

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

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**ALASKA RAILROAD CORPORATION**  
**Financial Statements**  
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ALASKA RAILROAD CORPORATION  
 Summary Balance Sheet  
 Through the Period Ending December 31, 1985  
 (In Thousands of Dollars)

	<u>Dec. 31, 1985</u>
<b><u>Assets</u></b>	
Current Assets	16,022
Properties	28,510
Land	13,050
Other	<u>820</u>
<b>Total Assets</b>	<b><u>59,202</u></b>
<b><u>Liabilities and Owners Equity</u></b>	
<b>Liabilities</b>	
Current Liabilities	11,228
Capital lease Obligations	<u>6,992</u>
<b>Total Liabilities</b>	<b>18,220</b>
<b>Owners Equity</b>	
Investment by State of Alaska	33,049
Retained Earnings	<u>7,133</u>
<b>Total Owners Equity</b>	<b>40,902</b>
<b>Total Liabilities and Owners Equity</b>	<b><u>59,202</u></b>
<b>Annualized Return on Investment</b>	<b>21.1%</b>

ALASKA RAILROAD CORPORATION  
1985 OPERATING PERFORMANCE ANALYSIS  
Through the Period Ending December 31, 1985  
(In Thousands of Dollars)

	<u>December<sup>A</sup></u>			<u>Year-to Date</u>			<u>Latest Annual Estimate</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Estimate</u>	<u>Budget</u>	<u>Variance</u>
<u>Revenues</u>									
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)	56,322	64,191	(7,869)
Other	<u>521</u>	<u>750</u>	<u>(229)</u>	<u>10,912</u>	<u>9,000</u>	<u>1,912</u>	<u>10,912</u>	<u>9,000</u>	<u>1,912</u>
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)
<u>Cost and Expenses</u>									
Railroad	3,570	3,452	118	45,437	50,334	(4,897)	45,437	50,334	(4,897)
Other	(1,447)	1,308	(2,835)	13,209	15,145	(1,936)	13,209	15,145	(1,936)
Depreciation	<u>267</u>	<u>400</u>	<u>(133)</u>	<u>1,455</u>	<u>4,000</u>	<u>(3,345)</u>	<u>1,455</u>	<u>4,000</u>	<u>(3,345)</u>
TOTAL	2,390	5,240	(2,850)	60,101	70,279	(10,178)	60,101	70,279	(10,178)
NET INCOME (LOSS)	<u>1,340</u>	<u>(336)</u>	<u>1,676</u>	<u>7,133</u>	<u>2,912</u>	<u>4,221</u>	<u>7,133</u>	<u>2,912</u>	<u>4,221</u>
CASH FLOW	1,607	64	1,543	8,588	7,712	876	8,588	7,712	876

EXPLANATION OF VARIANCES - YEAR-TO DATE

- Revenues are lower due primarily to reduced coal shipments, gravel, TOIC/COFC, and miscellaneous shipments; Increased revenues have been obtained in petroleum products, real estate, and reimbursable work for State road crossing projects, etc.
- Expenses are down primarily due to early reduction in summer work force, reduced car hire costs, better fleet utilization, and accounting adjustments for inventories/depreciation due to Purchase Accounting Allocation Method, and reclassification of Summer Track Improvement Program from expense to capital in accordance with unit of property definition.

<sup>A</sup> Minor difference due to rounding

<sup>AA</sup> The month of December, 1985, reflects adjustments to accruals/estimates for both revenue and expense.

ALASKA RAILROAD CORPORATION  
 PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY  
 Budget vs Actual  
 Through the Period Ending December 31, 1985  
 (In Thousands of Dollars)

	<u>Approved Budget</u>	<u>Amount Approp.</u>	<u>Latest Estimate</u>	<u>1985 YTD Expend.</u>	<u>1986</u>
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	11,207	14,203	7,170	8,128
<b>TOTAL</b>	<u>15,250</u>	<u>11,270</u>	<u>16,131</u>	<u>9,047</u>	<u>8,204</u>
<b>State Funded (Cap. &amp; Exp.)</b>					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	<u>15</u>	<u>15</u>	<u>15</u>	<u>5</u>	<u>10</u>
<b>Total State Funded</b>	<u>1,208</u>	<u>283</u>	<u>1,208</u>	<u>273</u>	<u>935</u>

ALASKA RAILROAD CORPORATION  
Balance Sheet  
Through the Period Ending December 31, 1985  
(In thousands of Dollars)

	Jan. 6 1985	March 31 1985	June 30 1985	Sept. 30 1985	Dec. 31* 1985
<b>ASSETS</b>					
Current Assets					
Cash and Short-Term Investments	10,978	7,717	0,756	3,932	1,911
Accounts Receivable	710	10,107	13,920	16,756	11,275
Materials and Supplies	<u>4,067</u>	<u>5,040</u>	<u>7,200</u>	<u>4,367</u>	<u>5,618</u>
Total	15,755	22,944	29,076	25,055	18,804
Properties					
Transportation					
Road and Roadway Structures	0	0	91	91	10,623
Equipment	1,375	3,069	0,940	12,173	12,765
Non-Transportation	<u>3,187</u>	<u>3,324</u>	<u>3,187</u>	<u>3,187</u>	<u>3,133</u>
Total	4,562	7,193	12,226	15,451	26,521
Accumulated Depreciation and Amortization (Note A)	<u>0</u>	<u>(230)</u>	<u>(568)</u>	<u>(940)</u>	<u>(1,455)</u>
Properties - Net	<u>4,562</u>	<u>6,963</u>	<u>11,658</u>	<u>14,511</u>	<u>25,066</u>
Land	15,414	15,414	15,414	15,414	13,050
Other Assets	<u>1,443</u>	<u>2,050</u>	<u>2,160</u>	<u>6,214</u>	<u>1,482</u>
<b>TOTAL ASSETS</b>	<u>37,174</u>	<u>48,171</u>	<u>59,128</u>	<u>61,194</u>	<u>59,202</u>
<b>LIABILITIES AND OWNERS EQUITY</b>					
Liabilities					
Current Liabilities					
Accounts and Wages Payable	0	4,797	8,025	9,007	7,124
Notes Payable	0	0	0	0	1,000
Other Current Liabilities	1,263	1,942	2,222	1,302	1,126
Current Portion of Long-Term Leases (Note B)	<u>237</u>	<u>424</u>	<u>750</u>	<u>384</u>	<u>1,978</u>
Total	1,500	7,163	10,997	10,693	11,228
Long-Term Leases (Note B)	272	2,409	7,120	8,770	6,992
Other Liabilities and Deferred Credits	<u>2,153</u>	<u>3,973</u>	<u>3,642</u>	<u>2,923</u>	<u>0</u>
Total Liabilities	<u>3,925</u>	<u>13,625</u>	<u>21,767</u>	<u>22,546</u>	<u>18,220</u>
Owners Equity					
Investment by State of Alaska (Note C)	33,249	33,249	33,049	34,131	33,849
Retained Earnings	<u>0</u>	<u>1,297</u>	<u>3,512</u>	<u>4,517</u>	<u>7,133</u>
Total Owners Equity	<u>33,249</u>	<u>34,546</u>	<u>37,361</u>	<u>38,648</u>	<u>40,982</u>
<b>TOTAL LIABILITIES AND OWNERS EQUITY</b>	<u>37,174</u>	<u>48,171</u>	<u>59,128</u>	<u>61,194</u>	<u>59,202</u>
<b>RETURN ON EQUITY (ANNUALIZED)</b>		15.6%	20.7%	17.6%	21.1%

\* Certain balance sheet items have been reclassified to conform with auditors YE 1985 financial statements.

ALASKA RAILROAD CORPORATION  
Notes  
to  
Financial Statements

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION  
NOTE D  
LEASE DISCLOSURE SCHEDULE

December 31, 1905

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION  
Statement of Income  
Through the Period Ending December 31, 1905  
(In Thousands of Dollars)

	December			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<u>Revenues</u>						
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)
Other	<u>521</u>	<u>750</u>	<u>(229)</u>	<u>10,912</u>	<u>9,000</u>	<u>1,912</u>
Total	3,731	4,904	(1,173)	67,234	73,191	(5,957)
<u>Cost and Expenses</u>						
Railroad						
Transportation	1,471	1,666	(195)	20,556	25,566	(5,010)
Ways and Structures	1,114	861	253	12,310	12,810	(500)
Equipment	1,703	925	778	12,571	11,958	613
General and Administrative <sup>A</sup>	<u>(2,199)</u>	<u>1,220</u>	<u>(3,419)</u>	<u>10,418</u>	<u>13,293</u>	<u>(2,875)</u>
Total	2,009	4,672	(2,583)	55,855	63,627	(7,772)
Operating Surplus	1,642	232	1,410	11,379	9,564	(1,815)
Interest Expense	154	0	154	561	0	561
Corporate Expense	<u>(119)</u>	<u>168</u>	<u>(287)</u>	<u>2,230</u>	<u>1,852</u>	<u>378</u>
Net Surplus	1,607	64	1,543	0,508	7,712	876
Depreciation	<u>267</u>	<u>400</u>	<u>(133)</u>	<u>1,455</u>	<u>4,800</u>	<u>(3,345)</u>
Net Income (loss)	<u>1,340</u>	<u>(336)</u>	<u>1,676</u>	<u>7,133</u>	<u>2,912</u>	<u>4,221</u>

<sup>A</sup> Adjustments due to inventory re evaluation in accordance with purchase accounting allocation method.

ALASKA RAILROAD CORPORATION  
Revenues by Commodity  
Through the Period Ending December 31, 1985  
(In Thousands of Dollars)

Commodity	December*			Year To Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Pipe	269	310	(41)	3,253	3,780	(527)	3,253	3,780	(527)
Coal: Local	356	630	(274)	4,255	6,170	(1,915)	4,255	6,170	(1,915)
Export	402	551	(149)	5,179	6,612	(1,433)	5,179	6,612	(1,433)
Petroleum	1,030	687	343	11,833	9,681	2,152	11,833	9,681	2,152
Gravel	0	0	0	7,819	8,930	(1,111)	7,819	8,930	(1,111)
TOFC/COFC	358	814	(456)	7,008	10,548	(3,540)	7,008	10,548	(3,540)
Interline	574	861	(287)	10,530	10,513	17	10,530	10,513	17
Miscellaneous Local	(168)	241	(409)	2,101	3,437	(1,336)	2,101	3,437	(1,336)
Total Freight	2,821	4,094	(1,273)	51,978	59,671	(7,693)	51,978	59,671	(7,693)
Passenger: North	239	10	229	2,959	3,300	(341)	2,959	3,300	(341)
South	81	30	51	1,102	645	457	1,102	645	457
Other	69	20	49	283	575	(292)	283	575	(292)
Total Passenger	389	60	329	4,344	4,520	(176)	4,344	4,520	(176)
Real Estate	(141)	340	(481)	4,322	4,080	242	4,322	4,080	242
All Other	662	410	252	6,590	4,920	1,670	6,590	4,920	1,670
Total Other	521	750	(229)	10,912	9,000	1,912	10,912	9,000	1,912
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)

\* The month of December, 1985, reflects accrual adjustments to conform with the audited year-end financial statements.

ALASKA RAILROAD CORPORATION  
EXPENSE PERFORMANCE ANALYSIS  
Through the Period Ending December 31, 1985

Department	Month			Year To Date		
	Actual*	Budget	Variance	Actual	Budget	Variance
Transportation <sup>1</sup>	1,471	1,666	(195)	20,556	25,566	(5,010)
Motive Power & Equipment	1,703	925	778	12,571	11,958	613
Ways & Structures <sup>2</sup>	1,114	861	253	12,310	12,810	(500)
Marketing	90	182	(92)	1,229	1,921	(692)
Overheads <sup>3</sup>	(2,255)	1,206	(3,461)	11,900	13,224	(1,244)
Depreciation <sup>4</sup>	<u>267</u>	<u>400</u>	<u>(133)</u>	<u>1,455</u>	<u>4,800</u>	<u>(3,345)</u>
Total	<u>2,390</u>	<u>5,240</u>	<u>(2,850)</u>	<u>60,101</u>	<u>70,279</u>	<u>(10,178)</u>

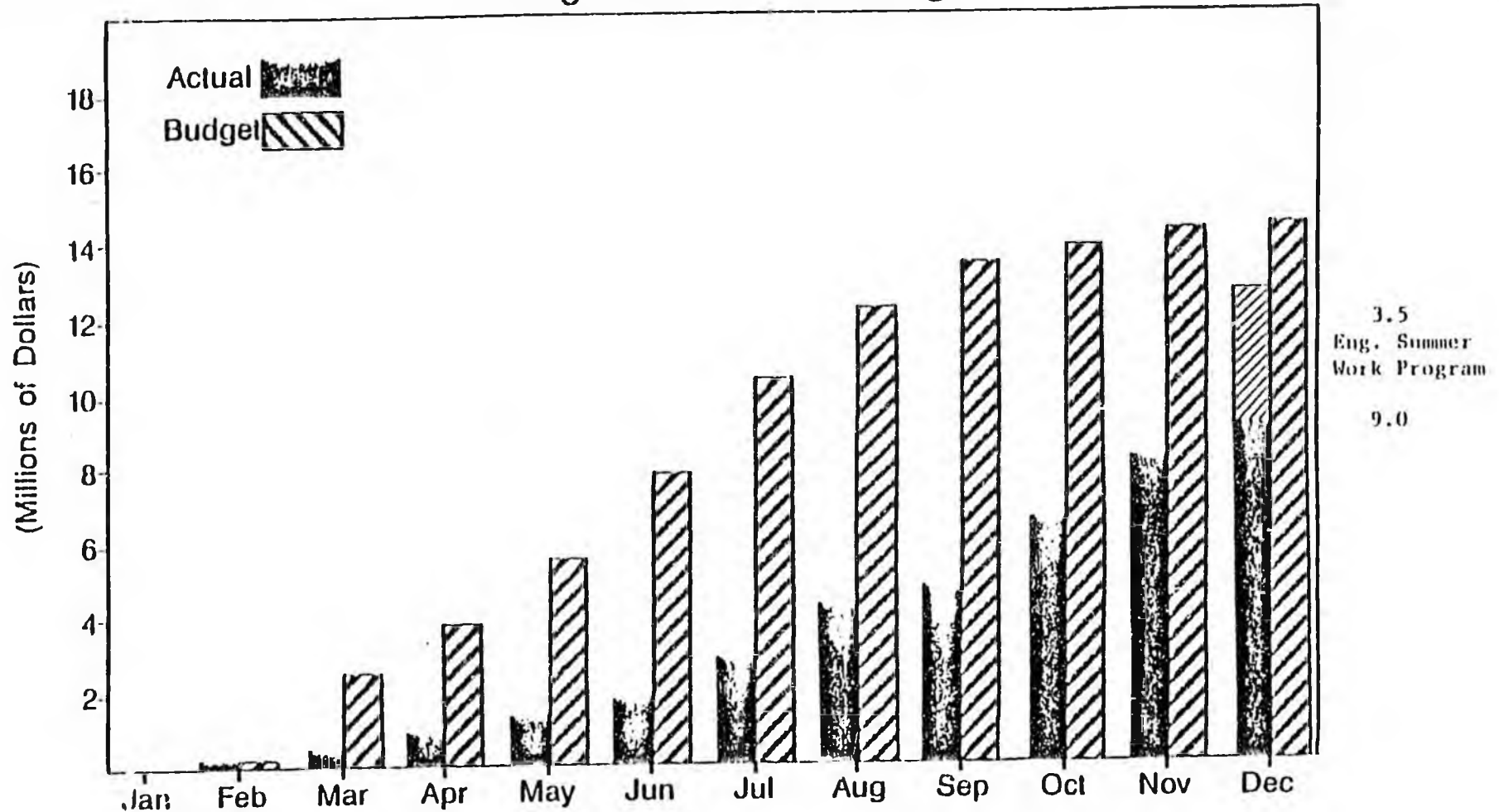
Explanation of Variances - Year-to-Date

- (1) Decrease due to freight movements, primarily TWC/COFC, gravel, and reduced coal traffic.
- (2) Reduction results from accounting adjustment for Summer Track Improvement Program from expense to capital in accordance with ICC unit of property definitions offset by higher than budgeted personnel costs.
- (3) Underrun due to inventory re-evaluation partially offset by increased insurance costs, reorganization costs and other miscellaneous costs.
- (4) Depreciation lower due to restatement of assets according to purchase accounting allocation method.

\* December, 1985, reflects accrual adjustments to conform with audited year end financial statements.

# Alaska Railroad Corporation

## 1985 Capital Expenditures Through the Period Ending



Budget	0	.2	2.4	3.9	5.8	7.9	10.3	12.1	13.6	13.9	14.1	14.2
Actual	0	.2	.5	.7	1.2	1.7	3.0	4.2	4.8	6.8	8.2	12.5

ALASKA RAILROAD CORPORATION  
 PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY  
 Budget vs Actual  
 Through the Period Ending December 31, 1985  
 (In Thousands of Dollars)

	<u>Approved Budget</u>	<u>Amount Approp.</u>	<u>Latest Estimate</u>	<u>1985 YTD Expend.</u>	<u>1986</u>
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	11,207	14,203	7,170	8,128
<b>TOTAL</b>	<u>15,250</u>	<u>11,270</u>	<u>16,131</u>	<u>9,047</u>	<u>8,204</u>
<b>State Funded (Cap. &amp; Exp.)</b>					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	15	15	15	5	10
<b>Total State Funded</b>	<u>1,208</u>	<u>283</u>	<u>1,208</u>	<u>273</u>	<u>935</u>

ALASKA RAILROAD CORPORATION  
 PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS  
 Budget vs Actual  
 Through the period ending December 31, 1905  
 In Thousands of Dollars

Projects	A/E No.	Approved Budget	Amount Appropriated	Latest Estimate	1905 YTD Expend.	Remainder of 1905	1906	Performance			Status
								Physical Completion	Start Date	End Date	
<b>1904 CARRYOVER:</b>											
Seward TOFC Yard	606/107	31	31	21	21	-0-		100	9-05	10-05	C
Weigh-In motion Scale	632/106	250	250	201	201	-0-	25	90	12-04	6-06	To Certify
Potter Hill Drainage	636	20	20	6	6	-0-		100	7-05	8-05	C
Auto Couplers	633	26	26	20	20	-0-		100		7-05	C
Loco. Plow Pilots	634/151	51	51	51	-0-	-0-	51	20	8-04	3-06	
TOFC Term. Imp. - Anch.	600	37	37	37	37	-0-		100		4-05	C See 05
Anch. Eng. Supply - (Ph. III)	501	071	071	071	071	-0-					C See 05
1904 Tunnel Program	511	431	431	431	431	-0-					C See 05
1904 Track Program		09	09	75	75	-0-		100		3-05	C
Other Misc. Projects	999	257	257	215	215	-0-					
<b>TOTAL 1904</b>		<b>2,063</b>	<b>2,063</b>	<b>1,928</b>	<b>1,877</b>	<b>-0-</b>	<b>76</b>				
<b>1905 PROJECTS:</b>											
Energy Conservation-(Ph IV)	501/101	1,250	1,250	1,250	514	-0-	746	00	6-05	5-06	
Warehouse Improvements	502/102	110	110	160	135	-0-	25	85	9-05	6-06	
Fencing - Security	503/102	65	65	-0-	-0-	-0-		-0-			Merged
Computer Air Conditioning	504/104	65	65	61	2	-0-	59	-0-			Rebid 06
Bank Widening	505/105	300	300	100	100	-0-		100	6-05	8-05	C
Rail Lubricators	506/141	60	24	25	25	-0-		100	8-05	11-05	C
Palmer Branch Rehab.	507	100	-0-	-0-	-0-	-0-					Deleted
Rail/Tie Fasteners	508/131	300	-0-	157	157	-0-		100	7-05	12-05	C
Microwave Radio (Ph I)	509	425	-0-	206	-0-	-0-	206	-0-	2-06	12-06	
Bridges	510/110	000	500	561	561	-0-		100	3-05	9-05	C
Tunnels (Ph II)	511/111	1,500	1,300	4,250	2,206	-0-	1,964	55	7-05	9-06	

**Status Codes**

A - A/E Preparation	D - Design	M - Materials Ordered
B - Bid Process	E - Evaluation	R - Received
C - Complete	II - On hold	L - Lease/Purchase

AL/ RAIL COR INC  
 PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS  
 Budget vs Actual  
 Through the period ending December 31, 1985  
 In thousands of Dollars

Projects	AFE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance			
								Physical Completion	Start Date	End Date	Status
<b>1985 PROJECTS:</b>											
Utility Systems	512/112	650	291	550	24	-0-	536	-0-	0-85	10-86	D (20%)
Fuel Station Add. Anch.	513/113	250	250	186	57	-0-	129	35	7-85	6-86	D (85%)
Whittier Ramp & TOFC Fac.	514/114	475	100	476	356	-0-	120	75	7-85	6-86	
Eielson Branch Rehab.	515/115	2,100	-0-	2,060	585	-0-	1,475	25	7-85	10-86	
Barge Slip #2 Whittier	516/116	300	150	175	-0-	-0-	175	-0-	5-86	7-86	D (10%)
Locomotives (5)	517/117	600	600	339	339	-0-	439	100		5-85	C, I
TOFC Cars (10)	518/118	422	400	473	473	-0-	214	100		5-85	C, I
Covered Cement Hoppers (5)	519	125	-0-	-0-	-0-	-0-					I
Passenger Car Upgrade (17)	520/120	300	42	48	48	-0-		100	6-85	10-85	C
Engineer Const. Equip. (021)	521/121	950	642	692	593	-0-	99	95	3-85	4-86	
Snow Removal Equipment	-	450	Deleted	Deleted	-0-	-0-					
Locomotive Crane	523	800	-0-	460	-0-	-0-	460				I
Material Handling Equip.	524/108	85	24	24	24	-0-		80	8-85	1-86	
Telecom. Test Equip.	525/012	125	125	125	56	-0-	69	-0-	9-85	5-86	M
Upgrade Radios	526	200	-0-	300	-0-	-0-	300	-0-	4-86	12-86	
Passenger Services	527	380	-0-	380	-0-	-0-		-0-			I
MTR Projects - See page 3	999	-0-	334	323	269	-0-	54				See page 3
Flat Cars (15)	119	-0-	255	235	235	-0-	116	100	7-85	8-85	C, I
Const. Work Equip./Snow Rem.	531	-0-	-0-	-0-	-0-	-0-	300	-0-	1-86	3-86	B, I
TOFC Term. Imp. - Anch.	600	-0-	35	49	49	-0-		100	1-85	7-85	C
RMC Car Upgrade	144	-0-	-0-	-0-	-0-	-0-	150	75	9-85	1-86	I
32V Electric 4 Cabooses	153	-0-	100	100	46	-0-	54	35	9-85	11-86	
Electrify 15 TOFC	140	-0-	265	247	125	-0-	122	40	10-85	8-86	
MSA Term Dev.	006	-0-	172	18	18	-0-	10	100	9-85	10-85	C, I
PC Terminals	007	-0-	71	7	7	-0-	22	100	8-85	9-85	C, I
IBM Remotes	008	-0-	350	64	64	-0-	111	100	8-85	9-85	C, I
IBM Line Printer	016	-0-	24	1	1	-0-	7	100	10-85	11-85	C, I
Wang Equipment	027	-0-	275	13	13	-0-	86	100	12-85	12-85	C, I
<b>TOTAL 1985</b>		<b>13,187</b>	<b>11,217</b>	<b>14,203</b>	<b>7,170</b>	<b>-0-</b>	<b>8,128</b>				
<b>GRAND TOTAL-ALL PROJECTS</b>		<b>15,250</b>	<b>10,270</b>	<b>16,131</b>	<b>9,047</b>	<b>-0-</b>	<b>8,204</b>				

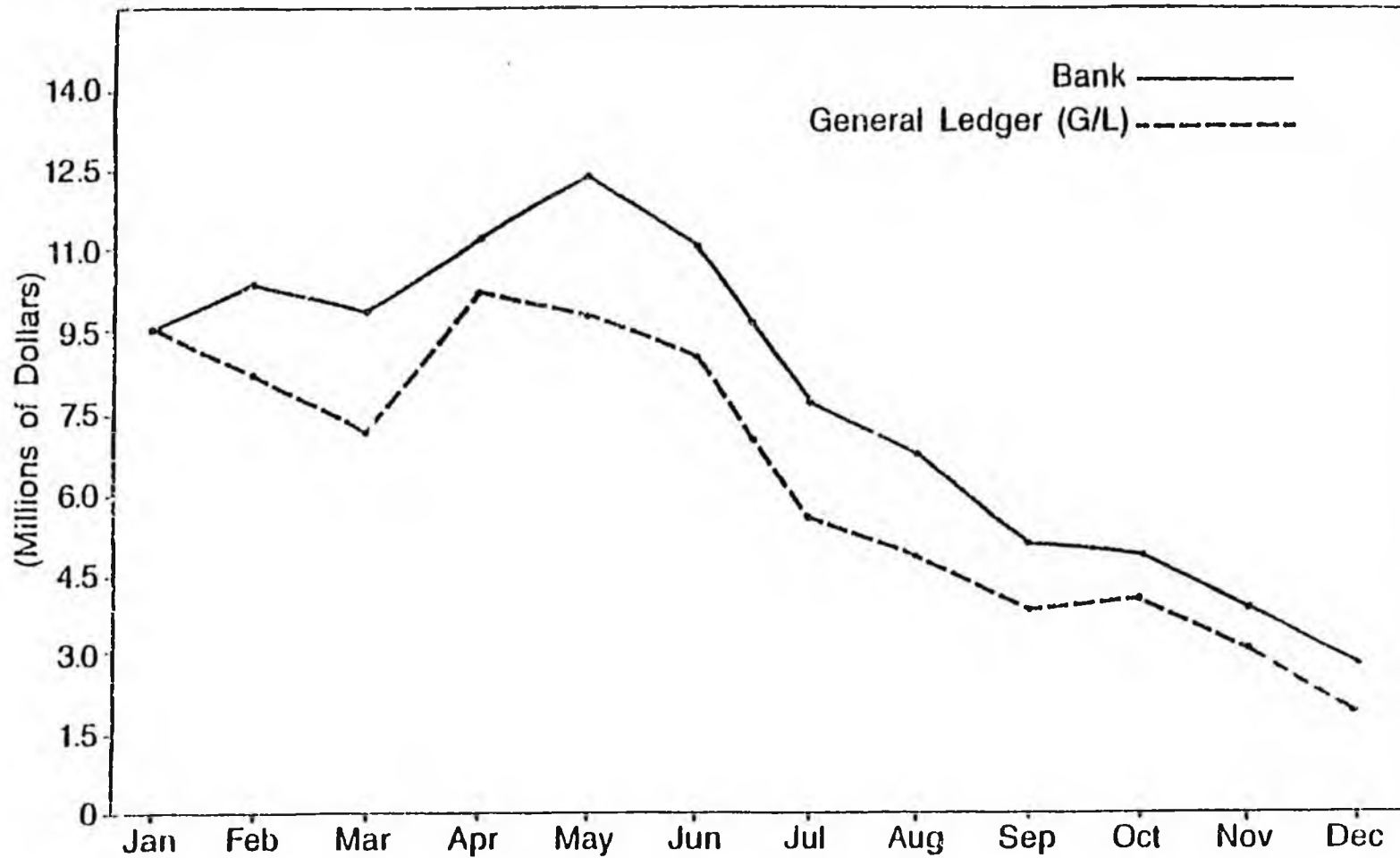
AL IRI ) CO TICM  
 PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS  
 Budget vs Actual  
 Through the period ending December 31, 1985  
 In thousands of Dollars

Projects	A/E No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance			Status
								Physical Completion %	Start Date	End Date	
<b>1985 Non Proj. Res. (NPR)</b>											
Rerailing Bridge	25001		12	12	12	-0-		100	10-84	4-85	C
Telex	75001		2	2	2	-0-		100	10-84	1-85	C
Dock Boards	65001		4	4	4	-0-		100	12-84	2-85	C
Computer, Mac	75003		5	5	5	-0-		100	12-84	2-85	C
Dishwasher	45001		3	2	2	-0-		100	1-85	2-85	C
Word Proc W/Printer (4)	65050		14	11	11	-0-		100	1-85	3-85	C
Plow on 5 GP 49's	150		51	51	16	-0-	35	40	11-85	3-86	
Radius (5)	25004		6	6	6	-0-		100	3-85	7-85	C
Chart Recorder	25006		2	2	2	-0-		100	5-85	6-85	C
Computer & Telex	75005		3	3	3	-0-		100	5-85	7-85	C
Copier - M	75006		2	2	2	-0-		100	5-85	5-85	C
Computer - Mac	75008		3	3	3	-0-		100	4-85	4-85	C
Telephone Sys.	75009		13	12	12	-0-		100	4-85	7-85	C
Vans, Pass. (2)	15025		29	29	29	-0-		100	6-85	6-85	C
Budd HXC (!)	142		60	60	41	-0-	19	90	6-85	1-86	Accept.
Mobile Radio	25010		2	2	2	-0-		100	6-85	12-85	C
Copier, Xerox	75010		10	10	10	-0-		100	6-85	6-85	C
Computer - Mac	75012		9	10	10	-0-		100	8-85	8-85	C
Camera & Accessories	75013		1	1	1	-0-		100	8-85	8-85	C
Logging Recorder	013		27	20	20	-0-		50	10-85	1-86	M
Remodel Procurement Office	143		6	8	8	-0-		100	12-85	12-85	C
Rad.-Tele. (Trans-2)	010		5	5	5	-0-		50	11-85	2-86	M
Rad.-Tele. (Safety)	011		1	1	1	-0-		50	11-85	2-86	M
Comp. Mac (HIKI)	015		4	3	3	-0-		100	11-85	12-85	C
Furniture (Legal)	017		5	4	4	-0-		100	10-85	12-85	C
Computer - IBM (Oldham)	022		13	13	13	-0-		100	11-85	12-85	C
Hapcon Facsimile (3)	023		17	17	17	-0-		100	12-85	12-85	C
Furniture (Procurement)	024		4	4	4	-0-		100	12-85	12-85	C
Furniture (Marketing)	025		10	10	10	-0-		100	11-85	12-85	C
Telephones (Marketing)	026		11	11	11	-0-		100	11-85	12-85	C
<b>Total 1985 NPR</b>		<b>-0-</b>	<b>334</b>	<b>323</b>	<b>269</b>	<b>-0-</b>	<b>54</b>				

# Alaska Railroad Corporation

## Monthly Bank Balance

### 1985

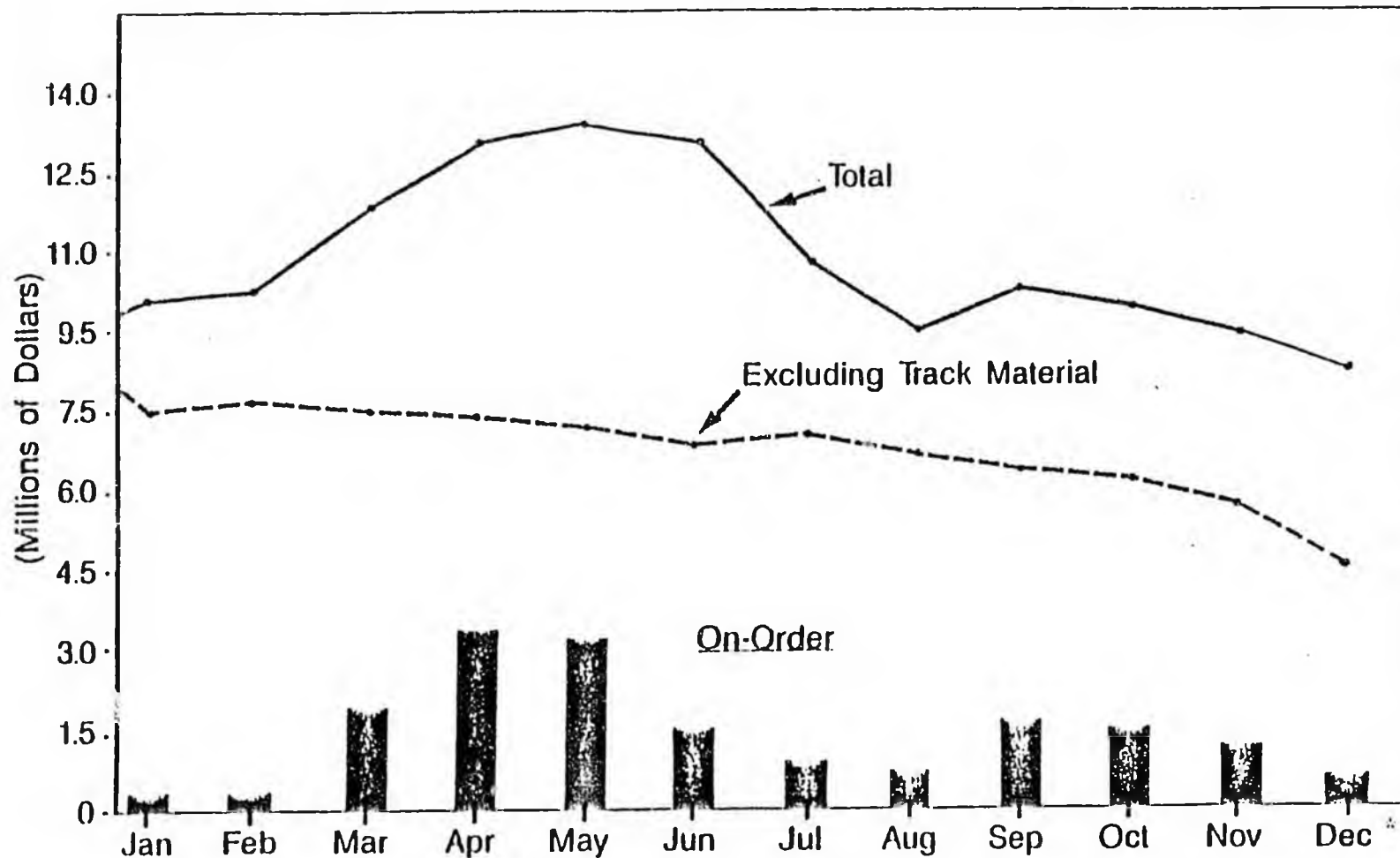


Bank	9.5	10.5	9.9	11.1	12.2	11.0	7.6	7.0	5.2	4.9	4.1	2.9
G/L	9.5	8.1	7.1	10.1	9.7	8.8	5.6	4.7	3.9	4.0	3.0	1.9

# Alaska Railroad Corporation

## Inventory Level

### 1985



Total	10.0	10.2	11.9	12.8	13.2	12.8	10.5	9.5	10.1	9.8	9.4	8.2
On-Order	.4	.4	2.2	3.2	3.1	1.4	1.0	.9	1.6	1.4	1.2	.6
Exclud. Track Material	7.5	7.6	7.5	7.3	7.1	6.8	6.9	6.5	6.2	5.9	5.7	4.6

\* INVENTORY VALUE AT YEAR END 1985 WAS REVALUED DOWNWARD TO \$5.6 MILLION TO CONFORM WITH THE APPRAISAL METHOD USED TO COMPLY WITH THE PURCHASE ALLOCATION ACCOUNTING METHOD.

ALASKA RAILROAD CORPORATION  
 Accounts Receivable Status  
 Through the Period Ending December 31, 1965

Type	Balance	AGING (DAYS)				
		0-15	16-30	31-45	46-60	over 60
Trade	6,002	2,437	1,339	1,496	627	2,103
%	100	30	17	19	8	26
Reimbursable	377	269	4	0	0	104
%	100	71	1	0	0	28
Real Estate	1,200	471	13	147	0	569
%	100	39	1	12	0	48
Estimated	1,696	1,696	0	0	0	
%	100	100	0	0	0	
<b>Total</b>	<b><u>11,275</u></b>	<b><u>4,873</u></b>	<b><u>1,356</u></b>	<b><u>1,643</u></b>	<b><u>627</u></b>	<b><u>2,776</u></b>
%	100	43	12	14	6	25

ALASKA RAILROAD CORPORATION  
 Current Investment Report  
 As of December 31, 1985

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Length of Investment</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Estimate Int. Income</u>
515,343	Open	Open	Money Mkt	9.00%	2,104
100,000	01/21/86	182 day	CD	8.50%	4,061
100,000	01/21/86	182 day	CD	8.50%	4,061
<u>100,000</u>	05/09/87	540 day	CD	8.50%	<u>1,275</u>
<u>815,343</u>					<u>11,501</u>

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ALASKA RAILROAD CORPORATION  
1986 BUDGET SUMMARY  
REVISED FOR SALES TARGETS  
(THOUSANDS OF DOLLARS)

	1986 BUDGET	1986 SALES TARGETS	VARIANCE	
			DOLLARS	%
REVENUE	71,057	78,900	7,843	10
EXPENSE	63,166	69,440	6,274	9
SURPLUS (DEFICIT)	7,891	9,460	1,569	17
DEPRECIATION	1,800	1,800	0	0
NET INCOME (LOSS)	<u>6,091</u>	<u>7,660</u>	<u>1,569</u>	<u>17</u>

11  
12  
13  
14

ALASKA RAILROAD CORPORATION  
 1986 EXPENSE BUDGET ANALYSIS  
 (THOUSANDS OF DOLLARS)

DEPARTMENT	1986 BUDGET	1985		
		BUDGET	YTD THRU OCT	LATEST ESTIMATE
TRANSPORTATION	16,359	25,560	17,921	20,800
ENGINEERING	16,140	12,810	12,801	10,870
MP&E	15,076	11,960	10,265	12,000
SPECIAL AGENTS	2,869	500	356	440
ADMINISTRATION	670	900	635	760
PERSONNEL	2,050	800	473	580
FINANCE	5,873	5,620	4,613	6,000
MARKETING	3,007	1,920	1,077	1,580
LEGAL	856	500	462	562
OTHER	<u>515</u>	<u>4,910</u>	<u>3,668</u>	<u>5,228</u>
SUB TOTAL	63,415	65,480	52,271	58,820
INTEREST EXPENSE	1,018	0	379	480
DEPRECIATION	<u>1,800</u>	<u>4,500</u>	<u>1,064</u>	<u>1,300</u>
SUB TOTAL	2,818	4,800	1,443	1,780
TOTAL EXPENSE	66,233	70,280	53,714	60,600

ALASKA RAILROAD CORPORATION  
 REVENUES BY COMMODITY  
 1986 BUDGET ANALYSIS  
 (IN THOUSANDS OF DOLLARS)

COMMODITY	1986 BUDGET	1985 STATUS		
		BUDGET	YTD THRU OCT	LATEST ESTIMATE
PIPE	3,044	3,780	2,619	3,000
COAL: LOCAL	5,763	6,170	3,557	4,100
EXPORT	5,113	6,612	4,521	5,340
PETROLEUM	11,311	9,681	9,605	11,500
TOFC/COFC	8,239	10,548	5,998	7,000
INTERLINE	12,786	10,514	9,194	10,800
MISCELLANEOUS LOCAL	9,291	12,366	10,028	11,630
TOTAL FREIGHT	55,547	59,671	45,522	53,370
PASSENGER: NORTH	2,890	3,300	2,693	2,900
SOUTH	84	645	979	1,030
OTHER	1,436	575	213	300
TOTAL PASSENGER	4,410	4,520	3,885	4,230
REAL ESTATE	5,100	4,080	4,071	4,971
ALL OTHER	6,000	4,920	5,708	6,429
TOTAL OTHER	11,100	9,000	9,779	11,400
TOTAL REVENUE	71,057	73,191	59,186	69,000

ALASKA RAILROAD CORPORATION  
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	<u>FIRST QTR</u>		<u>SECOND QTR</u>		<u>THIRD QTR</u>		<u>FOURTH QTR</u>	
	1986	1985	1986	1985	1986	1985	1986	1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>656</u>	<u>634</u>	<u>816</u>	<u>814</u>	<u>747</u>	<u>755</u>	<u>645</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOUSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION  
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR		SECOND QTR		THIRD QTR		FOURTH QTR	
	1986	1985	1986	1985	1986	1985	1986	1985
(1) CHIEF EXECUTIVE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	515	532	650	711	629	635	504	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>661</u>	<u>634</u>	<u>809</u>	<u>814</u>	<u>790</u>	<u>755</u>	<u>650</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION  
1986 BUDGETING PLAN  
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985		
		LATEST ESTIMATE	VARIANCE	%
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	<u>1,017</u>	<u>364</u>	<u>653</u>	<u>179</u>
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>	<u>165</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- ° MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- ° RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- ° INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- ° OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- ° DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION  
 1986 BUDGETING PLAN  
 DEPARTMENT ANALYSIS

SUMMARY

	1986 BUDGET	1985		
		LATEST ESTIMATE	VARIANCE	%
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	<u>765</u>	<u>740</u>	<u>25</u>	<u>3</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.
- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.
- ° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.
- ° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAILROAD CORPORATION  
 1985 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>CONTRACTUAL SERVICES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	<u>76</u>	<u>26</u>	<u>50</u>
TOTAL	<u>5,936</u>	<u>4,670</u>	<u>1,266</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.
- ° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.
- ° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>MATERIALS &amp; SUPPLIES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	<u>55</u>	<u>86</u>	<u>(31)</u>
TOTAL	<u>10,095</u>	<u>11,321</u>	<u>(1,226)</u>

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>RENTALS &amp; UTILITIES</u>	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	<u>174</u>	<u>243</u>	<u>(69)</u>
TOTAL	<u>2,763</u>	<u>3,703</u>	<u>(940)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.
- ° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>INSURANCE, CASUALTY EXPENSES</u>	1986 BUDGET	1985	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,271</u>	<u>1,117</u>	<u>1,154</u>

EXPLANATION OF MAJOR VARIANCES:

- ° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>OTHER</u>	<u>1986 BUDGET</u>	<u>1985 LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,117</u>	<u>779</u>	<u>1,338</u>

EXPLANATION OF MAJOR VARIANCES:

- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- ° MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
ACCOUNT ANALYSIS  
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	39,984	727	36,827	713

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.
- ° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.
- ° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.
- ° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

\* AVERAGE QUARTERLY TOTAL

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 CORPORATE OFFICE  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>50</u>	<u>0</u>	<u>50</u>
TOTAL	1,579	1,191	394
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,579</u>	<u>1,191</u>	<u>394</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.
- ° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
ADMINISTRATION  
SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	765	740	25
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>765</u>	<u>740</u>	<u>25</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 HUMAN RESOURCES  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,186	725	461
CONTRACTUAL SERVICES	805	50	755
MATERIALS & SUPPLIES	54	29	25
RENTALS, UTILITIES	9	3	6
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>19</u>	<u>0</u>	<u>19</u>
TOTAL	2,074	807	1,267
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>2,074</u>	<u>807</u>	<u>1,267</u>

EXPLANATION OF MAJOR VARIANCES:

- " PERSONNEL COSTS REFLECT FULL YEAR EFFECT OF NEW ORGANIZATIONAL STRUCTURE TO INCLUDE INCREASE OF 3 NEW POSITIONS FOR APRIL-JUNE TIME FRAME.
- " CONTRACTUAL SERVICES INCREASE DUE TO ACQUIRING RESPONSIBILITY FOR ALL TRAINING REQUIREMENTS, SAFETY EQUIPMENT PROGRAM, RELOCATION EXPENSES, AND SALARY ADMINISTRATION PROGRAM.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
OPERATIONS  
SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	32,073	30,333	1,740
CONTRACTUAL SERVICES	2,625	2,555	70
MATERIALS & SUPPLIES	9,611	10,480	(869)
RENTALS, UTILITIES	1,941	2,685	(744)
INSURANCE, CASUALTY, TAXES	2,266	1,117	1,149
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	48,516	47,170	1,346
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>48,516</u>	<u>47,170</u>	<u>1,346</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL INCREASE REFLECTS FULL YEAR MANNING LEVELS IN ALL DEPARTMENTS.
- ° MATERIALS AND SUPPLIES REDUCTION BASED ON INVENTORY REVALUATIONS.
- ° RENTALS AND UTILITIES PROJECTED SAVINGS RESULTING FROM NEW HEATING SYSTEMS.
- ° INSURANCE, CASUALTY, TAXES INCREASE DUE TO INSURANCE PREMIUMS AND CASUALTY LOSS CLAIMS.

ALASKA RAILROAD CORPORATION  
 1986 BIDDING PLAN  
 MARKETING  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,060	1,772	288
CONTRACTUAL SERVICES	920	433	587
MATERIALS & SUPPLIES	145	285	(140)
RENTALS, UTILITIES	140	19	121
INSURANCE, CASUALTY, TAXES	5	0	5
OTHER	<u>149</u>	<u>0</u>	<u>149</u>
TOTAL	3,417	2,509	908
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>3,417</u>	<u>2,509</u>	<u>908</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED SALES FORCE IN ANCHORAGE AND SEATTLE, PASSENGER SERVICES EXPANSION AND TRANSFER FROM TRANSPORTATION DEPARTMENT.
- ° CONTRACTUAL SERVICES UP 117% FOR FULL-SCALE MARKETING/ADVERTISING PROGRAM.
- ° UTILITIES INCREASE DUE TO MARKETING DEPARTMENT RELOCATING TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 CORPORATE COMMUNICATIONS  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	84	64	20
CONTRACTUAL SERVICES	148	55	93
MATERIALS & SUPPLIES	5	3	2
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	237	122	115
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>237</u>	<u>122</u>	<u>115</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL USAGES INCREASE DUE TO FULL YEAR OPERATIONS OF DIVISION.
- ° CONTRACTUAL SERVICES INCREASE DUE TO NEW PROGRAMS FOR SAFETY, RAILROAD POSTERS, ANNUAL REPORTS.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 CHIEF COUNSEL  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	490	242	248
CONTRACTUAL SERVICES	514	567	(53)
MATERIALS & SUPPLIES	9	26	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	1,017	837	180
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,017</u>	<u>837</u>	<u>180</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP 102% DUE TO INCREASED STAFF TO INCLUDE ADDITIONAL ATTORNEYS FOR FULL YEAR, PARALEGAL ASSISTANCE, AND CLERICAL ASSISTANCE.

ALASKA RAILROAD CORPORATION  
 1986 FUNDING PLAN  
 DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	36,827
VARIANCE	3,157

EXPLANATION OF VARIANCE:

		<u>%</u>
◦ WAGE ADJUSTMENT	\$1,000	32
◦ CURRENT WORK FORCE FULL YEAR MANNING	875	28
◦ ADDITIONAL STAFF*	750	23
◦ PENSION PLAN CONTRIBUTION	125	4
◦ ANTICIPATED HEALTH BENEFIT INCREASE	200	7
◦ STATE OF ALASKA UNEMPLOYMENT COMPENSATION	<u>200</u>	<u>6</u>
TOTAL	<u>\$3,150</u>	<u>100</u>

\* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION  
 1986 BIDDING PLAN  
 DEPARTMENT ANALYSIS

SUMMARY

		<u>1985</u>		
	<u>1986 BUDGET</u>	<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>	<u>%</u>
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	<u>765</u>	<u>740</u>	<u>25</u>	<u>3</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.
- ° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.
- ° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.
- ° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAILROAD CORPORATION  
1986 BUDGETING PLAN  
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985		
		LATEST ESTIMATE	VARIANCE	%
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	<u>1,017</u>	<u>364</u>	<u>653</u>	<u>179</u>
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>	<u>165</u>
GRAND TOTAL	<u>63,166</u>	<u>58,417</u>	<u>4,749</u>	<u>8</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- ° MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- ° RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- ° INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- ° OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- ° DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	<u>36,827</u>
VARIANCE	3,157

EXPLANATION OF VARIANCE:

		<u>%</u>
° WAGE ADJUSTMENT	\$1,000	32
° CURRENT WORK FORCE FULL YEAR MANNING	875	28
° ADDITIONAL STAFF*	750	23
° PENSION PLAN CONTRIBUTION	125	4
° ANTICIPATED HEALTH BENEFIT INCREASE	200	7
° STATE OF ALASKA UNEMPLOYMENT COMPENSATION	<u>200</u>	<u>6</u>
TOTAL	<u>\$3,150</u>	<u>100</u>

\* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 DETAIL ACCOUNT ANALYSIS

CONTRACTUAL SERVICES

1986 BUDGET	5,936
1985 ESTIMATE	<u>4,670</u>
VARIANCE	1,266

EXPLANATION OF VARIANCE:

		<u>%</u>
◦ MARKETING PLAN	\$ 500	40
◦ RELOCATION EXPENSES	150	12
◦ HOME SALES ASSISTANCE	100	8
◦ SALARY ADMINISTRATION PROGRAM	60	5
◦ DONATION	50	5
◦ TRAINING BUDGET	250	20
◦ MISCELLANEOUS	<u>150</u>	<u>10</u>
TOTAL	<u>\$1,260</u>	<u>100</u>

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 DETAIL ACCOUNT ANALYSIS

INSURANCE, CASUALTY, TAXES

1986 BUDGET	2,271
1985 ESTIMATE	1,117
VARIANCE	1,154

EXPLANATION OF VARIANCE:

		<u>%</u>
° CASUALTY, PROPERTY, BOILER, ETC.	\$ 850	74
° LOSS & DAMAGE CLAIMS	200	17
° WORKERS COMPENSATION	<u>100</u>	<u>9</u>
TOTAL	<u>\$1,150</u>	<u>100</u>

ALASKA RAILROAD CORPORATION  
 1986 BIDDING PLAN  
 CORPORATE OFFICE  
 SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>50</u>	<u>0</u>	<u>50</u>
TOTAL	1,579	1,191	394
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>1,579</u>	<u>1,191</u>	<u>394</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.
- ° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION  
1986 SCHEDULE PLAN  
FINANCE  
SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	3,454	3,128	326
CONTRACTUAL SERVICES	753	934	(181)
MATERIALS & SUPPLIES	214	408	(194)
RENTALS, UTILITIES	495	751	(256)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>799</u>	<u>364</u>	<u>435</u>
TOTAL	5,715	5,585	130
DEBT SERVICE	<u>1,100</u>	<u>415</u>	<u>685</u>
GRAND TOTAL	<u>6,815</u>	<u>6,000</u>	<u>815</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL INCREASE DUE TO FULL MANNING LEVELS FOR 12 MONTHS AS A RESULT OF REORGANIZATION, FILLING VACANT POSITION, TAKEOVER OF CONTRACT WORK IN SYSTEMS.
- ° OTHER REFLECTS CONSOLIDATION OF FREIGHT EXPENDITURES UNDER THE PROCUREMENT AND SUPPLY DIVISIONS.
- ° DEBT SERVICE IS THE FULL YEAR EFFECT OF OUR 1985 LEVERAGED FINANCING PLUS 1985 PLANNED CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
ADMINISTRATION  
SUMMARY

	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	765	740	25
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>765</u>	<u>740</u>	<u>25</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- ° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION  
 1986 OPERATING BUDGET SUMMARY  
 (THOUSANDS OF DOLLARS)

	<u>1986 BUDGET</u>	1985 LATEST ESTIMATE	<u>VARIANCE</u>	
			<u>DOLLARS</u>	<u>%</u>
REVENUE	71,057	69,000	2,057	3
EXPENSE	<u>63,166</u>	<u>60,600</u>	(2,566)	(4)
SURPLUS (DEFICIT)	7,891	8,400	(509)	(6)
DEPRECIATION	<u>1,800</u>	<u>1,300</u>	<u>500</u>	<u>38</u>
NET INCOME (LOSS)	<u>6,091</u>	<u>7,100</u>	<u>(1,009)</u>	<u>(14)</u>

ALASKA RAILROAD CORPORATION  
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	<u>FIRST QTR</u>		<u>SECOND QTR</u>		<u>THIRD QTR</u>		<u>FOURTH QTR</u>	
	1986	1985	1986	1985	1986	1985	1986	1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	<u>37</u>	<u>18</u>	<u>50</u>	<u>17</u>	<u>50</u>	<u>27</u>	<u>37</u>	<u>26</u>
TOTAL	<u>656</u>	<u>634</u>	<u>816</u>	<u>814</u>	<u>747</u>	<u>755</u>	<u>645</u>	<u>634</u>

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
ACCOUNT ANALYSIS  
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	<u>39,984</u>	<u>727</u>	<u>36,827</u>	<u>713</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.
- ° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.
- ° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.
- ° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

\* AVERAGE QUARTERLY TOTAL

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>CONTRIBUTORIAL SERVICES</u>	<u>1986 BUDGET</u>	<u>1985 LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	<u>76</u>	<u>26</u>	<u>50</u>
TOTAL	<u>5,936</u>	<u>4,670</u>	<u>1,266</u>

EXPLANATION OF MAJOR VARIANCES:

- ° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.
- ° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.
- ° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>MATERIALS &amp; SUPPLIES</u>	1986 BUDGET	1985	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	<u>55</u>	<u>86</u>	<u>(31)</u>
TOTAL	<u>10,095</u>	<u>11,321</u>	<u>(1,226)</u>

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAIL AD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>RENTALS &amp; UTILITIES</u>	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	<u>174</u>	<u>243</u>	<u>(69)</u>
TOTAL	<u>2,763</u>	<u>3,703</u>	<u>(940)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.
- ° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION  
 1986 SPENDING PLAN  
 ACCOUNT ANALYSIS  
 SUMMARY

<u>INSURANCE, CASUALTY EXPENSES</u>	<u>1986 BUDGET</u>	<u>1985</u>	
		<u>LATEST ESTIMATE</u>	<u>VARIANCE</u>
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,271</u>	<u>1,117</u>	<u>1,154</u>

EXPLANATION OF MAJOR VARIANCES:

- ° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION  
1986 SPENDING PLAN  
ACCOUNT ANALYSIS  
SUMMARY

<u>OTHER</u>	1986 BUDGET	1985	
		LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>2,117</u>	<u>779</u>	<u>1,338</u>

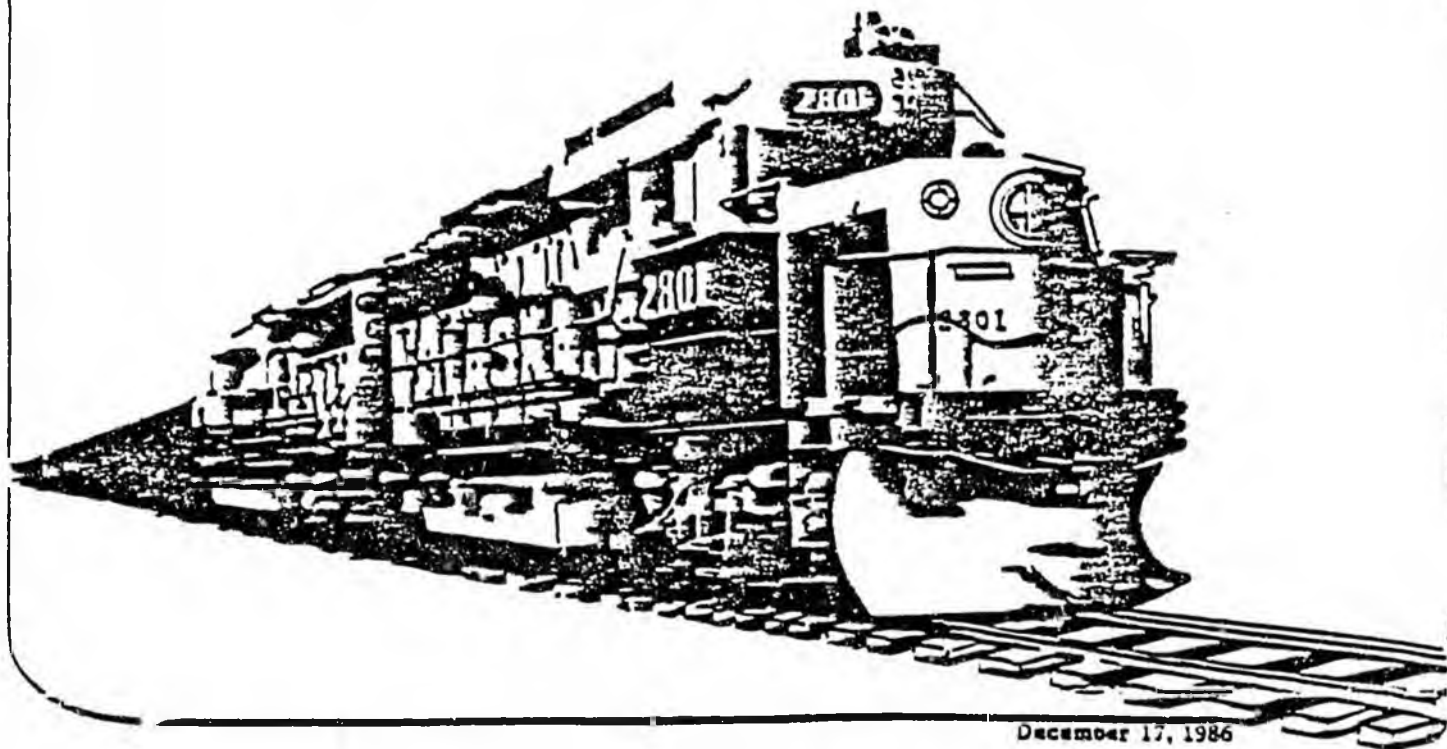
EXPLANATION OF MAJOR VARIANCES:

- FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION



**1987**  
**APPROVED**  
**OPERATING**  
**AND**  
**CAPITAL BUDGET**



December 17, 1986

EXHIBIT J

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OPERATING AND CAPITAL BUDGET SUMMARY

ALASKA RAILROAD CORPORATION  
1987 OPERATING AND CAPITAL BUDGET SUMMARY  
(\$ 000's)

REVENUE	\$ 56,760
EXPENSE	56,406
<u>NET INCOME (LOSS) FROM OPERATIONS</u>	<u>354</u>
ADD BACK NON-CASH ITEMS	<u>4,620</u>
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	<u>4,620</u>
<u>CASH SURPLUS/DEFICIT. 1987</u>	<u>354</u>

ALASKA RAILROAD CORPORATION  
 1987 Projected Income Statement  
 (\$ 000's)

	1987 <u>Budget</u>	1986 Latest <u>Estimate</u>	Variance	
			<u>Dollars</u>	<u>Percentage</u>
<u>REVENUES</u>				
Railroad	45,600	45,200	400	0.9
Other	11,160	11,300	( 140)	( 1.2)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	56,760	56,500	260	0.4
<u>COST AND EXPENSES</u>				
Railroad	39,580	42,524	(2,944)	( 6.9)
Other	12,746	10,976	1,770	16.1
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	52,326	53,500	(1,174)	( 2.1)
Bad Debt Reserve	480	600	( 120)	(20.0)
Depreciation	3,600	2,400	1,200	50.0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSE	56,406	56,500	( 94)	( 0.1)
<u>NET INCOME (LOSS)</u>	<u>354</u>	<u>0</u>	<u>354</u>	N/A

December 13, 1986

INCOME, REVENUE AND EXPENSE STATEMENTS

ALASKA RAILROAD CORPORATION  
Revenues By Commodity  
1987 Revenue Budget  
(000's)

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<u>Commodity</u>	<u>1987 Budget</u>	<u>1986 Latest Estimate</u>	<u>Variance</u>	
			<u>Dollar</u>	<u>%</u>
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	( 100)	( 1.3)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	( 50)	( 0.7)
Miscellaneous	1,000	700	300	42.9
<hr/>				
TOTAL FREIGHT	39,900	40,400	( 500)	( 1.2)
Passenger:				
North Bound	3,300	2,700	500	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
<hr/>				
TOTAL PASSENGER	5,700	4,800	900	13.3
<hr/>				
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	( 762)	(14.5)
<hr/>				
TOTAL OTHER	11,160	11,300	( 140)	( 1.2)
<hr/>				
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION  
 1987 Expense Budget Performance Analysis  
 ( \$ 000's )

<u>DEPARTMENT</u>	<u>1987 BUDGET</u>	<u>1986 Latest Estimate</u>	<u>Dollar Variance</u>	<u>Percentage</u>
<u>Railroad</u>				
Transportation	13,990	15,200	(1,210)	( 8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	( 51)	( 0.4)
Operations Staff	2,701	2,774	( 73)	( 2.6)
TOTAL RAILROAD	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>	<u>( 5.5)</u>
<u>General &amp; Administrative</u>				
Corporate Office	525	625	( 100)	(16.0)
Finance	4,599	5,120	( 521)	(10.2)
Marketing	2,704	3,000	( 296)	(10.0)
Administration	525	586	( 61)	( 8.9)
Human Resources	1,203	1,500	( 297)	(19.8)
General Counsel	355	919	( 564)	( 7.0)
TOTAL G & A	<u>10,511</u>	<u>11,850</u>	<u>(1,339)</u>	<u>(11.3)</u>
<u>Corporate Overhead</u>				
Bad Debt Reserve	480	600	( 120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	<u>6,315</u>	<u>2,126</u>	<u>4,189</u>	<u>197.0</u>
<u>TOTAL</u>	<u>56,406</u>	<u>56,500</u>	<u>( 94)</u>	<u>( 0.1)</u>

December 13, 1986

MANPOWER BUDGET

ALASKA RAILROAD CORPORATION  
MANNING VARIANCE ANALYSIS  
1984 - 1987

<u>Division</u>	<u>1984 Average Manning</u>	<u>1985 Average Manning</u>	<u>1986 Average Manning</u>	<u>1987 Average Manning</u>
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
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TOTAL	<u>700</u>	<u>720</u>	<u>696</u>	<u>610</u>

12-2-86

DEPARTMENTAL BUDGETS

ALASKA RAILROAD CORPORATION  
 1987 OPERATING BUDGET SUMMARY  
 (THOUSANDS OF DOLLARS)

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE	
			DOLLARS	%
REVENUE	56,760	56,500	260	0.4
EXPENSE	52,326	53,500	(1,174)	(2.1)
SURPLUS (DEFICIT)	4,434	3,000	1,434	47.8
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	<u>3,600</u>	<u>2,400</u>	<u>1,200</u>	<u>50.0</u>
NET INCOME (LOSS)	<u>354</u>	<u>0</u>	<u>354</u>	N/A

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ALASKA RAILROAD CORPORATION  
1987 SPENDING PLAN  
CORPORATE OFFICE  
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	( 2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>15</u>	<u>28</u>	<u>(13)</u>
TOTAL	525	625	(100)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>525</u>	<u>625</u>	<u>(100)</u>

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

ALASKA RAILROAD CORPORATION  
1987 SPENDING PLAN  
OPERATIONS  
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE*</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	26,582	29,013	(2,431)
CONTRACTUAL SERVICES	2,879	3,117	(238)
MATERIALS & SUPPLIES	6,723	6,824	(101)
RENTALS, UTILITIES	1,588	1,584	4
INSURANCE, CASUALTY	1,808	1,986	(178)
OTHER	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	39,580	42,524	(2,944)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>39,580</u>	<u>42,524</u>	<u>(2,944)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL REDUCTION REFLECTS REDUCED MANPOWER.
  - ° CASUALTY LOSSES ARE EXPECTED TO BE LOWER IN 1987.
  - ° MATERIAL AND SUPPLIES REFLECT A SMALLER SUMMER WORK PROGRAM.
- \* EXPENSES ADJUSTED DOWNWARD TO REFLECT IMPACT OF FLOOD DISASTER.

ALASKA RAILROAD CORPORATION  
1987 SPENDING PLAN  
FINANCE  
SUMMARY

	<u>1987 PROPOSED BUDGET</u>	<u>1986 LATEST ESTIMATE</u>	<u>VARIANCE</u>
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,979	3,267	(288)
CONTRACTUAL SERVICES	980	1,224	(244)
MATERIALS & SUPPLIES	640	624	16
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	<u>0</u>	<u>5</u>	<u>(5)</u>
TOTAL	4,599	5,120	(521)
DEBT SERVICE	<u>0</u>	<u>0</u>	<u>0</u>
GRAND TOTAL	<u>4,599</u>	<u>5,120</u>	<u>(521)</u>

EXPLANATION OF MAJOR VARIANCES:

- ° PERSONNEL COST DECREASE REFLECTS FULL YEAR EFFECT OF ELIMINATION OF 3 PROFESSIONAL STAFF POSITIONS AND ASSOCIATED COSTS.
- ° CONTRACTUAL SERVICES REFLECTS WIND DOWN OF MSA ACCOUNTING SYSTEM INSTALLATION AND REMOVAL OF THE BURROUGH'S COMPUTER.