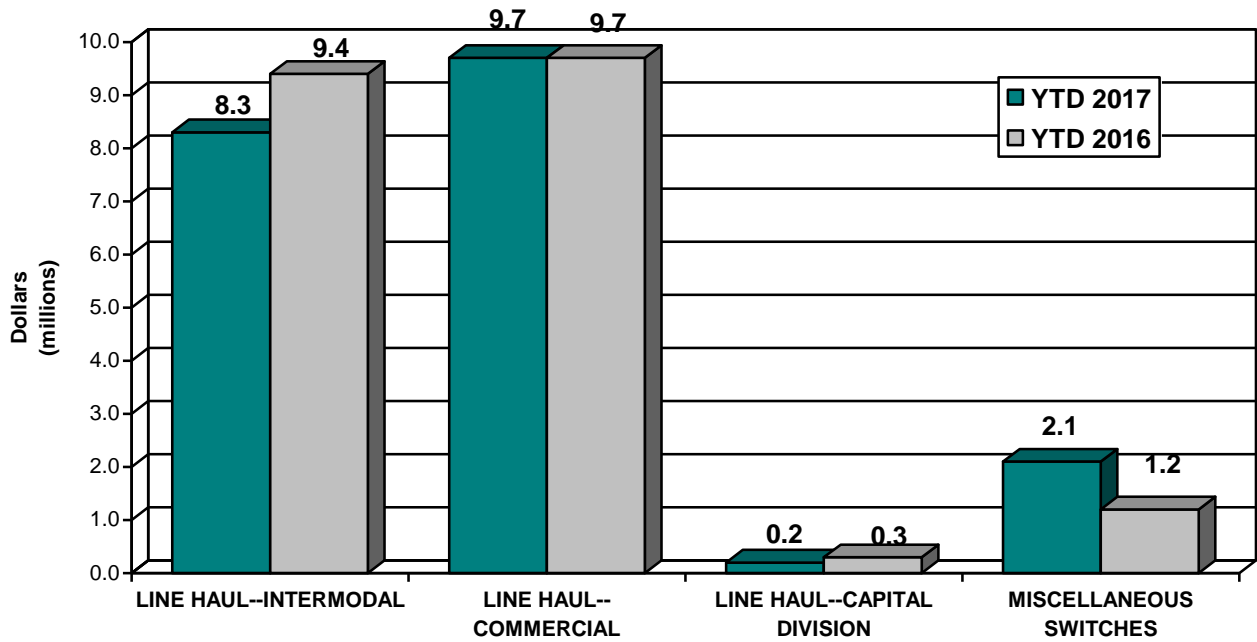
These statements should be read in conjunction with the Notes to Financial Statements contained in the 2016 Annual Report.

	YEAR TO DATE SEPTEMBER 30, 2017	YEAR TO DATE SEPTEMBER 30, 2016
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$2,660,861	\$2,501,193
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,227,096	1,105,071
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	465,319	(137,176)
Interfund Receivable	9,827	53,051
Materials and Supplies Inventory	(54,042)	(60,954)
Prepayments	340,101	333,556
Accounts Payable	(431,708)	(158,075)
Customer Deposits	(10,500)	(35,400)
Unemployment and other Tax Payables	(40,520)	(11,581)
Wages Payable	224,699	219,081
Volume Incentive Payable	(1,249,999)	(583,335)
Interfund Payable	(260,518)	(185,446)
Other Long-Term Liabilities & OJI Reserve.....	27,600	25,474
Total Adjustments	<u>247,355</u>	<u>564,266</u>
Net Cash Provided by Operating Activities	<u>\$2,908,216</u>	<u>\$3,065,459</u>
Reconciliation of Cash and Equity in Pooled Investments to Balance Sheet:		
Cash and Equity in Pooled Investments in Special Funds	-	65,104
Cash and Equity in Pooled Investments in Operating Funds	<u>9,207,753</u>	<u>9,468,665</u>
Cash and Equity in Pooled Investments at September 30	<u>\$9,207,753</u>	<u>\$9,533,769</u>

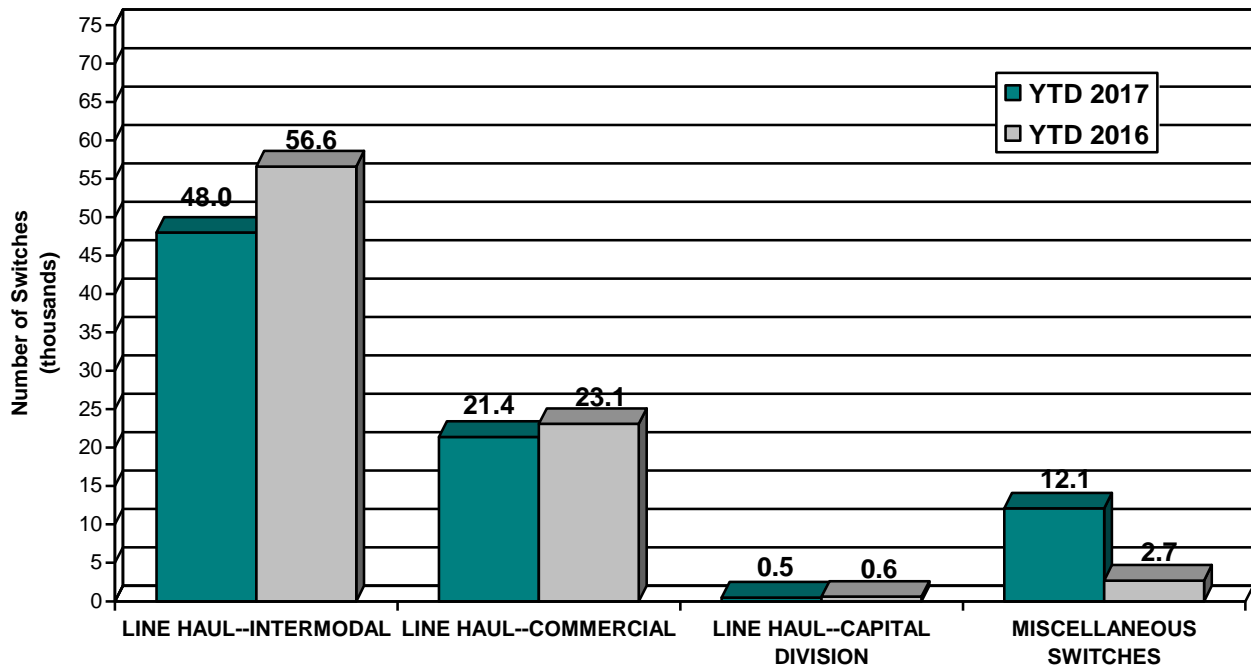
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Supplemental Data

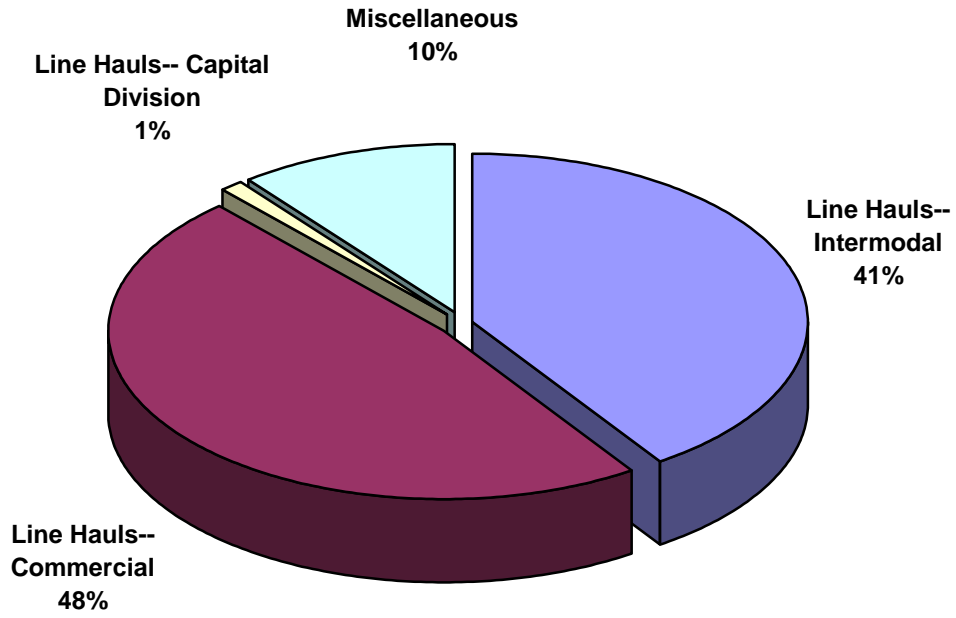
SWITCHING REVENUES
Year to Date - September 2017 & 2016



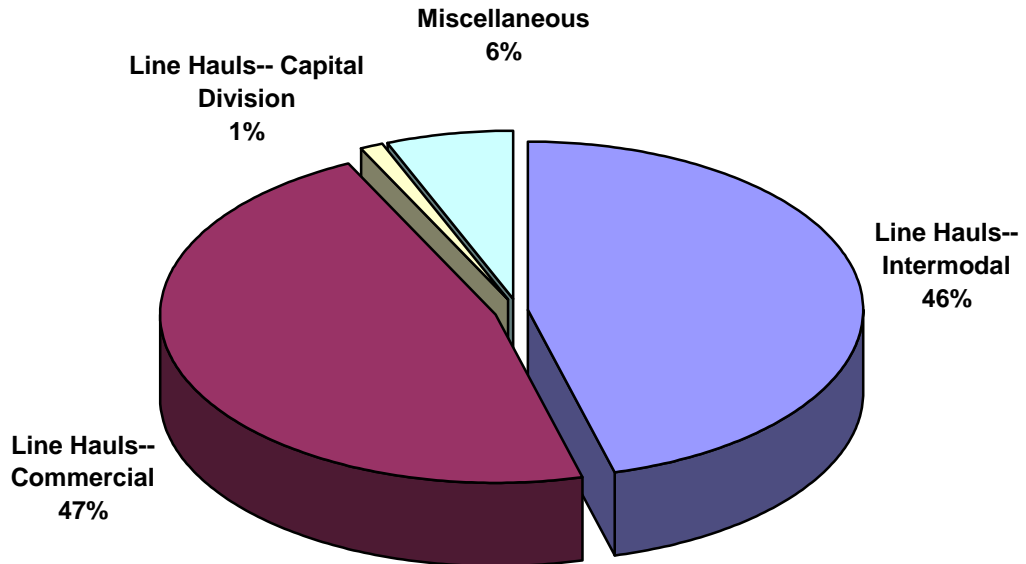
SWITCHING ACTIVITIES
Year to Date - September 2017 & 2016



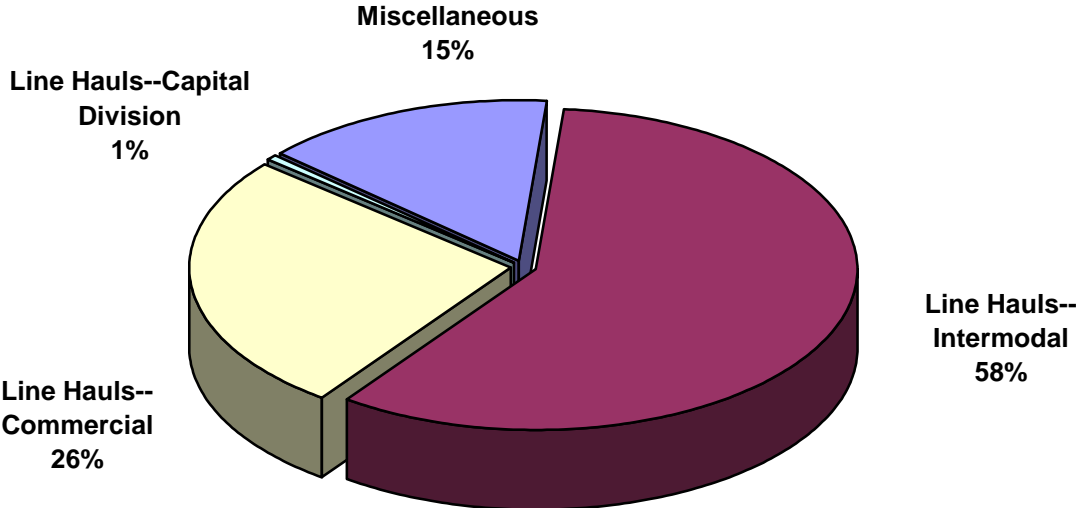
SWITCHING REVENUES
Year to Date - September 2017 (\$20,344,121)



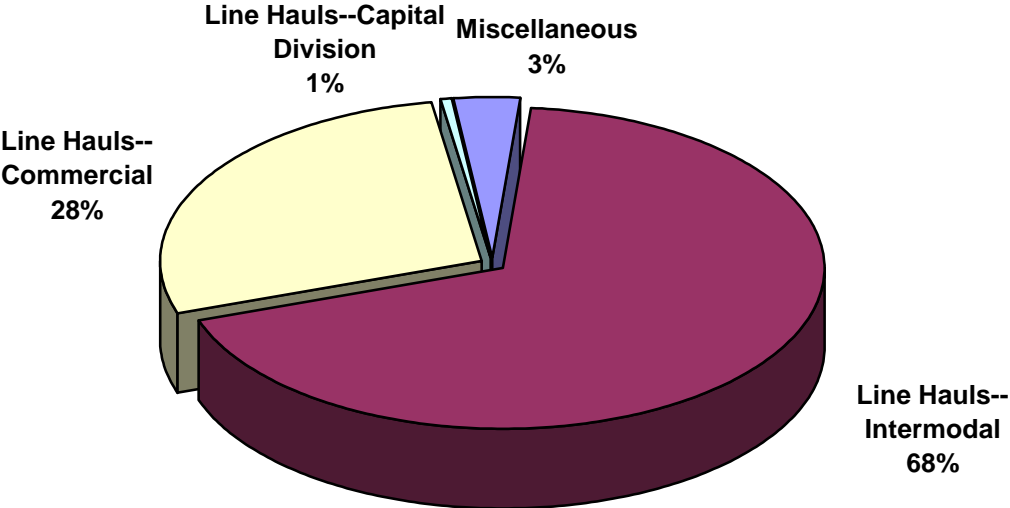
SWITCHING REVENUES
Year to Date - September 2016 (\$20,626,650)



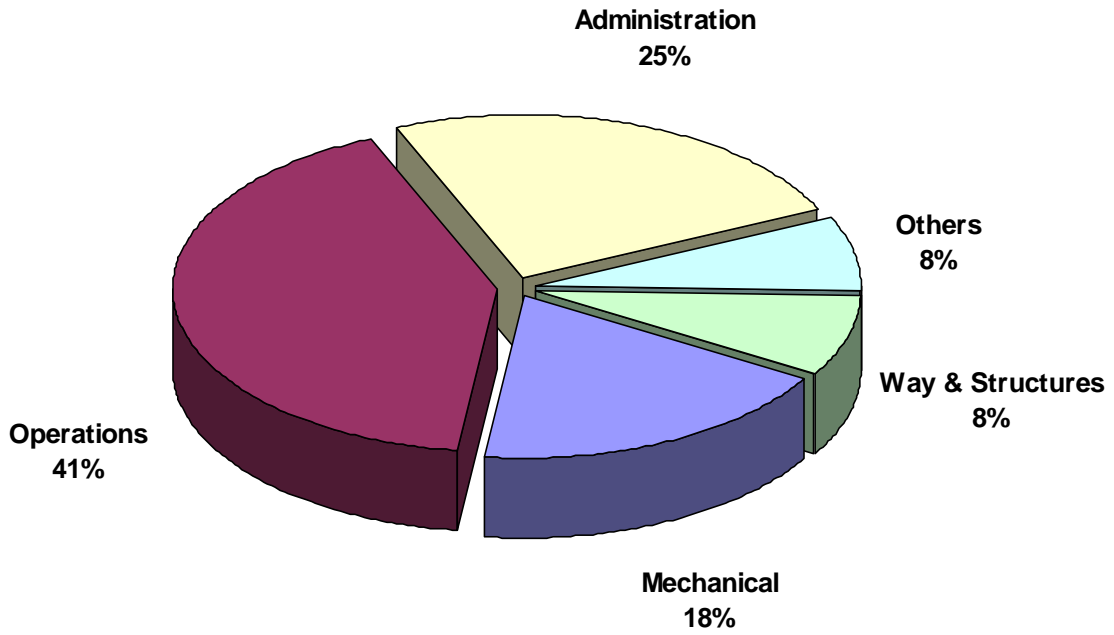
SWITCHING ACTIVITY
Year to Date - September 2017 (81,983 cars)



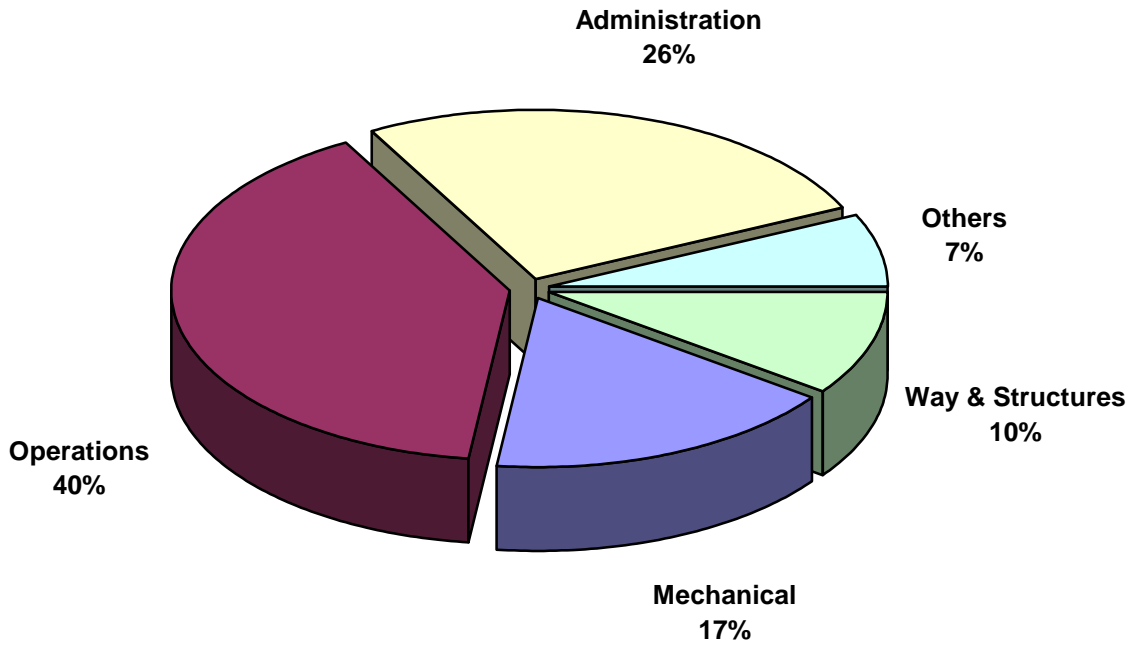
SWITCHING ACTIVITY
Year to Date - September 2016 (82,940 cars)



TOTAL OPERATING EXPENSES
Year to Date - September 2017 (\$20,673,547)



TOTAL OPERATING EXPENSES
Year to Date - September 2016 (\$20,694,965)





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