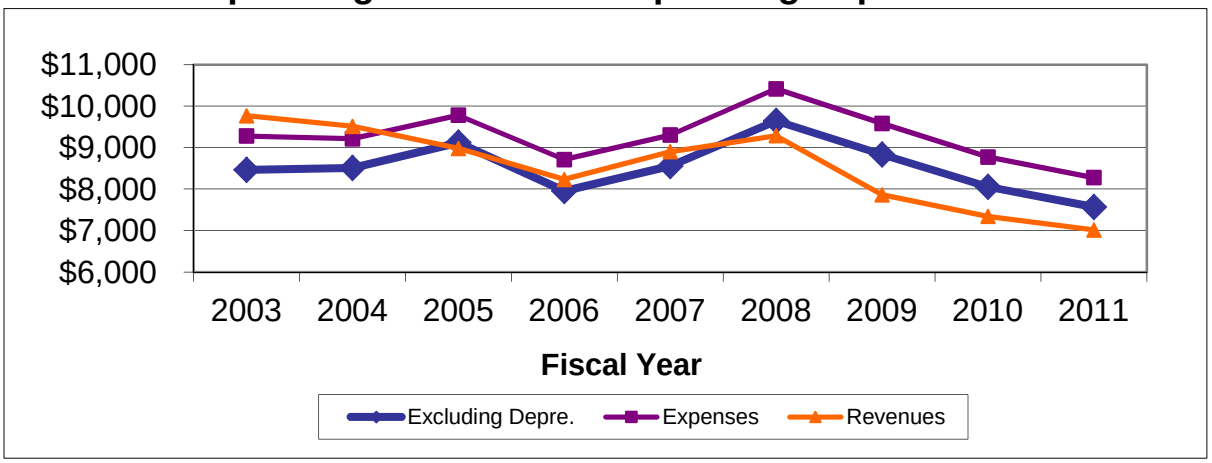
Tucson Golf Course

Financial Indicator:

Operating Revenues vs Operating Expenses



Fiscal Year	Operating Revenues 000's	Operating Expenses 000's	Operating Exp. Excluding Depre. 000's
2003	$9,769	$9,280	$8,466
2004	$9,514	$9,212	$8,508
2005	$8,980	$9,779	$9,120
2006	$8,231	$8,713	$7,952
2007	$8,901	$9,302	$8,554
2008	$9,285	$10,416	$9,642
2009	$7,861	$9,582	$8,829
2010	$7,342	$8,773	$8,050
2011	$7,015	$8,275	$7,567

The purpose of this indicator is to evaluate whether or not the Tucson Golf Course revenues cover operating expenses.

Operating revenues include all user charges such as green fees, cart fees, retail sales from pro shops and miscellaneous fees. Operating expenses include personnel costs, utilities and maintenance of the golf courses. The chart illustrates expenses with and without depreciation.

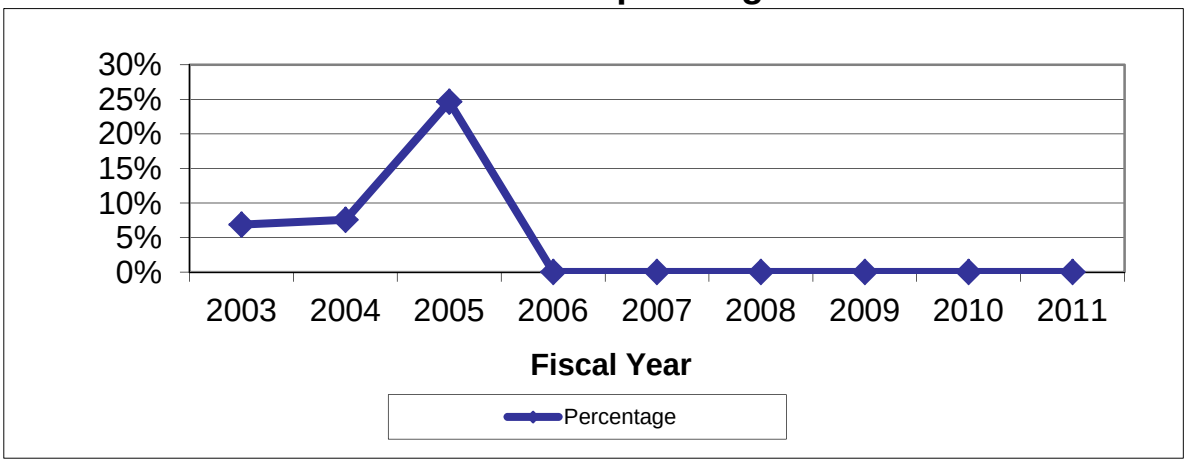
The trend line indicates that operating expenses are exceeding operating revenues beginning in Fiscal Year 2005. The El Rio and Silverbell golf courses were closed for renovations at various times contributing to lower revenues. Even though the courses were closed, operating maintenance expenses still existed at these facilities.

The action plan to address the deficit will be accomplished with a combination of expenditure decreases (e.g., non-permanent personnel reductions, reduction in contracted building maintenance and privatization of concessions) and revenue increases (e.g., increased green fees at specific courses during peak operating seasons and minimal increase for cart rentals and range balls at all courses.)

As recommended by the Tucson Greens Committee and directed by Mayor and Council, food and beverage concessions are being handled through an outside service contract in Fiscal year 2012. This will result in the elimination of 3 permanent and 24 non-permanent (vacant, unfunded) positions and provide the opportunity for additional cost savings.

Tucson Golf Course

Financial Indicator:
Unrestricted Cash to Operating Revenues



Fiscal Year	Unrestricted Cash 000's	Operating Revenues 000's	Percentage %
2003	$671	$9,769	6.9%
2004	$718	$9,514	7.5%
2005	$2,211	$8,980	24.6%
2006	$0	$8,231	0.0%
2007	$0	$8,901	0.0%
2008	$0	$9,285	0.0%
2009	$0	$7,861	0.0%
2010	$0	$7,342	0.0%
2011	$0	$7,015	0.0%

The purpose of this indicator is to measure the ability to meet short-term obligations and withstand financial emergencies.

Unrestricted cash is considered to be a liquid asset that is readily available to meet short-term obligations. Operating revenues include all user fees such as green fees, cart fees, retail sales from pro shops and miscellaneous fees.

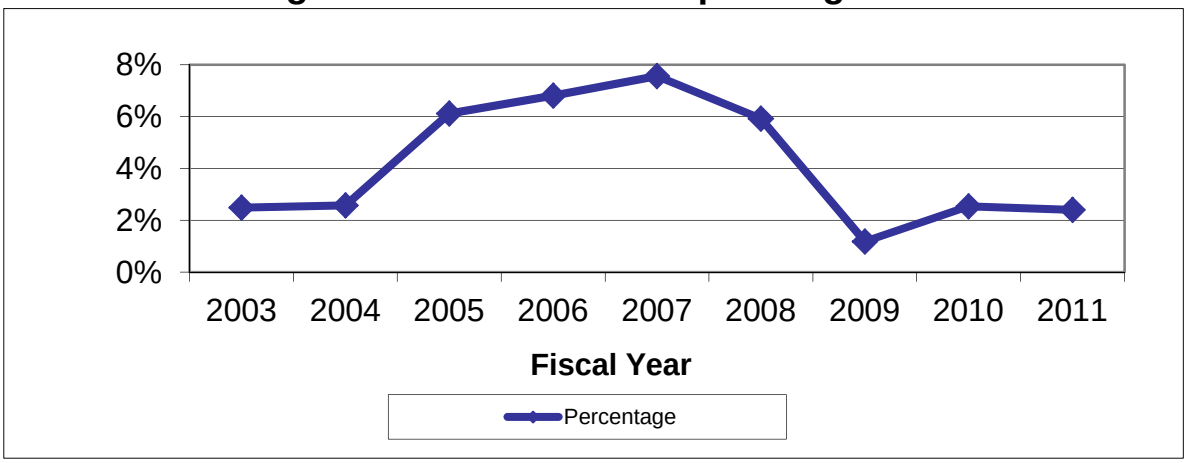
The Tucson Golf Course Fund is in a negative cash position. The General Fund loans the Golf Course enough cash to cover the shortfall. Accordingly, the Golf Course pays interest on this loan. At the end of Fiscal Year 2011, the cash deficit was $6.9 million.

The action plan to address the financial issues with the Golf Course fund will be accomplished with a combination of expense decreases and revenue increases. Cash flows will be improved by ensuring that the fund expends less than the revenue received.

Tucson Golf Course

Financial Indicator:

Percentage of Debt Service to Operating Revenues



Fiscal Year	Debt Service Payments 000's	Operating Revenues 000's	Percentage %
2003	$243	$9,769	2.5%
2004	$244	$9,514	2.6%
2005	$549	$8,980	6.1%
2006	$560	$8,231	6.8%
2007	$673	$8,901	7.6%
2008	$549	$9,285	5.9%
2009	$92	$7,861	1.2%
2010	$186	$7,342	2.5%
2011	$168	$7,015	2.4%

The purpose of this indicator is to assess the ability to pay debt service and measure the percentage of revenues tied to nondiscretionary costs. Increase in debt service reduces expenditure flexibility and may increase fiscal strain.

Debt service is the amount of principal and interest that must be paid each year on long-term debt. For Tucson Golf, debt service is paid on Certificates of Participation (COPs). Operating revenues include all user charges such as green fees, cart fees, retail sales from pro shops and miscellaneous fees.

The percentage of debt service to operating revenues was increasing until Fiscal Year 2007. An increasing trend line is an indication of a possible inability for the fund to use revenues for operations. In Fiscal Year 2008 the City took action to mitigate the impact the debt had on the operations of the fund. The COPs outstanding debt ($3,614,000) was refunded or refinanced with proceeds received from issuing lower-cost debt obligations. Interest rates from the refunding range between 3.00% to 5.25%.