
MARCH

TACOMA RAIL

2014

**FINANCIAL
REPORT**



Public Utility Board

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WOODROW JONES

Vice-Chair

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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 ANALYSIS

Tacoma Rail Beltline Division (Tacoma Rail) is reporting first quarter of 2014 operating income of \$1.3 million compared to \$1.1 million in 2013. Operating revenues decreased \$326,000 (4.8%), and operating expenses decreased \$487,000 (8.5%), for the first quarter of 2014 compared to 2013.

Operating revenues were \$6.5 million in the first quarter of 2014, compared to \$6.8 million in 2013, a decrease of \$326,000. Total switching revenues decreased \$67,000 primarily due to decreases as shown in the table below.

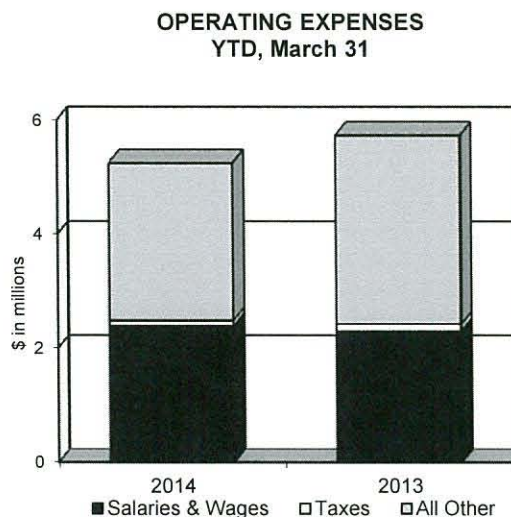
Activity Types	Rail Cars				Switching Revenues (in thousands)			
	2014	2013	Var	% Chg	2014	2013	Var	% Chg
Intermodal Line Hauls	15,778	15,710	68	0.4%	\$ 2,495	\$ 2,938	\$ (443)	(15.1%)
Commercial Line Hauls	7,333	8,297	(964)	(11.6%)	2,304	2,669	(365)	(13.7%)
Capital Div. Line Hauls	709	638	71	11.1%	317	287	30	10.5%
Miscellaneous Switches	639	519	120	23.1%	976	265	711	268.3%
Total Line Hauls	24,459	25,164	(705)	(2.8%)	\$ 6,092	\$ 6,159	\$ (67)	(1.1%)

In addition to the decrease in switching revenues, demurrage and other operating revenues decreased \$259,000 due to a decrease in commercial traffic.

Total operating expenses were \$5.2 million in the first quarter of 2014, compared to \$5.7 million in 2013, a decrease of \$487,000.

Salaries and wages were \$51,000 higher due to increases in payroll taxes and wages.

Supplies and expenses decreased \$578,000 mainly due to the decrease in traffic volume. Volume incentive expense decreased \$333,000, fuel expense decreased \$157,000 and repair and maintenance decreased \$85,000.



State taxes decreased \$22,000 and transfers to the City decreased \$14,000 as a result of lower revenues.

Depreciation increased \$27,000 due to increase in depreciable assets of \$2.8 million compared to the same period in 2013.

Tacoma Rail's working capital ratios for the first quarter of 2014 and 2013 were 5.1 and 4.0, 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	MARCH 31,	
	2014	2013
CAPITAL ASSETS		
Road and Equipment Property	\$32,604,817	\$30,599,412
Less Accumulated Depreciation	(15,552,636)	(14,528,370)
Total	17,052,181	16,071,042
Construction Work in Progress	1,417,461	26,884
Net Capital Assets	18,469,642	16,097,926
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	7,525,279	6,185,778
Customer Accounts Receivable	3,010,614	2,769,103
Prepayments	2,108,560	2,102,805
Materials and Supplies Inventory.....	879,169	624,868
Total Current Assets	13,523,622	11,682,554
TOTAL ASSETS	\$32,058,368	\$27,845,584

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

NET POSITION AND LIABILITIES	MARCH 31,	
	2014	2013
NET POSITION		
Net Investment in Capital Assets.....	\$14,695,127	\$13,622,302
Restricted for:		
Debt Service	65,104	65,104
Unrestricted	8,414,900	7,392,888
TOTAL NET POSITION	23,175,131	21,080,294
LONG-TERM DEBT, NET OF CURRENT MATURITIES		
2006 Senior Lien Revenue Bond	548,332	771,620
State Loans.....	2,827,027	1,395,131
Total Long-Term Liabilities	3,375,359	2,166,751
CURRENT LIABILITIES		
Accounts Payable	696,927	354,426
Customer Deposits	51,900	61,050
Wages Payable	208,749	164,624
Unemployment and other Tax Payables	215,530	219,658
Volume Incentive Payable	1,000,002	1,750,000
Current Portion of Long Term Debt	399,156	308,873
Interest Payable	9,660	12,551
Current Portion of Compensated Absences	77,505	83,098
Total Current Liabilities	2,659,429	2,954,280
LONG-TERM LIABILITIES		
On the Job Injury Reserve	668,421	601,316
Long Term Portion of Compensated Absences	697,546	747,880
Other Long-Term Liabilities	1,482,482	295,063
Total Long-Term Liabilities	2,848,449	1,644,259
TOTAL LIABILITIES	8,883,237	6,765,290
TOTAL NET POSITION AND LIABILITIES	\$32,058,368	\$27,845,584

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	MARCH 2014	MARCH 2013
	<u> </u>	<u> </u>
OPERATING REVENUES		
Switching Revenues	\$1,996,286	\$1,882,220
Demurrage and Other Operating Revenues	128,606	203,068
Total Operating Revenues	<u>2,124,892</u>	<u>2,085,288</u>
 OPERATING EXPENSES		
Maintenance of Way and Structures		
Salaries and Wages	63,114	57,674
Supplies and Expense	144,582	132,576
Mechanical		
Salaries and Wages	78,855	74,098
Supplies and Expense	152,560	210,443
Operations		
Salaries and Wages	517,738	493,341
Supplies and Expense	253,482	386,895
Administration		
Salaries and Wages	128,286	102,647
Supplies and Expense	248,896	268,153
Taxes - State	31,830	34,561
Depreciation	89,105	79,944
Total Operating Expenses	<u>1,708,448</u>	<u>1,840,332</u>
 Net Operating Income	 416,444	 244,956
 NON-OPERATING REVENUES (EXPENSES)		
Interest Income	5,797	5,277
Miscellaneous	75,037	76,162
Interest Expense	(3,220)	(4,184)
Total Non-Operating Revenues	<u>77,614</u>	<u>77,255</u>
 Transfers		
City of Tacoma Gross Earnings Tax	(177,712)	(162,768)
 CHANGE IN NET POSITION	 <u>\$316,346</u>	 <u>\$159,443</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 2014 Financial Report.

YEAR TO DATE

<u>MARCH 31,</u> <u>2014</u>	<u>MARCH 31,</u> <u>2013</u>	<u>2014/2013</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$6,091,907	\$6,159,128	(\$67,221)	-1.1%
418,505	677,433	(258,928)	-38.2%
<u>6,510,412</u>	<u>6,836,561</u>	<u>(326,149)</u>	<u>-4.8%</u>
185,565	167,592	17,973	10.7%
374,993	358,619	16,374	4.6%
230,273	237,699	(7,426)	-3.1%
559,051	664,496	(105,445)	-15.9%
1,579,007	1,538,215	40,792	2.7%
747,045	911,896	(164,851)	-18.1%
397,205	362,441	34,764	9.6%
809,114	1,134,017	(324,903)	-28.7%
96,565	118,382	(21,817)	-18.4%
267,316	239,833	27,483	11.5%
<u>5,246,134</u>	<u>5,733,190</u>	<u>(487,056)</u>	<u>-8.5%</u>
1,264,278	1,103,371	160,907	14.6%
15,494	(26,969)	42,463	157.5%
227,659	221,796	5,863	2.6%
(9,660)	(12,566)	2,906	-23.1%
<u>233,493</u>	<u>182,261</u>	<u>51,232</u>	<u>28.1%</u>
(540,819)	(555,308)	14,489	-2.6%
956,952	730,324	\$226,628	31.0%
<u>22,218,179</u>	<u>20,349,970</u>		
<u>\$23,175,131</u>	<u>\$21,080,294</u>		

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

SUMMARY OF SWITCHING REVENUES AND SWITCHING ACTIVITIES

	<u>MARCH</u> 2014	<u>MARCH</u> 2013
SWITCHING REVENUES		
LINE HAULS--INTERMODAL	\$802,048	\$811,900
LINE HAULS--COMMERCIAL	797,530	903,400
LINE HAULS--CAPITAL DIVISION	117,487	81,646
MISCELLANEOUS SWITCHES	<u>279,221</u>	<u>85,274</u>
TOTAL SWITCHING REVENUES	<u><u>\$1,996,286</u></u>	<u><u>\$1,882,220</u></u>
 SWITCHING ACTIVITIES (CARS)		
LINE HAULS--INTERMODAL	4,886	4,788
LINE HAULS--COMMERCIAL	2,545	2,795
LINE HAULS--CAPITAL DIVISION	262	182
MISCELLANEOUS SWITCHES	<u>253</u>	<u>202</u>
TOTAL CARS SWITCHED	<u><u>7,946</u></u>	<u><u>7,967</u></u>

YEAR TO DATE			
<u>MARCH 31,</u> <u>2014</u>	<u>MARCH 31,</u> <u>2013</u>	<u>2014/2013</u> <u>VARIANCE</u>	<u>PERCENT</u> <u>CHANGE</u>
\$2,494,532	\$2,938,404	(\$443,872)	-15.1%
2,304,400	2,669,140	(364,740)	-13.7%
317,364	286,808	30,556	10.7%
<u>975,611</u>	<u>264,776</u>	<u>710,835</u>	268.5%
<u>\$6,091,907</u>	<u>\$6,159,128</u>	<u>(\$67,221)</u>	-1.1%
15,778	15,710	68	0.4%
7,333	8,297	(964)	-11.6%
709	638	71	11.1%
<u>639</u>	<u>519</u>	<u>120</u>	23.1%
<u>24,459</u>	<u>25,164</u>	<u>(705)</u>	-2.8%

CITY OF TACOMA, WASHINGTON
DEPARTMENT OF PUBLIC UTILITIES
TACOMA RAIL

STATEMENTS OF CASH FLOWS

	YEAR TO DATE	
	MARCH 31, 2014	MARCH 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from Customers	\$6,058,114	\$6,890,226
Cash Paid to Suppliers	(2,786,791)	(3,241,501)
Cash Paid to Employees	(2,535,308)	(2,430,877)
Taxes Paid	(111,093)	(311,898)
Net Cash Provided by Operating Activities	624,922	905,950
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(540,819)	(555,308)
Net Cash Used in Non-Capital Financing Activities	(540,819)	(555,308)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures, Net	(721,283)	(78,833)
Principal Payments on Long-Term Debt	(54,706)	(382,854)
Interest Paid	(10,398)	(14,249)
Proceeds from Long-Term Debt	610,400	
Proceeds from Other Non-Operating Revenues	227,659	221,796
Net Cash Provided by/(Used in) Capital and Related Financing Activities	51,672	(254,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	15,494	(26,969)
Net Cash Provided by/(Used in) Investing Activities	15,494	(26,969)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	151,269	69,533
Cash & Equity in Pooled Investments at January 1 ..	7,439,114	6,181,349
Cash & Equity in Pooled Investments at March 31	\$7,590,383	\$6,250,882

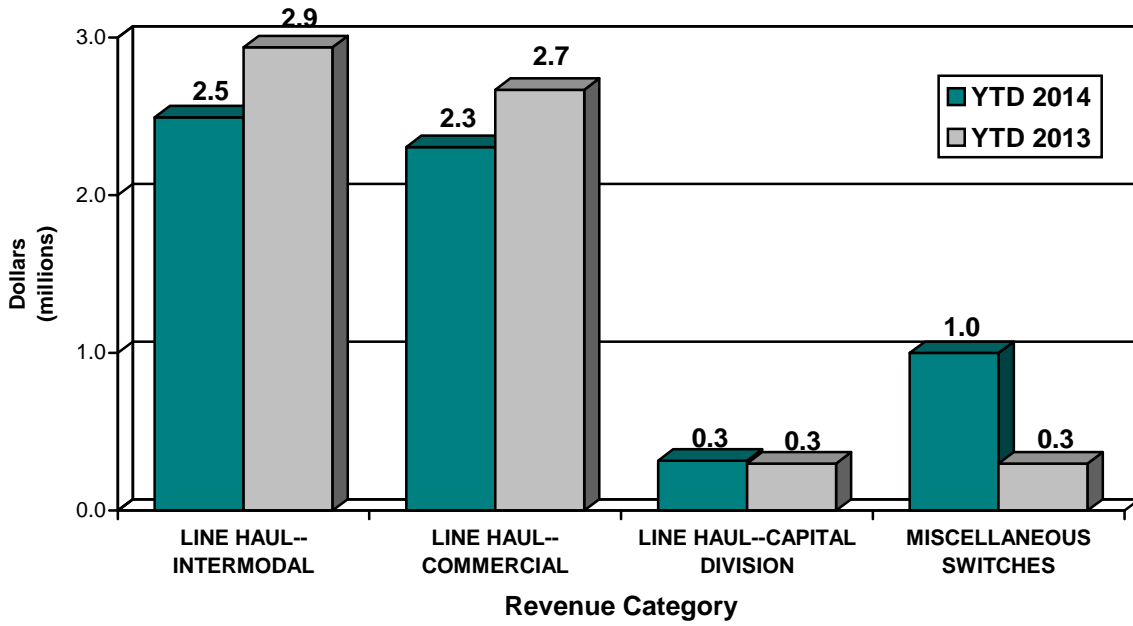
These statements should be read in conjunction with the Notes to Financial Statements contained in the 2013 Annual Report.

	YEAR TO DATE	
	MARCH 31, 2014	MARCH 31, 2013
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$1,264,278	\$1,103,371
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	267,316	239,833
Cash provided from changes in operating assets and liabilities:		
Accounts Receivable	(531,353)	(380,750)
Interfund Receivable	81,455	434,866
Materials and Supplies Inventory	(39,499)	(7,931)
Prepayments	78,868	70,988
Accounts Payable	(409,639)	(260,277)
Customer Deposits	(2,400)	(450)
Unemployment and other Tax Payables	(14,528)	(193,516)
Wages Payable	(164,521)	(151,753)
Volume Incentive Payable	208,334	541,667
Interfund Payable	(134,652)	(516,921)
Deferred Credits	21,263	26,823
Total Adjustments	(639,356)	(197,421)
Net Cash Provided by Operating Activities	<u>\$624,922</u>	<u>\$905,950</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>7,525,279</u>	<u>6,185,778</u>
Cash and Equity in Pooled Investments at March 31	<u>\$7,590,383</u>	<u>\$6,250,882</u>

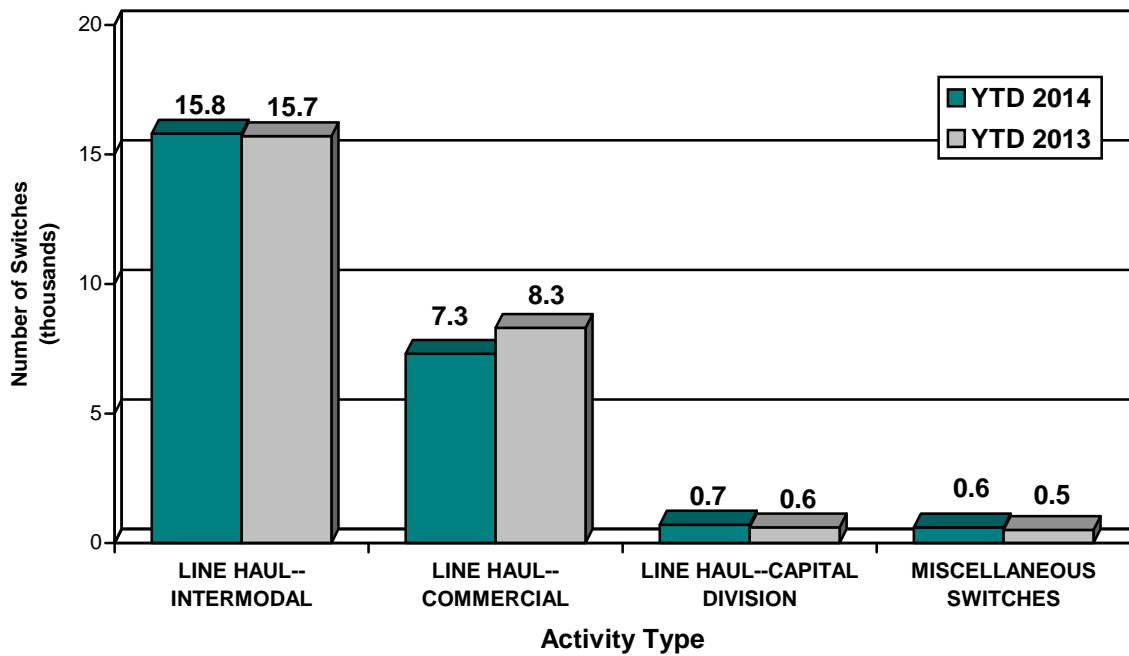
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Supplemental Data

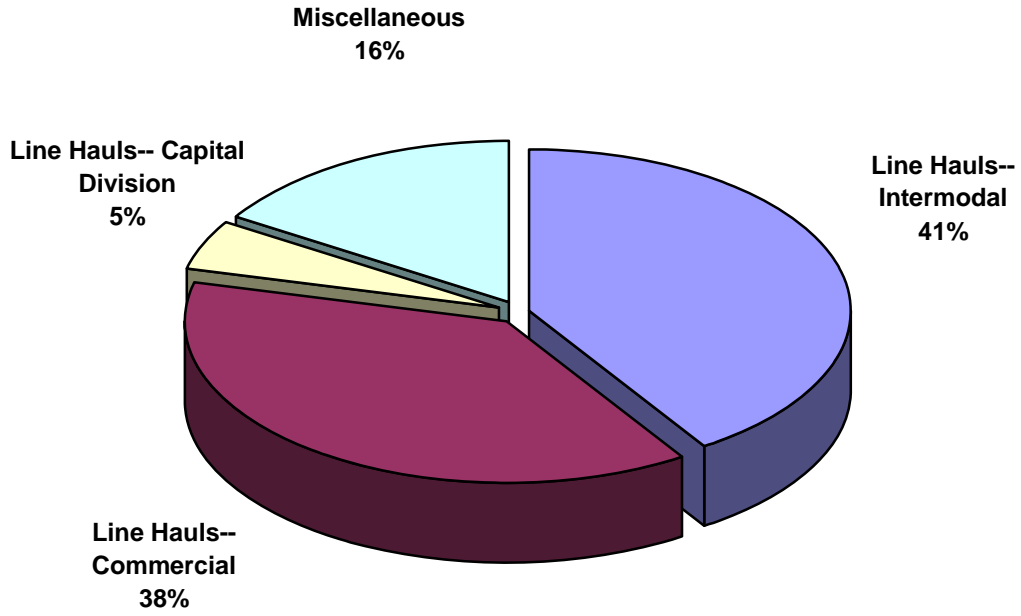
SWITCHING REVENUES
Year to Date - March 2014 & 2013



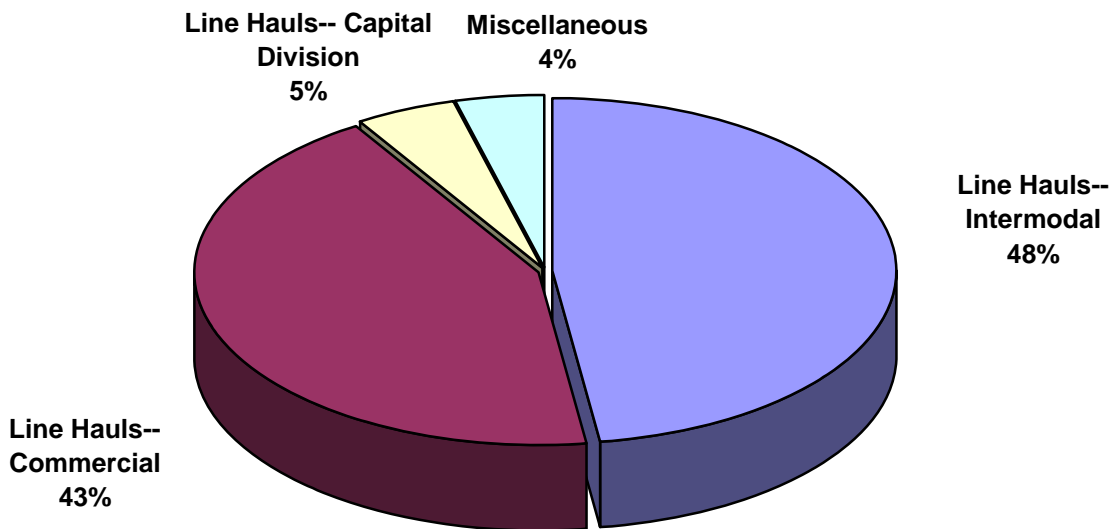
SWITCHING ACTIVITIES
Year to Date - March 2014 & 2013



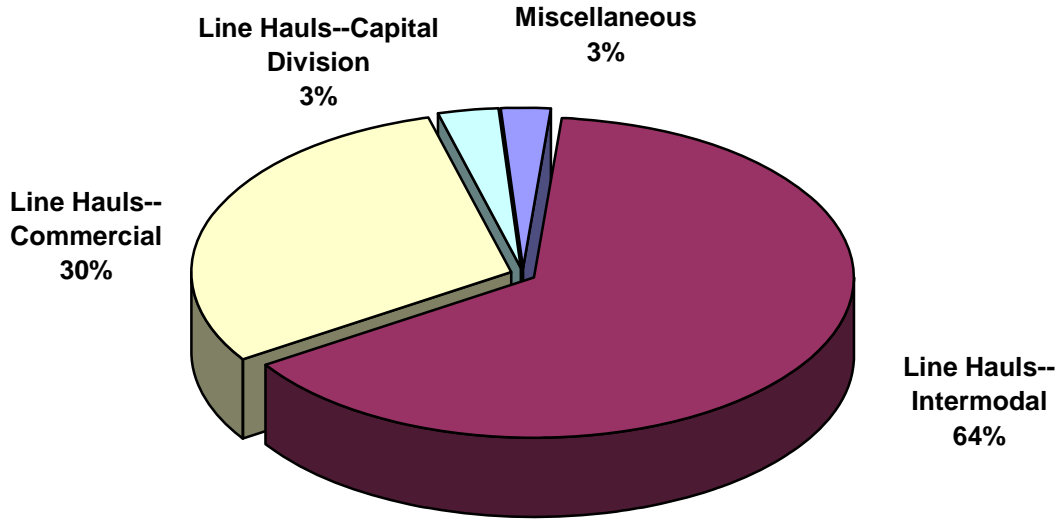
SWITCHING REVENUES
Year to Date - March 2014 (\$6,091,907)



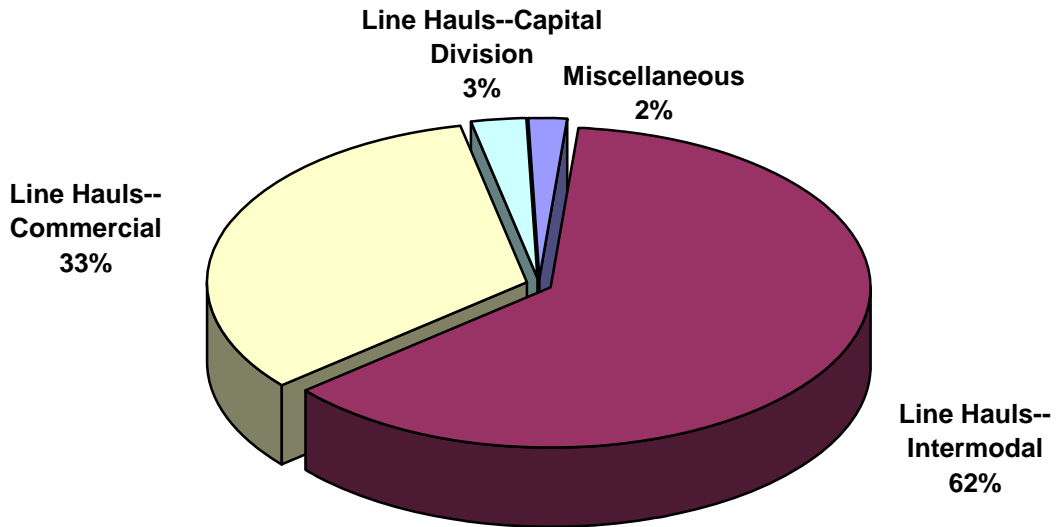
SWITCHING REVENUES
Year to Date - March 2013 (\$6,159,128)



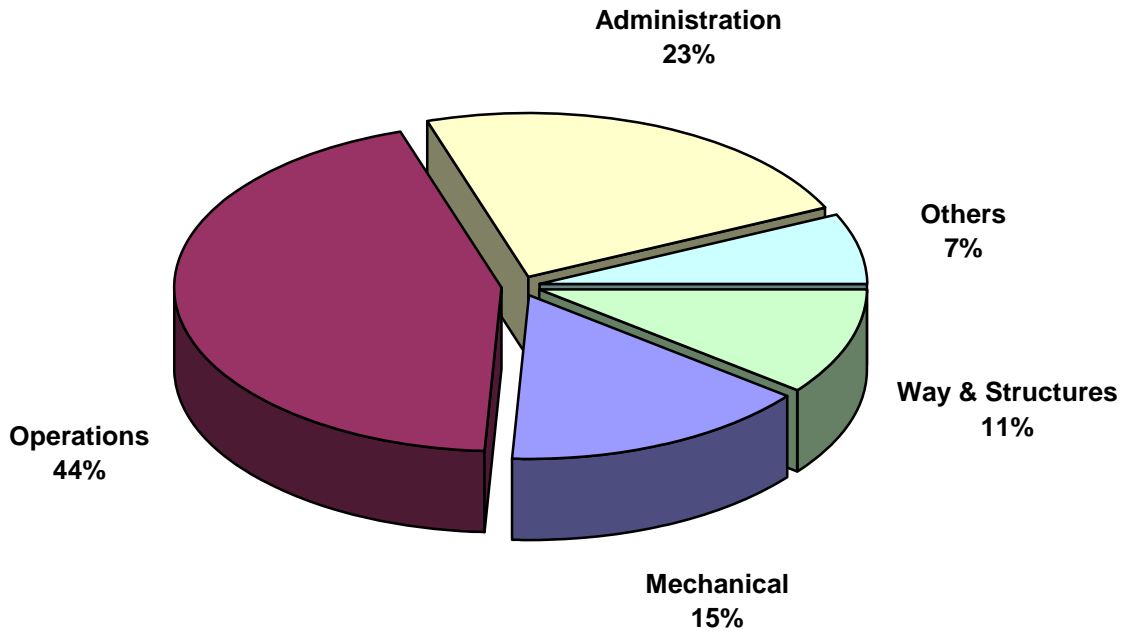
SWITCHING ACTIVITY
Year to Date - March 2014 (24,459 cars)



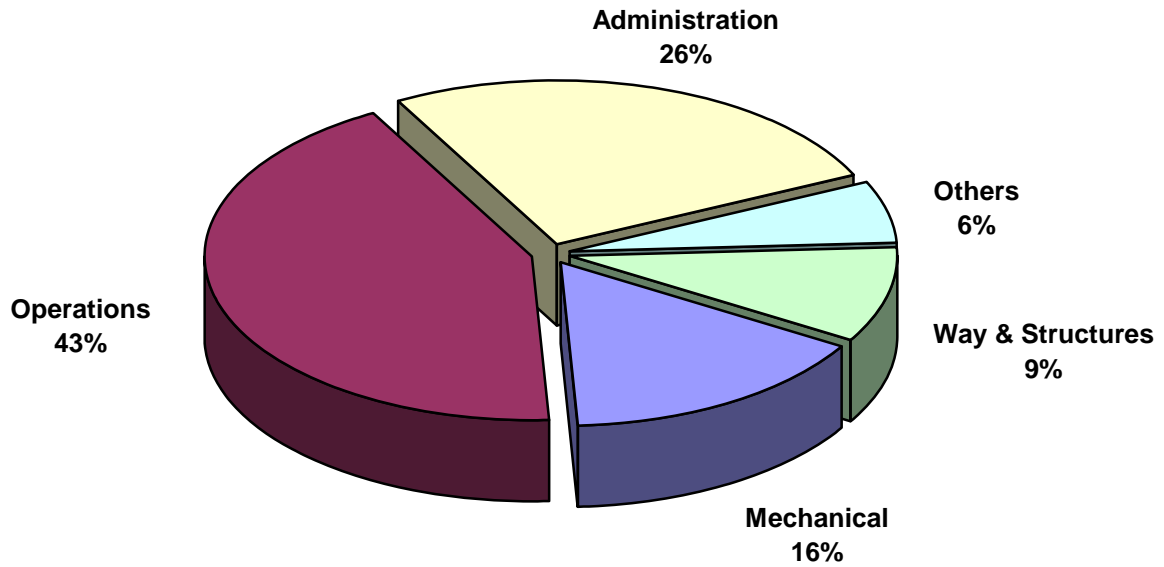
SWITCHING ACTIVITY
Year to Date - March 2013 (25,164 cars)



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



TOTAL OPERATING EXPENSES
Year to Date - March 2013 (\$5,733,190)





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.