CITY OF TUCSON INDEPENDENT AUDIT AND PERFORMANCE COMMISSION

May 28, 2014

Second Update Report on the Five Year Strategic Transit Financial Forecast by the Independent Audit and Performance Commission (IAPC)

Honorable Mayor and Council:

Background

On December 24, 2013 the IAPC issued a report to the Mayor and Council concerning the status of an IAPC subcommittee review of Transit's Five-Year Financial Forecast (the Plan). As indicated in this report, Transit's forecast was not constructed in a manner that enabled timely review or analysis of the underlying data, trends, assumptions, and resulting projections. As a result, the subcommittee recommended that the review be postponed until Transit staff had completed their work on an updated Plan (FY's 2015 to 2019).

Current Status

Since the IAPC's December status report, an updated Plan has not yet been received. In an April 11, 2014 email to COT Budget, Sun Tran's General Manager indicated that Transit was waiting for the Mayor and Council to provide direction regarding potential service change revisions and fare increases. It added that once final direction is received, Sun Tran will provide an updated five-year forecast and assumptions section within two weeks.

Comments

Close to 15% of the City's General Fund revenues cover Sun Tran operating expenses. Its five-year Plan, therefore, is of significant importance in projecting Transit's future impact upon the City's budget. The Plan provides important information utilized by the City's five-year financial model.

Once the Plan is received, the IAPC subcommittee will review the Plan model and its underlying documentation and assumptions.

Conclusion

It is projected that an IAPC report to the Mayor and Council will be issued within two months after receipt of Sun Tran's financial forecast.

Respectfully Submitted,

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IAPC Chair

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