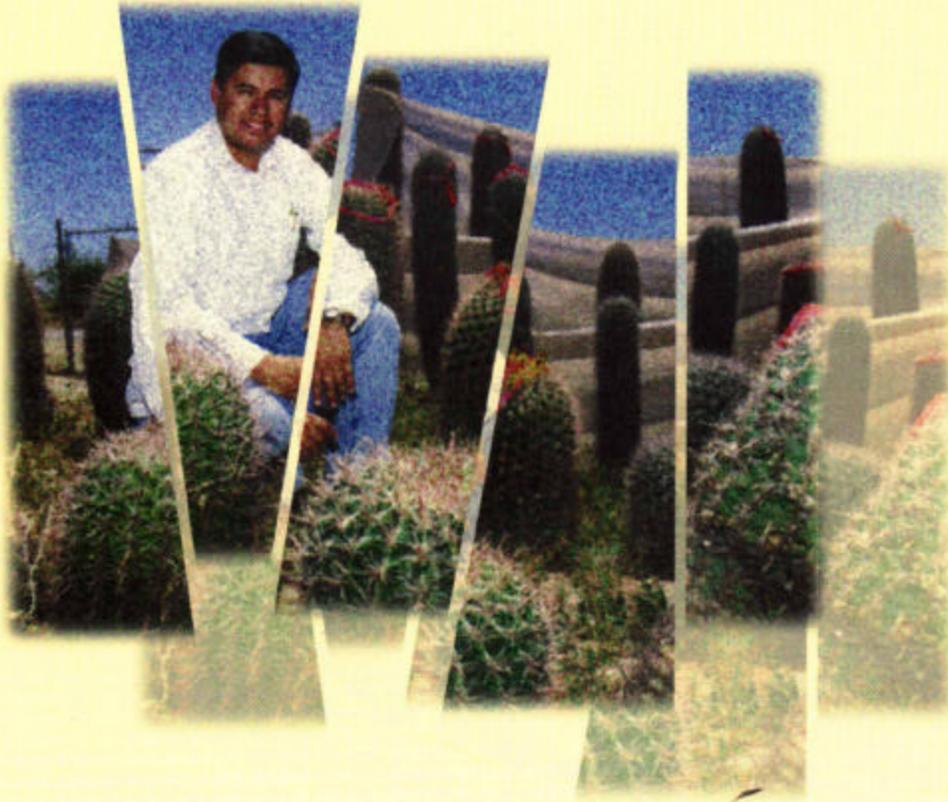


City of Tucson, Arizona

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Comprehensive Annual

Financial Report

Fiscal Year July 1, 1999
Through June 30, 2000

**Comprehensive
Annual Financial
Report**

Fiscal Year Ended June 30, 2000

Issued by the City of Tucson, Finance Department, Accounting Division.

CITY OF TUCSON, ARIZONA
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The Sunshine City

CITY OF TUCSON

CITY HALL
P.O. Box 27210
TUCSON, ARIZONA 85726-7210

FINANCE DEPARTMENT
ADMINISTRATION
(520) 791-4893

November 21, 2000

Citizens of City of Tucson and
Honorable Mayor and Council
City of Tucson, Arizona:

The Comprehensive Annual Financial Report for the City of Tucson (City) for the fiscal year ended June 30, 2000, is submitted as required by Chapter XXIX of the City Charter. The report was prepared by the City's Accounting Division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of the City in accordance with generally accepted accounting principles. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, the City's organizational chart, and this transmittal letter. The financial section includes the general purpose financial statements, the combining and individual fund and account group financial statements and schedules, and the independent auditor's report on the general purpose financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the City (the primary government), as well as its component unit. A component unit is a separate legal entity that is included in the reporting entity due to the significance of its financial or operational relationships with the City. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; and construction and operation of a water utility.

Blended component units, although separate legal entities, are in substance part of the primary government's operations, and therefore included as part of the primary government. Accordingly, the Tucson Supplemental Retirement System (TSRS) is reported as a trust fund and the Rio Nuevo Multipurpose Facilities District is reported as a special revenue fund of the primary government.

Economic Condition and Outlook

It has been a remarkable year in Tucson and surrounding Pima County. The County led the nation in job growth for the first half of 2000, with a 6.12 % overall increase in nonagricultural jobs, boosted by a 10 % jump in manufacturing employment. Much of this growth is in higher paying jobs, thanks to strong efforts by the community to promote the cluster concept and to focus on aerospace, optics, instruments, and other businesses which depend extensively on research and development. Planned expansions and new business operations in the area include Raytheon Missile Systems (already Tucson's largest private employer), Sprint, Advanced Ceramics Research Inc., Universal Avionics, and others.

Not only is manufacturing booming, but tourism is as well. Tourism brought in over \$1.6 billion in the past year, and will continue to be a major contributor to the region's economic base. Tucson, with its good weather and uniquely beautiful desert setting, has become an even stronger tourist attraction in the last two years, because three major league baseball teams have located their spring training camps in Tucson.

Citizens of Tucson and Honorable Mayor and Council

Economic Condition and Outlook (Continued)

Unemployment in Tucson was at a low 2.8% in June, and Arizona's personal income growth is among the highest in the nation. All of this good economic news is reflected in high consumer confidence. As a result, home starts, although lower than the previous year, are still very strong, particularly in the higher-end home market. Retail sales in the Tucson area rose 8.4% over 12 months.

The outlook for the next few years is that Tucson's growth will continue, but at a reduced pace. This projected slowdown is not a cause for concern, but simply reflects a leveling to a sustainable growth rate in an economically strong and growing community.

Major Initiatives

For the Year – With substantial input from the community, the City has defined 17 Livable Tucson Goals that serve as policy direction to help guide the City toward a more sustainable, or livable, community. Some of the initiatives that were undertaken during this past year to address these goals are highlighted below.

To reduce poverty and achieve greater equality of opportunity, our Department of Community Services has launched the HOPE VI project. This five-year initiative includes demolition of a 200-unit public housing development, and replacing it with a 120-unit mixed income development and 130 other units scattered throughout the community. This project also includes a new park, daycare center, a learning center, and homeownership opportunities. It was made viable through a creative public/private partnership that minimizes cost to the community.

To help achieve the goal of clean air and quality water, Tucson Water has initiated a pilot project, CAVSARP, which will ultimately recharge and recover 60,000 acre-feet of Colorado River water annually for delivery to the community. When fully operational, the project will allow a dramatic reduction in pumping from the central wellfield, which will reduce the danger of subsidence.

Toward the goal of quality job training, the High Tech Training program assists motivated low-paid workers to enter new, higher-paying careers and helps local employers meet their need for trained technicians from the local workforce. This program, a partnership of the City and other public and private sector partners, also helps to attract high paying jobs to our community; this in turn helps us to achieve one of our other goals, better paying jobs.

The Growing Smarter Project is the City's response to the State's Growing Smarter Act, which strengthens the ability of Arizona communities to comprehensively address growth and related issues. The City is formulating policies that promote development, redevelopment, and reinvestment in all areas of the City while also addressing the need for regional interconnected open space and preservation of desert space and parklands within the City. The program provides matching funds to purchase State Trust lands that have been designated as appropriate open space land. Currently, in the City is cooperating with Pima County to purchase 320 acres of Trust land. This program serves our goal of maintaining a protected natural desert environment.

Another important goal is safe neighborhoods. To help achieve neighborhood safety, our Police Department is using a \$5.95 million grant from the federal government (plus local matching funds of \$2.00 million) to enhance its technology and move it significantly closer to a paperless information system. The replacement of computer terminals in police cars will place more timely information into law enforcement databases and provide distribution to patrol officers and investigators in a fraction of the time that was previously required. Additionally, 50 new grant-funded commissioned officers will result in significantly more time for patrol officers to meet people living and/or working in their beats and to help resolve problems affecting those beats.

For the Future – The citizens of Tucson are focused on an exciting new project that will bring new life to its downtown while honoring the common history of the community. This project, Rio Nuevo, was made possible by State legislation which allowed the voters of Tucson and South Tucson to create a multipurpose facilities district that will be partially funded by shared State sales tax dollars.

Citizens of Tucson and Honorable Mayor and Council

Major Initiatives (Continued)

Rio Nuevo will preserve and restore historic structures, create interpretive exhibits, re-create historic buildings, aid in construction of new museums, and stimulate new private investment in the form of hotels, homes, and businesses. Among the projects likely to be included are the Sonoran Sea Aquarium and the Flandrau Science Center's Universe of Discovery. Planned infrastructure improvements will benefit not only these new developments, but also the existing neighborhoods that border them.

Department Focus - For 2000, the Water Department has been highlighted for its accomplishments.

This year, Tucson Water celebrates its 100-year anniversary. In August 1900, the Tucson City Council established the Water and Sewerage Department of the City of Tucson. The original customer base of 4,225 was served potable water via 8 miles of water mains and 11 wells. Today, Tucson Water serves 670,000 customers. The distribution system has expanded to more than 3,890 miles of water mains, 48 reservoirs, 125 booster sites, and 196 active wells. As Tucson Water's service area grew, so did the accompanying concerns regarding the environment – conservation and growth and the implications of groundwater declines. These are critical matters – they won't change with the passing of time.

All drinking water delivered by Tucson Water must meet the water quality standards mandated by the federal Safe Drinking Water Act. In the past year, the United States Environmental Protection Agency (USEPA) has proposed new drinking water standards for radon and, more recently, for arsenic. Tucson Water is working with the University of Arizona, the American Water Works Association Research Foundation (AWWARF), and other agencies throughout the country to determine the best course of action to meet all standards while keeping water affordable for all customers.

Tucson Water's capital program supports a water supply plan based on the utilization of three water resources: groundwater, Colorado River water, and reclaimed water. In the May 2000 bond election, Tucson voters approved \$123.6 million in revenue bonds to provide system improvements and to insure continued water supply reliability and flexibility.

Over the next 5 years, Tucson Water will spend \$43.8 million on reclaimed water system improvements. New reservoirs will be constructed to meet increasing demand, existing facilities will be upgraded and expanded, new transmission and distribution mains will be installed, and recharge basins and recovery wells will be constructed. These necessary improvements will help save groundwater by enabling major water users such as golf courses, parks, schools, and commercial areas to convert from potable water to reclaimed water. Today, 200 customers utilize reclaimed water, saving more than 3 billion gallons of groundwater annually. In 2005, the amount of additional reclaimed water in use will equal the amount of water used by 10,000 Tucson families each year.

Another renewable resource gained a higher level of customer approval during the past year. Through the Ambassador Neighborhoods Program, which kicked off in June 1999 and ended in September 2000, four volunteer neighborhoods and several individual homes successfully demonstrated that a blend of recharged Colorado River water and groundwater met all residential use expectations. In summer 2001, Tucson Water will begin delivery of 18 million gallons a day of blended water to the community. The initial blended water delivery from Clearwater Renewable Resource Facility (CRRF), a system of pipelines, wells, reservoirs, and recharge basins, will augment Tucson Water's potable water supply while allowing the Department to place some wells in the Central Wellfield on standby status. Eventually, CRRF will supply more than one-half of Tucson Water's annual deliveries.

Two infrastructure improvement projects are nearly finished. By the end of 2000, the Galvanized Steel Main Replacement Program will be 95% complete with 170 of 180 miles replaced. Many of these aging mains have been in place for 50 years; about 20 years longer than the average life span for galvanized pipe underground. The Cast Iron Main Rehabilitation and Lining Program will be completed by the end of Fiscal Year 2001, with a total of 48 refurbished miles. The Department is making these upgrades to the delivery system to improve the flow and quality of water as well as to reduce leakage.

Major Initiatives (Continued)

The fact that conservation isn't just for summer is illustrated in a number of highly successful public education programs. For the past two summers, Tucson Water has offered high school teachers a chance to learn more about the utility. More than 50 teachers were "immersed in Water" as they took on their roles as interns. Extremely dry conditions during the past several years reinforced the need in the spring to communicate the importance of voluntary water conservation. Tucson Water worked closely with local print and electronic media to convey these early warnings to the community. Once the summer "Beat the Peak" campaign was unveiled, customers already were aware of what it would take to avoid mandatory conservation. Taking advantage of new technology, Tucson Water's daily "snapshots" of water demand, pumpage, and reservoir capacity were available on the Department's website. A suggested irrigation schedule, a more stringent water waste ordinance, and the annual Water Quality Report were examples of the many other new website features that went on-line this year.

Tucson Water looks forward to the delivery of blended water in 2001 and is excited about beginning the expansion and improvements approved by voters in the Bonds 2000 program. The focus on customer service will continue to be a top priority and public education efforts will continue highlighting water conservation in our desert community.

Financial Information

(Dollar Amounts Expressed in Thousands)

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reliable financial records for preparation of financial statements, and to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments to be made by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgeting Controls - Tucson, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20(1) of the Arizona Constitution sets out limits on the City's legal budget capacity. In general, the Mayor and Council cannot authorize expenditures of local revenues in excess of the expenditure limitation determined annually by the State of Arizona's Economic Estimates Commission. This limitation is based on the City's actual expenditures incurred during 1979-1980 adjusted to reflect subsequent inflation and population growth. Not subject to this limit are items such as bond proceeds, related debt service, interest earnings, certain Highway User Revenue Funds, Federal funding, monies received pursuant to intergovernmental agreement, and State grants which are to be used for specific purposes.

On November 3, 1987, in accordance with State statutes, the voters of Tucson passed a \$46.9 million increase in the expenditure base used to calculate the City's expenditure limitation. The effect is a permanent increase in the City's expenditure limitation, which the City uses for purposes of improved police, recreational, water, transportation, and fire protection services.

Chapter XIII, Sections 3 and 4 of the Tucson Charter require that on or before the first Monday in May, the City Manager submit to the Mayor and Council an estimate of the revenues required for the next fiscal year, and that on or before the first Monday in June, the City Manager submit his recommended budget for the fiscal year beginning July 1. Beginning July 1 of each fiscal year, the adopted budget is implemented, monitored, and changed within the limits of the law, as necessary. The Budget and Research and Finance Departments are charged with this responsibility.

Financial Information (Continued)

(dollar amounts expressed in thousands)

General Governmental Functions -

Revenues:

Revenues of the governmental funds totaled \$487,434 in fiscal year 1999-2000, an increase of 6.1% from the fiscal year ended June 30, 1999. This does not include amounts available from General Obligation and Street and Highway Bond proceeds and Fiduciary Fund revenues.

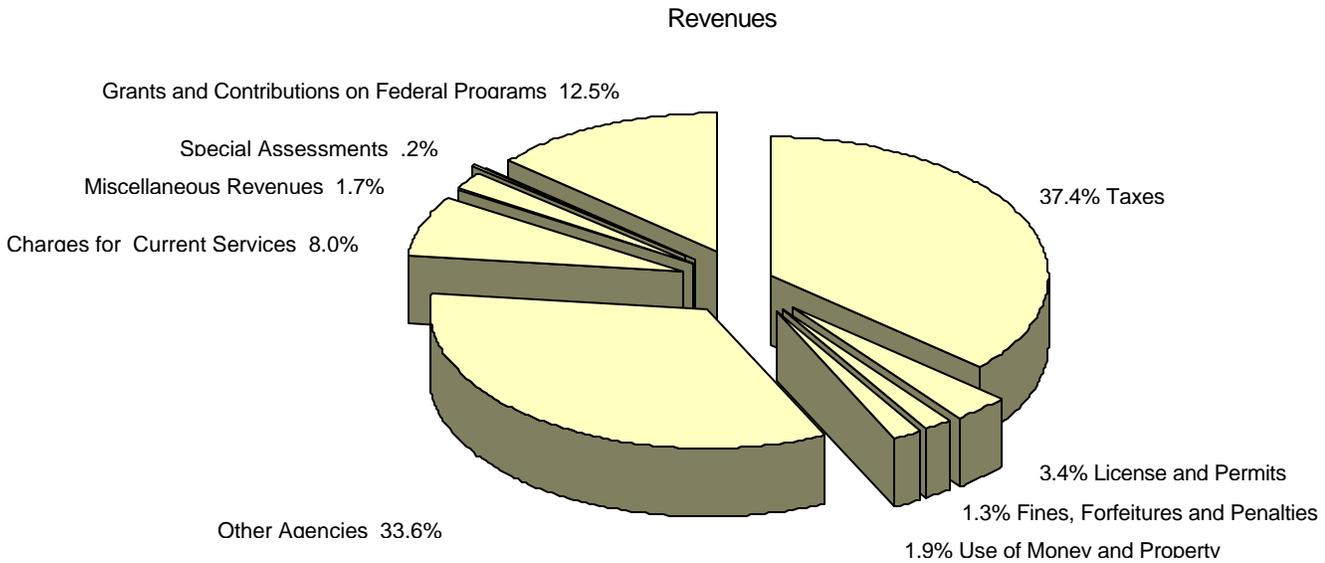
In 1999-2000, taxes produced 37.4% of general revenues, 1.0% more than 1998-99. The 1999-2000 revenue from various sources, the change from last year, and the contributions to the "revenue dollar" are shown in the following tabulation and chart:

<u>Revenue Source</u>	<u>Revenue</u>	<u>Increase (Decrease)</u> <u>From 1998-99 FY</u>	
		<u>Dollar Amount</u>	<u>Percentage</u>
Taxes (Property, Sales, etc.)	\$ 182,112	\$ 14,684	8.7 %
Licenses and Permits	16,530	1,775	12.0
Fines, Forfeitures and Penalties	6,433	(1,662)	(20.5)
Use of Money and Property	9,354	1,183	14.5
Other Agencies	163,956	9,166	5.9
Charges for Current Services	38,986	6,773	21.0
Miscellaneous Revenues	8,346	(1,480)	(15.1)
Special Assessments	1,013	(275)	(21.4)
Subtotal	426,730	30,164	4.9
Grants and Contributions on Federal Programs	60,704	(2,171)	(3.5)
Total	\$ <u>487,434</u>	\$ <u>27,993</u>	6.1 %

Factors contributing to significant changes in revenues from the prior year include the following:

- 1) The 12.0% increase in Licenses and Permits resulted from increased public utility taxes received from Tucson Electric Power Company.
- 2) The 20.5% decrease in Fines, Forfeitures and Penalties is due from problems generated from the implementation of a new computer system. The problems were resolved in Fiscal Year 2001.
- 3) The 14.5% increase in Use of Money and Property was primarily due to billing the Pima County Sheriff's Department for underbillings that occurred over the past five years for Crime Lab Services. For Fiscal Year 2001, this revenue has been recategorized as a charge for service.
- 4) The increase of 21.0% in Charges for Services is due to the increased usage of the Los Reales Landfill by two large private waste management companies and the initiation of the new Special Duty Police Services Program.
- 5) The 15.1% decrease in Miscellaneous Revenue is due to a change in billing procedures for capital projects funded by the Arizona Department of Transportation.
- 6) The 21.4% decrease in Special Assessments is due to the closeout of several improvement districts.

Financial Information (Continued)
 (dollar amounts expressed in thousands)



(Percentage and Source)

Expenditures :

Expenditures for the governmental funds, including General Obligation and Street and Highway bond funds, totaled \$540,451 in fiscal year 1999-2000, an increase of 13.4% from the 1998-99 fiscal year. This amount does not include Fiduciary Fund expenditures. The amount of expenditures, the change from last fiscal year, and the percentage use of the "expenditure dollar" for the major functions of the City are shown in the following tabulation and chart:

Function	Expenditures	Increase (Decrease) From 1998-99 FY	
		Dollar Amount	Percentage
Current Operations			
General Government (1)	\$ 96,524	\$ 18,972	24.5 %
Community Services	50,546	(4,333)	(7.9)
Police	90,331	11,560	14.7
Fire	37,761	3,288	9.5
Operations	17,073	3,826	28.9
Solid Waste Management	28,193	3,664	14.9
Transportation	111,334	21,244	23.6
Library	16,662	801	5.0
Parks and Recreation	39,329	(4,395)	(10.1)
Subtotal	487,753	54,627	12.6
Debt Service	47,522	4,206	9.7
Lease Purchases	5,176	4,925	1962.2
Total	\$ 540,451	\$ 63,758	13.4 %

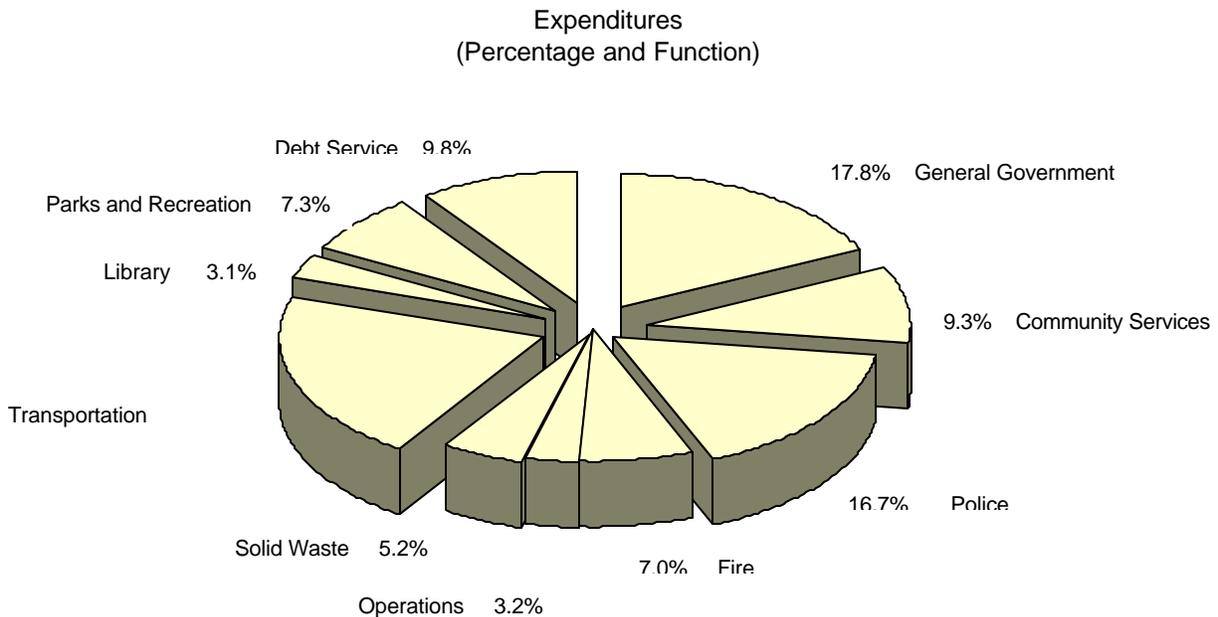
(1) Includes Legislative and Administrative functions, Planning, Finance, Budget and Research, Information Technology, Development Services, and other specialized and support services.

Financial Information (Continued)

(dollar amounts expressed in thousands)

Factors contributing to significant changes in expenditures from the prior year include the following:

- 1) The increase of 24.5% in General Government resulted from the acquisition of the South Yard Drill Track, a settlement with the State of Arizona for the payment of Parking Fine Surcharges, and an increase in the "Back to Basics" capital program.
- 2) The increase of 14.7% for the Police Department resulted from the new Special Duty Police Services Program, an increase of inmates held at the Pima County Jail, and the addition of new police positions.
- 3) The increase of 28.9% in Operations is due to an increase in personnel authorizations and more building maintenance conducted during this fiscal year.
- 4) The increase of 14.9% in the Solid Waste Department resulted from increased vehicle maintenance and replacement, increased fuel costs, and the need for temporary employees for controlling litter and operating equipment.
- 5) The increase of 23.6% in the Transportation Department is due to the completion of projects that were delayed during Fiscal Year 1999.
- 6) The decrease of 10.1% in Parks and Recreation is due to the completion of three neighborhood centers in Fiscal Year 1999 with no new large projects starting in Fiscal Year 2000.
- 7) The increase of 1962.2% in Lease Purchases is due to the issuance of Certificates of Participation in Fiscal Year 2000 that did not occur in Fiscal Year 1999.



Enterprise Operations – The City's enterprise operations are comprised of two separate and distinct activities: the Water Utility and the Golf Course Funds.

The Water Utility's financial structure is comprised of the Revenue and Operating Fund, the Bond Construction Funds, and the Central Arizona Project (CAP) Reserve Fund. Income for the Revenue and Operating Fund is derived from water sales, connection fees, and related operating revenue sources.

Financial Information (Continued)

(dollar amounts expressed in thousands)

Covenants with bond holders require that in each fiscal year the income of the Revenue and Operating Fund must be sufficient to cover operation and maintenance costs, as well as an amount equal to 120% of the aggregate of all principal and interest payments due on revenue bonds in any future fiscal year. While the City maintains a reserve account, in the form of a surety bond, for bonds issued prior to January 1, 1999, a January 26, 1998 amendment to Bond Ordinance 6347 requires additions to the reserve account only if the net revenue for any fiscal year does not equal or exceed 175% of the Annual Debt Service Requirement for that year.

The Bond Construction Funds receive money from the sale of bonds which can be used only for capital improvement projects relating to the maintenance and improvement of the Water Utility. The CAP Reserve Fund receives money from a surcharge on water sales plus earnings as may be appropriated from the Revenue and Operating Fund. These funds may be used only for financing improvements associated with the CAP water including recharge and treatment projects. Capital costs incurred during 1999-2000 were \$33,055 in the Bond Construction Funds, \$926 in the CAP Reserve Fund, and \$15,382 in the Revenue and Operating Fund.

Operating revenues for the Water Utility totaled \$92,853 for 1999-2000, an increase of 2.3% from the 1998-99 fiscal year. Water sales produced 91.9% of the operating revenues in 1999-2000 as compared to 91.5% in 1998-99.

Operating expenses for the Water Utility totaled \$72,393 for 1999-2000, an increase of 3.1% over the 1998-99 fiscal year. Additionally, \$20,719 of debt service charges (principal/interest/fiscal agent fees) were incurred for the fiscal year ended June 30, 2000. Property transactions resulted in a gain on sale of \$402 and there was a loss of \$2,025 on the increase in asset threshold. The Water Utility's net income for FY 99-2000 was \$5,915.

All golf operations are accounted for in the Golf Course Fund, which ended the year with a net loss of (\$1,173).

Pension Trust Fund Operations - The total contributions to the Tucson Supplemental Retirement System (TSRS) for 1999-2000 were \$16,485, an increase of 5.7% over 1998-99. Total benefits paid for 1999-2000 were \$16,557, an increase of 10.0% over the 1998-99 fiscal year. At June 30, 2000, TSRS was fully funded, with a funding ratio of 103.7%.

Debt Administration - The issuance of long-term debt continues to be the major source of funding for the various capital improvement programs accomplished by the City. In addition to bonded debt, at June 30, 2000, the City had \$83,704 of future principal payments due on all General City lease purchase/contract agreements.

Direct and Overlapping Debt for 1999-2000 is as follows:

	<u>Amount</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Ratio of Debt to Market Value</u>	<u>Debt Per Capita</u>
Net Direct Bonded Debt ⁽¹⁾	\$ 210,854	10.84 %	1.37 %	\$ 0.43
Estimated Overlapping Debt	<u>505,610</u>	<u>25.99</u>	<u>3.28</u>	<u>1.04</u>
Net Direct and Estimated Overlapping Debt	<u>\$ 716,464</u>	<u>36.83 %</u>	<u>4.65 %</u>	<u>\$ 1.47</u>

(1) Net of debt service funds on hand.

Citizens of Tucson and Honorable Mayor and Council

Financial Information (Continued)

(dollar amounts expressed in thousands)

The City received bond rating upgrades from Moody's during Fiscal Year 1999-2000. The previous and current Moody's bond ratings, as well as the Standard and Poors ratings, which remained unchanged, are as follows:

Type of Bond	Moody's Rating		Standard and Poors Rating
	Previous	Current	
General Obligation Bonds	Aa3	Aa2	AA
Street and Highway Revenue Bonds:			
Senior Lien	A1	Aa3	A+
Junior Lien	A2	A2	A-
Water Revenue Bonds	A1	Aa3	A+

Authorized but unissued bonds at June 30, 2000, totaled \$318,502 for the following:

Purpose	Debt Authorization	Outstanding Authorization
General Obligation	05/17/94	\$ 0 (1)
General Obligation	05/16/00	129,500
Street and Highway	05/17/94	10,000
Street and Highway	05/16/00	25,000
Water	05/17/94	30,402
Water	05/16/00	<u>123,600</u>
Total		<u>\$ 318,502</u>

(1) Excludes \$5,600 authorized for capitalized reserve purposes for which bonds will not be issued.

Cash Management - The Treasury Division of the Finance Department manages an aggressive investment program with the objectives of safe, efficient, and profitable use of cash resources.

The City Charter and State Statutes authorize the City to invest in obligations of the U.S. Government, its agencies and instrumentalities; money market funds consisting of such U.S. Governmental obligations; repurchase agreements; bank certificates of deposit; commercial paper rated A-1/P-1; corporate bonds and notes rated AAA or AA; and the State of Arizona Local Government Investment Pool.

The deferred compensation fund is governed by a Management Board of Trustees which authorizes investments in U.S. Government obligations and agency issues, corporate bonds, and money market funds. The Tucson Supplemental Retirement System Fund (TSRS) is governed by a Board of Trustees which is authorized by City Code to make investments in accordance with the "prudent person rule". The TSRS Board contracts with Mellon Bank NA, professional money managers, for fund investment in domestic and international equity, fixed income and real estate; in addition a portion of the fixed income domestic portfolio is managed by the Treasury Division of the Finance Department.

Operating and capital project funds are invested for up to three years. TSRS and deferred compensation funds and certain restricted proceeds are invested in longer maturities depending on projected cash needs.

Citizens of Tucson and Honorable Mayor and Council

Financial Information (Continued)

(dollar amounts expressed in thousands)

Investment income by fund type for 1999-2000 are as follows:

<u>Fund</u>	<u>Investment Income</u>
General Fund	\$ 2,881
Special Revenue Funds	2,360
Debt Service Funds	299
Capital Projects Funds	1,682
Enterprise Funds	1,782
Internal Service Funds	1,541
Trust Funds	<u>19,598</u>
Total Interest Earned	<u>\$ 30,143</u>

The fair value of investments at June 30, 2000, was \$779,474. The City's investments are reported at fair value, which is based on current market prices.

Risk Management - The City maintains a self-insurance program for liability claims, unemployment compensation, and workers compensation. In addition, the City's Risk Management Division of the Finance Department employs various risk control techniques, such as employee accident prevention training and inspection of City property and facilities, to minimize accident-related losses.

Other Information

Independent Audit - Chapter XIII, Section 15 of the City Charter requires that an annual audit of the books and accounts of the City be made by an independent public accountant. This requirement has been met and the Independent Auditors' Report has been included beginning on Page 1.

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tucson for its comprehensive annual financial report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

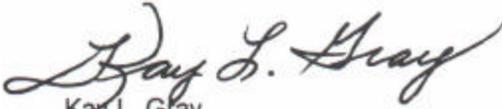
A Certificate of Achievement is valid for a period of one year only. The City of Tucson has received a Certificate of Achievement for the last 18 consecutive years (fiscal years ended 1982 through 1999). We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA.

Citizens of Tucson and Honorable Mayor and Council

Other Information (continued)

Acknowledgments - A special word of appreciation is due to Rae Seplak, Accounting Administrator and Mike Mason, Accounting Operations Supervisor, and to the staff who prepared this comprehensive annual financial report. Acknowledgment should also be made for the helpful suggestions received from members of the Mayor and Council, the office of the City Manager, and the willing cooperation of the other operating and staff departments of the City.

Respectfully submitted,



Kay L. Gray
Director of Finance

City Of Tucson Officials

MAYOR

Honorable
Robert E. Walkup

CITY COUNCIL

Jerry Anderson
Jose J. Ibarra
Steve Leal
Fred Ronstadt
Shirley C. Scott
Carol W. West

CITY MANAGER

Luis G. Gutierrez

DIRECTOR OF FINANCE

Kay L. Gray

ASSISTANT FINANCE DIRECTOR

J. Scott Douthitt

ACCOUNTING ADMINISTRATOR

Rae Seplak

Mayor And Council



HONORABLE
ROBERT E. WALKUP
MAYOR



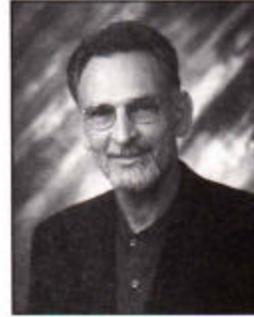
LUIS G. GUTIERREZ
CITY MANAGER



COUNCIL MEMBER
JOSE J. IBARRA
WARD 1



COUNCIL MEMBER
CAROL W. WEST
WARD 2



COUNCIL MEMBER
JERRY ANDERSON
WARD 3



COUNCIL MEMBER
SHIRLEY C. SCOTT
WARD 4

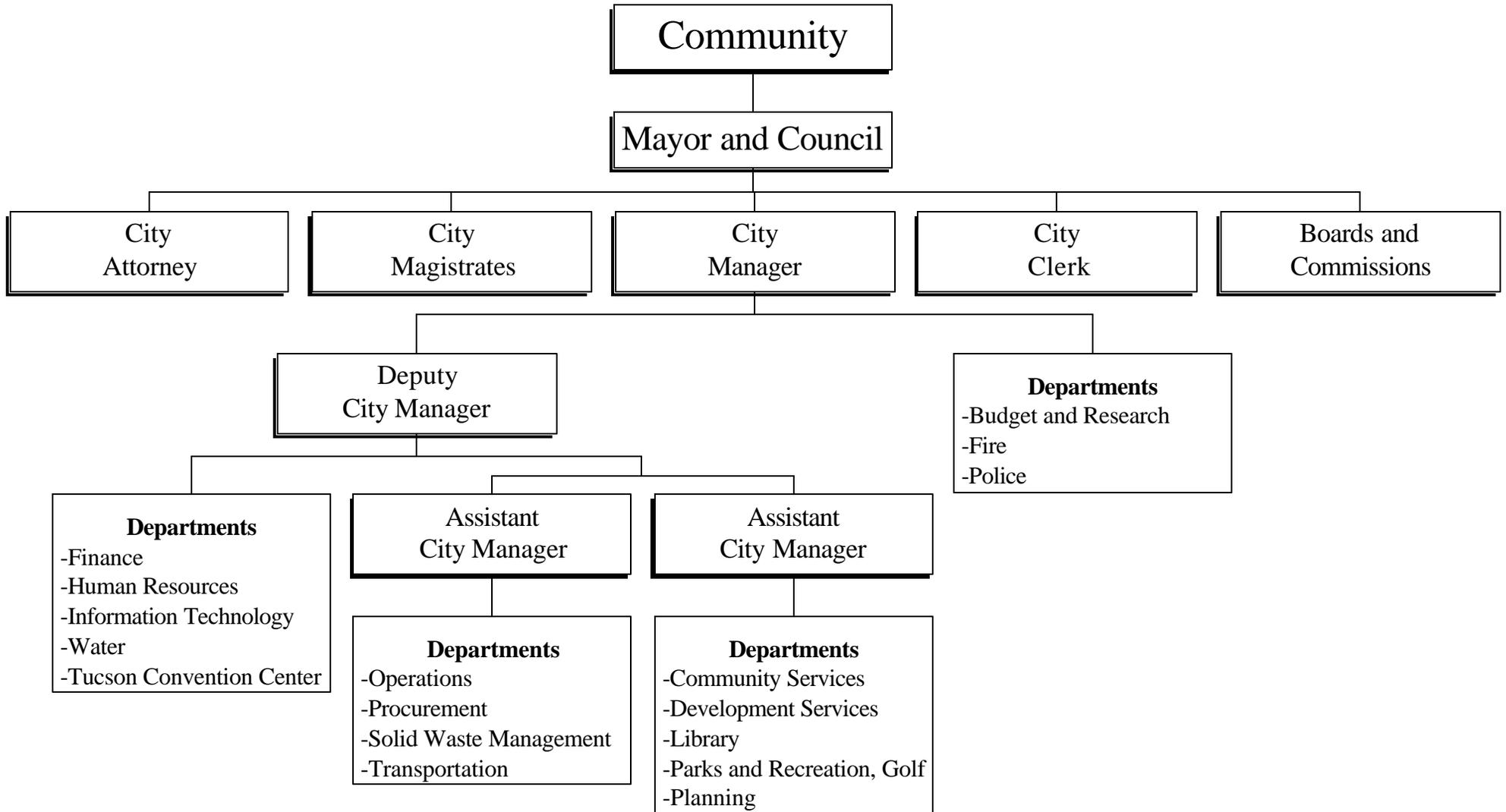


COUNCIL MEMBER
STEVE LEAL
WARD 5



COUNCIL MEMBER
FRED RONSTADT
WARD 6

City of Tucson Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tucson,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carol Brueck
President

Jeffrey L. Esser
Executive Director





One Arizona Center
400 E. Van Buren Street
Suite 1100
Phoenix, AZ 85004

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Tucson, Arizona:

We have audited the accompanying general-purpose financial statements of the City of Tucson, Arizona, as of and for the year ended June 30, 2000, as listed in the financial section of the accompanying table of contents. These general-purpose financial statements are the responsibility of the management of City of Tucson, Arizona. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Tucson, Arizona, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2000, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Tucson, Arizona. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



The Honorable Mayor and Members of the City Council
City of Tucson, Arizona
Page 2

In addition, the accompanying Financial Data Schedule on pages 50 through 55 is presented for purposes of additional analysis is not a required part of the basic financial statements but is supplementary information required by the U.S Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our, opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

November 21, 2000



CITY OF TUCSON, ARIZONA
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash/Deposits/Pooled Investments (Note 5)	\$ 19,122	\$ 34,440	\$ 1,396	\$ 41,382
Investments (Note 5)	132			
Due from Other Funds (Note 6)	37,043	668		
Due from Other Agencies		10,159		
Cash/Investments with Fiscal Agents (Note 5)	7,677	2,974	22,589	
Taxes Receivable (Includes \$739 Delinquent Receivables)	29,897			
Accounts Receivable - (Net of Allowances) (Note 1)	11,266	9,953		5,675
Interest Receivable	544	2,587	84	357
Grants and Entitlements Receivable		17,222		
Notes and Other Receivables	4,678	25,437		
Special Assessments Receivable			3,906	
Inventories	2,924			
Restricted Assets: (Note 5)				
Cash and Cash Equivalents				
Other Restricted Assets				
Fixed Assets - Net of Accumulated Depreciation (Note 7)				
Construction-in-Progress (Note 7)				
Goodwill - Net of Accumulated Amortization				
Amount Available for Long-Term Debt				
Amount to be Provided for Payment of Long-Term Debt				
Other Assets	69	1,540		
Total Assets and Other Debits	<u>\$ 113,352</u>	<u>\$ 104,980</u>	<u>\$ 27,975</u>	<u>\$ 47,414</u>
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$ 7,475	\$ 5,624	\$ 2	\$ 3,416
Due to Other Funds (Note 6)	1,134	24,189		
Due to Other Agencies		257		
Current Portion of Contracts and Debt (Notes 10 and 11)				
Bonds and Interest Payable, Including Special Assessments		113	22,589	
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	9,927	2,362		
Refundable Deposits and Unredeemed Warrants	3,787	1,427	137	2,482
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)				
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)				
Payables from Restricted Assets				
Deferred Revenue	4,991	24,350	4,927	
Long-Term Accrued Compensated Absences Advances		990		2,523
Claims and Judgments Payable				
Total Liabilities	<u>27,314</u>	<u>59,312</u>	<u>27,655</u>	<u>8,421</u>
Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings(Deficiency):				
Reserved for Self-Insurance				
Unreserved (deficiencies)				
Fund Balance:				
Reserved for Debt Service	892	766	320	
Reserved for Encumbrances	5,776	1,870		9,972
Reserved for Capital (Note 1)	7,108	5,012		
Reserved for Advances, Deposits, and Inventories	4,847	12		
Reserved for Employees' Pension/Retirement Benefits				
Reserved for Environmental and Solid Waste Mandates (Note 13)	29,320			
Reserved for Other Restricted Purposes (Note 1)	2,994	7,436		
Unreserved	35,101	30,572		29,021
Total Equity and Other Credits	<u>86,038</u>	<u>45,668</u>	<u>320</u>	<u>38,993</u>
Total Liabilities, Equity and Other Credits	<u>\$ 113,352</u>	<u>\$ 104,980</u>	<u>\$ 27,975</u>	<u>\$ 47,414</u>

See Accompanying Notes to General Purpose Financial Statements.

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>
Assets and Other Debits			
Cash/Deposits/Pooled Investments (Note 5)	\$ 6,601	\$ 24,818	\$ 4,700
Investments (Note 5)			601,550
Due from Other Funds (Note 6)		511	
Due from Other Agencies			
Cash/Investments with Fiscal Agents (Note 5)			
Taxes Receivable (Includes \$739 Delinquent Receivables)			
Accounts Receivable - (Net of Allowances) (Note 1)	13,318	2,210	14,961
Interest Receivable	333	252	3,017
Grants and Entitlements Receivable			
Notes and Other Receivables	10,424		
Special Assessments Receivable			
Inventories	115		
Restricted Assets: (Note 5)			
Cash and Cash Equivalents	2,259		
Other Restricted Assets	17,190	9,946	
Fixed Assets - Net of Accumulated Depreciation (Note 7)	671,302	26,982	150
Construction-in-Progress (Note 7)	111,017	368	
Goodwill - Net of Accumulated Amortization	347		
Amount Available for Long-Term Debt			
Amount to be Provided for Payment of Long-Term Debt			
Other Assets	715		
Total Assets and Other Debits	<u>\$ 833,621</u>	<u>\$ 65,087</u>	<u>\$ 624,378</u>
Liabilities, Equity and Other Credits			
Liabilities:			
Accounts Payable	\$ 4,623	\$ 624	\$ 52,263
Due to Other Funds (Note 6)	68		
Due to Other Agencies			3,703
Current Portion of Contracts and Debt (Notes 10 and 11)	6,763	1,176	
Bonds and Interest Payable, Including Special Assessments	71		
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	3,040	185	7
Refundable Deposits and Unredeemed Warrants		9	
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)	237,835		
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)	5,019	2,998	
Payables from Restricted Assets	33,354		
Deferred Revenue			
Long-Term Accrued Compensated Absences Advances	1,359		
Claims and Judgments Payable		25,172	
Total Liabilities	<u>292,132</u>	<u>30,164</u>	<u>55,973</u>
Equity and Other Credits:			
Investment in General Fixed Assets			
Contributed Capital	120,488	42,303	
Retained Earnings (Deficiency):			
Reserved for Self-Insurance		3,547	
Unreserved (deficiencies)	421,001	(10,927)	
Fund Balance:			
Reserved for Debt Service			
Reserved for Encumbrances			
Reserved for Capital (Note 1)			
Reserved for Advances, Deposits, and Inventories			
Reserved for Employees' Pension/Retirement Benefits			567,505
Reserved for Environmental and Solid Waste Mandates (Note 13)			
Reserved for Other Restricted Purposes (Note 1)			900
Unreserved			
Total Equity and Other Credits	<u>541,489</u>	<u>34,923</u>	<u>568,405</u>
Total Liabilities, Equity and Other Credits	<u>\$ 833,621</u>	<u>\$ 65,087</u>	<u>\$ 624,378</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(in thousands)

	<u>Account Groups</u>	
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>
<u>Assets and Other Debits</u>		
Cash/Deposits/Pooled Investments (Note 5)	\$	\$
Investments (Note 5)		
Due from Other Funds (Note 6)		
Due from Other Agencies		
Cash/Investments with Fiscal Agents (Note 5)		
Taxes Receivable (Includes \$739 Delinquent Receivables)		
Accounts Receivable - (Net of Allowances) (Note 1)		
Interest Receivable		
Grants and Entitlements Receivable		
Notes and Other Receivables		
Special Assessments Receivable		
Inventories		
Restricted Assets: (Note 5)		
Cash and Cash Equivalents		
Other Restricted Assets		
Fixed Assets - Net of Accumulated Depreciation (Note 7)	427,139	
Construction-in-Progress (Note 7)	142,689	
Goodwill - Net of Accumulated Amortization		
Amount Available for Long-Term Debt		1,978
Amount to be Provided for Payment of Long-Term Debt		524,681
Other Assets		
Total Assets and Other Debits	<u>\$ 569,828</u>	<u>\$ 526,659</u>
<u>Liabilities, Equity and Other Credits</u>		
Liabilities:		
Accounts Payable	\$	\$
Due to Other Funds (Note 6)		
Due to Other Agencies		
Current Portion of Contracts and Debt (Notes 10 and 11)		
Bonds and Interest Payable, Including Special Assessments		
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable		
Refundable Deposits and Unredeemed Warrants		
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)		421,925
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)		83,704
Payables from Restricted Assets		
Deferred Revenue		
Long-Term Accrued Compensated Absences Advances		21,030
Claims and Judgments Payable		
Total Liabilities	<u>0</u>	<u>526,659</u>
Equity and Other Credits:		
Investment in General Fixed Assets	569,828	
Contributed Capital		
Retained Earnings (Deficiency):		
Reserved for Self-Insurance		
Unreserved (deficiencies)		
Fund Balance:		
Reserved for Debt Service		
Reserved for Encumbrances		
Reserved for Capital (Note 1)		
Reserved for Advances, Deposits, and Inventories		
Reserved for Employees' Pension/Retirement Benefits		
Reserved for Environmental and Solid Waste Mandates (Note 13)		
Reserved for Other Restricted Purposes (Note 1)		
Unreserved		
Total Equity and Other Credits	<u>569,828</u>	<u>0</u>
Total Liabilities, Equity and Other Credits	<u>\$ 569,828</u>	<u>\$ 526,659</u>

See Accompanying Notes to General Purpose Financial Statements.

	<u>Totals (Memorandum Only)</u>
<u>Assets and Other Debits</u>	
Cash/Deposits/Pooled Investments (Note 5)	\$ 132,459
Investments (Note 5)	601,682
Due from Other Funds (Note 6)	38,222
Due from Other Agencies	10,159
Cash/Investments with Fiscal Agents (Note 5)	33,240
Taxes Receivable (Includes \$739 Delinquent Receivables)	29,897
Accounts Receivable - (Net of Allowances) (Note 1)	57,383
Interest Receivable	7,174
Grants and Entitlements Receivable	17,222
Notes and Other Receivables	40,539
Special Assessments Receivable	3,906
Inventories	3,039
Restricted Assets: (Note 5)	
Cash and Cash Equivalents	2,259
Other Restricted Assets	27,136
Fixed Assets - Net of Accumulated Depreciation (Note 7)	1,125,573
Construction-in-Progress (Note 7)	254,074
Goodwill - Net of Accumulated Amortization	347
Amount Available for Long-Term Debt	1,978
Amount to be Provided for Payment of Long-Term Debt	524,681
Other Assets	2,324
	<u>\$ 2,913,294</u>
<u>Liabilities, Equity and Other Credits</u>	
Liabilities:	
Accounts Payable	\$ 74,027
Due to Other Funds (Note 6)	25,391
Due to Other Agencies	3,960
Current Portion of Contracts and Debt (Notes 10 and 11)	7,939
Bonds and Interest Payable, Including Special Assessments	22,773
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	15,521
Refundable Deposits and Unredeemed Warrants	7,842
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)	659,760
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)	91,721
Payables from Restricted Assets	33,354
Deferred Revenue	34,268
Long-Term Accrued Compensated Absences	22,389
Advances	3,513
Claims and Judgments Payable	25,172
Total Liabilities	<u>1,027,630</u>
Equity and Other Credits:	
Investment in General Fixed Assets	569,828
Contributed Capital	162,791
Retained Earnings (Deficiency):	
Reserved for Self-Insurance	3,547
Unreserved (deficiencies)	410,074
Fund Balance:	
Reserved for Debt Service	1,978
Reserved for Encumbrances	17,618
Reserved for Capital (Note 1)	12,120
Reserved for Advances, Deposits, and Inventories	4,859
Reserved for Employees' Pension/Retirement Benefits	567,505
Reserved for Environmental and Solid Waste Mandates (Note 13)	29,320
Reserved for Other Restricted Purposes (Note 1)	11,330
Unreserved	94,694
Total Equity and Other Credits	<u>1,885,664</u>
Total Liabilities, Equity and Other Credits	<u>\$ 2,913,294</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - All Governmental Fund Types, and Expendable Trust Fund
Year Ended June 30, 2000
(in thousands)

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	\$ 164,975	\$	\$ 17,137
Licenses and Permits	16,522	8	
Fines, Forfeitures and Penalties	5,587	846	
Use of Money and Property	4,912	2,391	360
Grants and Contributions on Federal Programs		60,704	
Other Agencies	102,701	47,110	14,145
Charges for Current Services	18,959	20,027	
Miscellaneous Revenue	7,113	1,135	15
Gifts and Donations			
Investment Income			
Employee Contributions			
Special Assessments			1,013
Total Revenues	<u>320,769</u>	<u>132,221</u>	<u>32,670</u>
Other Financial Sources:			
Transfers from Other Funds	675	57,117	
Bond Proceeds/Special Assessment Levies			
Lease Purchase/Loan/Contract Proceeds	7,680		
Total Other Financial Sources	<u>8,355</u>	<u>57,117</u>	
Total Revenues and Other Financial Sources	<u>329,124</u>	<u>189,338</u>	<u>32,670</u>
Expenditures:			
Current Operations:			
General Government	81,311	12,801	
Community Services	9,089	41,457	
Police	79,889	10,382	
Fire	35,332	1,155	
Operations	16,915	22	
Solid Waste Management		25,013	
Transportation	12,710	85,020	
Library		16,618	
Parks and Recreation	37,696	777	
Deferred Compensation			
Debt Service:			
Principal Retirement	2,517	3,498	13,435
Interest	6,650	947	20,336
Fiscal Agent Fees	124	11	4
Lease Purchases - Capital	5,176		
Total Expenditures	<u>287,409</u>	<u>197,701</u>	<u>33,775</u>
Other Financial Uses:			
Transfers to Other Funds	56,601	321	299
Total Expenditures and Other Financial Uses	<u>344,010</u>	<u>198,022</u>	<u>34,074</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(14,886)</u>	<u>(8,684)</u>	<u>(1,404)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	2,649	479	1,404
Decrease (Increase) in Reserve for Encumbrances	10,450	3,144	
Decrease (Increase) in Reserve for Capital	10,479	(2,448)	
Decrease (Increase) in Reserve for Advances, Deposits and Inventory	(628)		
Decrease (Increase) in Other Reserves	422	110	
Total Other Changes in Unreserved Fund Balances	<u>23,372</u>	<u>1,285</u>	<u>1,404</u>
Unreserved Fund Balances (Deficiencies) - July 1	29,328	37,971	
Residual Equity Transfers	(2,713)		
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 35,101</u>	<u>\$ 30,572</u>	<u>\$ 0</u>

See Accompanying Notes to General Purpose Financial Statements.

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund Type</u>
	<u>Capital Projects</u>	<u>Expendable Trust</u>
Revenues:		
Taxes	\$	\$
Licenses and Permits		
Fines, Forfeitures and Penalties		
Use of Money and Property	1,691	34
Grants and Contributions on Federal Programs		
Other Agencies		
Charges for Current Services		
Miscellaneous Revenue	83	
Gifts and Donations		207
Investment Income		1,763
Employee Contributions		2,222
Special Assessments		
Total Revenues	<u>1,774</u>	<u>4,226</u>
Other Financial Sources:		
Transfers from Other Funds	63	
Bond Proceeds/Special Assessment Levies	22,752	
Lease Purchase/Loan/Contract Proceeds		
Total Other Financial Sources	<u>22,815</u>	
Total Revenues and Other Financial Sources	<u>24,589</u>	<u>4,226</u>
Expenditures:		
Current Operations:		
General Government	2,412	89
Community Services		
Police	60	10
Fire	1,274	1
Operations	136	1
Solid Waste Management	3,180	
Transportation	13,604	
Library	44	60
Parks and Recreation	856	104
Deferred Compensation		4,599
Debt Service:		
Principal Retirement		
Interest		
Fiscal Agent Fees		
Lease Purchases - Capital		
Total Expenditures	<u>21,566</u>	<u>4,864</u>
Other Financial Uses:		
Transfers to Other Funds	533	
Total Expenditures and Other Financial Uses	<u>22,099</u>	<u>4,864</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>2,490</u>	<u>(638)</u>
Other Changes in Unreserved Fund Balances:		
Decrease (Increase) in Reserve for Debt Service	69	
Decrease (Increase) in Reserve for Encumbrances	1,054	
Decrease (Increase) in Reserve for Capital Deposits and Inventory		
Decrease (Increase) in Other Reserves		638
Total Other Changes in Unreserved Fund Balances	<u>1,123</u>	<u>638</u>
Unreserved Fund Balances (Deficiencies) - July 1	25,408	
Residual Equity Transfers		
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 29,021</u>	<u>\$ 0</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - All Governmental Fund Types, and Expendable Trust Fund
Year Ended June 30, 2000
(in thousands)

Exhibit 2
(Continued)

	Totals (Memorandum Only)
Revenues:	
Taxes	\$ 182,112
Licenses and Permits	16,530
Fines, Forfeitures and Penalties	6,433
Use of Money and Property	9,388
Grants and Contributions on Federal Programs	60,704
Other Agencies	163,956
Charges for Current Services	38,986
Miscellaneous Revenue	8,346
Gifts and Donations	207
Investment Income	1,763
Employee Contributions	2,222
Special Assessments	1,013
Total Revenues	<u>491,660</u>
Other Financial Sources:	
Transfers from Other Funds	57,855
Bond Proceeds/Special Assessment Levies	22,752
Lease Purchase/Loan/Contract Proceeds	7,680
Total Other Financial Sources	<u>88,287</u>
Total Revenues and Other Financial Sources	<u>579,947</u>
Expenditures:	
Current Operations:	
General Government	96,613
Community Services	50,546
Police	90,341
Fire	37,762
Operations	17,074
Solid Waste Management	28,193
Transportation	111,334
Library	16,722
Parks and Recreation	39,433
Deferred Compensation	4,599
Debt Service:	
Principal Retirement	19,450
Interest	27,933
Fiscal Agent Fees	139
Lease Purchases - Capital	5,176
Total Expenditures	<u>545,315</u>
Other Financial Uses:	
Transfers to Other Funds	57,754
Total Expenditures and Other Financial Uses	<u>603,069</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(23,122)</u>
Other Changes in Unreserved Fund Balances:	
Decrease (Increase) in Reserve for Debt Service	4,601
Decrease (Increase) in Reserve for Encumbrances	14,648
Decrease (Increase) in Reserve for Capital	8,031
Decrease (Increase) in Reserve for Advances, Deposits and Inventory	(628)
Decrease (Increase) in Other Reserves	1,170
Total Other Changes in Unreserved Fund Balances	<u>27,822</u>
Unreserved Fund Balances (Deficiencies) - July 1	92,707
Residual Equity Transfers	(2,713)
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 94,694</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual (GAAP)
All Governmental Fund Types
Year Ended June 30, 2000
(in thousands)

Exhibit 3.1

	<u>General Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 164,975	\$ 110,239	\$ 54,736
Licenses and Permits	16,522	15,317	1,205
Fines, Forfeitures and Penalties	5,587	5,160	427
Use of Money and Property	4,912	4,659	253
Other Agencies	102,701	110,092	(7,391)
Charges for Current Services	18,959	16,841	2,118
Miscellaneous Revenue	7,113	21,153	(14,040)
Total Revenues	<u>320,769</u>	<u>283,461</u>	<u>37,308</u>
Other Financial Sources:			
Transfers from Other Funds	675		675
Lease Purchase/Loan/Contract Proceeds	7,680	26,685	(19,005)
Total Other Financial Sources	<u>8,355</u>	<u>26,685</u>	<u>(18,330)</u>
Total Revenues and Other Financial Sources	<u>329,124</u>	<u>310,146</u>	<u>18,978</u>
Expenditures:			
Current Operations:			
General Government	81,311	86,630	5,319
Community Services	9,089	9,328	239
Police	79,889	84,613	4,724
Fire	35,332	38,462	3,130
Operations	16,915	19,948	3,033
Transportation	12,710	19,256	6,546
Parks and Recreation	37,696	41,701	4,005
Debt Service:			
Principal Retirement	2,517	5,993	3,476
Interest	6,650	4,176	(2,474)
Fiscal Agent Fees	124	39	(85)
Lease Purchases - Capital	5,176		(5,176)
Total Expenditures	<u>287,409</u>	<u>310,146</u>	<u>22,737</u>
Other Financial Uses:			
Transfers to Other Funds	56,601		(56,601)
Total Expenditures and Other Financial Uses	<u>344,010</u>	<u>310,146</u>	<u>(33,864)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(14,886)</u>	<u>0</u>	<u>(14,886)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	2,649		2,649
Decrease (Increase) in Reserve for Encumbrances	10,450		10,450
Decrease (Increase) in Reserve for Capital	10,479		10,479
Decrease (Increase) in Reserve for Advances and Deposits	(223)		(223)
Decrease (Increase) in Reserve for Inventory	(405)		(405)
Decrease (Increase) in Other Reserves	422		422
Total Other Changes in Unreserved Fund Balance	<u>23,372</u>	<u>0</u>	<u>23,372</u>
Unreserved Fund Balance - July 1	29,328		29,328
Residual Equity Transfer	(2,713)		(2,713)
Unreserved Fund Balance - June 30	<u>\$ 35,101</u>	<u>\$ 0</u>	<u>\$ 35,101</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual (GAAP)
All Governmental Fund Types
Year Ended June 30, 2000
(in thousands)

Exhibit 3.2

	<u>Special Revenue Funds (1)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$	\$ 49,224	\$ (49,224)
Licenses and Permits	8		8
Fines, Forfeitures and Penalties	846	588	258
Use of Money and Property	2,391	2,460	(69)
Grants and Contributions on Federal Programs	60,704	113,333	(52,629)
Other Agencies	47,110	47,899	(789)
Charges for Current Services	20,027	19,383	644
Miscellaneous Revenue	1,135	13,685	(12,550)
Total Revenues	<u>132,221</u>	<u>246,572</u>	<u>(114,351)</u>
Other Financial Sources:			
Transfers from Other Funds	57,117		57,117
Total Revenues and Other Financial Sources	<u>189,338</u>	<u>246,572</u>	<u>(57,234)</u>
Expenditures:			
Current Operations:			
General Government	12,629	8,133	(4,496)
Community Services	41,457	66,652	25,195
Police	10,382	15,361	4,979
Fire	1,155	3,350	2,195
Operations	22	211	189
Solid Waste Management	25,013	25,711	698
Transportation	85,020	103,688	18,668
Library	16,618	16,949	331
Parks and Recreation	777	2,700	1,923
Debt Service:			
Principal Retirement	3,498	3,000	(498)
Interest	947	817	(130)
Fiscal Agent Fees	11		(11)
Total Expenditures	<u>197,529</u>	<u>246,572</u>	<u>49,043</u>
Other Financial Uses:			
Transfers to Other Funds	321		(321)
Total Expenditures and Other Financial Uses	<u>197,850</u>	<u>246,572</u>	<u>48,722</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(8,512)</u>	<u>0</u>	<u>(8,512)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	479		479
Decrease (Increase) in Reserve for Encumbrances	3,154		3,154
Decrease (Increase) in Reserve for Capital	(2,448)		(2,448)
Decrease (Increase) in Reserve for Advances and Deposits			
Decrease (Increase) in Other Reserves	110		110
Total Other Changes in Unreserved Fund Balance	<u>1,295</u>		<u>1,295</u>
Unreserved Fund Balances - July 1	37,971		37,971
Unreserved Fund Balances - June 30	<u>\$ 30,754</u>	<u>\$ 0</u>	<u>\$ 30,754</u>

See Accompanying Notes to General Purpose Financial Statements.

(1) Does not include the Rio Nuevo Fund (an unbudgeted fund).

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual (GAAP)
All Governmental Fund Types
Year Ended June 30, 2000
(in thousands)

Exhibit 3.3

	<u>Debt Service Funds (1)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 17,137	\$ 17,137	\$
Use of Money and Property	299		299
Other Agencies	14,145	14,209	(64)
Miscellaneous Revenues	2	1,200	(1,198)
Total Revenues	<u>31,583</u>	<u>32,546</u>	<u>(963)</u>
Expenditures:			
Debt Service:			
Principal Retirement	12,625	12,625	0
Interest	19,926	19,917	(9)
Fiscal Agent Fees	4	4	0
Total Expenditures	<u>32,555</u>	<u>32,546</u>	<u>(9)</u>
Other Financial Uses:			
Transfers to Other Funds	299		(299)
Total Expenditures and Other Financial Uses	<u>32,854</u>	<u>32,546</u>	<u>(308)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(1,271)</u>	<u>0</u>	<u>(1,271)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	<u>1,271</u>		<u>1,271</u>
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Accompanying Notes to General Purpose Financial Statements.

(1) Does not include Special Assessment Debt Service Fund (an unbudgeted fund).

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual (GAAP)
All Governmental Fund Types
Year Ended June 30, 2000
(in thousands)

Exhibit 3.4

	<u>Capital Projects Funds (1)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property	\$ 1,691	\$ 1,559	\$ 132
Miscellaneous Revenue	83	54	29
Total Revenues	<u>1,774</u>	<u>1,613</u>	<u>161</u>
Other Financial Sources:			
Proceeds From Bond Sales	19,400	49,112	(29,712)
Transfers from Other Funds	63		63
Total Other Financial Sources	<u>19,463</u>	<u>49,112</u>	<u>(29,649)</u>
Total Revenues and Other Financial Sources	<u>21,237</u>	<u>50,725</u>	<u>(29,488)</u>
Expenditures:			
Current Operations:			
General Government	2,412	8,199	5,787
Police	60	420	360
Fire	1,274	2,013	739
Operations	136	1,858	1,722
Solid Waste Management	3,180	5,659	2,479
Transportation	10,242	30,794	20,552
Library	44	159	115
Parks and Recreation	856	1,623	767
Total Expenditures	<u>18,204</u>	<u>50,725</u>	<u>32,521</u>
Other Financial Uses:			
Transfers to Other Funds	533		(533)
Total Expenditures and Other Financial Uses	<u>18,737</u>	<u>50,725</u>	<u>31,988</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	69		69
Decrease (Increase) in Reserve for Encumbrances	2,399		2,399
Total Other Changes in Unreserved Fund Balance	<u>2,468</u>		<u>2,468</u>
Unreserved Fund Balance - July 1	26,253		26,253
Unreserved Fund Balance - June 30	<u>\$ 31,221</u>	<u>\$ 0</u>	<u>\$ 31,221</u>

See Accompanying Notes to General Purpose Financial Statements.

(1) Does not include Special Assessment Construction Fund (an unbudgeted fund).

CITY OF TUCSON, ARIZONA
Combined Statement of Revenues, Expenses and Changes
in Unreserved Retained Earnings
All Proprietary Fund Types and Similar Trust Funds
Year Ended June 30, 2000
(in thousands)

Exhibit 4

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non-Expendable Trust/Civic Endowment Fund</u>	
Operating Revenues:				
Charges for Services	\$ 100,990	\$ 32,750	\$	\$ 133,740
Investment Income			4	4
Contributions			100	100
Miscellaneous		79		79
Total Operating Revenues	<u>100,990</u>	<u>32,829</u>	<u>104</u>	<u>133,923</u>
Operating Expenses:				
Personal Services	25,771	5,381		31,152
Contractual Services	32,504	4,204		36,708
Commodities	6,885	8,133	4	15,022
Depreciation	15,709	6,425		22,134
Amortization of Goodwill	30			30
Benefits and Claims		10,824		10,824
Total Operating Expenses	<u>80,899</u>	<u>34,967</u>	<u>4</u>	<u>115,870</u>
Net Operating Income (Loss)	<u>20,091</u>	<u>(2,138)</u>	<u>100</u>	<u>18,053</u>
Nonoperating Revenues (Expenses):				
Investment Income	1,782	1,541		3,323
Interest Expense	(14,455)	(212)		(14,667)
Gain (Loss) from Sale of Property	(2,123)	(2)		(2,125)
Other Nonoperating Expense	(553)			(553)
Total Nonoperating Revenues (Expenses)	<u>(15,349)</u>	<u>1,327</u>	<u>0</u>	<u>(14,022)</u>
Net Income (Loss) Before Operating Transfer	<u>4,742</u>	<u>(811)</u>	<u>100</u>	<u>4,031</u>
Operating Transfer Out		(101)		(101)
Net Income (Loss)	<u>4,742</u>	<u>(912)</u>	<u>100</u>	<u>3,930</u>
Other Changes in Unreserved Retained Earnings/Fund Balance:				
Decrease (Increase) in Reserve for Self-Insurance		7,941		7,941
Decrease (Increase) in Reserve for Non-Expendable Civic Contributions			(100)	(100)
Total Other Changes in Unreserved Retained Earnings	<u>0</u>	<u>7,941</u>	<u>(100)</u>	<u>7,841</u>
Unreserved Retained Earnings (Deficiencies) - July 1	416,259	(15,085)		401,174
Prior Period Adjustment (Note 2)		(2,871)		(2,871)
Unreserved Retained Earnings (Deficiencies) - July 1, Restated	<u>416,259</u>	<u>(17,956)</u>		<u>398,303</u>
Unreserved Retained Earnings (Deficiencies) - June 30	\$ <u>421,001</u>	\$ <u>(10,927)</u>	\$ <u>0</u>	\$ <u>410,175</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
Year Ended June 30, 2000
(in thousands)

Exhibit 5

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non-Expendable Trust/Civic Endowment Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 100,835	\$ 32,223	\$	\$ 133,058
Cash Payments to Suppliers for Goods and Services	(42,901)	(22,349)	(4)	(65,254)
Cash Payments to Employees for Services	(25,475)	(5,340)		(30,815)
Other Operating Revenues	4	94	100	198
Net Cash Provided (Used) by Operating Activities	<u>32,463</u>	<u>4,628</u>	<u>96</u>	<u>37,187</u>
Cash Flows From Noncapital Financing Activities:				
Noncapital Contribution - General Fund	2,713			2,713
Interest Paid on Investment Pool Borrowings	(75)			(75)
Operating Transfers Out		(101)		(101)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,638</u>	<u>(101)</u>		<u>2,537</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Proceeds	2,003			2,003
Acquisition and Construction of Capital Assets	(37,614)	(6,383)		(43,997)
Principal Paid on Capital Debt	(6,758)			(6,758)
Interest Paid on Capital Debt	(14,232)	(212)		(14,444)
Fiscal Agent Fees Paid on Capital Debt	(316)			(316)
Proceeds from Sale of Property and Equipment	402	506		908
Construction of Capital Assets-Area Development Fee	942			942
Proceeds from Sale of Certificates of Participation	314			314
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(55,259)</u>	<u>(6,089)</u>		<u>(61,348)</u>
Cash Flows from Investing Activities:				
Interest on Investments	767	1,116	4	1,887
Proceeds from Sale of Investments		8,015		8,015
Purchase of Investments		(9,644)		(9,644)
Net Cash Provided (Used) by Investing Activities	<u>767</u>	<u>(513)</u>	<u>4</u>	<u>258</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(19,391)</u>	<u>(2,075)</u>	<u>100</u>	<u>(21,366)</u>
Cash and Cash Equivalents - July 1	<u>28,251</u>	<u>26,893</u>	<u>46</u>	<u>55,190</u>
Cash and Cash Equivalents - June 30	<u>\$ 8,860</u>	<u>\$ 24,818</u>	<u>\$ 146</u>	<u>\$ 33,824</u>

A reconciliation on Non-Expendable Trust Fund, Cash and Cash Equivalents - June 30 to Exhibit 1:	
Trust and Agency Fund, Cash, Deposits and Pooled Investments (Exhibit 1)	\$ 4,700
Pension Trust Fund's Portion of Cash Deposits and Pooled Investments	(923)
Civic Contributions Fund's Portion of Cash Deposits and Pooled Investments	(646)
Deferred Compensation Fund's Portion of Cash/Deposits/and Pool Investments	(308)
Agency Fund's Portion of Cash Deposits and Pooled Investments	(2,677)
Non-Expendable Trust Fund's Portion of Cash Deposits and Pooled Investments	<u>\$ 146</u>

See Accompanying Notes to General Purpose Financial Statements.

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non-Expendable Trust/Civic Endowment Fund</u>	<u>Totals (Memorandum Only)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 20,091	\$ (2,138)	\$ 100	\$ 18,053
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	15,739	6,425		22,164
Interest from Operating Investments			(4)	(4)
Decrease (Increase) in Assets:				
Accounts Receivable	(1,354)	25		(1,329)
Due from Other Funds		(511)		(511)
Prepaid Expense	101			101
Inventories	379			379
Long Term Accounts Receivable	882			882
Increase (Decrease) in Liabilities:				
Accounts Payable	(1,564)	(1,617)		(3,181)
Salaries Payable	355	42		397
Accrued Compensated Absences	(58)			(58)
Unearned Receipts - Area Development Fees	142			142
Customer/Refundable Deposits and Unredeemed Warrants	179	4		183
Claims and Judgments Payable		2,448		2,448
Due to Other Funds-Unrestricted	(2,429)	(50)		(2,479)
Net Cash Provided (Used) by Operating Activities	<u>\$ 32,463</u>	<u>\$ 4,628</u>	<u>\$ 96</u>	<u>\$ 37,187</u>

Noncash investing, capital and financing activities:

During the year, developers contributed water systems valued at \$14,644 to the Water Utility Fund.

City funds contributed vehicles and equipment with a net book value of \$5,630 to the Fleet Services Internal Service Fund during the fiscal year ended June 30, 2000.

The Fleet Services Internal Service Fund acquired vehicles and equipment with a net book value of \$875 through a lease purchase agreement and equipment of \$158 through a capital grant from the State of Arizona during the fiscal year ended June 30, 2000.

During the year, the Golf Course Fund received \$758 in land from the General Fund.

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Pension Trust Fund
Statement of Changes in Plan Net Assets
Year Ended June 30, 2000
(in thousands)

Exhibit 6

Additions:

Contributions:

City		\$	9,638
Employee			6,562
Transfers from Other Systems			285
Total Contributions			<u>16,485</u>

Investment Income:

Net Appreciation (Depreciation) in Fair Value of Investments			36,155
Interest			7,269
Dividends			3,935
Real Estate Income			2,851
Securities Lending Income			1,555
			<u>51,765</u>

Less Investment Expense:

Interest Expense - Securities Lending	\$	1,340	
Other Investment Expenses		2,471	
			<u>3,811</u>
Net Investment Income			<u>47,954</u>
Total Additions			<u>64,439</u>

Deductions:

Benefits			16,557
Refunds			1,173
Transfers to Other Systems			288
Administrative Expense			304
Accounting Adjustment-Loss on Fixed Assets			10
Total Deductions			<u>18,332</u>

Net Increase in Plan Net Assets

46,107

**Fund Balance Reserved for
Employees' Pension Benefits**

July 1			470,126
June 30		\$	<u>516,233</u>

See Accompanying Notes to General Purpose Financial Statements.



CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Tucson (City) was incorporated February 7, 1887, under the provisions of Article 13, Sections 1 through 6 of the Constitution of Arizona and Title 9 of the Arizona Revised Statutes. The City operates under a Council-Manager form of government. All funds and entities related to the City of Tucson that are controlled by the Mayor and Council are included in these general purpose financial statements. This control is determined on the basis of, among other factors, budget adoption, taxing authority, and the ability to issue debt either collateralized by revenues or as a general obligation of the City. The funds and entities provide a full range of services including General Government, Police, Fire, Solid Waste Management, Transportation, Library, Parks and Recreation, Golf, and Water. The accounting policies of the City of Tucson conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

These financial statements represent the City of Tucson and its component units. The component units discussed below are included (blended) in the City's reporting entity due to the significance of their operational or financial relationships with the City.

The Rio Nuevo Multipurpose Facilities District (District) was created in July 1999 to take advantage of a State law under which the State will provide incremental tax financing to help develop multipurpose facilities in the downtown Tucson area. The District is governed by a Board of Directors appointed by the Mayors and Councils of the Cities of Tucson and South Tucson. Through a weighted-average voting system, the City of Tucson maintains control of the District. The District will provide revitalization and economic development benefits to the citizens of the City of Tucson. Therefore, the District is included within these statements as a Special Revenue Fund.

The Tucson Supplemental Retirement System (System or TSRS) is a single-employer defined benefit plan established by the City and administered by a six-member Board of Trustees. Although the system is a separate legal entity and presents separate financial statements, its sole purpose is to provide services exclusively to the City, and it is included as a Pension Trust Fund in these general purpose financial statements.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The City accounts for the operations of each fund through a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are grouped, in the financial statements in this report, into three broad fund categories comprising seven generic fund types and two account groups as follows:

1. Governmental Funds

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds and certain other governmental funds are used to account for the proceeds of specific revenue sources (other than proprietary or fiduciary functions, or major capital projects) that are restricted to expenditures for specified purposes.

Debt Service Funds - These funds and certain other governmental funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by General, Special Revenue, or Proprietary Funds).

2. Proprietary Funds

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds are used to account for the financing of self-insurance and motor pool services provided by the City department to other City departments on a cost-reimbursement basis.

3. Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Pension Trust, Expendable and Nonexpendable Trust, and Agency Funds. The Pension Trust Fund and Nonexpendable Trust Fund are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups

General Fixed Assets - This account group is established to account for fixed assets acquired for general City purposes. It does not include fixed assets of the Proprietary, Pension Trust, or Expendable Trust Funds (see note 1.K.).

General Long-Term Debt - This account group is established to account for all long-term debt except for that accounted for in the Proprietary Funds.

C. Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and the Expendable Trust Funds are accounted for on a flow of current financial resources measurement focus. Accordingly, only current assets and current liabilities generally are included on their balance sheets. For Governmental Fund Types, reported fund balance (net total assets) is considered a measure of "available spendable resources." Governmental and Expendable Trust Funds' operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets.

Non-current portions of receivables due to Governmental Funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Long-term advances receivable are offset by fund balance reserve accounts. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Special reporting treatments are also applied to Governmental Fund inventories and deposits to indicate that they do not represent "available spendable resources." Such amounts are offset by fund balance reserve accounts.

All Proprietary Funds, the Pension Trust Fund, and the Nonexpendable Trust Fund are accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. For Proprietary Funds, reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets. The City's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) Statements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under this basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made in the following year.

Property tax revenues and interest earnings are subject to accrual, as well as grant revenues if they are earned as expenditures occur. Special assessments are recognized as revenue only to the extent that individual installments are due to the City; revenues represented by installments not currently receivable are deferred until they become current receivables.

The Proprietary, Pension Trust, and Nonexpendable Trust Funds are maintained on the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Water connection fees for the Water Utility, established at an amount necessary to recover related costs, are recorded as revenues.

D. Budgets and Budgetary Accounting

On June 3, 1980, the voters of the State of Arizona approved an expenditure limitation that is applicable to all local governments. This limitation, based on expenditures of the 1979-80 fiscal year, restricts the growth of expenditures based on a factor of increases in population and inflation. Certain expenditures are held to be excludable. The limitation is set by the State Economic Estimates Commission prior to April 1 of each year for the following fiscal year.

The City, therefore, formulates its annual budget to ensure compliance with the applicable provisions of this limitation.

The City uses the following procedures and policies in establishing the budgetary data reflected in the financial statements:

1. On or before the first Monday in June of each year, the City Manager submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed operating and capital expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

3. Prior to July 1, Mayor and Council legally enact the budget through passage of a resolution. Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total, and from the resolution itself that limits expenditures by fund and by departmental groupings. Transfers of sums within a specific fund or departmental group may be made upon City Manager approval.
4. The City prepares legally adopted annual operating budgets for the General Fund, Special Revenue Funds, most Capital Project and Debt Service Funds, and Enterprise Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the Water Utility and Golf Course Enterprise Funds, for which amortization and depreciation are not budgeted. Additionally, City privilege taxes levied on City services such as water sales are budgeted as revenues and expenditures. For GAAP reporting, these taxes are treated as liabilities and therefore not shown as revenues and expenditures. Under both reporting perspectives, the impact on Fund Balance/Retained Earnings is the same. No formal budgets were adopted for the Pension, Expendable, and Nonexpendable Trust Funds; the Special Assessment Debt Service Fund; the Special Assessment Capital Projects Construction Fund; and the Internal Service Funds.
5. All appropriations lapse at year end.
6. Supplementary budgetary appropriations would require approval of Mayor and Council; none were necessary during the fiscal year ended June 30, 2000.
7. A budgetary basis to GAAP basis reconciliation of the Debt Service and Capital Projects Funds, of which the Special Assessment Bond Fund and the Special Assessment Construction Fund are not budgeted, follows:

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>		
	Budgetary Basis <u>Actual</u>	Unbudgeted Fund <u>Actual</u>	GAAP Basis <u>Actual</u>	Budgetary Basis <u>Actual</u>	Unbudgeted Fund <u>Actual</u>	GAAP Basis <u>Actual</u>
Total Revenues and Other Financial Sources	\$ 189,338	\$	\$ 189,338	\$ 31,583	\$ 1,087	\$ 32,670
Total Expenditures and Other Financial Uses	<u>197,850</u>	<u>172</u>	<u>198,022</u>	<u>32,854</u>	<u>1,220</u>	<u>34,074</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	\$ <u>(8,512)</u>	\$ <u>(172)</u>	\$ <u>(8,684)</u>	\$ <u>(1,271)</u>	\$ <u>(133)</u>	\$ <u>(1,404)</u>
	<u>Capital Project Funds</u>					
	Budgetary Basis <u>Actual</u>	Unbudgeted Fund <u>Actual</u>	GAAP Basis <u>Actual</u>			
Total Revenues and Other Financial Sources	\$ 21,237	\$ 3,352	\$ 24,589			
Total Expenditures and Other Financial Uses	<u>18,737</u>	<u>3,362</u>	<u>22,099</u>			
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	\$ <u>2,500</u>	\$ <u>(10)</u>	\$ <u>2,490</u>			

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Enterprise Funds, and most Capital Project Funds. With encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation during the year. Encumbrances outstanding at year end are reported as reservations of fund balances in the General Fund, certain Special Revenue Funds, and Capital Project Funds, and not recognized as expenditures for budgetary or generally accepted accounting principle purposes.

No reservation of fund balance is made for those Special Revenue Funds that are grant funded on a reimbursable basis. Those funds, and their respective encumbrance balances at June 30, 2000, are as follows:

Fund	<u>Encumbered at June 30, 2000</u>
Human and Community Development Fund	\$ 1,839
Public Housing Fund	7
Miscellaneous Housing Grant Funds	3,510
Other Federal Grant Funds	3,107
Non-Federal Grants Fund	949
Mass Transit Fund	<u>2,356</u>
	<u>\$ 11,768</u>

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, which are prepared for the Enterprise, Internal Service, and Non-Expendable Trust funds, the City considers all highly liquid investments (including the funds' participation in the investment pool account, and appropriate restricted assets) to be cash equivalents. Individual fund investments with an initial maturity of 3 months or less when purchased are considered to be cash equivalents.

G. Investments

Investments are reported at fair value. The fair value of the pooled investments is based on current market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market price are reported at estimated fair value.

Interest and dividend income is recognized on the modified accrual basis except for proprietary funds that are on the accrual basis. Changes in the fair value of investments are recognized as revenue on a monthly basis. Income from pooled investments is allocated to the individual funds based on each fund's monthly average daily cash balance in relation to the total pooled investments. City management has determined that the investment income related to certain funds should be allocated to the General Fund. This is the case for certain Special Revenue and Expendable Trust Funds. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**H. Accounts/Notes Receivable**

Accounts Receivable of the Governmental, Proprietary, and Fiduciary funds as of June 30, 2000, are reported in the accompanying general purpose financial statements net of allowance for doubtful accounts as follows:

	General Fund	Special Revenue Funds	Capital Projects	Enterprise Funds	Internal Service Funds	Trust and Agency Funds
Accounts Receivable	\$ 11,657	\$ 9,968	\$ 5,675	\$ 14,450	\$ 2,210	\$ 14,961
Less: Allowance for Doubtful Accounts	<u>391</u>	<u>15</u>	<u> </u>	<u>1,132</u>	<u> </u>	<u> </u>
	<u>\$ 11,266</u>	<u>\$ 9,953</u>	<u>\$ 5,675</u>	<u>\$ 13,318</u>	<u>\$ 2,210</u>	<u>\$ 14,961</u>

The Enterprise Funds' assets and revenues include \$4,394 for water sales delivered, but unbilled at June 30, 2000.

The City of Tucson Community Services Department funds many loans to homeowners through Housing and Urban Development financing. The loans are placed on each homeowner's title as a lien against the property naming the City as the lienholder. Dependent upon the homeowner's qualification, an affordability period (from 5 to 20 years) is determined. Each lien is forgiven evenly over the determined affordability period. The City only receives a payoff if a property is sold prior to the end of the affordability period (some sales do not result in payment to the City). Less than 10% of these liens have resulted in payoffs to the City in the past 5 years and have totaled approximately 5% of the original loans. As of June 30, 2000, these loans totaled \$2,994. Due to the immateriality and infrequent payoff of these loans, notes receivable are not recorded and the revenues for such amounts are recorded when payments are received.

I. Inventories

Inventories of the Governmental and Enterprise Funds consist primarily of expendable supplies held for consumption. These inventories are maintained on a perpetual system and are primarily valued using the weighted-average cost method, which is not in excess of market. At the time inventories are consumed, expenditures are recorded in the Governmental Funds and expenses are recorded in the Enterprise Funds. In the Governmental Funds, a reservation of fund balance is established for the inventory amount.

J. Restricted Assets/Liabilities

In accordance with applicable covenants of Enterprise Fund bond issues, Mayor and Council Resolutions, or other agreements, appropriate assets and liabilities have been restricted.

K. Fixed Assets

Fixed assets used in Governmental Fund Type operations (general fixed assets), including those purchased with Federal grant monies, are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain ("infrastructure") general fixed assets, such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized. No depreciation has been provided on general fixed assets, which are valued at historical cost or estimated historical cost if actual historical cost is not available. Those fixed assets that are valued at estimated historical cost represent an immaterial amount when compared to the total fixed asset value. Donated fixed assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for fixed assets is \$5.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and equipment of the Golf Course, Supplemental Retirement System, Motor Pool, and Self-Insurance Funds are stated at cost. Water Utility plant, property, and equipment acquired prior to June 30, 1965, are stated at estimated historical cost. Additions subsequent to that date are stated at cost.

Donated land held by the Civic Contribution Fund (Expendable Trust) is recorded at estimated fair value.

Depreciation of all exhaustible fixed assets used by Proprietary and Pension Trust Funds is charged as an expense against their operations. Fixed assets are reported net of accumulated depreciation on Proprietary and Pension Trust Fund balance sheets. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life (Years)</u>
Buildings	40
Improvements Other Than Buildings	2-40
Wells, Tanks and Improvements	30-77
Machinery and Equipment (Water Utility)	10-40
Moveable Equipment (Golf Enterprise, Pension Trust, Fleet Services, Self-Insurance)	6

Expenditures for repairs and maintenance are expensed as incurred. Additions, major renewals and replacements that increase the properties' useful lives are capitalized. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in net income or loss.

The City's policy is to capitalize interest on proprietary fund capital projects if it is material, based upon the weighted average interest method. No interest costs have been capitalized during the fiscal year in the Water Utility or Golf Course Funds .
as the amounts were not material.

Neither the Water Utility Fund nor the Golf Course Fund levies special assessments to construct or purchase capital assets.

L. Goodwill

Enterprise Fund goodwill is recorded upon acquisition of water companies or golf courses and represents the excess of cost over the fair market value at the time of acquisition. Goodwill is being amortized over forty (40) years on the straight-line method. The total goodwill and the amount amortized at June 30, 2000, were \$1,122/\$788 and \$65/52 for the Water Utility Fund and Golf Course Fund, respectively.

M. Claims and Judgments Payable

Claims and judgments payable include estimated liabilities on reported claims and provisions for claims incurred but not reported.

N. Compensated Absences

The current portion of the accumulated liability for employee vacation leave, sick leave, accumulated compensatory time, and any salary related amounts are accrued in the respective Governmental Funds. The long-term liability is recorded in the General Long-Term Debt Account Group. The cost of employee leave is accrued in the Proprietary Funds as it is incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Capitalized Lease Obligations

The amount capitalized under capital leases is the lesser of the present value of the minimum lease payments or the fair value of the leased properties at the beginning of the respective lease terms. When a governmental fund acquires a fixed asset through a capital lease agreement, the acquisition is reflected as an expenditure and other financing source, and simultaneously the acquired asset and related liability are recorded in the General Fixed Assets Account Group and in the General Long-Term Debt Account Group. Capitalized leases of proprietary funds are accounted for entirely within the respective proprietary fund by capitalizing the asset acquired and recording the lease obligation as a liability.

Q. Reserves

In addition to the reservations of fund balance for encumbrances and inventories mentioned above, the City has established other reservations of fund equities as follows:

Reserved for Debt Service represents amounts required to be maintained under the provisions of various bond ordinances or amounts reserved for future debt service requirements and amounts reserved for payment of arbitrage rebate tax in the Capital Projects Fund.

Reserved for Capital represents proceeds from capital lease agreements to be used for various capital projects (\$6,964) and other revenues reserved for miscellaneous projects (\$144) in the General Fund; proceeds to be used for Library purposes (\$67) in the Library Fund; funds reserved for equipment purchases/construction projects in the Convention Center Fund (\$824) and Solid Waste Management Fund (\$13); construction of a new dormitory in the Public Safety Academy Fund (\$2,108); and proceeds from Federal HELP loans for various street and highway projects (\$2,000) in the Other Federal Grants Fund.

Reserved for Advances and Deposits represents amounts the City has advanced to or deposited with outside agencies or other funds.

Reserved for Employees' Retirement Benefits represents the equity of the Tucson Supplemental Retirement System (\$516,233) and the Deferred Compensation Fund (\$51,272) which are reserved for future payments to their respective members.

Reserved for Environmental and Solid Waste mandates represents amounts to cover landfill closure/postclosure costs.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Reserved for Other Restricted Purposes represents amounts reserved for purposes designated by contributors in the Civic Contribution and Civic Endowment Funds; reserves for grant compliant purposes in various special revenue funds; and reserves for the following purposes in the General Fund:

Police Projects	\$ 537
Parking Program	615
Low Income Housing Maintenance	948
Parks Foundation	421
City Court Projects	398
Rodeo Grounds	32
COPS Issuance Costs	14
Election Campaigns	<u>29</u>
 Total General Fund Reserve for Other Restricted Purposes	 <u>\$ 2,994</u>

The Water Utility Fund's Retained Earnings contains a reserve for Capital Improvements (operating revenues accumulated for capital projects relating to the Central Arizona Project).

R. Interfund Transactions

Transactions that would be treated as revenue, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenue, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Nonrecurring or non-routine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the fund balance of Governmental Funds. Residual equity transfers to Proprietary Funds are treated as contributed capital, and such transfers from Proprietary Funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other transactions are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

S. Comparative Data

Comparative data has not been presented in the general purpose financial statements, or in other individual statements, since their inclusion would make the statements unduly complex and difficult to read.

T. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

U. Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - ACCOUNTING CHANGES:**A. Adjustment of Beginning Balance**

A prior period adjustment was necessary to correct an accounting error that occurred in FY 99 that was identified during this fiscal year in the Self-Insurance Fund. The effect of this adjustment is shown below:

	Internal Service Funds	
	Self-Insurance <u>Fund</u>	Total <u>Internal Service Funds</u>
Unreserved Retained Earnings (Deficiencies) at July 1, 1999	\$ (16,850)	\$ (15,085)
Adjustment to Beginning Retained Earnings	<u>(2,871)</u>	<u>(2,871)</u>
Unreserved Retained Earnings (Deficiencies) July 1, 1999, as restated	<u><u>\$ (19,721)</u></u>	<u><u>\$ (17,956)</u></u>

B. Change in Capitalization Threshold

Effective July 1, 1999, the City raised the equipment capitalization threshold from \$1 to \$5. This resulted in the write-off of equipment items with a cost less than \$5 from the fixed asset inventory (see Note 7). This write-off resulted in non-operating losses in the following funds:

Water Utility	\$ 2,025
Golf Course	500
Fleet Service	81
Self Insurance	87
TSRS	10

Note 3 - PROPERTY TAX:

Property taxes are levied and collected by the Pima County Treasurer on behalf of the City. Property taxes are levied no later than the third Monday in August and are payable in two installments. Taxes become delinquent after the first business days of November and May, respectively, and a lien against the assessed property attaches if payments are not received by those dates.

The State Constitution and State law specifies a property tax levy limitation system. The system consists of two levies: a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may be used only to retire bonded indebtedness.

The primary property tax levy is limited to an increase of 2% over the previous year's maximum allowable primary levy, plus an increased dollar amount due to a net gain in property not taxed the previous year. Also, the primary property tax from all taxing jurisdictions for homeowners may not exceed 1% of their homes' market values. If the combined primary property tax (for the city/town, county, etc.) exceeds 1% of the market value of the homes, the school districts will reduce their rates until the homeowners' aggregate rate is equal to or less than the allowable 1%. The State will then subsidize the school districts for the reduced revenue. This 1% limitation applies to primary property taxes and does not affect the secondary property tax levy.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 3 - PROPERTY TAX (Continued):

There is also a control on the assessed value of property for primary tax purposes. The base year for the tax system is fiscal year 1978-79. From this base year, two assessed values evolve. The primary assessed values are controlled by being allowed to grow or increase by no more than 10% a year. The dollar amount of the secondary property tax levy is unlimited and the actual full cash value of property is used in determining the tax rate.

Note 4 - INDIVIDUAL FUND DISCLOSURES:

The excess of expenditures or expenses over appropriations in individual governmental funds for the year ended June 30, 2000, are as follows:

<u>Fund</u>	<u>Fund Type</u>	<u>Expenditures/ Expenses</u>	<u>Appropriations</u>
Public Safety Academy Fund	Special Revenue	\$ 3,077	\$ 2,998
HURF, Unrestricted Fund	Special Revenue	36,131	30,447
G.O. Bond & Interest Fund	Debt Service	18,408	18,337
Golf Course Fund	Enterprise	8,835	8,337
Water Utility Fund	Enterprise	89,097	75,050

These excesses do not violate State budget law, which is applied to the City as a whole and not to individual funds. The excess of total expenses over appropriations in the Water Utility and the Golf Funds are caused by the fact that depreciation (\$14,911/798) and goodwill (\$28/2) are not budgeted and are excluded by the State budget law.

At June 30, 2000, the following funds had deficit fund balances/retained earnings:

Self-Insurance Internal Service Fund	\$ (11,260)
Mass Transit Special Revenue Fund	(2,171)
Rio Nuevo Special Revenue Fund	(172)

The deficit in the Self-Insurance Internal Service Fund is offset by Contributed Capital of \$18,104. On September 8, 2000, the City of Tucson was awarded a Federal Transit Administration grant of \$8,661 with an effective date of July 1, 1999. Due to the late approval of the grant award, the Mass Transit Fund, a Special Revenue Fund, had a \$2,171 deficit fund balance at June 30, 2000. Since the approval of the grant, the deficit has been cleared. The Rio Nuevo Multipurpose Facilities District (District) Fund was created during this fiscal year (see Note 1 A). The District is still in the development stages; therefore, the revenue streams, though identified, have not started.

Note 5 - DEPOSITS AND INVESTMENTS:

The City maintains an investment pool that is available for use by all City funds. Each fund's portion of this pool is reported on the financial statements as "Cash/Deposits/Pooled Investments." All assets of the investment pool are held by a single master custodian. In addition, certain cash and investments are also held separately by various City funds.

The majority of deposits and investments of the Tucson Supplemental Retirement System Fund and the Deferred Compensation Fund are held separately from those of other City funds by a master custodian. However, bi-weekly contributions to these two funds are held in the investment pool to cover recurring expenditures.

A. Deposits

At year-end, the book value of the City's cash and deposits was \$4,848 and the bank balance was \$4,597. The difference of \$251 represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2000. This total bank balance was covered by federal depository insurance or collateral held by the City's agents in the City's name.

Note 5 - DEPOSITS AND INVESTMENTS (Continued):

Cash with fiscal agents in the General Fund (\$7,677), the Special Revenue Funds (\$2,974), the Debt Service Fund (\$22,589), the Enterprise Funds (\$15,006) and the Internal Service Funds (\$310) on June 30, 2000, was covered by collateral held in the fiscal agents' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds.

A reconciliation of Exhibit 1 to Note 5 is as follows:

Exhibit 1		
Cash/Deposits/Pooled Investments		\$ 132,459
Cash/Investments with Fiscal Agents		33,240
Investments		601,682
Cash/Cash with Fiscal Agents/Deposits/Investments		
Included in Restricted Assets:		
Enterprise Funds (Less Interest Receivable of \$127)	\$ 19,322	
Internal Service Fund	<u>9,946</u>	<u>29,268</u>
Total		<u>\$ 796,649</u>
Note 5		
Cash/Deposits		\$ 4,848
Cash with Fiscal Agents		48,556
Investments:		
Carrying Value (Note 5 B)	\$ 779,474	
Investments Classified as Cash with Fiscal Agents	(20,571)	
Investments Classified as Cash/Deposits	<u>(15,658)</u>	<u>743,245</u>
Total		<u>\$ 796,649</u>

B. Investments

For the City investment pool, the City Charter and State Statutes authorize the City to invest in obligations of the U.S. Government, its agencies and instrumentalities, money market funds consisting of the above, repurchase agreements, bank certificates of deposit, commercial paper rated A-1/P-1, corporate bonds and notes rated AAA or AA, and the State of Arizona Local Government Investment Pool. Operating and capital projects funds may be invested for a maximum of 3 years based on projected construction schedules.

The Deferred Compensation Fund is a trust governed by a Management Board that authorizes investments in U.S. Government obligations and agency issues, corporate bonds, real estate, and money market funds. The Supplemental Retirement Fund has no specific restrictions, guidelines, or legal lists of investments. The City Code provides that the Board of Trustees will make investments in accordance with the "prudent person rule". Short-term investments are made up of commercial paper, time deposits, guaranteed investment contracts, and other short-term investments.

The City's investments at year-end are categorized below to give an indication of the level of custodial credit risk assumed. Category 1 includes investments that are held by the City or its agent in the City's name or are insured or registered. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparts, or by its trust department or agent but not in the City's name.

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Note 5 - DEPOSITS AND INVESTMENTS (Continued):

	Category			Fair
	1	2	3	Value
U.S. Issues:				
Government and Agency Securities				
not on Securities Loan	\$ 192,173	\$	\$	\$ 192,173
On Loan for Securities Collateral	1,579			1,579
Corporate Bonds not on Securities Loan	52,396			52,396
Corporate Stock not on Securities Loan	261,031			261,031
Non-U.S. Issues:				
International Bonds not on Securities Loan	20,471			20,471
International Stock not on Securities Loan	<u>73,019</u>			<u>73,019</u>
	<u>\$ 600,669</u>	<u>\$</u>	<u>\$</u>	<u>600,669</u>
Investments - Not Categorized:				
Investments held by broker-dealers under securities loans with cash collateral:				
U.S. Government and Agency Securities				26,058
U.S. Corporate Bonds				4,322
U.S. Stock				1,465
International Bonds				632
International Stock				8,156
Securities Lending Short-Term Collateral Investment Pool				40,725
Money Market Funds/Short-Term Investments				56,770
Mortgage Bonds Mutual Fund				20,858
Real Estate				<u>19,819</u>
Total Investments				<u>\$ 779,474</u>

There were no situations that occurred during the year which posed greater custodial credit risk than at June 30, 2000.

C. Securities Lending

The City Code and the Board of Trustees for the Tucson Supplemental Retirement System (System) permit the lending of securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian lends U.S. securities for collateral in the form of cash or other securities valued at 102% of the market value plus any accrued interest. Non-U.S. securities are loaned for collateral valued at 105% of the market value of the securities plus any accrued interest. Securities lent at year-end for cash collateral are presented as not categorized in the preceding schedule of custodial credit risk.

Indemnification, provided by Mellon Bank NA (Mellon), deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Mellon has failed to live up to its contractual responsibilities relating to the lending of those securities. Mellon's responsibilities include performing appropriate borrower and collateral investment credit analysis, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

Note 5 - DEPOSITS AND INVESTMENTS (Continued):

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans is approximately 20 days. Cash collateral is invested in a short-term investment pool, which had an average weighted maturity of 30 days as of June 30, 2000. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. Cash collateral may also be invested separately in "term loans" where the investments match the loan term. These loans can be terminated on demand by either the System or the borrower.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. There were no significant violations of legal or contractual provisions and no borrower or lending agent default losses known to the securities lending agent.

The City had no credit risk exposure at year-end because amounts owed to borrowers exceeded amounts borrowers owed the City.

D. Derivatives

The Tucson Supplemental Retirement System permits the use of foreign exchange contracts by its international fixed income managers. Two types of derivatives were used in the portfolio: forward foreign exchange contracts and put options on fixed income securities and foreign currency.

Forward foreign exchange contracts for the purchase or sale of foreign currency were entered into for investment and hedging purposes, to modify the foreign currency exposure of international securities held. In no case did this produce a "short" exposure in any currency. The duration of these contracts was typically less than three months. The put options purchased were "over-the-counter" options designed to protect the portfolio against a fall in the value of the underlying security or currency to which the portfolio had existing exposure. During this time the portfolio was exposed to the failure of a counterpart to fulfill the contract which could give rise to a loss if foreign exchange rates move in an adverse fashion. This risk is controlled by dealing with a number of different counterparts of high credit standing which have been approved by the manager.

The Tucson Supplemental Retirement System also permits the use of financial futures and options by its external domestic fixed income manager to reduce or eliminate undesirable/unintended risks, to maintain desirable risks so as to improve the portfolio's return patterns, and to enhance portfolio liquidity, flexibility and/or efficiency. The external domestic fixed income manager used long and short positions in exchange-traded U.S. Treasury Note and Bond futures during the year to modify exposure to various parts of the yield curve and to modify the risk characteristics of the portfolio.

CITY OF TUCSON, ARIZONA
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Note 6 - DUE TO/FROM OTHER FUNDS:

Interfund due from and due to balances at June 30, 2000, were as follows:

<u>Fund</u>	<u>Due Froms</u>	<u>Due Tos</u>
General	\$ <u>37,043</u>	\$ <u>1,134</u>
Special Revenue:		
Solid Waste Management		507
Public Safety Academy		93
Library	68	7,107
H.U.R.F. Unrestricted	40	65
H.U.R.F. Restricted	240	
Human and Community Development		649
Rio Nuevo		162
Public Housing		1,721
Miscellaneous Housing Grant Funds		4,505
Other Federal Grants	21	4,294
Non-Federal Grants	40	223
Mass Transit	<u>259</u>	<u>4,863</u>
Total Special Revenue	<u>668</u>	<u>24,189</u>
Internal Service:		
Fleet Service	<u>511</u>	
Enterprise:		
Golf		68
Water		<u>12,831</u> (1)
Total Enterprise		<u>12,899</u>
Total All Funds	<u>\$ 38,222</u>	<u>\$ 38,222</u>

(1) Reported within Payables from Restricted Assets in Exhibit I.

Note 7 - GENERAL AND PROPRIETARY FUNDS FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS:

The City of Tucson raised its equipment fixed asset capitalization threshold from \$1 to \$5 effective July 1, 2000. This resulted in \$22,427 in equipment items deleted from the Fixed Asset Account Group. See Capitalization Threshold Deletions column in the following summary of changes in General Fixed Assets property, plant, and equipment:

	Balances June 30, <u>1999</u>	Additions and <u>Transfers</u>	Deletions and <u>Transfers</u>	Capitalization Threshold <u>Deletions</u>	Balances June 30, <u>2000</u>
Land	\$ 132,190	\$ 12,770	\$ 10,422	\$	\$ 134,538
Buildings	160,309	18,374	6,802		171,881
Improvements and Equipment	151,126	9,877	17,856	22,427	120,720
Construction-in-Progress	<u>128,708</u>	<u>22,285</u>	<u>8,304</u>	<u></u>	<u>142,689</u>
	<u>\$ 572,333</u>	<u>\$ 63,306</u>	<u>\$ 43,384</u>	<u>\$ 22,427</u>	<u>\$ 569,828</u>

(Continued)

**Note 7 - GENERAL AND PROPRIETARY FUNDS FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS
(Continued):**

Raising the equipment fixed asset capitalization level from \$1 to \$5 effective July 1, 2000, resulted in the write-off of equipment items with a cost less than \$5 from the funds listed below:

Water Utility	\$ 2,962
Golf Course	1,773
Fleet Service	227
Self Insurance	116
TSRS	20

A summary of Proprietary Funds plant and equipment at June 30, 2000, is as follows:

	<u>Enterprise</u>		<u>Internal Service</u>		<u>Total</u>
	<u>Water Utility</u>	<u>Golf Course</u>	<u>Self-Insurance</u>	<u>Fleet Service</u>	
Land	\$ 46,901	\$ 5,760	\$ 50	\$	\$ 52,711
Buildings	97,317	6,975	123	6	104,421
Improvements Other Than Buildings, Including Wells, Tanks, and Mains	673,821	11,702			685,523
Moveable Equipment and Machinery	15,141	2,731	105	66,957	84,934
Construction-in-Progress	<u>110,996</u>	<u>21</u>	<u>368</u>		<u>111,385</u>
Total	944,176	27,189	646	66,963	1,038,974
Less Accumulated Depreciation	<u>(181,590)</u>	<u>(7,456)</u>	<u>(38)</u>	<u>(40,221)</u>	<u>(229,305)</u>
Total Plant, Property and Equipment	<u>\$ 762,586</u>	<u>\$ 19,733</u>	<u>\$ 608</u>	<u>\$ 26,742</u>	<u>\$ 809,669</u>

Donated land held for sale by the Civic Contribution Expendable Trust Fund (estimated fair value \$150) is not included in the above tables.

CITY OF TUCSON, ARIZONA
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Note 8 - CHANGES IN LONG-TERM DEBT:

A summary of changes in long-term debt as of June 30, 2000, is as follows:

	Long Term Debt			
	Balance <u>June 30, 1999</u>	<u>Additions</u>	Payments/ <u>Retirements</u>	Balance <u>June 30, 2000</u>
General Obligation Bonds	\$ 217,274	\$	\$ 6,105	\$ 211,169
Street and Highway Revenue Bonds	140,355	19,400	6,520	153,235
Federal Highway Loan		2,000		2,000
Public Housing Authority Bonds	1,105		105	1,000
Public Housing Notes and Loans	2,210		113	2,097
Special Assessments Debt With Governmental Commitment	5,703		811	4,892
Long-Term Compensated Absences	21,255		225	21,030 ⁽¹⁾
General City Capital Leases	86,757	9,882	12,935	83,704
Arbitrage Rebate Tax Payable	71		71	0
Landfill Closure and Post Closure Costs	<u>41,237</u>	<u>6,295</u>	<u></u>	<u>47,532</u>
Total General Long-Term Debt	<u>515,967</u>	<u>37,577</u>	<u>26,885</u>	<u>526,659</u>
Enterprise Bonds	243,924	13,842	19,931 ⁽³⁾	237,835
Enterprise Compensated Absences	1,417		58	1,359
Enterprise Contracts Payable	4,414	4,900	4,295	5,019 ⁽²⁾
Enterprise Arbitrage Rebate Tax Payable	<u>60</u>	<u></u>	<u>60</u>	<u>0</u>
Total Enterprise Fund Long-Term Debt	<u>249,815</u>	<u>18,742</u>	<u>24,344</u>	<u>244,213</u>
Internal Service Contracts Payable	3,483	856	1,341	2,998
Total Long-Term Debt	<u>\$ 769,265</u>	<u>\$ 57,175</u>	<u>\$ 52,570</u>	<u>\$ 773,870</u>

(1) Represents liability for accrued compensated absences payable at June 30, 2000, but not expected to be paid during the first 60 days of the 2000-01 fiscal year.

(2) Excludes \$1,954 contracts/leases payable from restricted assets.

(3) Includes deferred amount on refunding of (\$2,723).

Note 9 – LEASE OBLIGATIONS:

A. Capital Leases

On April 1, 2000, the City entered into a lease-purchase agreement with U.S. Bank Trust, N.A. pursuant to their sale of \$12,250 in certificates of participation. The proceeds from the sale were used by U.S. Bank Trust to acquire real property, to construct property improvements, to purchase equipment, and to refund the remainder of the City's 1994 Certificates of Participation still outstanding. The land, improvements, and equipment were leased back to the City. The City will make lease payments equal to the scheduled certificate maturities each July 1 and January 1 for the next 20 years. Debt Service on the lease will be paid by the General Fund (\$7,365), the Solid Waste Special Revenue Fund (\$260), and the Golf Course Enterprise Fund (\$4,625).

Note 9 – LEASE OBLIGATIONS (Continued):

The City has entered into several long-term capital leases involving the acquisition of real estate and equipment for General City purposes; these commitments are expected to be funded by the City's General and Special Revenue Funds. Below is a schedule by years of future minimum lease payments under the capital leases as of June 30, 2000.

Years ending June 30,	General City Funds
2001	\$ 13,288
2002	12,868
2003	11,656
2004	9,511
2005	8,582
Later Years	<u>57,213</u>
Total Minimum Lease Payments	113,118
Less Amount Representing Interest (interest rates range from 3.25% to 17.82%)	<u>29,414</u>
Present Value of Net Minimum Lease Payments	<u>\$ 83,704</u>

Acquisition cost of property and equipment purchased through these capital leases is \$90,517.

B. Operating Leases

Minimum future lease payments on non-cancelable operating leases at June 30, 2000, were as follows:

Years ending June 30,	
2001	\$ 1,748
2002	1,348
2003	1,172
2004	1,387
2005	1,070
Later Years	<u>18,643</u>
Total Minimum Future Lease Payments	<u>\$ 25,368</u>

Note 10 - CONTRACTS PAYABLE:**A. Enterprise Funds**1. Long-Term Contracts Payable

Long-Term Contracts Payable as of June 30, 2000, were:

	<u>Water</u>	<u>Golf</u>
Contracts to Purchase Water Companies	\$ 340	\$
Equipment Contracts		5,162
Less Current Portion	<u>221</u>	<u>262</u>
Long-Term Contracts Payable	<u>\$ 119</u>	<u>\$ 4,900</u>

CITY OF TUCSON, ARIZONA
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Note 10 - CONTRACTS PAYABLE (Continued):

Water and Golf contracts bear interest rates of up to 9% and 10.15%, respectively. These contracts mature through June 2016, with varying payment terms.

2. Long-Term Contracts Payable from Restricted Assets

The City purchased the Metropolitan Water Company, an Arizona limited partnership, on October 1, 1992, for \$14,176. A down payment of \$5,176 was made and a 13-year note at 7% annual interest was executed for the \$9,000 balance. Also on October 1, 1992, the City sold these assets and miscellaneous improvements to the Metropolitan Water Improvement District and the Oro Valley Domestic Water Improvement District for \$14,497 in cash. Adequate sales proceeds were invested in U.S. Treasury Strips with maturities scheduled to meet all future payment obligations by the City to the previous owners of the Metropolitan Water Company. These investments are reported as restricted assets of the Water Utility Fund.

As of June 30, 2000, principal payments of \$7,550 have been made on the note. The remaining principal is payable as follows:

January 1, 2001	\$	150
January 1, 2002		150
January 1, 2003		300
January 1, 2004		450
January 1, 2005		<u>400</u>
Total Principal Payable at June 30, 2000		1,450
Less Current Portion Metro Liability		<u>150</u>
Total Liabilities Payable from Restricted Assets:		
Contracts Payable (1)	\$	<u><u>1,300</u></u>

(1) Water contracts payable balance at June 30, 2000, of \$1,954 includes \$103 and \$551 pertaining to Rita Ranch and Peppertree-Richmond American, respectively, which have no established payment schedules.

B. Internal Service Funds

Long Term Contracts Payable as of June 30, 2000 were:

	<u>Self</u> <u>Insurance</u>	<u>Fleet</u> <u>Services</u>
Equipment Contracts	\$ 8	\$
Vehicle Contracts		4,166
Less Current Portion	<u>3</u>	<u>1,173</u>
Long-Term Contracts Payable	<u><u>5</u></u>	<u><u>2,993</u></u>

Note 11 - BOND ISSUES:

A. Enterprise Funds

The Water Revenue Bonds will provide funds to improve the potable and reclaimed water systems and ensure compliance with water quality requirements of the Environment Protection Agency and the Arizona Department of Environmental Quality.

Note 11 - BOND ISSUES (Continued):

At June 30, 2000, the long-term portion of bonds payable was:

Water Utility Bonds	\$ 246,838
Less: Current Portion	6,280
Deferred Amount on Refunding	<u>2,723</u>
Total Long-Term Portion Water Utility Bonds Payable	<u>\$ 237,835</u>

Water Utility Revenue Bonds Issued and Outstanding

<u>Series</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2000</u>
1984 (Series 1991)	9.75 %	2010	\$ 48,000	\$ 4,000
1991 (Refunding)	5.9-6.7	2016	49,400	40,990
1992 April (Refunding)	6.1-6.35	2004	13,030	7,315
1992 September (Refunding)	5.4-6.0	2018	72,080	60,010
1993 March (Refunding)	5.25-5.50	2018	35,360	34,610
1994 Series A (1996)	6.0-8.0	2018	33,000	3,000
1996 Series B (1997)	4.50-6.50	2012	11,700	11,700
1997 July (Refunding)	4.10-5.13	2021	32,980	32,675
1998 Water Infrastructure Finance Authority (WIFA)	3.425	2017	6,000	5,753
1994 Series C (1999)	4.75-6.750	2016	33,400	33,400
1999 Refunding	5.00	2010	<u>14,045</u>	<u>13,385</u>
Total			<u>\$ 348,995</u>	<u>\$ 246,838</u>

B. General City Funds

The General Obligation Bonds provide funds for construction of police facilities, street lighting improvements, construction of drainage sewers, environmental solid waste purposes and the payment of costs relating to the issuance of the bonds. Debt Service payments are scheduled annually from July 1, 2002 to July 1, 2019. The Street and Highway User Revenue Bonds provide funds for construction/improvement to the City's roads and cost relating to the issuance of the bonds. Debt Service payments are scheduled annually from July 1, 2002 to July 1, 2018. All General Obligation Bonds are payable from property taxes and all Street and Highway Revenue Bonds are payable from state motor vehicle fuel taxes.

On March 1, 2000, the City issued \$19,400 Junior Lien Street and Highway User Revenue Bonds. The bonds represent the final installment of Bonds to be issued pursuant to the May 17, 1974 authorization.

At June 30, 2000, bonds payable were:

General Obligation Bonds	\$ 211,169
Street and Highway Revenue Bonds	153,235
Public Housing Authority Bonds/Notes	<u>3,097</u>
	<u>\$ 367,501</u>

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Note 11 - BOND ISSUES (Continued):

<u>General Obligation Bonds Issued and Outstanding</u>				
<u>Series</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2000</u>
1991 Refunding	6.10-7.50 %	2008	\$ 21,555	\$ 16,380
1984 Series E and F	6.17	2012	25,000	2,143
1992 Refunding	5.40-6.40	2012	51,550	40,695
1993 Refunding	4.20-4.90	2013	17,006	14,281
1984 Series G (1994)	7.625	2014	21,540	3,140
1995 Refunding	5.20-6.75	2012	34,575	29,875
1994 Series A (1995)	5.38-7.38	2020	23,600	19,100
1994 Series B (1996)	7.63	2015	24,745	3,745
1994 Series C (1997)	5.00-7.00	2021	10,510	10,510
1997 Refunding	4.25-5.25	2019	20,170	19,985
1998 Refunding	4.00-5.50	2021	26,470	26,450
1994 Series D (1998)	4.25-6.25	2018	11,010	11,010
1994 Series E (1999)	4.50-7.00	2019	<u>13,855</u>	<u>13,855</u>
Total			\$ <u>301,586</u>	\$ <u>211,169</u>

<u>Street and Highway Issued and Outstanding</u>				
<u>Series</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance Outstanding June 30, 2000</u>
1992 Refunding	5.70-6.00 %	2004	\$ 15,150	\$ 9,420
1993 Refunding	5.00-5.50	2009	45,250	38,340
1993 Refunding	4.90-5.50	2012	48,450	38,090
1994 Series A (1995)	5.00-7.00	2015	10,900	10,900
1996 Refunding	4.10-6.00	2010	7,425	7,385
1994 Series B (1996)	5.50-7.50	2016	10,025	10,025
1994 Series C (1997)	5.00-7.00	2016	5,000	5,000
1994 Series D (1998)	4.75-6.60	2018	14,675	14,675
1994 Series E (2000)	5.00-7.00	2018	<u>19,400</u>	<u>19,400</u>
Total			\$ <u>176,275</u>	\$ <u>153,235</u>

The Public Housing Authority Bonds/Notes (Federal Financing Bank Notes and Housing Authority Bonds) are noncallable and are retired through annual debt service contributions from HUD. The maturity dates range from 2007-2012 with interest rates between 4% and 6.6%.

C. Special Assessments

Special assessments on City-owned property were \$234 of the \$4,892 total assessment. The remaining assessments of \$4,658 represent a contingent liability for all other special assessment issues. The City has a contingent liability to the extent that prepaid assessments and proceeds from liens foreclosed against properties within the special assessment districts are insufficient to retire outstanding bonds.

Note 11 - BOND ISSUES (Continued):**D. Annual Principal and Interest Requirements**

Following is a summary of debt service requirements to maturity, including principal and interest:

Years Ending June 30,	General Obligation <u>Bonds</u>	Street and Highway <u>Bonds</u>	Enterprise <u>Bonds</u>	Special Assessment <u>Bonds</u>	Public Housing Authority <u>Bonds/Notes</u>
2001	\$ 18,338	\$ 15,235	\$ 20,174	\$ 959	\$ 407
2002	18,533	14,778	20,329	805	403
2003	18,513	15,237	20,176	710	408
2004	18,484	14,886	20,297	506	404
2005	18,414	14,879	20,541	417	408
2006-2010	92,055	76,814	107,017	1,418	1,732
2011-2015	87,323	58,183	114,654	1,072	507
Later Years	<u>87,121</u>	<u>25,057</u>	<u>90,221</u>	<u>651</u>	
	358,781	235,069	413,409	6,538	4,269
Less Amount Representing Interest	<u>147,612</u>	<u>81,834</u>	<u>166,571</u>	<u>1,646</u>	<u>1,172</u>
Total Principal Requirements	\$ <u>211,169</u>	\$ <u>153,235</u>	\$ <u>246,838</u>	\$ <u>4,892</u>	\$ <u>3,097</u>

Note 12 - ADVANCE REFUNDING/DEFEASANCE OF DEBT:

On October 5, 1999, the City issued \$14,045 Water System Revenue Refunding Bonds to refund Revenue Bond Series 1990 (1990) and to pay costs relating to the issuance of the bonds. The interest rate on the bonds are 4.0 – 5.0% with the final maturity due 7/1/2010. Debt Service payments are scheduled semiannually at amounts that range from \$155-\$2,720. The economic gain resulting from this refunding is \$1,659 (based upon NBV from delivery date). The difference in the cash flow requirements to service the old debt (\$21,851) and the cash flows to service the new debt (\$19,698) is \$2,153.

In prior years, the City of Tucson has defeased various bond issues by creating irrevocable trusts. The proceeds from the advance refundings have been deposited in these trusts and invested in U.S. Governmental Securities that are designed to meet the requirements of the refunded debt. The debt associated with the refunding issues, as well as the trust assets, has been removed from the City's general purpose financial statements. As of June 30, 2000, the amount of defeased debt outstanding but removed is Water Utility debt of \$93,880 and General Obligation and Street and Highway debt of \$76,058 and \$5,500, respectively.

Note 13 - LANDFILLS:

The U.S. Environmental Protection Agency ruling "Solid Waste Disposal Facility Criteria" requires the City to incur specified landfill closure and postclosure care costs. Closure requirements have been established for municipal landfills that received solid waste after October 9, 1991. Additional thirty-year postclosure monitoring and maintenance functions are required of landfills that accepted solid waste after October 9, 1993. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City records a liability for these required costs based upon each landfill's percent of capacity used through June 30, 2000. The total closure and postclosure cost estimates are based on what it would cost to perform those functions in 2000.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 13 - LANDFILLS (Continued):

In addition to the federal requirements discussed above, the City must comply with certain Federal/State requirements dealing with aquifer protection or clean-up. The recognition of this liability is also based on the percentage of landfill capacity used, and cost estimates are in current dollars. Total liability for closure/postclosure costs, including aquifer protection and clean-up, is as follows:

<u>Landfill Site</u>	<u>Landfill Capacity Used as of 6/30/00</u>	<u>Estimated Closure/Post- Closure Costs</u>	<u>Liability Recognized at 6/30/00</u>	<u>Estimated Closure/ Postclosure Cost to be Recognized in Future Years</u>	<u>Estimated Remaining Life in Years</u>
Los Reales	94 %	\$ 23,319	\$ 21,920	\$ 1,399	2
Harrison	100 %	9,799	9,799		
Irvington	100 %	2,699	2,699		
Vincent Mullins	100 %	9,914	9,914		
Silverbell	100 %	<u>3,200</u>	<u>3,200</u>		
Totals		<u>\$ 48,931</u>	<u>\$ 47,532</u>	<u>\$ 1,399</u>	

A reservation of fund balance of \$29,320 has been established in the General Fund to cover these closure/postclosure costs. Revised estimates of closure and post-closure costs are made annually.

The operation of the landfills is a function of the City's Solid Waste Management Department which is accounted for as a Special Revenue Fund. Accordingly, the June 30, 2000, liability for closure and postclosure costs of \$47,532, which represents the cumulative amount reported to date based on the estimated capacity of the landfills, is reported in the Long-Term Debt Account Group.

Note 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS:

The City maintains two enterprise funds. The Water Utility Fund accounts for all activities necessary for the operation of the Water Utility. The Golf Fund accounts for the financing and operation of all golf service activities.

Segment information of the Enterprise Funds as of and for the year ended June 30, 2000, is as follows:

	<u>Water Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Operating Revenues	\$ 92,853	\$ 8,137	\$ 100,990
Depreciation and Amortization Expense	14,939	800	15,739
Net Operating Income (Loss)	20,460	(369)	20,091
Net Income (Loss)	5,915	(1,173)	4,742
Property, Plant and Equipment:			
Additions	80,049	5,870	85,919
Deletions	5,363	1,773	7,136
Net Working Capital (Deficiency)	7,012	(883)	6,129
Total Assets	812,784	20,837	833,621
Due to Other Funds - Restricted	12,831		12,831
Long-Term Debt	239,239	4,974	244,213
Total Equity	526,699	14,790	541,489

Note 15 - CONTRIBUTED CAPITAL:

During fiscal year 2000, contributed capital for the Proprietary Funds changed by the following amounts:

	<u>Enterprise</u>		<u>Internal Service</u>	
	<u>Water Utility</u>	<u>Golf Course</u>	<u>Self-Insurance</u>	<u>Fleet Services</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Beginning Balance, Contributed Capital	\$ 93,466	\$ 8,907	\$ 18,104	\$ 17,536
Contributing Sources:				
General Fixed Assets		758		6,663
Developers - Donated Water Systems/Land	14,644			
General Fund		<u>2,713</u>		
Ending Balance, Contributed Capital	<u>\$ 108,110</u>	<u>\$ 12,378</u>	<u>\$ 18,104</u>	<u>\$ 24,199</u>

Note 16 - DEFERRED COMPENSATION PLAN:

The City offers its employees an internally-administered Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits the employees to defer a portion of their salaries until future years. The amount deferred is not available to employees until termination, retirement, death, or unforeseeable emergency.

Federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries; therefore, the internally-administered Deferred Compensation Plan is recorded as a Trust Fund.

Note 17 - SINGLE-EMPLOYER AND AGENT MULTIPLE-EMPLOYER RETIREMENT SYSTEMS:**A. Description of Plans**

1. Tucson Supplemental Retirement System The Tucson Supplemental Retirement System (the "System" or "TSRS") is a single-employer defined benefit plan for City of Tucson ("City") employees. It was established in the City Charter to provide its members with a supplement to the retirement and disability benefits of the social security system. The System is governed by a six-member Board of Trustees: a chairman who is appointed by the Mayor and Council, the City's directors of Human Resources and Finance, two members elected by the membership of the System, and an ex-officio retired member. Benefit provisions and changes in benefits or funding are recommended by the Board of Directors and must be approved by Mayor and Council. The TSRS issues a publicly available financial report that includes financial statements and required supplementary information. The financial statements may be obtained from their administrative office located at 255 W. Alameda Street, Tucson, AZ, 85701.
2. Arizona Public Safety Personnel Retirement System The City contributes to the Arizona Public Safety Personnel Retirement System ("System" or "APSPRS"), an agent multiple-employer public employee retirement system established by the Arizona Revised Statutes. All commissioned Police and Fire employees of the City participate in the System. The Fund Manager and 181 Local Boards jointly administer the System. The Fund Manager is a five-member board. The governor appoints three members and two members are appointed by the state legislature. Each eligible group participating in the System has a five-member Local Board. Three members are appointed by the chief elected official of the organization and two members are elected by the active members of the eligible group. The Fund Manager is responsible for the investment of the System's assets. The Local Board is responsible for

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Note 17 - SINGLE-EMPLOYER AND AGENT MULTIPLE-EMPLOYER RETIREMENT SYSTEMS:

(Continued)

determining eligibility for membership, service credits, eligibility for benefits, timing of benefit payments, and the amount of benefits for its eligible group of employees. APSPRS issues a publicly available financial report that includes financial statements and required supplementary information. The financial statements may be obtained from their administrative office located at 1020 East Missouri Avenue, Phoenix, AZ, 85014.

3. Arizona Elected Officials' Retirement Plan The City contributes to the Arizona Elected Officials' Retirement Plan (AEORP), a cost-sharing, multiple-employer public employee retirement plan. At June 30, 2000, the City had 7 covered officials. Covered payroll for the year then ended was \$186 (out of the total City payroll of \$204,160). All elected officials of the City are members of the plan.

State statutes require that the total contribution for an elected official be sufficient to meet the actuarially determined normal cost, plus the amount needed to amortize any unfunded liability. At the City of Tucson, covered officials are required to contribute 7% of their salary to the Plan. The City contributes the remaining amounts necessary to finance benefits. The City's contribution for the year was \$17, and elected officials contributed \$13; contributions include amounts for current officials as well as for past officials permitted to join the plan pursuant to 1987 legislation.

No additional disclosures regarding AEORP are provided due to its immateriality to these financial statements as a whole. Financial statements for the Plan are available by contacting Arizona Elected Officials Retirement System at 1020 East Missouri Ave., Phoenix, AZ, 85014.

B. Funding Policy

1. Tucson Supplemental Retirement System Currently, employee contributions are 5% of their annual covered payroll and are made through payroll deductions. A reserve is established for contributions and earnings allocations, less amounts transferred to reserves for retirement and disability and amounts reserved for terminated employees. If an employee leaves covered employment before attaining five years' service credit (eight years' service credit if the member dies), the accumulated contributions plus interest are refunded to the employee or his designated beneficiary. The City contributes the remaining amounts necessary to finance employee participation in the System and to fund the costs of administering the System. The City's contribution rate for the year ended June 30, 2000, was 7.35%.
2. Arizona Public Safety Personnel Retirement System Employees covered by APSPRS are required by State statutes to contribute 7.65% of their salary to the System. The System's funding policy provides for actuarially determined employer contributions rates which will provide assets sufficient to pay benefits when due. For the fiscal year ended June 30, 2000, the required employer contribution rates were 3.33% for Police and 2.28% for Fire. However, the City elected to contribute 5.98 and 4.93% respectively for Police and Fire, thereby reducing the employees' contribution rate from 7.65% to 5%.

If a member leaves covered employment or dies and no benefit is payable, accumulated member contributions are refunded to the member or designated beneficiary.

C. Summary of Significant Accounting Policies

1. Tucson Supplemental Retirement System The System's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the Plan.

Note 17 - SINGLE-EMPLOYER AND AGENT MULTIPLE-EMPLOYER RETIREMENT SYSTEMS:
(Continued)

At June 30, 2000, there were no individual investments, other than those issued or guaranteed by the United States government, that represented 5 percent or more of plan net assets and there were no long-term contracts for contributions to the Plan.

2. Arizona Public Safety Personnel Retirement System The System's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Investment income, net of administrative and investment expenses, is allocated to each employer group based on the average relative fund size for each employer group for that year.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Equity securities are valued at the last reported sales price. Fixed-income securities are valued using the last reported sales price or the estimated fair market value as determined by fixed-income broker/dealers. Investment income is recognized as earned. Realized gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

At June 30, 2000, there were no individual investments, other than those issued or guaranteed by the United States government, that represented 5 percent or more of plan net assets and there were no long-term contracts for contributions to the Plan.

D. Other Disclosures:

The annual pension cost, net pension obligation for the current year, and related information follow:

	Actuarial Information		
	TSRS	APSPRS	
		Police	Fire
Actuarial Valuation Date	June 30, 2000	June 30, 2000	June 30, 2000
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age
Amortization Method	Level Percent of Payroll, Closed	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Remaining Amortization Period	22 Years from June 30, 2000	Open 20 years from June 30, 2000	Open 20 years from June 30, 2000
Asset Valuation Method	4-Year Smoothed Market	4-Year Smoothed Market	4-Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	8.0%	9.0%	9.0%
Projected Salary Increases*	5.0% - 8.8%	6.5%-9.5%	6.5%-9.5%
Inflation	5.0%	5.5%	5.5%
Cost-of-Living Adjustment	As approved by Board of Directors	None	None

*Projected salary increases include inflation.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Note 17 - SINGLE-EMPLOYER AND AGENT MULTIPLE-EMPLOYER RETIREMENT SYSTEMS
(Continued):

Three Year Trend Information				
	Fiscal Year Ended 6/30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>TSRS</u>				
	2000	\$ 9,707	100 %	\$ 0
	1999	9,476	100	0
	1998	9,801	100	0
<u>APSPRS</u>				
Police	2000	2,498	100	0
	1999	1,599	100	0
	1998	1,494	100	0
Fire	2000	1,303	100	0
	1999	1,223	100	0
	1998	684	100	0

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Overfunded) AAL (b) - (a)	Funded Ratio (a) / (b)	Active Member Covered Payroll (c)	Unfunded(Overfunded) AAL as a Percentage of Active Annual Member Covered Payroll (b-a) / (c)
<u>TSRS</u>						
2000	453,954	437,750	(16,208)	103.7 %	134,088	(12.1) %
1999	402,875	400,224	(2,651)	100.7	126,817	(2.1)
1998	353,056	348,966	(4,090)	101.2	113,729	(3.6)
<u>Police</u>						
2000	308,451	235,544	(72,907)	131.0	41,527	(175.6)
1999	271,603	209,261	(62,342)	129.8	37,574	(165.9)
1998	236,685	193,369	(43,316)	122.4	36,353	(119.2)
<u>Fire</u>						
2000	223,465	171,815	(51,650)	130.1	24,975	(206.8)
1999	198,597	158,659	(39,938)	125.2	22,912	(174.3)
1998	175,309	146,118	(29,191)	120.0	21,806	(133.9)

Note 18 - SELF-INSURANCE PROGRAM:

The City is exposed to various risks of losses related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained commercial coverage for Property Insurance, Public Employee Fidelity Bonds, Crime Insurance, Aircraft Insurance and Miscellaneous Insurance (surety bonds, special event insurance as needed and fine arts coverage). The City retains all of the risk not covered by commercial carriers and has effectively managed risk through various employee education and prevention programs.

All risk management activities are accounted for in the Self-Insurance Fund, an Internal Service Fund. For none of the last three years have there been any settlements in excess of the insurance coverage provided by this fund.

Annually, the City estimates the liabilities for unpaid claims using a historical cost information method. Claims and expenditures are recognized when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Claims accounted for include reported and paid claims, reported but unpaid claims, and incurred but not reported (IBNR) claims. Unpaid claim liability amounts are reported at gross (no discounting).

Changes in the Self-Insurance Fund's aggregate claims liabilities for the fiscal years ended June 30, 2000 and 1999, are as follows:

	<u>2000</u>	<u>1999</u>
Beginning of fiscal year liability	\$ 22,724	\$ 22,816
Current year claims and changes in estimates	10,824	4,139
Claim Payments	<u>(8,376)</u>	<u>(4,231)</u>
Balance at fiscal year end	<u>\$ 25,172</u>	<u>\$ 22,724</u>

Note 19 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

In addition to the pension benefits described in Note 17, the City offers a health insurance benefit to those employees who have qualified to receive a monthly retirement allowance from the Tucson Supplemental Retirement System or the Arizona Public Safety Retirement System (Police and Fire) and are less than 65 years of age. These benefits apply only to employees retiring after the date the benefit programs were adopted by Mayor and Council (February 1, 1982, for Public Safety employees retiring before age 55; March 1, 1981, for Public Safety employees retiring after age 55 and for employees retiring under Tucson Supplemental Retirement System). Currently, 237 retirees meet those eligibility requirements. Depending upon date of retirement, the City pays between 75% and 100% of the medical insurance premiums for eligible retirees and their dependents.

The costs associated with this retirement benefit are expended as the appropriate medical insurance premiums are paid. During the 1999-00 fiscal year the City's portion of retiree medical insurance premiums was \$1,351. The City also provides the following life insurance coverage for all retirees of the City:

Retired prior to July 1, 1975	\$1,000 Coverage
Retired after July 1, 1975 and prior to July 1, 1987	\$2,000 Coverage
Retired after July 1, 1987 and prior to January 1, 1991	\$4,000 Coverage
Retired after January 1, 1991	\$5,000 Coverage

Currently 1,605 retirees receive life insurance benefits.

The costs associated with the life insurance premiums are expended as the insurance premium is paid. During the 1999-00 fiscal year, the amount expended by the City for retiree life insurance was \$22.

CITY OF TUCSON, ARIZONA
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For the Year Ended June 30, 2000
(dollar amounts expressed in thousands)

Note 20 - CONTINGENCIES AND COMMITMENTS:

A. Litigation

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

B. Central Arizona Project Water Purchase Contract

The Central Arizona Water Conservation District (CAWCD) is the entity responsible for contracting with the U.S. Secretary of Interior for Central Arizona Project (CAP) water, and for subcontracting with users within the State of Arizona. Under a contract between the City of Tucson, CAWCD, and the Department of the Interior, the City was granted the right to receive 138,920 acre-feet of CAP water each year for 50 years. In return, the City agreed to pay, over the same period, a water service charge that is designed to cover the Federal Government's costs of CAP construction. This service charge, which must be paid regardless of whether the City orders any CAP water, is adjusted annually and is on a per-acre-foot of allocation basis (\$48/acre foot in fiscal year 2000). Commodity charges, designed to cover CAWCD operating and maintenance expenses, are based on the quantity of CAP water ordered by the City. During the year, total costs incurred under this agreement were \$7,688.

C. Construction and Other Commitments

In governmental fund types, Construction and other commitments, if significant, are appropriately identifiable through reservations of fund balance.

D. Federal and State Grants

Accounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

E. Sale of Tucson House

On November 1, 1997, the City sold the Tucson House, a public housing apartment complex, to a limited partnership which has renovated the complex with money obtained through a Federal Home Loan Bank (FHLB) subsidy. Notes and interest receivables have been established for: the sales price, certain construction costs paid by the City, and accrued interest due on the notes at 7.5%. These amounts have been recorded as deferred revenue, and totaled \$10,065 at June 30, 2000.

According to the terms of the subsidy agreement, the Tucson House's units must be operated as affordable housing for 15 years, at the end of which time the City has the option to repurchase the renovated Tucson House in exchange for forgiveness of the debt. If the terms are violated, the City will be jointly liable (with the limited partnership) for repayment of the subsidy to FHLB. The likelihood of the Tucson House not being operated as a public housing facility is remote.

Note 20 - CONTINGENCIES AND COMMITMENTS (Continued):

F. Financing of Posadas Sentinel Low-income Housing

On November 1, 1999, the City entered into a capital lease with Posadas Sentinel LLLP (the LLLP), whereby the City leased various properties to the LLLP for 75 years. Under the terms of the lease, the LLLP will develop and operate the properties solely as low-income residential housing facilities. The LLLP is financing the development through low income housing tax credits from the State of Arizona, and by a \$9,000 loan from the City, which has been recorded by the City as deferred revenue. The loan balance, with accrued interest at 7.5% thereon, was \$9,394 at June 30, 2000.

Eligibility of the LLLP for the tax credits requires that the properties be operated as affordable housing for 15 years, at the end of which time the lease agreement may be terminated in exchange for forgiveness of the associated debt. The City has made certain commitments to ensure eligibility for the tax credit, and therefore has potential associated liability. The likelihood of such liability occurring is remote.

Note 21 - SUBSEQUENT EVENTS:

Two additional loan agreements have been entered into with the Water Infrastructure Finance Authority of Arizona. Both loans commenced September 15, 2000, with semi-annual payments due January 1 and July 1 effective January 1, 2001. One loan of \$3,120, at a subsidized interest and fee rate of 4.43%, was issued against the 1994 voter authorization of Water revenue bond capacity. It has an annual debt service requirement of \$246 and provides for a debt service reserve of \$246 funded over 5 years. The second loan of \$9,780, at an interest and fee rate of 5.50%, was issued against the remainder of the 1994 voter authorization (\$3,542) and the 2000 voter authorization (\$6,238). It has an annual debt service requirement of \$843 and provides for a debt service reserve of \$843 funded over 5 years.

On July 1, 2000, the City issued \$18,840 General Obligation Bonds to finance construction of police and fire facilities, street lighting and sidewalk improvements, drainage system improvements, environmental safety improvements, parks and library improvements, and to pay the costs relating to the issuance of the Bonds. These Bonds are the first installment of General Obligation Bonds to be issued from the May 16, 2000, authorization of \$129,500. The interest rates on the bonds are 5.25 – 7.25% with the final maturity due July 1, 2020. Debt maturities are scheduled annually from July 1, 2008 – July 1, 2020 at amounts that range from \$340 - \$4,800.

On July 1, 2000, the City issued \$23,740 Water System Revenue Bonds to finance Water System Improvements and to pay costs relating to the issuance of the bonds. These Bonds are from the voter authorization of \$123,600 Water System Revenue Bonds on May 16, 2000. The interest rate on the bonds are 5.25 – 7.25% with the final maturity due 7/1/2024. Debt Maturities are scheduled annually from July 1, 2008 – July 1, 2024 at amounts that range from \$390 - \$2,700.

CITY OF TUCSON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Required Supplementary Information -- Federal Financial Data Schedule

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	Account Description	State/Local	Shelter Plus Care 14.238	Section 8 Mod Rehab SRO 14.249	Low Rent 14.850
REVENUE:					
703	Net Tenant Rental Revenue	\$ 11	\$	\$	\$ 1,393
704	Tenant Revenue - Other				105
705	Total Tenant Revenue	<u>11</u>			<u>1,498</u>
706	HUD PHA Grants		545	64	3,314
711	Investment Income - Unrestricted			1	
715	Other Revenue	1,194			8
720	Investment Income - Restricted				86
700	Total Revenue	<u>1,205</u>	<u>545</u>	<u>65</u>	<u>4,906</u>
EXPENDITURES:					
911	Administrative Salaries	97	18	5	1,166
913	Outside Management Fees		23		
915	Employee Benefit Contributions - Administrative	24	2	1	265
916	Other Operating - Administrative	81		4	241
921	Tenant Services - Salaries				
922	Relocation Costs				
923	Employee Benefit Contributions - Tenant Svcs.				
924	Tenant Services - Other				
931	Water				208
932	Electricity				516
933	Gas				106
941	Ordinary Maintenance and Operations - Labor				825
942	Ordinary Maint. and Oper. - Materials & Other				327
943	Ordinary Maint. and Oper. - Contract Costs				762
945	Employee Benefit Contributions - Ordinary Maint.				219
952	Protective Services - Other Contract Costs				288
961	Insurance Premiums	1	1		84
962	Other General Expenses	182			
963	Payments in Lieu of Taxes				44
964	Bad Debt - Tenant Rents				(1)
967	Interest Expense	43			184
969	Total Operating Expenditures	<u>428</u>	<u>44</u>	<u>10</u>	<u>5,234</u>
970	Excess Operating Revenue over Expenditures	<u>777</u>	<u>501</u>	<u>55</u>	<u>(328)</u>
973	Housing Assistance Payments			55	
976	Capital Outlays - Governmental Funds	136		1	26
977	Debt Principal Payment - Governmental Funds	17			221
978	Dwelling Units Rent Expense		501		
900	Total Expenditures	<u>581</u>	<u>545</u>	<u>66</u>	<u>5,481</u>
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenditures	<u>\$ 624</u>	<u>\$</u>	<u>\$ (1)</u>	<u>\$ (575)</u>
MEMO ACCOUNT INFORMATION:					
1103	Beginning Equity	\$ 0	\$ 0	\$ 13	\$ 1,633
1104	Prior Period Adjustments and Equity Transfers	\$	\$	\$	\$ (12)

(Continued)

Federal Financial Data Schedule (Continued):

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	<u>Account Description</u>	<u>Drug Elimination 14.854</u>	<u>Section 8 Vouchers 14.855</u>	<u>Section 8 Mod Rehab 14.856</u>	<u>Section 8 Certificates 14.857</u>
	REVENUE:				
703	Net Tenant Rental Revenue	\$	\$	\$	\$
704	Tenant Revenue - Other				
705	Total Tenant Revenue				
706	HUD PHA Grants	291	10,814	536	4,763
711	Investment Income - Unrestricted		3	5	12
715	Other Revenue		36		54
720	Investment Income - Restricted				
700	Total Revenue	<u>291</u>	<u>10,853</u>	<u>541</u>	<u>4,829</u>
	EXPENDITURES:				
911	Administrative Salaries	4	688	41	272
913	Outside Management Fees				
915	Employee Benefit Contributions - Administrative	1	164	10	66
916	Other Operating - Administrative		307	36	125
921	Tenant Services - Salaries	61			
922	Relocation Costs				
923	Employee Benefit Contributions - Tenant Svcs.	4			
924	Tenant Services - Other	212			
931	Water				
932	Electricity				
933	Gas				
941	Ordinary Maintenance and Operations - Labor				
942	Ordinary Maint. and Oper. - Materials & Other				
943	Ordinary Maint. and Oper. - Contract Costs				
945	Employee Benefit Contributions - Ordinary Maint.				
952	Protective Services - Other Contract Costs				
961	Insurance Premiums	9	28	2	11
962	Other General Expenses		4		1
963	Payments in Lieu of Taxes				
964	Bad Debt - Tenant Rents				
967	Interest Expense				
969	Total Operating Expenditures	<u>291</u>	<u>1,191</u>	<u>89</u>	<u>475</u>
970	Excess Operating Revenue over Expenditures	<u>0</u>	<u>9,662</u>	<u>452</u>	<u>4,354</u>
973	Housing Assistance Payments		9,763	469	4,346
976	Capital Outlays - Governmental Funds		144	10	98
977	Debt Principal Payment - Governmental Funds				
978	Dwelling Units Rent Expense				
900	Total Expenditures	<u>291</u>	<u>11,098</u>	<u>568</u>	<u>4,919</u>
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenditures	<u>\$ 0</u>	<u>\$ (245)</u>	<u>\$ (27)</u>	<u>\$ (90)</u>
	MEMO ACCOUNT INFORMATION:				
1103	Beginning Equity	\$ 0	\$ 166	\$ 30	\$ 268
1104	Prior Period Adjustments and Equity Transfers				

CITY OF TUCSON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Federal Financial Data Schedule (Continued):

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	Account Description	Comp Grant 14.859	EDSS 14.864	HOPE VI 14.866
	REVENUE:			
703	Net Tenant Rental Revenue			
704	Tenant Revenue - Other	\$	\$	\$
705	Total Tenant Revenue			
706	HUD PHA Grants	1,297	41	2,227
711	Investment Income - Unrestricted			
715	Other Revenue			
720	Investment Income - Restricted			
700	Total Revenue	1,297	41	2,227
	EXPENDITURES:			
911	Administrative Salaries	106		126
913	Outside Management Fees			
915	Employee Benefit Contributions - Administrative	34		24
916	Other Operating - Administrative			46
921	Tenant Services - Salaries	28	16	133
922	Relocation Costs	11		3
923	Employee Benefit Contributions - Tenant Svcs.	8	1	25
924	Tenant Services - Other		23	19
931	Water			
932	Electricity			
933	Gas			
941	Ordinary Maintenance and Operations - Labor			
942	Ordinary Maint. and Oper. - Materials & Other			
943	Ordinary Maint. and Oper. - Contract Costs			
945	Employee Benefit Contributions - Ordinary Maint.			
952	Protective Services - Other Contract Costs	25		
961	Insurance Premiums		1	11
962	Other General Expenses	22		253
963	Payments in Lieu of Taxes			
964	Bad Debt - Tenant Rents			
967	Interest Expense			
969	Total Operating Expenditures	234	41	640
970	Excess Operating Revenue over Expenditures	1,063	0	1,587
973	Housing Assistance Payments			
976	Capital Outlays - Governmental Funds	1,063		1,587
977	Debt Principal Payment - Governmental Funds			
978	Dwelling Units Rent Expense			
900	Total Expenditures	1,297	41	2,227
1000	Excess (Deficiency) of Total Revenue Over (Under)			
	Total Expenditures	\$ 0	\$ 0	\$ 0
	MEMO ACCOUNT INFORMATION:			
1103	Beginning Equity	\$ 0	\$ 0	\$ 0
1104	Prior Period Adjustments and Equity Transfers			

(Continued)

Federal Financial Data Schedule (Continued):

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	<u>Account Description</u>	<u>State/Local</u>	Shelter Plus	Section 8	Low Rent
			Care	Mod Rehab	
			14.238	SRO	14.850
			14.238	14.249	14.850
	ASSETS:				
111	Cash - Unrestricted	\$	\$	\$ 1	\$ 1,281
112	Cash - Restricted - Modernization/Development			7	
113	Cash - Other Restricted				
114	Cash - Tenant Security Deposits				320
121	Accounts Receivable - PHA Projects				
122	Accounts Receivable - HUD Other Projects		108	3	
124	Accounts Receivable - Other Government	62			
125	Accounts Receivable - Miscellaneous				146
126	Accounts Receivable - Tenants-Dwelling Rents				179
129	Accrued Interest Receivable	85			1,268
132	Investments Restricted				1
142	Prepaid Expenses and Other Assets	910		4	1
144	Interprogram Due From	40			
161	Land				
162	Buildings				
164	Furniture, Equipment & Machinery - Admin				
165	Leasehold Improvements				
171	Notes & Mortgages Receivable - Non-Current	400			5,843
174	Other Assets				2,296
190	Total Assets	<u>\$ 1,497</u>	<u>\$ 108</u>	<u>\$ 15</u>	<u>\$ 11,335</u>
	LIABILITIES:				
312	Accounts Payable <= 90 Days	\$	\$ 7	\$	\$ 105
321	Accrued Wage/Payroll Taxes Payable				95
322	Accrued Compensation Absences				31
325	Accrued Interest Payable				113
331	Accounts Payable - HUD PHA Programs			3	
333	Accounts Payable - Other Government				44
341	Tenant Security Deposits				320
342	Deferred Revenues				22
345	Other Current Liabilities	388	101		
347	Interprogram Due To				40
353	Noncurrent Liabilities - Other	485			9,519
300	Total Liabilities	<u>873</u>	<u>108</u>	<u>3</u>	<u>10,289</u>
	EQUITY:				
501	Investment in General Fixed Assets				
502	Project Notes (HUD)				2,097
503	Long-Term Debt - HUD Guaranteed				870
504	Net HUD PHA Contributions			5	46,952
507	Other Contributions				4,425
509	Fund Balance Reserved for Operating Activities			7	1,172
512	Undesignated Fund Balance/Retained Earnings	624			(54,470)
513	Total Equity	<u>624</u>		<u>12</u>	<u>1,046</u>
600	Total Liabilities and Equity	<u>\$ 1,497</u>	<u>\$ 108</u>	<u>\$ 15</u>	<u>\$ 11,335</u>

CITY OF TUCSON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

For the Year Ended June 30, 2000

(dollar amounts expressed in thousands)

Federal Financial Data Schedule (Continued):

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	<u>Account Description</u>	<u>Drug Elimination 14.854</u>	<u>Section 8 Vouchers 14.855</u>	<u>Section 8 Mod Rehab 14.856</u>	<u>Section 8 Certificates 14.857</u>
	ASSETS:				
111	Cash - Unrestricted	\$	\$	\$ 20	\$
112	Cash - Restricted - Modernization/Development			22	
113	Cash - Other Restricted		4		156
114	Cash - Tenant Security Deposits				
121	Accounts Receivable - PHA Projects				127
122	Accounts Receivable - HUD Other Projects	71	120		
124	Accounts Receivable - Other Government				237
125	Accounts Receivable - Miscellaneous				
126	Accounts Receivable - Tenants-Dwelling Rents				
129	Accrued Interest Receivable		4	5	14
132	Investments Restricted				
142	Prepaid Expenses and Other Assets	1	1,099	34	77
144	Interprogram Due From				
161	Land				
162	Buildings				
164	Furniture, Equipment & Machinery - Admin				
165	Leasehold Improvements				
171	Notes & Mortgages Receivable - Non-Current				
174	Other Assets				
190	Total Assets	<u>\$ 72</u>	<u>\$ 1,227</u>	<u>\$ 81</u>	<u>\$ 611</u>
	LIABILITIES:				
312	Accounts Payable <= 90 Days	\$ 11	\$	\$	\$ 33
321	Accrued Wage/Payroll Taxes Payable	2	44	2	16
322	Accrued Compensation Absences		11	1	4
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs			69	90
333	Accounts Payable - Other Government				
341	Tenant Security Deposits				
342	Deferred Revenues				
345	Other Current Liabilities	59	1,204	3	78
347	Interprogram Due To				
353	Noncurrent Liabilities - Other		47	3	212
300	Total Liabilities	<u>72</u>	<u>1,306</u>	<u>78</u>	<u>433</u>
501	Investment in General Fixed Assets				
502	Project Notes (HUD)				
503	Long-Term Debt - HUD Guaranteed				
504	Net HUD PHA Contributions			10	399
507	Other Contributions				
509	Fund Balance Reserved for Operating Activities		4	22	156
512	Undesignated Fund Balance/Retained Earnings		(83)	(29)	(377)
513	Total Equity		<u>(79)</u>	<u>3</u>	<u>178</u>
600	Total Liabilities and Equity	<u>\$ 72</u>	<u>\$ 1,227</u>	<u>\$ 81</u>	<u>\$ 611</u>

(Continued)

Federal Financial Data Schedule (Continued):

The following is the schedule of Federal Financial Data as required by the United States Department of Housing and Urban Development under the Uniform Financial Reporting Standards Rule implementing requirements of 24 CFR, Part 5, Subpart H.

Line #	<u>Account Description</u>	<u>Comp Grant 14.859</u>	<u>EDSS 14.864</u>	<u>HOPE VI 14.866</u>	<u>GFAAG</u>
	ASSETS:				
111	Cash - Unrestricted	\$	\$	\$	\$
112	Cash - Restricted - Modernization/Development				
113	Cash - Other Restricted				
114	Cash - Tenant Security Deposits				
121	Accounts Receivable - PHA Projects				
122	Accounts Receivable - HUD Other Projects	86	10	2,431	
124	Accounts Receivable - Other Government				
125	Accounts Receivable - Miscellaneous				
126	Accounts Receivable - Tenants-Dwelling Rents				
129	Accrued Interest Receivable	490		341	
132	Investments Restricted				
142	Prepaid Expenses and Other Assets			1	
144	Interprogram Due From				
161	Land				19,827
162	Buildings				31,477
164	Furniture, Equipment & Machinery - Admin				1,010
165	Leasehold Improvements				300
171	Notes & Mortgages Receivable - Non-Current	3,252		7,800	
174	Other Assets				
190	Total Assets	<u>\$ 3,828</u>	<u>\$ 10</u>	<u>\$ 10,573</u>	<u>\$ 52,614</u>
	LIABILITIES:				
312	Accounts Payable <= 90 Days	41		48	
321	Accrued Wage/Payroll Taxes Payable	10		13	
322	Accrued Compensation Absences				
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs				
333	Accounts Payable - Other Government				
341	Tenant Security Deposits			1	
342	Deferred Revenues				
345	Other Current Liabilities	35	10	2,369	
347	Interprogram Due To				
353	Noncurrent Liabilities - Other	3,742		8,142	
300	Total Liabilities	<u>3,828</u>	<u>10</u>	<u>10,573</u>	
	EQUITY:				
501	Investment in General Fixed Assets				52,614
502	Project Notes (HUD)				
503	Long-Term Debt - HUD Guaranteed				
504	Net HUD PHA Contributions				
507	Other Contributions				
509	Fund Balance Reserved for Operating Activities				
512	Undesignated Fund Balance/Retained Earnings				
513	Total Equity				<u>52,614</u>
600	Total Liabilities and Equity	<u>\$ 3,828</u>	<u>\$ 10</u>	<u>\$ 10,573</u>	<u>\$ 52,614</u>



STATEMENTS A

GENERAL FUND

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in other funds. In Tucson these services include general government, community services, police and fire protection, parks and recreation, operations and transportation.

CITY OF TUCSON, ARIZONA
General Fund Comparative Balance Sheet
June 30, 2000 and June 30, 1999
(in thousands)

Statement A-1

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Cash/Deposits/Pooled Investments	\$ 19,122	\$ 38,825
Investments	132	128
Due from Other Funds	37,043	20,744
Cash/Investments with Fiscal Agents	7,677	19,999
Taxes Receivable - Current	29,158	28,848
Taxes Receivable - Delinquent	739	856
Accounts Receivable (Net)	11,266	14,386
Interest Receivable	544	767
Advances Receivable	1,523	1,584
Notes Receivable	3,155	664
Inventories	2,924	2,519
Other Assets	69	31
Total Assets	<u>\$ 113,352</u>	<u>\$ 129,351</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts Payable	\$ 7,475	\$ 5,008
Due to Other Funds	1,134	1,143
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	9,927	7,541
Refundable Deposits and Unredeemed Warrants	3,787	4,404
Deferred Revenue	4,991	7,618
Total Liabilities	<u>27,314</u>	<u>25,714</u>
 Fund Balance:		
Reserved for Debt Service	892	3,541
Reserved for Encumbrances	5,776	16,226
Reserved for Capital	7,108	17,587
Reserved for Advances and Deposits	1,923	1,700
Reserved for Inventories	2,924	2,519
Reserved for Environmental and Solid Waste Mandates	29,320	29,320
Reserved for Other Restricted Purposes	2,994	3,416
Total Reserved	<u>50,937</u>	<u>74,309</u>
Unreserved:		
Designated for Deferred Maintenance	5,754	5,754
Designated for Community Service Relocation		948
Designated for Future Debt Service	1,147	885
Designated for Other Purposes		205
Designated for Cable License	1,253	1,125
Undesignated	26,947	20,411
Total Unreserved	<u>35,101</u>	<u>29,328</u>
Total Fund Balance	<u>86,038</u>	<u>103,637</u>
Total Liabilities and Fund Balance	<u>\$ 113,352</u>	<u>\$ 129,351</u>

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Unreserved Fund BalanceYears Ended June 30, 2000 and June 30, 1999
(in thousands)

	<u>2000</u>	<u>1999</u>
Revenues:		
Taxes	\$ 164,975	\$ 142,160
Licenses and Permits	16,522	14,748
Fines, Forfeitures and Penalties	5,587	7,251
Use of Money and Property	4,912	3,913
Other Agencies	102,701	96,708
Charges for Current Services	18,959	12,930
Miscellaneous Revenue	7,113	8,855
Total Revenues	<u>320,769</u>	<u>286,565</u>
Other Financial Sources:		
Transfers from Other Funds	675	534
Lease Purchase and Contract Proceeds	7,680	17,690
Total Other Financial Sources	<u>8,355</u>	<u>18,224</u>
Total Revenues and Other Financial Sources	<u>329,124</u>	<u>304,789</u>
Expenditures:		
Current Operations:		
General Government	81,311	66,994
Community Services	731	4,055
Police	-	70,223
Fire	-	32,216
Operations	0	12,946
Transportation	-	9,585
Parks and Recreation	-	35,444
Debt Service:		
Principal Retirement	2,517	4,590
Interest	6,650	3,828
Fiscal Agent Fees	124	18
Lease Purchases - Capital	-	251
Total Expenditures	<u>91,333</u>	<u>240,150</u>
Other Financial Uses:		
Transfers to Other Funds	-	39,214
Total Expenditures and Other Financial Uses	<u>91,333</u>	<u>279,364</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>237,791</u>	<u>25,425</u>
Other Changes in Unreserved Fund Balance:		
Decrease (Increase) in Reserve for Debt Service	2,649	(1,647)
Decrease (Increase) in Reserve for Encumbrances	10,450	(10,932)
Decrease (Increase) in Reserve for Capital	10,479	(15,347)
Decrease (Increase) in Reserve for Advances and Deposits	(223)	(640)
Decrease (Increase) in Reserve for Inventory	(405)	49
Decrease (Increase) in Reserve for Other Restricted Purposes	422	(651)
Total Other Changes in Unreserved Fund Balance	<u>23,372</u>	<u>(29,168)</u>
Unreserved Fund Balance - July 1	29,328	32,977
Residual Equity Transfer	(2,713)	94
Unreserved Fund Balance - June 30	<u>\$ 287,778</u>	<u>\$ 29,328</u>

CITY OF TUCSON, ARIZONA
General Fund
Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 1,855	\$ 2,695	\$ (840)
Property Taxes - Delinquent	640		640
Public Utility Taxes	7,176	6,569	607
Privilege Taxes	148,180	93,928	54,252
Transient Occupancy Taxes	7,124	7,047	77
Total Taxes	<u>164,975</u>	<u>110,239</u>	<u>54,736</u>
Licenses and Permits:			
Business Licenses	1,993	1,920	73
Liquor Licenses	720	664	56
Parking Meter Collections	569	544	25
Cable Television License and Grant	2,276	2,315	(39)
Utility Franchises	10,265	8,440	1,825
Other	699	1,434	(735)
Total Licenses and Permits	<u>16,522</u>	<u>15,317</u>	<u>1,205</u>
Fines, Forfeitures and Penalties:			
City Court Fines	3,546	3,648	(102)
Parking Violation Fines	505	515	(10)
Safer Traffic Education	1,173	737	436
Police Forfeitures	213		213
Other	150	260	(110)
Total Fines, Forfeitures and Penalties	<u>5,587</u>	<u>5,160</u>	<u>427</u>
Use of Money and Property:			
Investment Income	2,881	2,800	81
Rentals/Leases	2,031	1,859	172
Total Use of Money and Property	<u>4,912</u>	<u>4,659</u>	<u>253</u>
Other Agencies:			
Auto Lieu Taxes - State	17,229	16,640	589
Sales Taxes - State	35,833	37,298	(1,465)
State Grants	3	7,013	(7,010)
State Revenue Sharing	49,556	49,141	415
County Grants	80		80
Total Other Agencies	<u>102,701</u>	<u>110,092</u>	<u>(7,391)</u>
Charges for Current Services:			
Building Inspection Fees	7,465	9,031	(1,566)
Recreation Fees	3,641	3,612	29
Paramedic Services	4,149	3,589	560
Special Duty Police Services	2,023		2,023
Other	1,681	609	1,072
Total Charges for Current Services	<u>18,959</u>	<u>16,841</u>	<u>2,118</u>
Miscellaneous Revenue:			
Sale of Equipment	120	51	69
Sale of Real Property	352		352
Recovered Expenditures	6,458	10,415	(3,957)
Other	183	180	3
Balance Available from Prior Years		10,507	(10,507)
Total Miscellaneous Revenue	<u>7,113</u>	<u>21,153</u>	<u>(14,040)</u>
Total Revenues	<u>320,769</u>	<u>283,461</u>	<u>37,308</u>
Other Financial Sources:			
Transfers from Other Funds	675		675
Lease Purchase and Contract Proceeds	7,680	26,685	(19,005)
Total Other Financial Sources	<u>8,355</u>	<u>26,685</u>	<u>(18,330)</u>
Total Revenues and Other Financial Sources	<u>329,124</u>	<u>310,146</u>	<u>18,978</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Personal Services	\$ 7,237	\$ 7,311	\$ 74
Contractual Services	2,844	3,151	307
Commodities	423	400	(23)
Capital Outlay	224	228	4
Other	2,345	2,544	199
Debt Service	5		(5)
Capital Projects	1,483	2,617	1,134
Interactivity Transfers	(63)	(61)	2
Total Legislative/Administrative	<u>14,498</u>	<u>16,190</u>	<u>1,692</u>
Planning:			
Personal Services	2,807	2,844	37
Contractual Services	114	107	(7)
Commodities	78	90	12
Capital Outlay	24	22	(2)
Other	5	5	0
Total Planning	<u>3,028</u>	<u>3,068</u>	<u>40</u>
Finance:			
Personal Services	5,832	6,454	622
Contractual Services	570	8,030	7,460
Commodities	360	344	(16)
Capital Outlay	431	445	14
Less Credits	(577)	(8,681)	(8,104)
Total Finance	<u>6,616</u>	<u>6,592</u>	<u>(24)</u>
Budget and Research:			
Personal Services	1,590	1,681	91
Contractual Services	46	59	13
Commodities	136	94	(42)
Capital Outlay	9	7	(2)
Total Budget and Research	<u>1,781</u>	<u>1,841</u>	<u>60</u>
Information Technology:			
Personal Services	4,489	4,620	131
Contractual Services	3,518	4,913	1,395
Commodities	135	143	8
Capital Outlay	1,809	3,230	1,421
Debt Service	33		(33)
Less Credits	(471)	(1,039)	(568)
Total Information Technology	<u>9,513</u>	<u>11,867</u>	<u>2,354</u>
Other Departmental:			
Personal Services	25,380	25,472	92
Contractual Services	5,535	5,619	84
Commodities	3,335	3,549	214
Capital Outlay	570	1,790	1,220
Other	3	8	5
Capital Projects		531	531
Less Credits	(4,076)	(3,960)	116
Total Other Departmental	<u>30,747</u>	<u>33,009</u>	<u>2,262</u>
Outside Agencies:			
Other	5,312	5,633	321
Total Outside Agencies	<u>5,312</u>	<u>5,633</u>	<u>321</u>

CITY OF TUCSON, ARIZONA
General Fund
Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
General Government (Continued):			
Other General Government:			
Personal Services	\$ 1,283	\$ 999	\$ (284)
Contractual Services	6,210	8,480	2,270
Commodities	106	91	(15)
Capital Outlay	2,019	23	(1,996)
Other	3,320	20	(3,300)
Debt Service	9,253	10,208	955
Capital Projects		1,800	1,800
Less Credits	(3,084)	(2,983)	101
Total Other General Government	<u>19,107</u>	<u>18,638</u>	<u>(469)</u>
Total General Government	<u>90,602</u>	<u>96,838</u>	<u>6,236</u>
Community Services:			
Personal Services	620	755	135
Contractual Services	2,389	2,362	(27)
Commodities	106	126	20
Capital Outlay	178	111	(67)
Other	229	220	(9)
Capital Projects	5,567	5,655	88
Interactivity Transfers		99	99
Total Community Services	<u>9,089</u>	<u>9,328</u>	<u>239</u>
Police:			
Personal Services	62,890	64,553	1,663
Contractual Services	8,826	8,697	(129)
Commodities	2,303	2,047	(256)
Capital Outlay	1,840	2,564	724
Other	3,299	2,735	(564)
Capital Projects	731	4,180	3,449
Less Credits		(163)	(163)
Total Police	<u>79,889</u>	<u>84,613</u>	<u>4,724</u>
Fire:			
Personal Services	31,100	30,994	(106)
Contractual Services	2,129	2,597	468
Commodities	1,261	1,280	19
Capital Outlay	842	963	121
Capital Projects		2,593	2,593
Interactivity Transfers		35	35
Total Fire	<u>35,332</u>	<u>38,462</u>	<u>3,130</u>
Operations:			
Personal Services	12,338	12,540	202
Contractual Services	10,511	12,754	2,243
Commodities	6,067	6,977	910
Capital Outlay	688	688	0
Capital Projects	1,491	3,361	1,870
Less Credits	(14,180)	(16,372)	(2,192)
Total Operations	<u>16,915</u>	<u>19,948</u>	<u>3,033</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Transportation:			
Personal Services	\$ 4,021	\$ 3,987	\$ (34)
Contractual Services	1,762	2,270	508
Commodities	88	118	30
Capital Outlay	536	880	344
Capital Projects	7,873	13,211	5,338
Less Credits	<u>(1,570)</u>	<u>(1,210)</u>	<u>360</u>
Total Transportation	<u>12,710</u>	<u>19,256</u>	<u>6,546</u>
Parks and Recreation:			
Personal Services	19,191	19,829	638
Contractual Services	12,590	14,236	1,646
Commodities	3,001	3,375	374
Capital Outlay	1,522	1,383	(139)
Capital Projects	1,650	3,060	1,410
Less Credits	<u>(258)</u>	<u>(182)</u>	<u>76</u>
Total Parks and Recreation	<u>37,696</u>	<u>41,701</u>	<u>4,005</u>
Lease Purchases:			
Capital Outlay	<u>5,176</u>		<u>(5,176)</u>
Total Expenditures	<u>287,409</u>	<u>310,146</u>	<u>22,737</u>
Other Financial Uses:			
Transfers to Other Funds	<u>56,601</u>		<u>(56,601)</u>
Total Expenditures and Other Financial Uses	<u>344,010</u>	<u>310,146</u>	<u>(33,864)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>\$ (14,886)</u>	<u>\$ 0</u>	<u>\$ (14,886)</u>



STATEMENTS B

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, local ordinance, or Federal grant regulation to record particular operating or capital functions of the City.

Federal Grant Funds include Human and Community Development, Public Housing, Miscellaneous Housing Grants, Other Federal Grants, and Mass Transit Funds. The separate funds have been established to account for grant revenues and to provide compliance with Federal grant regulations.

Other Grant Funds include H.U.R.F. Unrestricted and Restricted Funds required by Arizona Revised Statutes to account for street and transportation expenditures funded by state highway user taxes; and the Non-Federal Grants Fund.

Earmarked Local Revenue includes Solid Waste Management, Library, Public Safety Academy, Convention Center, and Rio Nuevo Funds. These funds have been established to accumulate earmarked revenue and isolate related expenditures.

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2000 and June 30, 1999
 (in thousands)

	Solid Waste Management Fund	Library Fund	Public Safety Academy Fund	Convention Center Fund
<u>Assets</u>				
Cash/Deposits/Pooled Investments	\$	\$ 3	\$	\$ 1,555
Due from Other Funds		68		
Due from Other Agencies				
Cash/Investments With Fiscal Agents	623		2,098	
Accounts Receivable (Net)	1,118	7,747		4
Interest Receivable	5		10	
Grants and Entitlements Receivable				
Advances Receivable				
Notes Receivable				
Other Receivables				
Prepaid Expenditures			1	
Total Assets	<u>\$ 1,746</u>	<u>\$ 7,818</u>	<u>\$ 2,109</u>	<u>\$ 1,559</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 172	\$ 23	\$ 67	\$ 24
Due to Other Funds	507	7,107	93	
Due to Other Agencies				
Interest Payable				
Salaries, Wages and Payroll Taxes Payable	379	400	54	78
Refundable Deposits and Unredeemed Warrants	22	2		592
Deferred Revenue			200	
Advances				
Total Liabilities	<u>1,080</u>	<u>7,532</u>	<u>414</u>	<u>694</u>
Fund Balances:				
Reserved for Debt Service	628		138	
Reserved for Encumbrances	25	166	81	32
Reserved for Capital	13	67	2,108	824
Reserved for Advances and Deposits		3		9
Reserved for Other Restricted Purposes		50	182	
Total Reserved	<u>666</u>	<u>286</u>	<u>2,509</u>	<u>865</u>
Unreserved Fund Balances (Deficiencies)			(814)	
Total Fund Balances	<u>666</u>	<u>286</u>	<u>1,695</u>	<u>865</u>
Total Liabilities and Fund Balances	<u>\$ 1,746</u>	<u>\$ 7,818</u>	<u>\$ 2,109</u>	<u>\$ 1,559</u>

	<u>H.U.R.F Unrestricted Fund</u>	<u>H.U.R.F Restricted Fund</u>	<u>Human and Community Development Fund</u>
<u>Assets</u>			
Cash/Deposits/Pooled Investments	\$ 27,861	\$ 1,722	\$ 167
Due from Other Funds	40	240	
Due from Other Agencies	6,387	1,150	
Cash/Investments With Fiscal Agents	7		
Accounts Receivable (Net)	84	31	1
Interest Receivable	387	62	
Grants and Entitlements Receivable			1,143
Advances Receivable			4,182
Notes Receivable			
Other Receivables			
Prepaid Expenditures	1		1
Total Assets	<u>\$ 34,767</u>	<u>\$ 3,205</u>	<u>\$ 5,494</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 1,089	\$ 582	\$ 429
Due to Other Funds	65		649
Due to Other Agencies	2		21
Interest Payable			
Salaries, Wages and Payroll Taxes Payable	570		57
Refundable Deposits and Unredeemed Warrants	7		8
Deferred Revenue			74
Advances			990
Total Liabilities	<u>1,733</u>	<u>582</u>	<u>2,228</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances	386	1,170	
Reserved for Capital			
Reserved for Advances and Deposits			
Reserved for Other Restricted Purposes			4,256
Total Reserved	<u>386</u>	<u>1,170</u>	<u>4,256</u>
Unreserved Fund Balances (Deficiencies)	<u>32,648</u>	<u>1,453</u>	<u>(990)</u>
Total Fund Balances	<u>33,034</u>	<u>2,623</u>	<u>3,266</u>
Total Liabilities and Fund Balances	<u>\$ 34,767</u>	<u>\$ 3,205</u>	<u>\$ 5,494</u>

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Balance Sheet
With Comparative Totals
June 30, 2000 and June 30, 1999
(in thousands)

	<u>Rio Nuevo Fund</u>	<u>Public Housing Fund</u>	<u>Miscellaneous Housing Grant Fund</u>
<u>Assets</u>			
Cash/Deposits/Pooled Investments	\$	\$ 1,824	\$ 1,308
Due from Other Funds			
Due from Other Agencies		237	
Cash/Investments With Fiscal Agents		1	
Accounts Receivable (Net)		502	25
Interest Receivable		1,292	831
Grants and Entitlements Receivable		396	4,885
Advances Receivable			
Notes Receivable		5,843	12,422
Other Receivables		2,990	
Prepaid Expenditures		1,527	9
Total Assets	<u>\$ 0</u>	<u>\$ 14,612</u>	<u>\$ 19,480</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 1	\$ 137	\$ 316
Due to Other Funds	162	1,721	4,505
Due to Other Agencies		206	
Interest Payable		113	
Salaries, Wages and Payroll Taxes Payable	9	204	57
Refundable Deposits and Unredeemed Warrants		758	36
Deferred Revenue		9,455	13,253
Advances			
Total Liabilities	<u>172</u>	<u>12,594</u>	<u>18,167</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances	10		
Reserved for Capital			
Reserved for Advances and Deposits			
Reserved for Other Restricted Purposes		1,395	1,308
Total Reserved	<u>10</u>	<u>1,395</u>	<u>1,308</u>
Unreserved Fund Balances (Deficiencies)	(182)	623	5
Total Fund Balances	<u>(172)</u>	<u>2,018</u>	<u>1,313</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 14,612</u>	<u>\$ 19,480</u>

	<u>Other Federal Grants Fund</u>	<u>Non-Federal Grants Fund</u>	<u>Mass Transit Fund</u>
<u>Assets</u>			
Cash/Deposits/Pooled Investments	\$	\$	\$
Due from Other Funds	21	40	259
Due from Other Agencies			2,385
Cash/Investments With Fiscal Agents	245		
Accounts Receivable (Net)			441
Interest Receivable			
Grants and Entitlements Receivable	8,085	824	1,889
Advances Receivable			
Notes Receivable			
Other Receivables			
Prepaid Expenditures			1
Total Assets	<u>\$ 8,351</u>	<u>\$ 864</u>	<u>\$ 4,975</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 748	\$ 107	\$ 1,929
Due to Other Funds	4,294	223	4,863
Due to Other Agencies	28		
Interest Payable			
Salaries, Wages and Payroll Taxes Payable	200	32	322
Refundable Deposits and Unredeemed Warrants	1		1
Deferred Revenue	835	502	31
Advances			
Total Liabilities	<u>6,106</u>	<u>864</u>	<u>7,146</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances			
Reserved for Capital	2,000		
Reserved for Advances and Deposits			
Reserved for Other Restricted Purposes	245		
Total Reserved	<u>2,245</u>	<u>0</u>	<u>0</u>
Unreserved Fund Balances (Deficiencies)			(2,171)
Total Fund Balances	<u>2,245</u>	<u>0</u>	<u>(2,171)</u>
 Total Liabilities and Fund Balances	 <u>\$ 8,351</u>	 <u>\$ 864</u>	 <u>\$ 4,975</u>

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Balance Sheet
With Comparative Totals
June 30, 2000 and June 30, 1999
(in thousands)

Statement B-1
(Continued)

	Totals	
	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Cash/Deposits/Pooled Investments	\$ 34,440	\$ 42,619
Due from Other Funds	668	1,254
Due from Other Agencies	10,159	8,555
Cash/Investments With Fiscal Agents	2,974	3,768
Accounts Receivable (Net)	9,953	8,392
Interest Receivable	2,587	1,492
Grants and Entitlements Receivable	17,222	14,251
Advances Receivable	4,182	4,054
Notes Receivable	18,265	8,165
Other Receivables	2,990	3
Prepaid Expenditures	1,540	1,454
Total Assets	<u><u>\$ 104,980</u></u>	<u><u>\$ 94,007</u></u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 5,624	\$ 6,825
Due to Other Funds	24,189	18,163
Due to Other Agencies	257	303
Interest Payable	113	117
Salaries, Wages and Payroll Taxes Payable	2,362	2,058
Refundable Deposits and Unredeemed Warrants	1,427	1,346
Deferred Revenue	24,350	9,842
Advances	990	1,001
Total Liabilities	<u><u>59,312</u></u>	<u><u>39,655</u></u>
Fund Balances:		
Reserved for Debt Service	766	1,245
Reserved for Encumbrances	1,870	5,014
Reserved for Capital	5,012	2,564
Reserved for Advances and Deposits	12	12
Reserved for Other Restricted Purposes	7,436	7,546
Total Reserved	<u><u>15,096</u></u>	<u><u>16,381</u></u>
Unreserved Fund Balances (Deficiencies)	30,572	37,971
Total Fund Balances	<u><u>45,668</u></u>	<u><u>54,352</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 104,980</u></u>	<u><u>\$ 94,007</u></u>

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances

Statement B-2

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999
(in thousands)

	<u>Solid Waste Management Fund</u>	<u>Library Fund</u>	<u>Public Safety Academy Fund</u>	<u>Convention Center Fund</u>
Revenues:				
Taxes	\$	\$	\$	\$
Licenses and Permits	8			
Fines, Forfeitures and Penalties		588		
Use of Money and Property	38	7	106	
Grants and Contributions on Federal Programs				
Other Agencies		7,725	300	
Charges for Current Services	9,614		149	2,686
Miscellaneous Revenue	387	87		107
Total Revenues	<u>10,047</u>	<u>8,407</u>	<u>555</u>	<u>2,793</u>
Other Financial Sources:				
Transfers from Other Funds	16,214	8,142	1,684	2,610
Lease Purchase and Contract Proceeds				
Total Other Financial Sources	<u>16,214</u>	<u>8,142</u>	<u>1,684</u>	<u>2,610</u>
Total Revenues and Other Financial Sources	<u>26,261</u>	<u>16,549</u>	<u>2,239</u>	<u>5,403</u>
Expenditures:				
Current Operations:				
General Government				5,101
Community Services				
Police			1,785	
Fire			1,023	
Operations				
Solid Waste Management	24,990			
Transportation				
Library		16,373		
Parks and Recreation				
Debt Service:				
Principal Retirement	1,434	83	165	2
Interest	169	3	99	
Fiscal Agent Fees	6		5	
Total Expenditures	<u>26,599</u>	<u>16,459</u>	<u>3,077</u>	<u>5,103</u>
Other Financial Uses:				
Transfers To Other Funds			274	
Total Expenditures and Other Financial Uses	<u>26,599</u>	<u>16,459</u>	<u>3,351</u>	<u>5,103</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(338)</u>	<u>90</u>	<u>(1,112)</u>	<u>300</u>
Other Changes in Unreserved Fund Balances:				
Decrease (Increase) in Reserve for Debt Service	64	82	333	
Decrease (Increase) in Reserve for Encumbrances	275	(152)	(50)	49
Decrease (Increase) in Reserve for Capital	(1)	(3)	(95)	(349)
Decrease (Increase) in Reserve for Advances and Deposits				
Decrease (Increase) in Reserve for Other Restricted Purposes		(17)	111	
Total Other Changes in Unreserved Fund Balances	<u>338</u>	<u>(90)</u>	<u>299</u>	<u>(300)</u>
Unreserved Fund Balances (deficiencies) - July 1			(1)	
Residual Equity Transfer				
Unreserved Fund Balances (deficiencies) - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (814)</u>	<u>\$ 0</u>

CITY OF TUCSON, ARIZONA

Special Revenue Funds

**Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances**

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999
(in thousands)

	<u>H.U.R.F Unrestricted Fund</u>	<u>H.U.R.F Restricted Fund</u>	<u>Human and Community Development Fund</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and Permits			
Fines, Forfeitures and Penalties			
Use of Money and Property	1,791	284	35
Grants and Contributions on Federal Programs			7,355
Other Agencies	24,527	6,923	
Charges for Current Services			
Miscellaneous Revenue	231	63	140
Total Revenues	<u>26,549</u>	<u>7,270</u>	<u>7,530</u>
Other Financial Sources:			
Transfers from Other Funds	7,118		
Lease Purchase and Contract Proceeds			
Total Other Financial Sources	<u>7,118</u>	<u>0</u>	<u>0</u>
Total Revenues and Other Financial Sources	<u>33,667</u>	<u>7,270</u>	<u>7,530</u>
Expenditures:			
Current Operations:			
General Government	6,725		85
Community Services			7,230
Police			
Fire			
Operations			
Solid Waste Management			
Transportation	27,517	12,689	
Library			
Parks and Recreation	3		
Debt Service:			
Principal Retirement	1,530		28
Interest	356		71
Fiscal Agent Fees			
Total Expenditures	<u>36,131</u>	<u>12,689</u>	<u>7,414</u>
Other Financial Uses:			
Transfers To Other Funds	47		
Total Expenditures and Other Financial Uses	<u>36,178</u>	<u>12,689</u>	<u>7,414</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(2,511)</u>	<u>(5,419)</u>	<u>116</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service			
Decrease (Increase) in Reserve for Encumbrances	(52)	3,084	
Decrease (Increase) in Reserve for Capital			
Decrease (Increase) in Reserve for Advances and Deposits			
Decrease (Increase) in Reserve for Other Restricted Purposes			(105)
Total Other Changes in Unreserved Fund Balances	<u>(52)</u>	<u>3,084</u>	<u>(105)</u>
Unreserved Fund Balances (deficiencies) - July 1	35,211	3,788	(1,001)
Residual Equity Transfer			
Unreserved Fund Balances (deficiencies) - June 30	<u>\$ 32,648</u>	<u>\$ 1,453</u>	<u>\$ (990)</u>

**Statement B-2
(Continued)**

	Rio Nuevo Fund	Public Housing Fund	Miscellaneous Housing Grant Fund
Revenues:			
Taxes	\$	\$	\$
Licenses and Permits			
Fines, Forfeitures and Penalties			
Use of Money and Property		130	
Grants and Contributions on Federal Programs		22,071	11,044
Other Agencies			
Charges for Current Services		964	
Miscellaneous Revenue			
Total Revenues	0	23,165	11,044
Other Financial Sources:			
Transfers from Other Funds			
Lease Purchase and Contract Proceeds			
Total Other Financial Sources	0	0	0
Total Revenues and Other Financial Sources	0	23,165	11,044
Expenditures:			
Current Operations:			
General Government	172		
Community Services		22,993	10,245
Police			
Fire			
Operations			
Solid Waste Management			
Transportation			
Library			
Parks and Recreation			
Debt Service:			
Principal Retirement		256	
Interest		249	
Fiscal Agent Fees			
Total Expenditures	172	23,498	10,245
Other Financial Uses:			
Transfers To Other Funds			
Total Expenditures and Other Financial Uses	172	23,498	10,245
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	(172)	(333)	799
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service			
Decrease (Increase) in Reserve for Encumbrances	(10)		
Decrease (Increase) in Reserve for Capital			
Decrease (Increase) in Reserve for Advances and Deposits			
Decrease (Increase) in Reserve for Other Restricted Purposes		982	(794)
Total Other Changes in Unreserved Fund Balances	(10)	982	(794)
Unreserved Fund Balances (deficiencies) - July 1		(26)	
Residual Equity Transfer			
Unreserved Fund Balances (deficiencies) - June 30	\$ (182)	\$ 623	\$ 5

CITY OF TUCSON, ARIZONA

Special Revenue Funds

**Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances**

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999
(in thousands)

	<u>Other Federal Grants Fund</u>	<u>Non-Federal Grants Fund</u>	<u>Mass Transit Fund</u>
Revenues:			
Taxes	\$	\$	\$
Licenses and Permits			
Fines, Forfeitures and Penalties	258		
Use of Money and Property			
Grants and Contributions on Federal Programs	14,747		5,487
Other Agencies		1,583	6,052
Charges for Current Services			6,614
Miscellaneous Revenue			120
Total Revenues	<u>15,005</u>	<u>1,583</u>	<u>18,273</u>
Other Financial Sources:			
Transfers from Other Funds			21,349
Lease Purchase and Contract Proceeds			
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>21,349</u>
Total Revenues and Other Financial Sources	<u>15,005</u>	<u>1,583</u>	<u>39,622</u>
Expenditures:			
Current Operations:			
General Government	465	253	
Community Services	989		
Police	7,853	744	
Fire	129	3	
Operations	21	1	
Solid Waste Management	23		
Transportation	3,003	18	41,793
Library	105	140	
Parks and Recreation	350	424	
Debt Service:			
Principal Retirement			
Interest			
Fiscal Agent Fees			
Total Expenditures	<u>12,938</u>	<u>1,583</u>	<u>41,793</u>
Other Financial Uses:			
Transfers To Other Funds			
Total Expenditures and Other Financial Uses	<u>12,938</u>	<u>1,583</u>	<u>41,793</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>2,067</u>	<u>0</u>	<u>(2,171)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service			
Decrease (Increase) in Reserve for Encumbrances			
Decrease (Increase) in Reserve for Capital	(2,000)		
Decrease (Increase) in Reserve for Advances and Deposits			
Decrease (Increase) in Reserve for Other Restricted Purposes	(67)		
Total Other Changes in Unreserved Fund Balances	<u>(2,067)</u>	<u>0</u>	<u>0</u>
Unreserved Fund Balances (deficiencies) - July 1			
Residual Equity Transfer			
Unreserved Fund Balances (deficiencies) - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,171)</u>

**Statement B-2
(Continued)**

	Totals	
	2000	1999
Revenues:		
Taxes	\$	\$ 9,937
Licenses and Permits	8	7
Fines, Forfeitures and Penalties	846	844
Use of Money and Property	2,391	2,105
Grants and Contributions on Federal Programs	60,704	62,875
Other Agencies	47,110	43,876
Charges for Current Services	20,027	19,283
Miscellaneous Revenue	1,135	824
Total Revenues	132,221	139,751
Other Financial Sources:		
Transfers from Other Funds	57,117	39,990
Lease Purchase and Contract Proceeds		2,270
Total Other Financial Sources	57,117	42,260
Total Revenues and Other Financial Sources	189,338	182,011
Expenditures:		
Current Operations:		
General Government	12,801	7,074
Community Services	41,457	50,824
Police	10,382	7,073
Fire	1,155	589
Operations	22	2
Solid Waste Management	25,013	21,819
Transportation	85,020	67,091
Library	16,618	15,123
Parks and Recreation	777	2,669
Debt Service:		
Principal Retirement	3,498	1,178
Interest	947	422
Fiscal Agent Fees	11	1
Total Expenditures	197,701	173,865
Other Financial Uses:		
Transfers To Other Funds	321	
Total Expenditures and Other Financial Uses	198,022	173,865
Excess (Deficiency) of Revenues and Other Financial Sources		
Over (Under) Expenditures and Other Financial Uses	(8,684)	8,146
Other Changes in Unreserved Fund Balances:		
Decrease (Increase) in Reserve for Debt Service	479	(437)
Decrease (Increase) in Reserve for Encumbrances	3,144	(922)
Decrease (Increase) in Reserve for Capital	(2,448)	(2,175)
Decrease (Increase) in Reserve for Advances and Deposits		695
Decrease (Increase) in Reserve for Other Restricted Purposes	110	(481)
Total Other Changes in Unreserved Fund Balances	1,285	(3,320)
Unreserved Fund Balances (deficiencies) - July 1	37,971	33,989
Residual Equity Transfer		(844)
Unreserved Fund Balances (deficiencies) - June 30	\$ 30,572	\$ 37,971

CITY OF TUCSON, ARIZONA
Solid Waste Management Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-3

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 18,203	\$ (18,203)
Licenses and Permits	<u>8</u>	<u> </u>	<u>8</u>
Use of Money and Property:			
Investment Income	<u>38</u>	<u> </u>	<u>38</u>
Charges for Current Services:			
Commercial Refuse	5,369	5,200	169
Landfill Services	3,645	3,200	445
Refuse Penalties	221	180	41
Self Haul Fees	379	340	39
Total Charges for Current Services	<u>9,614</u>	<u>8,920</u>	<u>694</u>
Miscellaneous Revenue:			
Recycling	119		119
Balance Available Prior Years (1)		(288)	288
Other	<u>268</u>		<u>268</u>
Total Miscellaneous Revenues	<u>387</u>	<u>(288)</u>	<u>675</u>
Total Revenues	<u>10,047</u>	<u>26,835</u>	<u>(16,788)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>16,214</u>		<u>16,214</u>
Total Revenues and Other Financial Sources	<u>26,261</u>	<u>26,835</u>	<u>(574)</u>
Expenditures:			
Solid Waste Management:			
Personal Services	10,409	10,975	566
Contractual Services	12,220	11,999	(221)
Commodities	1,202	1,217	15
Capital Outlay	601	734	133
Debt Service - Principal	1,434	1,400	(34)
Debt Service - Interest	169	174	5
Fiscal Agent Fees	6		(6)
Less Credits	(349)	(574)	(225)
Capital Projects	<u>907</u>	<u>910</u>	<u>3</u>
Total Expenditures	<u>26,599</u>	<u>26,835</u>	<u>236</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(338)</u>	<u>\$ 0</u>	<u>\$ (338)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve For Debt Service	64		
Decrease (Increase) in Reserve for Encumbrances	275		
Decrease (Increase) in Reserve For Capital	<u>(1)</u>		
Total Other Changes in Unreserved Fund Balance	<u>338</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 0</u>		

(1) Portion of prior year's fund balance budgeted for use in the 1999-00 fiscal year.

Library Fund

Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and ActualYear Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 8,600	\$ (8,600)
Fines and Forfeitures:			
Library Penalties	<u>588</u>	<u>588</u>	<u>0</u>
Use of Money and Property :			
Investment Income	<u>7</u>	<u> </u>	<u>7</u>
Other Agencies:			
County Operating Assistance	<u>7,725</u>	<u>7,200</u>	<u>525</u>
Miscellaneous Revenue	<u>87</u>	<u>123</u>	<u>(36)</u>
Total Revenues	<u>8,407</u>	<u>16,511</u>	<u>(8,104)</u>
Other Financial Sources:			
Transfer from Other Funds	<u>8,142</u>	<u> </u>	<u>8,142</u>
Total Revenues and Other Financial Sources	<u>16,549</u>	<u>16,511</u>	<u>38</u>
Expenditures:			
Library:			
Personal Services	10,600	10,753	153
Contractual Services	2,095	2,086	(9)
Commodities	3,370	3,358	(12)
Capital Outlay	308	413	105
Debt Service-Principal	83		(83)
Debt Service-Interest	3	5	2
Interactivity Transfers	<u> </u>	<u>(104)</u>	<u>(104)</u>
Total Expenditures	<u>16,459</u>	<u>16,511</u>	<u>52</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>90</u>	\$ <u>0</u>	\$ <u>90</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	82		
Decrease (Increase) in Reserve for Encumbrances	(152)		
Decrease (Increase) in Reserve for Capital	(3)		
Decrease (Increase) in Reserve for Other Restricted Purposes	<u>(17)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(90)</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	\$ <u>0</u>		

CITY OF TUCSON, ARIZONA
Public Safety Academy Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-5

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 2,110	\$ (2,110)
Use of Money and Property:			
Investment Income	106	10	96
Other Agencies:			
AZ Post	300	300	0
Charges for Current Services:			
Fire Training Services	37	37	0
Law Enforcement Training Contracts	112	112	0
Total Charges for Current Services	149	149	0
Miscellaneous Revenues:			
Balance Available Prior Years (1)		429	(429)
Total Revenues	555	2,998	(2,443)
Other Financial Sources:			
Transfers from Other Funds	1,684		1,684
Total Revenues and Other Financial Sources	2,239	2,998	(759)
Expenditures:			
Police:			
Personal Services	1,329	927	(402)
Contractual Services	244	187	(57)
Commodities	150	186	36
Capital Outlay	62	108	46
Debt Service - Principal	165	200	35
Debt Service - Interest	99	109	10
Debt Service - Other	5		(5)
Interactivity Transfers		146	146
Total Police	2,054	1,863	(191)
Fire:			
Personal Services	414	418	4
Contractual Services	72	60	(12)
Commodities	108	138	30
Capital Outlay	24	30	6
Capital Projects	405	341	(64)
Interactivity Transfers		148	148
Total Fire	1,023	1,135	112
Total Expenditures	3,077	2,998	(79)
Other Financial Uses:			
Transfers to Other Funds	274		(274)
Total Expenditures and Other Financial Uses	3,351	2,998	(353)
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	(1,112)	\$ 0	\$ (1,112)
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	333		
Decrease (Increase) in Reserve for Encumbrances	(50)		
Decrease (Increase) in Reserve for Capital	(95)		
Decrease (Increase) in Reserve for Other Restricted Purposes	111		
Total Other Changes in Unreserved Fund Balance	299		
Unreserved Fund Balance (deficiencies) - July 1	(1)		
Unreserved Fund Balance (deficiencies) - June 30	\$ (814)		

(1) Portion of prior year's fund balance budgeted for use in fiscal year 1999-00

CITY OF TUCSON, ARIZONA
Convention Center Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-6

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 2,325	\$ (2,325)
Charges for Current Services:			
Room Rental	1,066	1,104	(38)
Box Office Fees	160	171	(11)
Parking	681	709	(28)
Concessions and Catering	349	395	(46)
Novelty Sales	40	51	(11)
Commissions	58		58
Facility User Fees	332		332
Total Charges for Current Services	<u>2,686</u>	<u>2,430</u>	<u>256</u>
Miscellaneous Revenue	<u>107</u>	<u>1,427</u>	<u>(1,320)</u>
Total Revenues	<u>2,793</u>	<u>6,182</u>	<u>(3,389)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>2,610</u>		<u>2,610</u>
Total Revenue and Other Financial Sources	<u>5,403</u>	<u>6,182</u>	<u>(779)</u>
Expenditures:			
General Government:			
Convention Center:			
Personal Services	2,212	2,214	2
Contractual Services	2,506	3,242	736
Commodities	128	168	40
Capital Outlay	250	500	250
Capital Projects	5	50	45
Debt Service - Principal	2	8	6
Total Expenditures	<u>5,103</u>	<u>6,182</u>	<u>1,079</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>300</u>	\$ <u>0</u>	\$ <u>300</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	49		
Decrease (Increase) in Reserve for Capital	<u>(349)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(300)</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 0</u>		

CITY OF TUCSON, ARIZONA
H.U.R.F. Unrestricted Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-7

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 1,769	\$ 2,150	\$ (381)
Rental Income	22		22
Total Use of Money and Property	<u>1,791</u>	<u>2,150</u>	<u>(359)</u>
Other Agencies:			
Highway User Shared State Tax	<u>24,527</u>	<u>23,002</u>	<u>1,525</u>
Miscellaneous Revenue	<u>231</u>	<u>5,295</u>	<u>(5,064)</u>
Total Revenues	<u>26,549</u>	<u>30,447</u>	<u>(3,898)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>7,118</u>		<u>7,118</u>
Total Revenue and Other Financial Sources	<u>33,667</u>	<u>30,447</u>	<u>3,220</u>
Expenditures:			
General Government:			
Outside Agencies:			
Other	<u>107</u>	<u>107</u>	<u>0</u>
Other General Government:			
Contractual Services	111	123	12
Capital Outlay	<u>6,507</u>		<u>(6,507)</u>
Total Other General Government	<u>6,618</u>	<u>123</u>	<u>(6,495)</u>
Total General Government	<u>6,725</u>	<u>230</u>	<u>(6,495)</u>
Transportation:			
Personal Services	14,690	15,129	439
Contractual Services	9,759	9,462	(297)
Commodities	3,369	2,754	(615)
Capital Outlay	923	1,227	304
Capital Projects	3,207	3,682	475
Debt Service-Principal	1,530	1,261	(269)
Debt Service-Interest	356	326	(30)
Less Credits	<u>(4,431)</u>	<u>(3,624)</u>	<u>807</u>
Total Transportation	<u>29,403</u>	<u>30,217</u>	<u>814</u>
Parks and Recreation:			
Contractual Services	1		(1)
Commodities	2		(2)
Total Parks and Recreation	<u>3</u>		<u>(3)</u>
Total Expenditures	<u>36,131</u>	<u>30,447</u>	<u>(5,684)</u>
Other Financial Uses:			
Transfers to Other Funds	<u>47</u>		<u>(47)</u>
Total Expenditures and Other Financial Uses	<u>36,178</u>	<u>30,447</u>	<u>(5,731)</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(2,511)</u>	<u>\$ 0</u>	<u>\$ (2,511)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	<u>(52)</u>		
Unreserved Fund Balance - July 1	35,211		
Unreserved Fund Balance - June 30	<u>\$ 32,648</u>		

CITY OF TUCSON, ARIZONA
H.U.R.F. Restricted Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-8

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 275	\$ 300	\$ (25)
Rental Income	9		9
Total Use of Money and Property	<u>284</u>	<u>300</u>	<u>(16)</u>
Other Agencies:			
Highway User Shared State Tax	6,923	6,994	(71)
Miscellaneous Revenue	63	6,687	(6,624)
Total Revenues	<u>7,270</u>	<u>13,981</u>	<u>(6,711)</u>
Expenditures:			
Transportation:			
Capital Projects	<u>12,689</u>	<u>13,981</u>	<u>1,292</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(5,419)</u>	<u>\$ 0</u>	<u>\$ (5,419)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	<u>3,084</u>		
Unreserved Fund Balance - July 1	<u>3,788</u>		
Unreserved Fund Balance - June 30	<u>\$ 1,453</u>		

CITY OF TUCSON, ARIZONA
Human and Community Development Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-9

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 35	\$ _____	\$ 35
Grants and Contributions on Federal Programs:			
CDBG Entitlement	7,280	13,125	(5,845)
Program Income	75	_____	75
Total Grants and Contributions on Federal Programs	<u>7,355</u>	<u>13,125</u>	<u>(5,770)</u>
Miscellaneous Revenues:			
Other	140	_____	140
Total Revenues	<u>7,530</u>	<u>13,125</u>	<u>(5,595)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Personal Services	16	101	85
Contractual Services	69	1	(68)
Total General Government	<u>85</u>	<u>102</u>	<u>17</u>
Community Services:			
Personal Services	1,361	1,325	(36)
Contractual Services	3,848	5,499	1,651
Commodities	31	37	6
Capital Outlay	119	134	15
Debt Service - Principal	28	28	0
Debt Service - Interest	71	71	0
Capital Projects	1,871	3,903	2,032
Interactivity Transfers	_____	2,026	2,026
Total Community Services	<u>7,329</u>	<u>13,023</u>	<u>5,694</u>
Total Expenditures	<u>7,414</u>	<u>13,125</u>	<u>5,711</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>116</u>	\$ <u>0</u>	\$ <u>116</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Other Restricted Purposes	<u>(105)</u>		
Unreserved Fund Balance (deficiencies) - July 1	(1,001)		
Unreserved Fund Balance (deficiencies)- June 30	<u>\$ (990)</u>		

CITY OF TUCSON, ARIZONA
Public Housing Fund
Schedule of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-10

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 130	\$ _____	\$ 130
Grants and Contributions on Federal Programs:			
Operating Subsidy - Federal	1,517	3,023	(1,506)
Section 8 - Federal Housing Assistance	20,146	20,712	(566)
Debt Service Contribution - Federal	408	_____	408
Total Grants and Contributions on Federal Programs	<u>22,071</u>	<u>23,735</u>	<u>(1,664)</u>
Charges for Current Services	964	1,554	(590)
Total Revenues	<u>23,165</u>	<u>25,289</u>	<u>(2,124)</u>
Expenditures:			
Community Services:			
Personal Services	2,926	4,242	1,316
Contractual Services	19,493	20,290	797
Commodities	244	288	44
Capital Outlay	70	62	(8)
Capital Projects	260	260	0
Debt Service-Principal	256	36	(220)
Debt Service-Interest	249	111	(138)
Total Expenditures	<u>23,498</u>	<u>25,289</u>	<u>1,791</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(333)</u>	\$ <u>0</u>	\$ <u>(333)</u>
Other Changes in Unreserved Fund Balance:			
Increase (Decrease) in Reserve for Other Restricted Purposes	<u>982</u>		
Unreserved Fund Balance (deficiencies) - July 1	(26)		
Unreserved Fund Balance - June 30	<u>\$ 623</u>		

CITY OF TUCSON, ARIZONA
Miscellaneous Housing Grant Funds
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement B-11

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Grants and Contributions on Federal Programs:			
Federal Grants	\$ 9,686	\$ 27,295	\$ (17,609)
Program Income	1,358		1,358
Total Revenues	<u>11,044</u>	<u>27,295</u>	<u>(16,251)</u>
Expenditures:			
Community Services:			
Personal Services	1,237	1,861	624
Contractual Services	1,786	3,203	1,417
Commodities	44	81	37
Capital Outlay	1,768	2,874	1,106
Capital Projects	102		(102)
Capital Improvements	5,308	19,276	13,968
Total Expenditures	<u>10,245</u>	<u>27,295</u>	<u>17,050</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>799</u>	<u>\$ 0</u>	<u>\$ 799</u>
Other Changes in Unreserved Fund Balance:			
Increase (Decrease) in Reserve for Other Restricted Purposes	<u>(794)</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 5</u>		



CITY OF TUCSON, ARIZONA
Other Federal Grants Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Fines, Forfeitures and Penalties	\$ 258	\$	\$ 258
Grants and Contributions on Federal Programs:			
Federal Grants	12,718	23,225	(10,507)
Program Income	29		29
Federal Loan Proceeds	<u>2,000</u>		<u>2,000</u>
Total Grants and Contributions on Federal Programs	<u>14,747</u>	<u>23,225</u>	<u>(8,478)</u>
Total Revenues	<u>15,005</u>	<u>23,225</u>	<u>(8,220)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Personal Services	50	71	21
Contractual Services	143	221	78
Commodities	7	35	28
Capital Outlay		1	1
Interactivity Transfers		<u>2</u>	<u>2</u>
Total Legislative/Administrative	<u>200</u>	<u>330</u>	<u>130</u>
Planning:			
Contractual Services		<u>50</u>	<u>50</u>
Total Planning		<u>50</u>	<u>50</u>
Other Departmental:			
Personal Services	245	319	74
Contractual Services	8		(8)
Commodities	5		(5)
Capital Outlay	<u>7</u>		<u>(7)</u>
Total Other Departmental	<u>265</u>	<u>319</u>	<u>54</u>
Total General Government	<u>465</u>	<u>699</u>	<u>234</u>
Community Services:			
Personal Services	42	41	(1)
Contractual Services	804	807	3
Other	<u>143</u>	<u>143</u>	<u>0</u>
Total Community Services	<u>989</u>	<u>991</u>	<u>2</u>
Police:			
Personal Services	3,390	3,880	490
Contractual Services	651	1,766	1,115
Commodities	90	118	28
Capital Outlay	279	5,651	5,372
Capital Projects	3,443	7,574	4,131
Interactivity Transfers		<u>(6,201)</u>	<u>(6,201)</u>
Total Police	<u>7,853</u>	<u>12,788</u>	<u>4,935</u>
Fire:			
Personal Services	11		(11)
Capital Outlay	1		(1)
Capital Projects	117	1,841	1,724
Interactivity Transfers		<u>25</u>	<u>25</u>
Total Fire	<u>129</u>	<u>1,866</u>	<u>1,737</u>
Operations:			
Contractual Services	<u>21</u>	<u>111</u>	<u>90</u>
Total Operations	<u>21</u>	<u>111</u>	<u>90</u>
Solid Waste Management:			
Personal Services	19	22	3
Contractual Services	<u>4</u>	<u>18</u>	<u>14</u>
Total Solid Waste Management	<u>23</u>	<u>40</u>	<u>17</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Transportation:			
Personal Services	171	253	82
Contractual Services	144	410	266
Commodities	522	546	24
Capital Outlay	94	206	112
Capital Projects	<u>2,072</u>	<u>4,413</u>	<u>2,341</u>
Total Transportation	<u>3,003</u>	<u>5,828</u>	<u>2,825</u>
Library:			
Contractual Services			
Contractual Services	41	53	12
Commodities	57	60	3
Capital Outlay	<u>7</u>	<u>7</u>	<u>0</u>
Total Library	<u>105</u>	<u>120</u>	<u>15</u>
Parks and Recreation:			
Personal Services	229	403	174
Contractual Services	68	252	184
Commodities	50	99	49
Capital Outlay	<u>3</u>	<u>28</u>	<u>25</u>
Total Parks and Recreation	<u>350</u>	<u>782</u>	<u>432</u>
Total Expenditures	<u>12,938</u>	<u>23,225</u>	<u>10,287</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>2,067</u>	<u>\$ 0</u>	<u>\$ 2,067</u>
Other Changes in Unreserved Fund Balances:			
Increase (Decrease) in Reserve for Capital	(2,000)		
Increase (Decrease) in Reserve for Other Restricted Purposes	<u>(67)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(2,067)</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 0</u>		

CITY OF TUCSON, ARIZONA
Non-Federal Grants Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Other Agencies:			
Grants	\$ 1,583	\$ 5,675	\$ (4,092)
Total Revenues	<u>1,583</u>	<u>5,675</u>	<u>(4,092)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Contractual Services	25	135	110
Interactivity Transfers		260	260
Total Legislative/Administrative	<u>25</u>	<u>395</u>	<u>370</u>
Other Departmental:			
Personal Services	131	175	44
Contractual Services	75	1	(74)
Commodities	11	14	3
Capital Outlays		4	4
Debt Service Principal		67	67
Debt Service Interest		21	21
Interactivity Transfers		200	200
Total Other Departmental	<u>217</u>	<u>482</u>	<u>265</u>
Other General Government:			
Personal Services	5	31	26
Contractual Services	1	24	23
Commodities	5	39	34
Capital Outlays		45	45
Total Other General Government	<u>11</u>	<u>139</u>	<u>128</u>
Total General Government	<u>253</u>	<u>1,016</u>	<u>763</u>
Community Services:			
Contractual Services		45	45
Interactivity Transfers		255	255
Total Community Services		<u>300</u>	<u>300</u>
Police:			
Personal Services	449	389	(60)
Contractual Services	231	192	(39)
Capital Outlays	10	10	0
Capital Projects	54		(54)
Interactivity Transfers		428	428
Total Police	<u>744</u>	<u>1,019</u>	<u>275</u>
Fire:			
Personal Services		45	45
Capital Projects	3	79	76
Interactivity Transfers		225	225
Total Fire	<u>3</u>	<u>349</u>	<u>346</u>
Operations:			
Contractual Services	3	195	192
Capital Outlays	313	773	460
Capital Projects		25	25
Less Credits	(315)	(893)	(578)
Total Operations	<u>1</u>	<u>100</u>	<u>99</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Solid Waste Management:			
Contractual Services	\$ _____	\$ 410	\$ 410
Transportation:			
Personal Services	10	12	2
Contractual Services		201	201
Commodities	1	20	19
Capital Outlays	<u>7</u>	<u>7</u>	<u>0</u>
Total Transportation	<u>18</u>	<u>240</u>	<u>222</u>
Library:			
Personal Services	38	61	23
Contractual Services	37	41	4
Commodities	15	140	125
Capital Outlays	<u>50</u>	<u>81</u>	<u>31</u>
Total Library	<u>140</u>	<u>323</u>	<u>183</u>
Parks and Recreation:			
Personal Services	67	244	177
Contractual Services	19	11	(8)
Commodities	4	141	137
Capital Outlays	1	25	24
Capital Projects	<u>333</u>	<u>1,497</u>	<u>1,164</u>
Total Parks and Recreation	<u>424</u>	<u>1,918</u>	<u>1,494</u>
Total Expenditures	<u>1,583</u>	<u>5,675</u>	<u>4,092</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	\$ <u>0</u>		

Mass Transit Fund

Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual

Year Ended June 30, 2000

(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 17,986	\$ (17,986)
Grants and Contributions on Federal Programs	<u>5,487</u>	<u>25,953</u>	<u>(20,466)</u>
Other Agencies:			
State Transportation Assistance	3,973	2,819	1,154
County/Other Local Operating Assistance	<u>2,079</u>	<u>1,909</u>	<u>170</u>
Total Other Agencies	<u>6,052</u>	<u>4,728</u>	<u>1,324</u>
Charges for Current Services:			
Bus Fare Revenues	6,537	6,270	267
Advertising	<u>77</u>	<u>60</u>	<u>17</u>
Total Charges for Current Services	<u>6,614</u>	<u>6,330</u>	<u>284</u>
Miscellaneous Revenue:			
Other	<u>120</u>	<u>12</u>	<u>108</u>
Total Revenues	<u>18,273</u>	<u>55,009</u>	<u>(36,736)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>21,349</u>	<u>_____</u>	<u>21,349</u>
Total Revenues and Other Financial Sources	<u>39,622</u>	<u>55,009</u>	<u>(15,387)</u>
Expenditures:			
Transportation:			
Personal Services	24,392	24,031	(361)
Contractual Services	4,962	5,137	175
Commodities	5,975	5,475	(500)
Capital Outlay	47	55	8
Capital Projects	6,417	20,010	13,593
Interactivity Transfers	<u>_____</u>	<u>301</u>	<u>301</u>
Total Expenditures	<u>41,793</u>	<u>55,009</u>	<u>13,216</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(2,171)</u>	<u>\$ 0</u>	<u>\$ (2,171)</u>
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ (2,171)</u>		

STATEMENTS C

DEBT SERVICE FUNDS

Debt Service Funds are created to account for the payment of interest and principal on long-term bonded debt other than that issued for and serviced primarily by an enterprise fund.

General Obligation Bond and Interest Fund accounts for the accumulation of resources and payment of principal and interest on General Obligation Bonds. These bonds are direct and general obligations of the City and both principal and interest are payable from property taxes.

Street and Highway Bond and Interest Fund accounts for the accumulation of resources and payment of principal and interest on Street and Highway Bonds. Principal and interest on these bonds are payable from and secured by a pledge of and lien on all highway user tax revenues collected by the State and returned to the City for street and highway purposes.

Special Assessment Bond and Interest Fund accounts for the accumulation of resources and payment of principal and interest on Special Assessment Bonds. Principal and interest on these bonds are payable from assessments against certain property within the City. The general credit of the City is obligated only to the extent that proceeds from liens foreclosed against properties involved in the assessment districts are insufficient to retire outstanding bonds.

CITY OF TUCSON, ARIZONA
Debt Service Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2000 and June 30, 1999
 (in thousands)

Statement C-1

	General Obligation Bond and Interest Fund	Street and Highway Bond and Interest Fund	Special Assessment Bond and Interest Fund	Totals	
				2000	1999
<u>Assets</u>					
Cash/Deposits/Pooled					
Investments	\$ 246	\$	\$ 1,150	\$ 1,396	\$ 2,686
Cash/Investments with Fiscal Agent	12,224	10,365		22,589	21,832
Interest Receivable	69		15	84	122
Special Assessments Receivable			3,906	3,906	4,799
Total Assets	<u>\$ 12,539</u>	<u>\$ 10,365</u>	<u>\$ 5,071</u>	<u>\$ 27,975</u>	<u>\$ 29,439</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$	\$	\$ 2	\$ 2	\$ 3
Bonds and Interest Payable	12,224	10,365		22,589	21,832
Refundable Deposits and Unredeemed Warrants			137	137	138
Deferred Revenue			4,927	4,927	5,742
Total Liabilities	<u>12,224</u>	<u>10,365</u>	<u>5,066</u>	<u>27,655</u>	<u>27,715</u>
Fund Balances:					
Reserved for Debt Service	<u>315</u>		<u>5</u>	<u>320</u>	<u>1,724</u>
Total Liabilities and Fund Balances	<u>\$ 12,539</u>	<u>\$ 10,365</u>	<u>\$ 5,071</u>	<u>\$ 27,975</u>	<u>\$ 29,439</u>

Debt Service Funds

Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999

(in thousands)

	BUDGETED		UNBUDGETED	Totals	
	General Obligation Bond and Interest Fund	Street and Highway Bond and Interest Fund	Special Assessment Bond and Interest Fund	2000	1999
Revenues:					
Taxes	\$ 17,137	\$	\$	\$ 17,137	\$ 15,331
Use of Money and Property	299		61	360	326
Other Agencies		14,145		14,145	14,206
Miscellaneous Revenue		2	13	15	94
Special Assessments:					
Principal			755	755	946
Interest			258	258	342
Total Special Assessments			1,013	1,013	1,288
Total Revenues	<u>17,436</u>	<u>14,147</u>	<u>1,087</u>	<u>32,670</u>	<u>31,245</u>
Expenditures:					
Principal Retirement	6,105	6,520	810	13,435	12,862
Interest	12,299	7,627	410	20,336	20,412
Fiscal Agent Fees	4			4	5
Total Expenditures	<u>18,408</u>	<u>14,147</u>	<u>1,220</u>	<u>33,775</u>	<u>33,279</u>
Other Financial Uses:					
Transfers to Other Funds	<u>299</u>			<u>299</u>	<u>267</u>
Total Expenditures and Other Financial Uses	<u>18,707</u>	<u>14,147</u>	<u>1,220</u>	<u>34,074</u>	<u>33,546</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(1,271)</u>		<u>(133)</u>	<u>(1,404)</u>	<u>(2,301)</u>
Other Changes in Unreserved Fund Balances:					
Decrease (Increase) in Reserve for Debt Service	<u>1,271</u>		<u>133</u>	<u>1,404</u>	<u>2,301</u>
Unreserved Fund Balances - July 1					
Unreserved Fund Balances - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TUCSON, ARIZONA
General Obligation Bond and Interest Fund/Street
and Highway Bond and Interest Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual
Year Ended June 30, 2000 (in thousands)

	General Obligation Bond and Interest Debt Service Fund		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 17,137	\$ 17,137	\$ 0
Use of Money and Property:			
Investment Income	299	—	299
Other Agencies:			
Highway User Shared State Tax	—	—	—
Miscellaneous Revenues	—	1,200	(1,200)
Total Revenues	<u>17,436</u>	<u>18,337</u>	<u>(901)</u>
Expenditures:			
Principal Retirement	6,105	6,105	0
Interest	12,299	12,228	(71)
Fiscal Agent Fees	4	4	0
Total Expenditures	<u>18,408</u>	<u>18,337</u>	<u>(71)</u>
Other Financial Uses:			
Transfers to Other Funds	299	—	(299)
Total Expenditures and Other Financial Uses	<u>18,707</u>	<u>18,337</u>	<u>(370)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(1,271)</u>	<u>0</u>	<u>(1,271)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	<u>1,271</u>		
Unreserved Fund Balances - July 1	—		
Unreserved Fund Balances - June 30	<u>\$ 0</u>		

**Street and Highway Bond
and Interest Debt Service Fund**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ _____	\$ _____	\$ _____
Use of Money and Property:			
Investment Income	_____	_____	_____
Other Agencies:			
Highway User Shared State Tax	14,145	14,209	(64)
Miscellaneous Revenues	2	_____	2
Total Revenues	<u>14,147</u>	<u>14,209</u>	<u>(62)</u>
Expenditures:			
Principal Retirement	6,520	6,520	0
Interest	7,627	7,689	62
Fiscal Agent Fees	_____	_____	_____
Total Expenditures	<u>14,147</u>	<u>14,209</u>	<u>62</u>
Other Financial Uses:			
Transfers to Other Funds			
Total Expenditures and Other Financial Uses	<u>14,147</u>	<u>14,209</u>	<u>62</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>0</u>	<u>0</u>	<u>0</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	_____		
Unreserved Fund Balances - July 1	_____		
Unreserved Fund Balances - June 30	<u>\$ 0</u>		

CITY OF TUCSON, ARIZONA
General Obligation Bond and Interest Fund/Street
and Highway Bond and Interest Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balances - Budget and Actual
Year Ended June 30, 2000 (in thousands)

Statement C-3
(Continued)

	<u>Totals</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 17,137	\$ 17,137	\$ 0
Use of Money and Property:			
Investment Income	299	—	299
Other Agencies:			
Highway User Shared State Tax	14,145	14,209	(64)
Miscellaneous Revenues	2	1,200	(1,198)
Total Revenues	<u>31,583</u>	<u>32,546</u>	<u>(963)</u>
Expenditures:			
Principal Retirement	12,625	12,625	0
Interest	19,926	19,917	(9)
Fiscal Agent Fees	4	4	0
Total Expenditures	<u>32,555</u>	<u>32,546</u>	<u>(9)</u>
Other Financial Uses:			
Transfers to Other Funds	299	—	(299)
Total Expenditures and Other Financial Uses	<u>32,854</u>	<u>32,546</u>	<u>(308)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(1,271)</u>	<u>0</u>	<u>(1,271)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	<u>1,271</u>		
Unreserved Fund Balances - July 1	—		
Unreserved Fund Balances - June 30	<u>\$ 0</u>		

STATEMENTS D

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the purchase or construction of major capital facilities which are not financed by the General, Enterprise, or Special Revenue Funds.

General Obligation Capital Projects Funds include 1984, 1994, and other miscellaneous series General Obligation Funds. These funds account for the proceeds from the sale of General Obligation Bonds which are used for authorized capital improvements.

Street and Highway Capital Projects Funds account for the proceeds from the sale of 1994 Street and Highway Improvement Bonds. The proceeds are used for the construction of major street projects.

Special Assessment Construction Fund accounts for projects funded with the proceeds from the sale of Special Assessment Bonds. The construction projects occur within individual assessment districts.

CITY OF TUCSON, ARIZONA
Capital Projects Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2000 and June 30, 1999
 (in thousands)

	<u>1994 Street and Highway Improvement</u>	<u>1984 General Obligation</u>	<u>1994 General Obligation</u>
<u>Assets</u>			
Cash/Deposits/Pooled Investments Due From Other Funds	\$ 21,357	\$ 2,413	\$ 17,612
Accounts Receivable	1		1
Interest Receivable	102	33	222
Total Assets	<u>\$ 21,460</u>	<u>\$ 2,446</u>	<u>\$ 17,835</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 933	\$ 64	\$ 1,748
Due to Other Funds			
Advances from Other Funds			
Refundable Deposits and Unredeemed Warrants			3
Total Liabilities	<u>933</u>	<u>64</u>	<u>1,751</u>
Fund Balances:			
Reserved for Encumbrances	2,415	392	4,965
Reserved for Arbitrage Rebate Tax			
Unreserved (deficiencies)	<u>18,112</u>	<u>1,990</u>	<u>11,119</u>
Total Fund Balances	<u>20,527</u>	<u>2,382</u>	<u>16,084</u>
Total Liabilities and Fund Balances	<u>\$ 21,460</u>	<u>\$ 2,446</u>	<u>\$ 17,835</u>

	Special Assessment Construction	TOTALS	
		2000	1999
Assets			
Cash/Deposits/Pooled Investments	\$	\$ 41,382	\$ 38,840
Due From Other Funds			3
Accounts Receivable	5,673	5,675	2,348
Interest Receivable		357	390
Total Assets	\$ <u>5,673</u>	\$ <u>47,414</u>	\$ <u>41,581</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 671	\$ 3,416	\$ 2,568
Due to Other Funds			29
Advances from Other Funds	2,523	2,523	
Refundable Deposits and Unredeemed Warrants	2,479	2,482	2,481
Total Liabilities	<u>5,673</u>	<u>8,421</u>	<u>5,078</u>
Fund Balances:			
Reserved for Encumbrances	2,200	9,972	11,026
Reserved for Arbitrage Rebate Tax			69
Unreserved (deficiencies)	<u>(2,200)</u>	<u>29,021</u>	<u>25,408</u>
Total Fund Balances	<u>0</u>	<u>38,993</u>	<u>36,503</u>
Total Liabilities and Fund Balances	\$ <u>5,673</u>	\$ <u>47,414</u>	\$ <u>41,581</u>

Capital Projects Funds

Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund BalancesYear Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999
(in thousands)

	B U D G E T E D		
	1994 Street and Highway Improvement	1984 General Obligation	1994 (1) General Obligation
Revenues:			
Use of Money and Property	\$ 520	\$ 146	\$ 1,025
Miscellaneous Revenue	83		
Total Revenues	<u>603</u>	<u>146</u>	<u>1,025</u>
Other Financial Sources:			
Proceeds From Bond Sales	19,400		
Special Assessment Levies			
Transfers from Other Funds	63		
Total Other Financial Sources	<u>19,463</u>		
Total Revenues and Other Financial Sources	<u>20,066</u>	<u>146</u>	<u>1,025</u>
Expenditures:			
Capital Projects:			
General Government			2,299
Police			60
Fire		727	547
Operations		136	
Solid Waste Management			3,180
Transportation	7,022	375	2,845
Library			44
Parks and Recreation		164	692
Costs of Issuance	76		37
Total Expenditures	<u>7,098</u>	<u>1,402</u>	<u>9,704</u>
Other Financial Uses:			
Transfers to Other Funds	533		
Total Expenditures and Other Financial Uses	<u>7,631</u>	<u>1,402</u>	<u>9,704</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>12,435</u>	<u>(1,256)</u>	<u>(8,679)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Encumbrances	587	366	1,446
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	28		41
Total Other Changes in Unreserved Fund Balances	<u>615</u>	<u>366</u>	<u>1,487</u>
Unreserved Fund Balances (Deficiencies) - July 1	<u>5,062</u>	<u>2,880</u>	<u>18,311</u>
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 18,112</u>	<u>\$ 1,990</u>	<u>\$ 11,119</u>

	<u>UNBUDGETED</u>	<u>Totals</u>	
	<u>Special Assessment Construction</u>	<u>2000</u>	<u>1999</u>
Revenues:			
Use of Money and Property	\$	\$ 1,691	\$ 1,827
Miscellaneous Revenue		83	53
Total Revenues		<u>1,774</u>	<u>1,880</u>
Other Financial Sources:			
Proceeds From Bond Sales		19,400	13,855
Special Assessment Levies	3,352	3,352	1,004
Transfers from Other Funds		63	
Total Other Financial Sources	<u>3,352</u>	<u>22,815</u>	<u>14,859</u>
Total Revenues and Other Financial Sources	<u>3,352</u>	<u>24,589</u>	<u>16,739</u>
Expenditures:			
Capital Projects:			
General Government		2,299	3,368
Police		60	1,475
Fire		1,274	1,668
Operations		136	299
Solid Waste Management		3,180	2,710
Transportation	3,362	13,604	13,414
Library		44	738
Parks and Recreation		856	5,611
Costs of Issuance		113	116
Total Expenditures	<u>3,362</u>	<u>21,566</u>	<u>29,399</u>
Other Financial Uses:			
Transfers to Other Funds		533	777
Total Expenditures and Other Financial Uses	<u>3,362</u>	<u>22,099</u>	<u>30,176</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(10)</u>	<u>2,490</u>	<u>(13,437)</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Encumbrances	(1,345)	1,054	2,443
Decrease (Increase) in Reserve for Arbitrage Rebate Tax		69	63
Total Other Changes in Unreserved Fund Balances	<u>(1,345)</u>	<u>1,123</u>	<u>2,506</u>
Unreserved Fund Balances (Deficiencies) - July 1	<u>(845)</u>	<u>25,408</u>	<u>36,339</u>
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ (2,200)</u>	<u>\$ 29,021</u>	<u>\$ 25,408</u>

(1) Includes other miscellaneous bond authorizations.

CITY OF TUCSON, ARIZONA
1994 Street and Highway Improvement Bonds
Capital Projects Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000 (in thousands)

Statement D-3

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 511	\$ 241	\$ 270
Rentals	9	9	0
Total Use of Money and Property	<u>520</u>	<u>250</u>	<u>270</u>
Miscellaneous Revenue:			
Recovered Expenditures	29		29
Sale of Real Property	54	54	0
Total Miscellaneous revenues	<u>83</u>	<u>54</u>	<u>29</u>
Total Revenues	<u>603</u>	<u>304</u>	<u>299</u>
Other Financial Sources:			
Proceeds From Bond Sales	19,400	23,727	(4,327)
Transfers From Other Funds	63		63
Total Other Financial Sources	<u>19,463</u>	<u>23,727</u>	<u>(4,264)</u>
Total Revenues and Other Financial Sources	<u>20,066</u>	<u>24,031</u>	<u>(3,965)</u>
Expenditures:			
Capital Projects:			
Transportation	7,022	24,031	17,009
Costs of Issuance	76		(76)
Total Expenditures	<u>7,098</u>	<u>24,031</u>	<u>16,933</u>
Other Financial Uses:			
Transfers to Other Funds	533		(533)
Total Expenditures and Other Financial Uses	<u>7,631</u>	<u>24,031</u>	<u>16,400</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>12,435</u>	<u>\$ 0</u>	<u>\$ 12,435</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	587		
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	28		
Total Other Changes in Unreserved Fund Balance	<u>615</u>		
Unreserved Fund Balance - July 1	<u>5,062</u>		
Unreserved Fund Balance - June 30	<u>\$ 18,112</u>		

CITY OF TUCSON, ARIZONA
1984 General Obligation Bonds Capital Projects Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement D-4

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 146	\$ 163	\$ (17)
Total Revenues	<u>146</u>	<u>163</u>	<u>(17)</u>
Other Financial Sources:			
Proceeds From Bond Sales	<u> </u>	<u>3,553</u>	<u>(3,553)</u>
Total Revenues and Other Financial Sources	<u>146</u>	<u>3,716</u>	<u>(3,570)</u>
Expenditures:			
Capital Projects:			
Police		265	265
Fire	727	851	124
Operations	136	1,858	1,722
Transportation	375	464	89
Parks and Recreation	164	278	114
Total Expenditures	<u>1,402</u>	<u>3,716</u>	<u>2,314</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(1,256)</u>	<u>\$ 0</u>	<u>\$ (1,256)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve For Encumbrances	<u>366</u>		
Unreserved Fund Balance - July 1	<u>2,880</u>		
Unreserved Fund Balance - June 30	<u>\$ 1,990</u>		

CITY OF TUCSON, ARIZONA
1994 General Obligation Bonds Capital Projects Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement D-5

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 1,025	\$ 1,146	\$ (121)
Total Revenues	<u>1,025</u>	<u>1,146</u>	<u>(121)</u>
Other Financial Sources:			
Proceeds From Bond Sales	<u> </u>	<u>21,832</u>	<u>(21,832)</u>
Total Revenues and Other Financial Sources	<u>1,025</u>	<u>22,978</u>	<u>(21,953)</u>
Expenditures:			
Capital Projects:			
General Government	2,299	8,199	5,900
Police	60	155	95
Fire	547	1,162	615
Solid Waste Management	3,180	5,659	2,479
Transportation	2,845	6,299	3,454
Library	44	159	115
Parks and Recreation	692	1,345	653
Costs of Issuance	<u>37</u>	<u> </u>	<u>(37)</u>
Total Expenditures	<u>9,704</u>	<u>22,978</u>	<u>13,274</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(8,679)</u>	<u>\$ 0</u>	<u>\$ (8,679)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	1,446		
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	<u>41</u>		
Total Other Changes in Unreserved Fund Balance	<u>1,487</u>		
Unreserved Fund Balance - July 1	<u>18,311</u>		
Unreserved Fund Balance - June 30	<u>\$ 11,119</u>		

STATEMENTS E

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where periodic determination of net income is desired. Expenses, including depreciation, of providing goods or services to the general public are recovered primarily through user charges.

Water Utility Fund accounts for the financing and operation of the Water Utility. All activities necessary to provide water services to the City of Tucson Metropolitan area are accounted for within this fund.

Golf Course Fund accounts for the financing and operation of the City's golf courses, driving ranges, and clubhouses.

CITY OF TUCSON, ARIZONA
Enterprise Funds
Combining Balance Sheet
With Comparative Totals
June 30, 2000 and June 30, 1999
(in thousands)

	Water Utility Fund	Golf Course Fund	Totals	
			2000	1999
Assets				
Current Assets:				
Cash/Deposits/Investments	\$ 6,601	\$	\$ 6,601	\$ 7,586
Accounts Receivable:				
Billed Accounts Receivable	10,025	31	10,056	8,052
Less Allowance for Doubtful Accounts	(1,132)		(1,132)	(1,232)
Unbilled Accounts Receivable	4,394		4,394	5,144
Interest Receivable	331	2	333	373
Prepaid Expenses	209	118	327	382
Inventories	76	39	115	494
Total Current Assets	<u>20,504</u>	<u>190</u>	<u>20,694</u>	<u>20,799</u>
Restricted Assets:				
Cash/Investments with Fiscal Agent - Debt Service	13,085	9	13,094	12,766
Cash/Investments with Fiscal Agent - Construction	1,408	504	1,912	152
Cash/Deposits/Investments for Construction				17,729
Cash/Deposits/Investments for Central Arizona Project				998
Cash/Deposits/Investments for Customer Deposits	1,487		1,487	1,308
Cash/Deposits/Investments for Area Development Fees	772		772	630
Investments for Debt Service	260		260	211
Investments for Contract Payments	1,574		1,574	1,810
Accounts Receivable for Central Arizona Project	129		129	117
Accounts Receivable for Construction	94		94	1,757
Accrued Interest Receivable for Construction	124		124	8
Accrued Interest Receivable for Central Arizona Project	3		3	13
Total Restricted Assets	<u>18,936</u>	<u>513</u>	<u>19,449</u>	<u>37,499</u>
Long Term Accounts Receivable	<u>10,424</u>		<u>10,424</u>	<u>11,306</u>
Property, Plant and Equipment:				
Land	46,901	5,760	52,661	49,649
Buildings	97,317	6,975	104,292	104,245
Improvements Other Than Buildings		11,702	11,702	6,911
Transmission and Distribution System (Mains)	531,743		531,743	466,974
Wells and Reservoirs	142,078		142,078	132,491
Machinery and Equipment	15,141	2,731	17,872	21,295
	<u>833,180</u>	<u>27,168</u>	<u>860,348</u>	<u>781,565</u>
Less Accumulated Depreciation	(181,590)	(7,456)	(189,046)	(177,538)
	<u>651,590</u>	<u>19,712</u>	<u>671,302</u>	<u>604,027</u>
Construction-in-Progress	110,996	21	111,017	132,031
Total Property, Plant and Equipment	<u>762,586</u>	<u>19,733</u>	<u>782,319</u>	<u>736,058</u>
Goodwill, Net of Accumulated Amortization	334	13	347	377
Deferred Charges		388	388	164
Total Assets	<u>\$ 812,784</u>	<u>\$ 20,837</u>	<u>\$ 833,621</u>	<u>\$ 806,203</u>

	Water Utility Fund	Golf Course Fund	Totals	
			2000	1999
Liabilities and Fund Equity				
Current Liabilities:				
Salaries, Wages and Payroll Taxes Payable	\$ 2,728	\$ 312	\$ 3,040	\$ 2,685
Current Portion of Revenue Bonds and Certificates Payable	6,280		6,280	6,100
Current Portion of Long-Term Contracts/Capital Leases Payable	221	262	483	814
Accounts Payable	4,212	411	4,623	6,187
Due To Other Funds-Unrestricted		68	68	2,497
Accrued Interest Payable	51	20	71	174
Total Current Liabilities	<u>13,492</u>	<u>1,073</u>	<u>14,565</u>	<u>18,457</u>
Liabilities Payable from Restricted Assets:				
Matured Bonds/Certificates and Interest Payable	13,085		13,085	12,182
Due to Other Funds-Restricted	12,831		12,831	
Customer Deposits	1,487		1,487	1,308
Accounts Payable - Construction Assets	3,225		3,225	1,600
Accounts Payable - Central Arizona Project				1,127
Contracts/Capital Leases Payable	1,954		1,954	2,452
Unearned Receipts - Area Development Fees	772		772	630
Total Liabilities Payable from Restricted Assets	<u>33,354</u>		<u>33,354</u>	<u>19,299</u>
Long-Term Debt, Net of Portion Classified as Current Liabilities Including Amounts Payable from Restricted Assets:				
Certificates and Revenue Bonds Payable	237,835		237,835	243,924
Contracts/Capital Leases Payable	119	4,900	5,019	4,414
Arbitrage Rebate Tax Liability				60
Accrued Compensated Absences	1,285	74	1,359	1,417
Total Long-Term Debt	<u>239,239</u>	<u>4,974</u>	<u>244,213</u>	<u>249,815</u>
Total Liabilities	<u>286,085</u>	<u>6,047</u>	<u>292,132</u>	<u>287,571</u>
Fund Equity:				
Contributed Capital:				
City	482	11,479	11,961	8,490
Federal		899	899	899
Donated Water Systems	107,628		107,628	92,984
Total Contributed Capital	<u>108,110</u>	<u>12,378</u>	<u>120,488</u>	<u>102,373</u>
Retained Earnings:				
Unreserved	418,589	2,412	421,001	416,259
Total Retained Earnings	<u>418,589</u>	<u>2,412</u>	<u>421,001</u>	<u>416,259</u>
Total Fund Equity	<u>526,699</u>	<u>14,790</u>	<u>541,489</u>	<u>518,632</u>
Total Liabilities and Fund Equity	<u>\$ 812,784</u>	<u>\$ 20,837</u>	<u>\$ 833,621</u>	<u>\$ 806,203</u>

CITY OF TUCSON, ARIZONA
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes
in Unreserved Retained Earnings
Year Ended June 30, 2000 With Comparative Totals
for the Year Ended June 30, 1999 (in thousands)

Statement E-2

	Water Utility Fund	Golf Course Fund	Totals	
			2000	1999
Operating Revenues:				
Water Sales	\$ 85,288	\$	\$ 85,288	\$ 83,055
Green Fees		5,226	5,226	4,799
Other	7,565	2,911	10,476	10,871
Total Operating Revenues	<u>92,853</u>	<u>8,137</u>	<u>100,990</u>	<u>98,725</u>
Operating Expenses:				
Administration		508	508	4,904
Director's Office	2,277		2,277	
Customer Service				4,556
Business Services	8,420		8,420	
Water Operations	22,584		22,584	24,235
Planning and Engineering	2,886		2,886	3,674
Water Quality	2,520		2,520	2,077
Water Treatment	12,179		12,179	12,216
Randolph Golf Course		2,440	2,440	2,128
El Rio Golf Course		1,138	1,138	986
Silverbell Golf Course		1,123	1,123	973
Enke Golf Course		1,071	1,071	1,094
Tournaments		59	59	103
Clubhouse Operations		1,367	1,367	1,161
Depreciation	14,911	798	15,709	14,921
Amortization of Goodwill	28	2	30	29
General	6,588		6,588	5,149
Total Operating Expenses	<u>72,393</u>	<u>8,506</u>	<u>80,899</u>	<u>78,206</u>
Net Operating Income (Loss)	<u>20,460</u>	<u>(369)</u>	<u>20,091</u>	<u>20,519</u>
Nonoperating Income:				
Investment Income	1,757	25	1,782	1,624
Gain on Sale of Property/Equipment	402		402	81
Total Nonoperating Income	<u>2,159</u>	<u>25</u>	<u>2,184</u>	<u>1,705</u>
Nonoperating Expenses:				
Interest Expense	14,150	305	14,455	13,646
Amortization of Discount/Cost of Issuance		14	14	17
Loss on Write-Off of Equipment Less Than \$5	2,025	500	2,525	
Other Nonoperating Expense	529	10	539	158
Total Nonoperating Expenses	<u>16,704</u>	<u>829</u>	<u>17,533</u>	<u>13,821</u>
Net Income (Loss) Before Operating Transfer	<u>5,915</u>	<u>(1,173)</u>	<u>4,742</u>	<u>8,403</u>
Operating Transfer Out				<u>(266)</u>
Net Income (Loss)	<u>5,915</u>	<u>(1,173)</u>	<u>4,742</u>	<u>8,137</u>
Other Change in Unreserved Retained Earnings:				
Decrease (Increase) in Reserve for Capital Improvements				<u>1,175</u>
Unreserved Retained Earnings - July 1	<u>412,674</u>	<u>3,585</u>	<u>416,259</u>	<u>406,947</u>
Unreserved Retained Earnings - June 30	<u>\$ 418,589</u>	<u>\$ 2,412</u>	<u>\$ 421,001</u>	<u>\$ 416,259</u>

CITY OF TUCSON, ARIZONA
Enterprise Funds
Combining Statement of Cash Flows

Statement E-3

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999
(in thousands)

	Water Utility Fund	Golf Course Fund	Totals	
			2000	1999
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 92,649	\$ 8,186	\$ 100,835	\$ 98,889
Cash Payments to Suppliers for Goods and Services	(36,584)	(6,317)	(42,901)	(35,733)
Cash Payments to Employees for Services	(21,914)	(3,561)	(25,475)	(23,578)
Miscellaneous Receipts		4	4	68
Net Cash Provided (Used) by Operating Activities	<u>34,151</u>	<u>(1,688)</u>	<u>32,463</u>	<u>39,646</u>
Cash Flows from Noncapital Financing Activities:				
Interest Paid on Investment Pool Borrowings		(75)	(75)	(133)
Non-Capital Contribution - General Fund		2,713	2,713	
Operating Transfer Out				(266)
Net Cash Provided (Used) by Noncapital Financing Activities		<u>2,638</u>	<u>2,638</u>	<u>(399)</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Proceeds	2,003		2,003	37,213
Acquisition and Construction of Capital Assets	(37,293)	(321)	(37,614)	(46,312)
Principal Paid on Capital Debt	(6,321)	(437)	(6,758)	(6,394)
Interest Paid on Capital Debt	(13,993)	(239)	(14,232)	(13,080)
Fiscal Agent Fees Paid on Capital Debt	(23)	(293)	(316)	(16)
Construction of Capital Assets-Area Development Fee	942		942	825
Proceeds from Sale of Property/Equipment	402		402	81
Proceeds from Sale of Certificates of Participation		314	314	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(54,283)</u>	<u>(976)</u>	<u>(55,259)</u>	<u>(27,683)</u>
Cash Flows from Investing Activities:				
Interest on Investments	741	26	767	965
Net Cash Provided (Used) by Investing Activities	<u>741</u>	<u>26</u>	<u>767</u>	<u>965</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(19,391)</u>	<u>0</u>	<u>(19,391)</u>	<u>12,529</u>
Cash and Cash Equivalents - July 1	28,251		28,251	15,722
Cash and Cash Equivalents - June 30	<u>\$ 8,860</u>	<u>\$ 0</u>	<u>\$ 8,860</u>	<u>\$ 28,251</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income(Loss)	\$ 20,460	\$ (369)	\$ 20,091	\$ 20,519
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	14,939	800	15,739	14,950
Decrease (Increase) in Assets:				
Accounts Receivable	(1,407)	53	(1,354)	(629)
Prepaid Expense	102	(1)	101	(310)
Inventory	386	(7)	379	60
Long Term Accounts Receivable	882		882	991
(Decrease) Increase in Liabilities:				
Accounts Payable	(1,820)	256	(1,564)	2,999
Salaries Payable	331	24	355	515
Accrued Compensated Absences	(22)	(36)	(58)	315
Unearned Receipts - Area Development Fees	142		142	(266)
Customer/Refundable Deposits	179		179	137
Due to Other Funds-Unrestricted	(21)	(2,408)	(2,429)	365
Net Cash Provided (Used) by Operating Activities	<u>\$ 34,151</u>	<u>\$ (1,688)</u>	<u>\$ 32,463</u>	<u>\$ 39,646</u>

Noncash investing, capital and financing activities:

During the year developers contributed water systems valued at \$14,644 to the Water Utility Fund.
During the year the Golf Course Fund received \$758 in land from the General Fund.

CITY OF TUCSON, ARIZONA
Water Utility Fund
Schedule of Income - Budget and Actual
Year Ended June 30, 2000
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues:			
Water Sales:			
Potable Water Sales	\$ 80,736	\$ 84,260	\$ (3,524)
Reclaimed Water Sales	4,552	4,773	(221)
Total Water Sales	<u>85,288</u>	<u>89,033</u>	<u>(3,745)</u>
Central Arizona Project Surcharge	915	985	(70)
Connection Fees	2,601	2,403	198
Pima County - Sewer Billing Service	1,397	1,282	115
Miscellaneous Revenue:			
TCE Cleanup Reimbursement	544	745	(201)
Area Development Fees	799	1,372	(573)
Other	1,309	4,990	(3,681)
Total Miscellaneous Revenue	<u>2,652</u>	<u>7,107</u>	<u>(4,455)</u>
Total Operating Revenues	<u>92,853</u>	<u>100,810</u>	<u>(7,957)</u>
Operating Expenses:			
Director's Office:			
Personal Services	871	923	52
Contractual Services	1,226	1,357	131
Commodities	180	196	16
Total Director's Office	<u>2,277</u>	<u>2,476</u>	<u>199</u>
Business Services:			
Personal Services	5,768	5,728	(40)
Contractual Services	1,443	1,741	298
Commodities	1,209	1,327	118
Total Customer Service	<u>8,420</u>	<u>8,796</u>	<u>376</u>
Water Operations:			
Personal Services	10,014	10,020	6
Contractual Services	10,143	9,826	(317)
Commodities	2,427	2,360	(67)
Total Water Operations	<u>22,584</u>	<u>22,206</u>	<u>(378)</u>
Planning and Engineering:			
Personal Services	1,910	1,929	19
Contractual Services	780	752	(28)
Commodities	196	282	86
Total Planning and Engineering	<u>2,886</u>	<u>2,963</u>	<u>77</u>
Water Quality:			
Personal Services	1,627	1,665	38
Contractual Services	511	625	114
Commodities	382	479	97
Total Water Quality	<u>2,520</u>	<u>2,769</u>	<u>249</u>
Water Treatment:			
Personal Services	1,584	1,723	139
Contractual Services	9,998	10,695	697
Commodities	597	710	113
Total Water Treatment	<u>12,179</u>	<u>13,128</u>	<u>949</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenses (Continued):			
General Expenses:			
Personal Services	\$ 448	\$ 597	\$ 149
Contractual Services	5,984	7,312	1,328
Commodities	156	164	8
Total General Expenses	<u>6,588</u>	<u>8,073</u>	<u>1,485</u>
Depreciation	14,911		(14,911)
Amortization of Goodwill	28		(28)
Total Operating Expenses	<u>72,393</u>	<u>60,411</u>	<u>(11,982)</u>
Net Operating Income	<u>20,460</u>	<u>40,399</u>	<u>(19,939)</u>
Nonoperating Income:			
Investment Income:			
Operating Funds	945	1,555	(610)
Central Arizona Project Fund	12		12
Investments for Debt Service	311		311
Investments for Construction	489		489
Total Interest Earnings	<u>1,757</u>	<u>1,555</u>	<u>202</u>
Gain on Sale of Property/Equipment	402		402
Other Nonoperating Income		316	(316)
Total Nonoperating Income	<u>2,159</u>	<u>1,871</u>	<u>288</u>
Nonoperating Expenses:			
Interest Expense - Bonds	14,026	14,443	417
Interest Expense - Contracts	124	121	(3)
Loss on Increase in Asset Threshold	2,025		(2,025)
Other Nonoperating Expenses	529	75	(454)
Total Nonoperating Expenses	<u>16,704</u>	<u>14,639</u>	<u>(2,065)</u>
Net Income	<u>\$ 5,915</u>	<u>\$ 27,631</u>	<u>\$ (21,716)</u>

CITY OF TUCSON, ARIZONA
Golf Course Fund
Schedule of Income - Budget and Actual
Year Ended June 30, 2000
(in thousands)

Statement E-5

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues:			
Green Fees	\$ 5,226	\$ 4,927	\$ 299
Cart Rentals	807	1,278	(471)
Pro Shop Operations	19	25	(6)
Reservations	29	44	(15)
Locker Rentals	1		1
Driving Range	443	490	(47)
Miscellaneous	277	210	67
Club House Operations	<u>1,335</u>	<u>1,300</u>	<u>35</u>
Total Operating Revenues	<u>8,137</u>	<u>8,274</u>	<u>(137)</u>
Operating Expenses:			
Administration:			
Personal Services	227	255	28
Contractual Services	247	339	92
Commodities	34	19	(15)
Total Administration	<u>508</u>	<u>613</u>	<u>105</u>
Randolph Golf Course:			
Personal Services	1,140	920	(220)
Contractual Services	773	872	99
Commodities	527	603	76
Total Randolph Golf Course	<u>2,440</u>	<u>2,395</u>	<u>(45)</u>
El Rio Golf Course:			
Personal Services	542	475	(67)
Contractual Services	438	429	(9)
Commodities	158	192	34
Total El Rio Golf Course	<u>1,138</u>	<u>1,096</u>	<u>(42)</u>
Silverbell Golf Course:			
Personal Services	474	523	49
Contractual Services	302	311	9
Commodities	347	410	63
Total Silverbell Golf Course	<u>1,123</u>	<u>1,244</u>	<u>121</u>
Enke Golf Course:			
Personal Services	432	484	52
Contractual Services	465	454	(11)
Commodities	174	298	124
Total Enke Golf Course	<u>1,071</u>	<u>1,236</u>	<u>165</u>
Tournaments:			
Personal Services	15	20	5
Contractual Services	26	46	20
Commodities	18	36	18
Total Tournaments	<u>59</u>	<u>102</u>	<u>43</u>
Clubhouse Operations:			
Personal Services	719	724	5
Contractual Services	168	191	23
Commodities	480	399	(81)
Total Clubhouse Operations	<u>1,367</u>	<u>1,314</u>	<u>(53)</u>
Depreciation	<u>798</u>		<u>(798)</u>
Amortization of Goodwill	<u>2</u>		<u>(2)</u>
Total Operating Expenses	<u>8,506</u>	<u>8,000</u>	<u>(506)</u>
Net Operating Income (Loss)	<u>(369)</u>	<u>274</u>	<u>(643)</u>
Nonoperating Income:			
Investment Income	25		25
Gain/(Loss) on Sale of Property/Equipment	(500)		(500)
Other		607	(607)
Total Nonoperating Income	<u>(475)</u>	<u>607</u>	<u>(1,082)</u>
Nonoperating Expenses:			
Interest Expense	305	297	(8)
Amortization of Discount/Cost of Issuance	14		(14)
Other	10	40	30
Total Nonoperating Expenses	<u>329</u>	<u>337</u>	<u>8</u>
Net Income (Loss)	<u>\$ (1,173)</u>	<u>\$ 544</u>	<u>\$ (1,717)</u>

CITY OF TUCSON, ARIZONA
Water Utility Fund
Revenues, Expenditures and Flow of Funds
Per Ordinance No. 6347 (1)
Year Ended June 30, 2000
(in thousands)

Statement E-6

Revenues:		
Sale of Water:		
Potable Water Sales		\$ 80,736
Reclaimed Water Sales		4,552
Connection Fees		2,601
Pima County - Sewer Billing Services		1,397
Miscellaneous Revenue:		
Area Development Fees	\$ 799	
TCE Clean Up Reimbursement	544	
Other	<u>1,199</u>	
Total Miscellaneous Revenue		2,542
Nonoperating Income:		
Investment Income - Operating Fund	945	
Investment Income - Debt Service Fund	311	
Gain on Sale of Property/Equipment	<u>402</u>	
Total Nonoperating Income		<u>1,658</u>
Total Revenues		<u>93,486</u>
Operation and Maintenance Expenses:		
Director's Office		4,298
Business Services		8,420
Water Operations		14,603
Planning and Engineering		5,694
Water Quality		2,520
Water Treatment		3,763
Power - Potable System		7,981
Power - Reclaimed System		729
CAP Water Purchases:		
Commodity	1,020	
Capital Charges	<u>6,668</u>	
Total CAP Water Purchases		7,688
General Expenses		1,373
Waterline Relocations: City-Shared Costs		411
Capitalized O and M Expense		<u>(5,240)</u>
Total Operation and Maintenance Expense		<u>52,240</u>
Net Revenue Available After Operations (2)		<u>41,246</u>
Debt Service for Water Revenue Bonds:		
Principal		14,271
Interest		6,367
Fiscal Fees		81
Total Debt Service for Water Revenue Bonds		<u>20,719</u>
Net Revenue Available After Operations and Water Revenue		
Bond Debt Service		<u>\$ 20,527</u>

(1) This is a special purpose financial statement intended to show compliance with Ordinance 6347. It is not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Statements E-1 through E-5 are presented on a GAAP basis.

(2) Section 5.02 (b) of Ordinance 6347 covenants that the City will issue additional bonds only if Net Revenue Available After Operations has been at least equal to 120% of the Maximum Future Annual Debt Service Requirement. The City's experience has shown that more favorable interest rates (and thus lower debt service costs) can be attained if such coverage is 150% to 200%. For the period ended June 30, 2000, the debt coverage for the Maximum Future Debt Service Requirement is 165%.

An amendment to Section 7.01 of Ordinance 6347 further requires that if the Net Revenue of any fiscal year does not equal or exceed 175% of the Annual Debt Service Requirement for that fiscal year, the City will deposit additional monies into a required reserve account. For the period ended June 30, 2000, the debt coverage for the Annual Debt Service Requirement is 200%.

See Statement E-4 for presentation of the Statement of Income on the accrual basis of accounting.



STATEMENTS F

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis. Accounting for Internal Service Funds as proprietary fund types is designed to accumulate the total cost (including depreciation) of providing particular services.

Self-Insurance Fund accounts for the risk management functions of the City. The fund provides self-insurance coverage for general liability, unemployment insurance, workers compensation and property damage as well as acquiring insurance coverage for other risks.

Fleet Services Fund accounts for the acquisition, replacement, maintenance and repair of the City's fleet vehicles and equipment.

CITY OF TUCSON, ARIZONA
Internal Service Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2000 and June 30, 1999
 (in thousands)

Statement F-1

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2000	1999
Assets				
Current Assets:				
Cash/Deposits/Pooled Investments	\$ 19,565	\$ 5,253	\$ 24,818	\$ 26,893
Due From Other Funds		511	511	
Accounts Receivable	2,134	76	2,210	5,106
Interest Receivable	207	45	252	215
Restricted Assets:				
Cash with Fiscal Agents - Debt Service		310	310	778
Cash with Fiscal Agents - Acquisition				100
Other Restricted Assets	9,636		9,636	7,617
Property, Plant, and Equipment:				
Fixed Assets - Net of Accumulated Depreciation	240	26,742	26,982	20,654
Construction-in-Progress	368		368	201
Total Assets	<u>\$ 32,150</u>	<u>\$ 32,937</u>	<u>\$ 65,087</u>	<u>\$ 61,564</u>
Liabilities and Fund Equity				
Current Liabilities:				
Accounts Payable	\$ 93	\$ 531	\$ 624	\$ 2,241
Due to Other Funds				50
Salaries, Wages and Payroll Taxes Payable	25	160	185	143
Refundable Deposits and Unredeemed Warrants	8	1	9	5
Claims and Judgments Payable	25,172		25,172	22,724
Contracts Payable-Current	3	1,173	1,176	875
Long-Term Debt, net of Portion Classified as				
Current Liabilities Including Amounts				
Payable from Restricted Assets:				
Contracts/Capital Leases Payable	5	2,993	2,998	3,483
Total Liabilities	<u>25,306</u>	<u>4,858</u>	<u>30,164</u>	<u>29,521</u>
Fund Equity:				
Contributed Capital	<u>18,104</u>	<u>24,199</u>	<u>42,303</u>	<u>35,640</u>
Retained Earnings:				
Reserved for Self-Insurance	3,547		3,547	11,488
Unreserved (deficiencies)	<u>(14,807)</u>	<u>3,880</u>	<u>(10,927)</u>	<u>(15,085)</u>
Total Retained Earnings (deficiencies)	<u>(11,260)</u>	<u>3,880</u>	<u>(7,380)</u>	<u>(3,597)</u>
Total Fund Equity	<u>6,844</u>	<u>28,079</u>	<u>34,923</u>	<u>32,043</u>
Total Liabilities and Fund Equity	<u>\$ 32,150</u>	<u>\$ 32,937</u>	<u>\$ 65,087</u>	<u>\$ 61,564</u>

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes
in Unreserved Retained EarningsYear Ended June 30, 2000 With Comparative Totals
for the Year Ended June 30, 1999 (in thousands)

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2000	1999
Operating Revenues:				
Charges for Services	\$ 10,586	\$ 22,164	\$ 32,750	\$ 27,248
Miscellaneous		79	79	2,229
Total Operating Revenues	<u>10,586</u>	<u>22,243</u>	<u>32,829</u>	<u>29,477</u>
Operating Expenses:				
Personal Services	1,034	4,347	5,381	4,984
Contractual Services	2,791	1,413	4,204	3,852
Commodities	165	7,968	8,133	7,475
Depreciation	11	6,414	6,425	4,140
Benefits and Claims	10,824		10,824	7,392
Total Operating Expenses	<u>14,825</u>	<u>20,142</u>	<u>34,967</u>	<u>27,843</u>
Net Operating Income (Loss)	<u>(4,239)</u>	<u>2,101</u>	<u>(2,138)</u>	<u>1,634</u>
Nonoperating Revenues (Expenses):				
Investment Income	1,301	240	1,541	1,210
Interest Expense		(212)	(212)	(33)
Gain (Loss) from Sale of Property	(89)	87	(2)	478
Total Nonoperating Revenues (Expenses)	<u>1,212</u>	<u>115</u>	<u>1,327</u>	<u>1,655</u>
Net Income (Loss) Before Operating Transfer	<u>(3,027)</u>	<u>2,216</u>	<u>(811)</u>	
Operating Transfer Out		(101)	(101)	
Net Income (Loss)	<u>(3,027)</u>	<u>2,115</u>	<u>(912)</u>	<u>3,289</u>
Other Changes in Unreserved Retained Earnings:				
Decrease (Increase) in Reserve for Self-Insurance	<u>7,941</u>		<u>7,941</u>	<u>(3,720)</u>
Unreserved Retained Earnings (Deficiencies)- July 1	<u>(16,850)</u>	<u>1,765</u>	<u>(15,085)</u>	<u>(14,654)</u>
Prior Period Adjustment	<u>(2,871)</u>		<u>(2,871)</u>	
Unreserved Retained Earnings (Deficiencies) July 1, Restated	<u>(19,721)</u>	<u>1,765</u>	<u>(17,956)</u>	
Unreserved Retained Earnings (Deficiencies)- June 30	<u>\$ (14,807)</u>	<u>\$ 3,880</u>	<u>\$ (10,927)</u>	<u>\$ (15,085)</u>

CITY OF TUCSON, ARIZONA

Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2000 With Comparative Totals for Year Ended June 30, 1999

(in thousands)

	<u>Self- Insurance Fund</u>	<u>Fleet Services Fund</u>	<u>Totals</u>	
			<u>2000</u>	<u>1999</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 10,586	\$ 21,637	\$ 32,223	\$ 27,329
Cash Payments to Suppliers for Goods and Services	(11,650)	(10,699)	(22,349)	(17,158)
Cash Payments to Employees for Services	(1,030)	(4,310)	(5,340)	(4,967)
Other Operating Revenues	15	79	94	54
Net Cash Provided (Used) by Operating Activities	<u>(2,079)</u>	<u>6,707</u>	<u>4,628</u>	<u>5,258</u>
Cash Flows From Noncapital Financing Activities:				
Operating Transfers Out		(101)	(101)	
Noncapital Contribution-General Fund				750
Net Cash Provided (Used) by Noncapital Financing Activities		<u>(101)</u>	<u>(101)</u>	<u>750</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(225)	(6,158)	(6,383)	(5,928)
Proceeds from Sale of Property and Equipment		506	506	564
Interest Paid on Capital Debt		(212)	(212)	
Net Cash Used by Capital and Related Financing Activities	<u>(225)</u>	<u>(5,864)</u>	<u>(6,089)</u>	<u>(5,364)</u>
Cash Flows from Investing Activities:				
Investment Income	886	230	1,116	828
Proceeds from Sale of Investments	8,015		8,015	6,120
Purchase of Investments	(9,644)		(9,644)	(7,612)
Net Cash Provided (Used) by Investing Activities	<u>(743)</u>	<u>230</u>	<u>(513)</u>	<u>(664)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,047)</u>	<u>972</u>	<u>(2,075)</u>	<u>(20)</u>
Cash and Cash Equivalents - July 1	<u>22,612</u>	<u>4,281</u>	<u>26,893</u>	<u>26,913</u>
Cash and Cash Equivalents - June 30	\$ <u>19,565</u>	\$ <u>5,253</u>	\$ <u>24,818</u>	\$ <u>26,893</u>

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2000	1999
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (4,239)	\$ 2,101	\$ (2,138)	\$ 1,634
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	11	6,414	6,425	4,140
Decrease (Increase) in Assets:				
Accounts Receivable	41	(16)	25	(2,095)
Due From Other Funds		(511)	(511)	
Increase (Decrease) in Liabilities:				
Accounts Payable	(348)	(1,269)	(1,617)	1,604
Salaries Payable	5	37	42	16
Customer/Refundable Deposits and Unredeemed Warrants	3	1	4	1
Claims and Judgments Payable	2,448		2,448	(92)
Due to Other Funds		(50)	(50)	50
Net Cash Provided (Used) by Operating Activities	\$ <u>(2,079)</u>	\$ <u>6,707</u>	\$ <u>4,628</u>	\$ <u>5,258</u>

Noncash Investing, Capital and Financing Activities:

City funds contributed vehicles and equipment with a net book value of \$5,630 to the Fleet Services Internal Service Fund during the fiscal year ended June 30, 2000.

The Fleet Services Internal Service Fund acquired vehicles and equipment with a net book value of \$875 through a lease purchase agreement and equipment of \$158 through a capital grant from the State of Arizona during the fiscal year ended June 30, 2000.



STATEMENTS G

PENSION, TRUST AND AGENCY FUNDS

Pension, Trust and Agency Funds are used to account for assets held by the City in the capacity of trustee, custodian, or agent for individuals, governmental entities, and nonpublic organizations. Pension, Trust and Agency Fund spending is controlled primarily through legal agreements and applicable State and Federal laws.

Pension Trust Fund (Supplemental Retirement Fund) accounts for the accumulation of resources to be used for retirement annuity payments. Administrative costs of the pension system are recorded within the fund.

Expendable Trust Funds (Civic Contributions Fund and Deferred Compensation Fund) account for contributions from private sources restricted to purposes designated by contributors and for the Employee Deferred Compensation Program.

Non-Expendable Trust Fund (Civic Endowment Fund) accounts for contributions from private sources restricted to purposes designated by contributors. Expenditures are funded solely by interest earnings.

Agency Funds (Sewer User Fee Fund and Employee Prepaid Insurance Fund) account for sewer fees collected by the City and remitted to Pima County, and for employee contract insurance programs, respectively.

CITY OF TUCSON, ARIZONA
Pension, Trust and Agency Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2000 and June 30, 1999
 (in thousands)

	<u>Pension Trust Fund</u>	<u>Expendable Trust Funds</u>	
	<u>Supplemental Retirement Fund</u>	<u>Civic Contributions Fund</u>	<u>Deferred Compensation Fund</u>
<u>Assets</u>			
Cash/Deposits/Pooled			
Investments	\$ 923	\$ 646	\$ 308
Investments	543,560		57,990
Accounts Receivable (Net)	11,977		1
Interest Receivable	2,232	7	765
Fixed Assets - Net of Accumulated Depreciation		150	
Total Assets	<u>\$ 558,692</u>	<u>\$ 803</u>	<u>\$ 59,064</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable/Securities Collateral	\$ 42,452	\$ 50	\$ 7,792
Due to Other Funds			
Due to Other Agencies			
Accrued Wages and Payroll			
Taxes Payable	7		
Total Liabilities	<u>42,459</u>	<u>50</u>	<u>7,792</u>
Fund Equity:			
Fund Balance:			
Reserved for Employees' Pension/ Retirement Benefits	516,233		51,272
Reserved for Civic Contributions Purposes		753	
Reserved for Non- Expendable Civic Contribution Purposes			
Total Fund Equity	<u>516,233</u>	<u>753</u>	<u>51,272</u>
Total Liabilities and Fund Equity	<u>\$ 558,692</u>	<u>\$ 803</u>	<u>\$ 59,064</u>

	<u>Non-Expendable Trust Fund</u>		<u>Totals</u>	
	<u>Civic Endowment Fund</u>		<u>Agency Funds</u>	<u>2000</u>
<u>Assets</u>				
Cash/Deposits/Pooled				
Investments	\$ 146	\$ 2,677	\$ 4,700	\$ 4,887
Investments			601,550	517,435
Accounts Receivable (Net)		2,983	14,961	8,637
Interest Receivable	1	12	3,017	2,712
Fixed Assets - Net of Accumulated Depreciation			150	160
Total Assets	<u>\$ 147</u>	<u>\$ 5,672</u>	<u>\$ 624,378</u>	<u>\$ 533,831</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$	\$ 1,969	\$ 52,263	\$ 6,912
Due to Other Funds				119
Due to Other Agencies		3,703	3,703	3,959
Accrued Wages and Payroll				
Taxes Payable			7	5
Total Liabilities	<u>0</u>	<u>5,672</u>	<u>55,973</u>	<u>10,995</u>
Fund Equity:				
Fund Balance:				
Reserved for Employees' Pension/Retirement Benefits			567,505	522,095
Reserved for Civic Contributions Purposes	2		755	696
Reserved for Non-Expendable Civic Contribution Purposes	145		145	45
Total Fund Equity	<u>147</u>	<u>0</u>	<u>568,405</u>	<u>522,836</u>
Total Liabilities and Fund Equity	<u>\$ 147</u>	<u>\$ 5,672</u>	<u>\$ 624,378</u>	<u>\$ 533,831</u>

CITY OF TUCSON, ARIZONA
Pension Trust Fund
Statement of Plan Net Assets
June 30, 2000
(in thousands)

Statement G-2

Assets

Cash/Deposits/Pooled Investments	\$ <u>923</u>
Receivables:	
City Contributions	383
Employee Contributions	261
Interest and Dividends	2,232
Due from Brokers	11,332
Miscellaneous	<u>1</u>
Total Receivables	<u>14,209</u>
Investments, at Fair Value:	
Short Term Investments	12,284
Securities Lending Cash Collateral	32,934
U.S. Government Obligations	57,311
Corporate Bonds	35,116
Other Bonds	464
Common Stocks	262,496
International Bonds	21,103
International Equity Group Trust	81,174
Mortgage Bonds Mutual Fund	20,858
Real Estate	<u>19,820</u>
Total Investments, at Fair Value	<u>543,560</u>
 Total Assets	 <u>558,692</u>

Liabilities

Accounts Payable	89
Accrued Wages and Payroll Taxes Payable	7
Due to Securities Borrowers	32,934
Due to Brokers	<u>9,429</u>
Total Liabilities	<u>42,459</u>

Fund Balance Reserved

**for Employees' Pension Benefits (A Schedule of Funding
Progress for the Plan is presented in Note 17).** **\$ 516,233**

CITY OF TUCSON, ARIZONA
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances
Year Ended June 30, 2000 and June 30, 1999
(in thousands)

Statement G-3

	<u>Civic Contributions Fund</u>	<u>Deferred Compensation Fund</u>	<u>Totals</u>	
			<u>2000</u>	<u>1999</u>
Revenues:				
Use of Money and Property	\$ 34	\$	\$ 34	\$ 25
Gifts and Donations	207		207	258
Employee Contributions		2,222	2,222	2,260
Income on Investments		1,271	1,271	2,229
Securities Lending Income		492	492	522
Total Revenues	<u>241</u>	<u>3,985</u>	<u>4,226</u>	<u>5,294</u>
Expenditures:				
General Government	6	83	89	78
Community Services				16
Police	10		10	7
Fire	1		1	16
Operations	1		1	
Library	60		60	38
Parks and Recreation	104		104	42
Payments to Participants		4,123	4,123	3,808
Securities Lending Expense		476	476	506
Total Expenditures	<u>182</u>	<u>4,682</u>	<u>4,864</u>	<u>4,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>59</u>	<u>(697)</u>	<u>(638)</u>	<u>783</u>
Other Changes in Unreserved Fund Balance:				
Decrease(Increase) in Other Reserves	<u>(59)</u>	<u>697</u>	<u>638</u>	<u>(783)</u>
Unreserved Fund Balances - July 1	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unreserved Fund Balances - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF TUCSON, ARIZONA
Agency Funds
Combining Balance Sheet
June 30, 2000
(in thousands)

Statement G-4

	<u>Sewer User Fee Fund</u>	<u>Employee Prepaid Insurance Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash/Deposits/Pooled Investments	\$ 716	\$ 1,961	\$ 2,677
Accounts Receivable	2,975	8	2,983
Interest Receivable	<u>12</u>	<u> </u>	<u>12</u>
Total Assets	<u>\$ 3,703</u>	<u>\$ 1,969</u>	<u>\$ 5,672</u>
<u>Liabilities</u>			
Accounts Payable	\$	\$ 1,969	\$ 1,969
Due to Other Agencies	<u>3,703</u>	<u> </u>	<u>3,703</u>
Total Liabilities	<u>\$ 3,703</u>	<u>\$ 1,969</u>	<u>\$ 5,672</u>

CITY OF TUCSON, ARIZONA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2000
(in thousands)

Statement G-5

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2000</u>
<u>Sewer User Fee Fund</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 1,598	\$ 70,475	\$ 71,357	\$ 716
Accounts Receivable	2,349	35,118	34,492	2,975
Interest Receivable	12	53	53	12
Total Assets	<u>\$ 3,959</u>	<u>\$ 105,646</u>	<u>\$ 105,902</u>	<u>\$ 3,703</u>
Liabilities:				
Due to Other Agencies	<u>\$ 3,959</u>	<u>\$ 111,917</u>	<u>\$ 112,173</u>	<u>\$ 3,703</u>
Total Liabilities	<u>\$ 3,959</u>	<u>\$ 111,917</u>	<u>\$ 112,173</u>	<u>\$ 3,703</u>
<u>Employee Prepaid Insurance Fund</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 2,447	\$ 51,825	\$ 52,311	\$ 1,961
Accounts Receivable	11	119	122	8
Total Assets	<u>\$ 2,458</u>	<u>\$ 51,944</u>	<u>\$ 52,433</u>	<u>\$ 1,969</u>
Liabilities:				
Accounts Payable	<u>\$ 2,458</u>	<u>\$ 51,138</u>	<u>\$ 51,627</u>	<u>\$ 1,969</u>
Total Liabilities	<u>\$ 2,458</u>	<u>\$ 51,138</u>	<u>\$ 51,627</u>	<u>\$ 1,969</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 4,045	\$ 122,300	\$ 123,668	\$ 2,677
Accounts Receivable	2,360	35,237	34,614	2,983
Interest Receivable	12	53	53	12
Total Assets	<u>\$ 6,417</u>	<u>\$ 157,590</u>	<u>\$ 158,335</u>	<u>\$ 5,672</u>
Liabilities:				
Accounts Payable	\$ 2,458	\$ 51,138	\$ 51,627	\$ 1,969
Due to Other Agencies	3,959	111,917	112,173	3,703
Total Liabilities	<u>\$ 6,417</u>	<u>\$ 163,055</u>	<u>\$ 163,800</u>	<u>\$ 5,672</u>



STATEMENTS H

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is comprised of those fixed assets of a governmental jurisdiction which are not accounted for in a Proprietary or Trust Fund.

Infrastructure assets, which include roads, bridges, streets, and street lighting systems, of approximately \$564,477 are not included in these schedules.

CITY OF TUCSON, ARIZONA
General Fixed Assets - By Source
June 30, 2000
(in thousands)

Statement H-1

General Fixed Assets:

Land	\$ 134,538
Buildings	171,881
Improvements and Equipment	120,720
Construction in Progress	<u>142,689</u>
Total General Fixed Assets (1)	<u>\$ 569,828</u>

Investment in General Fixed Assets:

From General Obligation Bonds	\$ 198,424
From Current Revenues	207,515
From Federal Grants (2)	102,977
From Other Sources	8,289
From HUD Grants and Housing Fund Operating Revenue (Public Housing Assets) (2)	<u>52,623</u>
Total Investment in General Fixed Assets (1)	<u>\$ 569,828</u>

(1) Includes \$84,978 of general fixed assets recorded under existing capital lease agreements.

(2) The federal government has an interest in some fixed assets purchased with federal grant monies. This interest may include the right to approve sale of assets or require return of the assets or sale proceeds.

CITY OF TUCSON, ARIZONA
General Fixed Assets - By Function and Activity
June 30, 2000
(in thousands)

Statement H-2

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements and Equipment</u>	<u>Total</u>
General Government:				
Legislative and Administrative	\$ 2,164	\$ 5,437	\$ 1,537	\$ 9,138
Finance			276	276
Budget and Research			41	41
City Attorney			180	180
Procurement		658	510	1,168
City Courts		4,654	1,012	5,666
Planning			140	140
Public Defender			33	33
City Clerk		892	313	1,205
Information Technology		2,225	12,264	14,489
Human Resources			82	82
Convention Center		43,158	2,815	45,973
Development Services Center			218	218
Total General Government	<u>2,164</u>	<u>57,024</u>	<u>19,421</u>	<u>78,609</u>
Community Services	9,415	1,399	975	11,789
Public Housing	18,393	31,477	1,112	50,982
Police		16,599	11,624	28,223
Fire		6,472	1,432	7,904
Operations		788	5,214	6,002
Solid Waste Management		2,551	2,503	5,054
Transportation	102,409	25,160	64,286	191,855
Library		17,828	2,755	20,583
Parks and Recreation	<u>2,157</u>	<u>12,583</u>	<u>11,398</u>	<u>26,138</u>
Total General Fixed Assets				
Allocated to Functions (1)	<u>\$ 134,538</u>	<u>\$ 171,881</u>	<u>\$ 120,720</u>	<u>427,139</u>
Construction-in-Progress				<u>142,689</u>
Total General Fixed Assets				<u>\$ 569,828</u>

(1) Includes \$84,978 of general fixed assets recorded under existing capital lease agreements.

CITY OF TUCSON, ARIZONA
Changes in General Fixed Assets - By Function and Activity
Year Ended June 30, 2000
(in thousands)

Statement H-3

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 1999</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Deletions Capitalization Threshold</u>	<u>General Fixed Assets June 30, 2000</u>
General Government:					
Legislative and Administrative	\$ 10,032	\$ 263	\$ 237	\$ 920	\$ 9,138
Finance	632	14		370	276
Budget and Research	140			99	41
City Attorney	471	6	13	284	180
Procurement	1,264	78	6	168	1,168
City Courts	6,178		7	505	5,666
Planning	293		40	113	140
Public Defender	97			64	33
City Clerk	1,492	80	43	324	1,205
Information Technology	15,754	743	647	1,361	14,489
Human Resources	207		14	111	82
Convention Center	46,394	2,152	2,099	474	45,973
Development Services Center	354	41		177	218
Total General Government	<u>83,308</u>	<u>3,377</u>	<u>3,106</u>	<u>4,970</u>	<u>78,609</u>
Community Services	9,975	2,976	878	284	11,789
Public Housing	47,476	19,110	15,233	371	50,982
Police	31,543	2,100	1,044	4,376	28,223
Fire	19,635	411	10,445	1,697	7,904
Operations	9,877	185	134	3,926	6,002
Solid Waste Management	5,924	197		1,067	5,054
Transportation	187,218	10,888	3,656	2,595	191,855
Library	22,494	94	578	1,427	20,583
Parks and Recreation	26,175	1,683	6	1,714	26,138
Total General Fixed Assets Allocated to Functions	<u>443,625</u>	<u>41,021</u>	<u>35,080</u>	<u>22,427</u>	<u>427,139</u>
Construction-in-Progress:					
Public Housing	8,304		8,304		0
Other	120,404	22,285			142,689
Total Construction-in-Progress	<u>128,708</u>	<u>22,285</u>	<u>8,304</u>		<u>142,689</u>
Total General Fixed Assets	<u>\$ 572,333</u>	<u>\$ 63,306</u>	<u>\$ 43,384</u>	<u>\$ 22,427</u>	<u>\$ 569,828</u>

STATEMENT I

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt accounts are used to record the City's liability for non-enterprise long-term debt.

CITY OF TUCSON, ARIZONA
Statement of General Long-Term Debt
June 30, 2000
(in thousands)

Statement I

<u>Amounts Available and to be Provided for the Payment of General Long-Term Debt</u>		
General Obligation Bonds:		
Amount Available in Debt Service Funds	\$ 315	
Amount to be Provided	<u>210,854</u>	
Total General Obligation Bonds		\$ 211,169
Street and Highway Bonds:		
Amount to be Provided		153,235
Federal Highway Loan:		
Amount to be Provided		2,000
Contracts/Capital Leases:		
Amount Available in General Fund	892	
Amount Available in Special Revenue Funds	766	
Amount to be Provided	<u>82,046</u>	
Total Contracts/Capital Leases		83,704
Special Assessments:		
Amount Available in Debt Service Funds	5	
Amount to be Provided	<u>4,887</u>	
Total Special Assessments		4,892
Public Housing Notes/Bonds:		
Amount to be Provided (2)		3,097
Compensated Absences:		
Amount to be Provided - General City	20,819	
Amount to be Provided - Public Housing	<u>211</u>	
Total Compensated Absences		21,030
Landfill Closure and Post-Closure Costs:		
Amount Available in General Fund	29,320	
Amount to be Provided	<u>18,212</u>	
Total Landfill Closure and Post-Closure Costs		<u>47,532</u>
Total Available and to be Provided		<u>\$ 526,659</u>
<u>General Long-Term Debt</u>		
General Obligation Bonds Payable		\$ 211,169
Street and Highway Bonds Payable		153,235
Federal Highway Loan		2,000
Capital Leases Payable		83,704
Special Assessment Bonds Payable:		
On City Owned Property	\$ 234	
Debt With City Commitment	<u>4,658</u>	
Total Special Assessment Bonds Payable (1)		4,892
Public Housing Notes/Bonds Payable (2)		3,097
Compensated Absences Payable		21,030
Landfill Closure and Post-Closure Costs		<u>47,532</u>
Total General Long-Term Debt Payable		<u>\$ 526,659</u>

(1) Except for special assessments on City owned property, the City has only contingent liability against its full faith and credit on the special assessment bonds it has issued. The general credit of the municipality is obligated only to the extent that proceeds from liens foreclosed against properties involved in the special assessment districts are insufficient to retire outstanding bonds.

(2) Represents Federal Financing Bank Notes and New Housing Authority Bonds. Borrowing proceeds are used for development and modernization of specified housing projects. Debt Service on Federal Financing Bank Notes (\$2,097) and the New Housing Authority Bonds (\$1,000) is funded through annual contributions from HUD.

CITY OF TUCSON, ARIZONA
General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE I

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>
General Government	\$ 70,711	\$ 72,565	\$ 76,555	\$ 50,057	\$ 59,003	\$ 69,142	\$ 62,300	\$ 70,453	\$ 74,068	\$ 94,112
Community Services (2)				32,719	44,157	43,200	42,196	47,165	54,879	50,546
Police	50,281	52,346	54,966	55,581	59,394	63,723	65,167	68,376	77,296	90,271
Fire	23,872	24,300	25,256	26,388	27,764	28,957	29,285	30,403	32,805	36,487
Operations	28,829	28,233	30,830	9,866	10,585	10,205	11,921	12,818	12,948	16,937
Solid Waste Management (2)				15,211	16,627	18,921	21,252	21,767	21,819	25,013
Transportation	29,767	30,996	34,468	47,548	67,119	69,173	79,468	85,515	76,676	97,730
Parks and Recreation	19,856	19,795	21,645	24,316	28,092	30,458	37,139	33,983	38,113	38,473
Library	10,302	10,408	10,794	11,257	12,802	13,125	13,179	13,555	15,123	16,618
Debt Service	40,922	32,288	26,763	30,774	35,989	39,233	39,200	39,836	42,036	46,302
Capital Projects (3)	<u>30,388</u>	<u>17,955</u>	<u>22,932</u>	<u>30,015</u>						
Total	<u>\$ 304,928</u>	<u>\$ 288,886</u>	<u>\$ 304,209</u>	<u>\$ 333,732</u>	<u>\$ 361,532</u>	<u>\$ 386,137</u>	<u>\$ 401,107</u>	<u>\$ 423,871</u>	<u>\$ 445,763</u>	<u>\$ 512,489</u>

- (1) Includes GAAP basis expenditures, except "Lease Purchase" expenditures which are offset by "Lease Purchase" proceeds, for the General Fund, all Special Revenue Funds, and General Obligation and Street and Highway Debt Service Funds (Excludes Special Assessment Debt Service).
- (2) Prior to fiscal year 1993-94 Community Services was combined with General Government, and Solid Waste Management was part of Operations.
- (3) Beginning with fiscal year 1994-95 Capital Projects are included in the expenditures of the function to which they are related.

CITY OF TUCSON, ARIZONA
General Revenues By Source (1)
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE II

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>
Taxes	\$ 115,084	\$ 119,436	\$ 126,252	\$ 134,897	\$ 144,067	\$ 144,932	\$ 152,875	\$ 158,401	\$ 167,428	\$ 182,112
Licenses and Permits	9,807 (2)	4,223	4,015	4,344	4,635	12,476	11,499	16,884	14,755	16,530
Fines, Forfeitures and Penalties	6,283	6,628	5,678	6,295	5,928	6,365	7,030	7,996	8,095	6,433
Use of Money and Property	4,088	3,167	2,944	3,266	5,373	5,900	6,773	7,239	6,285	7,602
Other Agencies	104,340	102,673	108,540	115,569	126,001	133,450	131,519	138,624	154,790	163,956
Charges for Current Services	19,464	20,128	20,399	23,608	28,946	30,671	30,491	30,530	32,213	38,986
Grants and Contributions On Federal Projects	36,432	35,036	39,528	45,272	54,459	47,417	61,701	65,582	62,875	60,704
Miscellaneous Revenue	<u>3,765</u>	<u>4,558</u>	<u>4,500</u>	<u>3,065</u>	<u>2,941</u>	<u>18,663</u>	<u>7,798</u>	<u>19,058</u>	<u>9,715</u>	<u>8,250</u>
Total	<u>\$ 299,263</u>	<u>\$ 295,849</u>	<u>\$ 311,856</u>	<u>\$ 336,316</u>	<u>\$ 372,350</u>	<u>\$ 399,874</u>	<u>\$ 409,686</u>	<u>\$ 444,314</u>	<u>\$ 456,156</u>	<u>\$ 484,573</u>

(1) Includes GAAP basis revenues for the General Fund, all Special Revenue Funds, and General Obligation and Street and Highway Debt Service Funds (Excludes Special Assessment Debt Service).

(2) Includes \$5,044 public access fee received pursuant to sale of local cable corporation.

CITY OF TUCSON, ARIZONA
Property Tax Levies and Collections
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE III

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
1990-91	\$ 16,099	\$ 15,360	95.4 %	\$ 925	\$ 16,285	101.2 %	\$ 1,953	12.1 %
1991-92	15,694	14,957	95.3	960	15,917	101.4	1,756	11.2
1992-93	16,292	15,384	94.4	985	16,369	100.5	1,769	10.9
1993-94	16,174	15,382	95.1	941	16,323	100.9	1,446	8.9
1994-95	17,817	16,944	95.1	717	17,661	99.1	1,464	8.2
1995-96	17,945	17,163	95.7	934	18,097	100.9	1,306	7.3
1996-97	18,343	18,070	98.5	771	18,040	102.7	1,141	6.2
1997-98	17,905	17,328	96.8	683	18,011	100.5	1,078	6.0
1998-99	17,915	16,961	94.7	673	17,634	98.4	1,077	6.0
1999-00	19,832	18,798	94.8	812	19,610	98.9	862	4

CITY OF TUCSON, ARIZONA
Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE IV

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1990-91	\$ 1,314,077	\$ 10,435,318	\$ 241,140	\$ 977,682	\$ 1,555,217	\$ 11,413,000	0.14 %
1991-92	1,265,923	10,310,681	246,579	1,003,789	1,512,502	11,314,470	0.13
1992-93	1,267,611	10,428,187	230,693	939,251	1,498,304	11,367,438	0.13
1993-94	1,243,178	10,443,778	243,620	994,182	1,486,798	11,437,960	0.13
1994-95	1,306,084	11,117,506	240,688	977,854	1,546,772	12,095,360	0.13
1995-96	1,337,603	11,583,856	230,911	970,146	1,568,514	12,554,002	0.13
1996-97	1,357,143	11,788,763	241,653	1,131,077	1,598,796	12,919,840	0.12
1997-98	1,543,311	13,383,256	275,598	1,157,684	1,818,909	14,540,940	0.13
1998-99	1,605,984	13,807,855	269,891	1,173,053	1,875,875	14,980,908	0.13
1999-00	1,624,339	12,874,604	320,829	2,542,911	1,945,168	15,417,515	0.13

CITY OF TUCSON, ARIZONA
Property Tax Rates - Direct and Overlapping
Per \$100 Assessed Valuation
Last Ten Fiscal Years (1) (unaudited)

TABLE V

<u>Fiscal Year</u>	<u>State</u>	<u>County</u>	<u>City</u>	<u>School District #1</u>	<u>Junior College District</u>	<u>Other</u>	<u>Total</u>
1990-91							
Primary	0.4700	3.6949	0.3024	5.5656	0.9010	0.5300	11.4639
Secondary		1.2458	0.7368	0.6898		0.7482	3.4206
1991-92							
Primary	0.4700	3.6949	0.2254	5.2526	0.9444	0.5300	11.1173
Secondary		1.3116	0.8138	0.9837		0.7799	3.8890
1992-93							
Primary	0.4700	3.6949	0.2060	6.0128	0.9958	0.5300	11.9095
Secondary		1.3073	0.8840	1.0729		0.7806	4.0448
1993-94							
Primary	0.4700	3.5102	0.2026	6.2474	1.0599	0.5300	12.0201
Secondary		1.2955	0.8874	1.7217		0.7365	4.6411
1994-95							
Primary	0.4700	3.5102	0.2014	6.7922	1.1038	0.5300	12.6076
Secondary		1.2225	0.9568	1.9750		0.6524	4.8067
1995-96							
Primary	0.4700	3.5137	0.2000	6.7528	1.1441	0.5300	12.6106
Secondary		1.2325	0.9490	2.1532	0.0742	0.5535	4.9624
1996-97							
Primary	0	3.5137	0.1489	7.1193	1.1691	0.5300	12.4810
Secondary		1.1925	1.0000	2.3515	0.0742	0.5545	5.1727
1997-98							
Primary	0	3.5839	0.1428	7.0576	1.1166	0.5300	12.4309
Secondary		1.5520 (2)	0.8488	1.8525	0.0670	0.1917	4.5120
1998-99							
Primary	0	3.6852	0.1428	7.0800	1.1283	0.5300	12.5663
Secondary		1.5120	0.8173	1.7481	0.0639	0.1915	4.3328
1999-00							
Primary	0	4.0720	0.1428	6.8582	1.1626	0.5217	12.7573
Secondary		5.5651	0.8810	1.9287	0.2070	0.1100	8.6918

(1) Per Arizona Revised Statutes 42-301, primary tax levy (no restrictions on use) is limited to an increase of 2% over the previous year's maximum allowable primary levy. Secondary tax may be levied in any amount necessary to pay for debt service or to provide special district funding.

(2) Beginning in 1997-98, the County Secondary Rate includes the Flood Control District rate which was previously placed in the "other" secondary rate.

CITY OF TUCSON, ARIZONA
Principal Taxpayers
June 30, 2000 (unaudited)
(dollar amounts in thousands)

TABLE VI

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Estimated 1999-00 Assessed Valuation</u>	<u>As % of City's Total 1999-00 Secondary Assessed Valuation</u>
Tucson Electric Power Company	Electric Utility	\$ 96,816	4.98 %
U.S. West Communications, Inc.	Telephone	47,043	2.42
Southwest Gas Corporation	Natural Gas Utility	14,841	0.76
Tucson Mall	Retail Stores	18,736	0.96
Park Place	Retail Stores	11,047	0.57
AT & T Communications	Telephone	11,785	0.61
Talcott Realty L.P.	Real Estate	6,410	0.33
Wal-Mart	Retail Stores	5,241	0.27
Reliance Central Ltd.	Real Estate	<u>4,940</u>	<u>0.25</u>
Totals		<u>\$ 216,859</u>	<u>11.15 %</u>

Sources:
Pima County Assessor's Office
Arizona Department of Revenue

CITY OF TUCSON, ARIZONA
Special Assessment Collections (1)
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE VII

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected (2)</u>	<u>Ratio of Collections to Amounts Due (2)</u>
1990-91	\$ 1,793	\$ 1,793	1.00
1991-92	1,857	1,857	1.00
1992-93	1,775	1,775	1.00
1993-94	1,845	1,845	1.00
1994-95	1,797	1,797	1.00
1995-96	1,632	1,632	1.00
1996-97	1,432	1,432	1.00
1997-98	1,145	1,145	1.00
1998-99	947	947	1.00
1999-00	810	810	1.00

(1) Principal only.

(2) All delinquent assessments are sold to independent bidders.

CITY OF TUCSON, ARIZONA
Miscellaneous Statistics
 June 30, 2000 (unaudited)
 (dollar amounts in thousands)

Table VIII

Total Assessed Value	\$ 1,945,160	General Obligation Other Purposes 6%	General Obligation Utility Purposes and Open Spaces 20%
Debt Limitation		\$ 116,710	\$ 389,032
Total Bonded Debt	617,134		
Less:			
Street & Highway Bonds	153,235		
Water Utility Revenue Bonds	246,838		
Special Assessments Bonds	4,892		
Public Housing Bonds	1,000		
Debt Subject to Limitation	<u>211,169</u>	<u>70,385</u>	<u>140,784</u>
Legal Debt Margin		<u><u>46,325</u></u>	<u><u>248,248</u></u>

CITY OF TUCSON, ARIZONA
Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
 Last Ten Fiscal Years (unaudited)

TABLE IX

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value (in thousands)</u>	<u>Gross Bonded Debt (in thousands)</u>	<u>Less Debt Service Funds (in thousands)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1990-91	416,000	\$ 1,555,216	\$ 110,910	\$	\$ 110,910	0.071	\$ 266.61
1991-92	421,000	1,512,501	123,160		123,160	0.081	292.54
1992-93	428,000	1,498,304	131,622	863	130,759	0.087	305.51
1993-94	438,000	1,486,797	151,724	2,199	149,525	0.101	341.38
1994-95	448,000	1,546,772	173,559	4,476	169,083	0.109	377.42
1995-96	449,000	1,568,514	194,854	5,056	189,798	0.121	422.71
1996-97	459,000	1,598,796	201,534	5,517	196,017	0.123	427.05
1997-98	466,538	1,818,909	209,159	4,012	205,147	0.113	439.72
1998-99	476,406	1,875,875	217,274	1,586	215,688	0.115	452.73
1999-00	486,810	1,945,168	211,169	315	210,854	0.108	433.13

CITY OF TUCSON, ARIZONA
Property Tax Requirements for General Debt Service
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE X

Fiscal Year	Principal	Interest	Net Debt Service	Property Tax Levy ⁽¹⁾		Tax Rate Required for Net General Debt Service ⁽²⁾
				Primary	Secondary	
1990-91	\$ 3,735	\$ 8,064	\$ 11,799	\$ 4,640	\$ 11,458	0.76
1991-92	2,750	9,724 ⁽³⁾	12,474	3,385	12,309	0.82
1992-93	4,135	8,241	12,376	3,047	13,245	0.83
1993-94	410	11,542 ⁽³⁾	11,952	2,981	13,193	0.80
1994-95	2,820	9,695 ⁽³⁾	12,515	3,017	14,800	0.81
1995-96	3,450	10,850	14,300	3,060	14,885	0.91
1996-97	3,830	11,694	15,524	2,355	15,988	0.97
1997-98	5,465	11,478	16,943	2,466	15,439	1.10
1998-99	5,740	12,012	17,752	2,583	15,332	1.16
1999-00	6,105	12,299	18,404	2,695	17,137	1.07

- (1) Primary tax levy (no restrictions on use) is limited to an increase of 2% over the previous years maximum allowable primary levy. Secondary tax may be levied in any amount necessary to meet the City's general obligation debt requirements, subject to City Charter ceiling limitation for combined primary and secondary levies of \$1.75 per \$100 assessed valuation.
- (2) Rate shown is per \$100 of assessed valuation and assumes no use of reserved funds or interest earnings in General Obligation Debt Service Fund. Secondary tax levy for fiscal year 1998-99 was .8173.
- (3) Includes payments to Refunding Trust Escrow Account of \$238 in 1989-90 fiscal year, \$2,067 in 1991-92 fiscal year, \$3,499 in 1993-94 fiscal year, and \$635 in 1994-95 fiscal year.

CITY OF TUCSON, ARIZONA
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures⁽¹⁾</u>	<u>Ratio of Debt Service to General Expenditures</u>
1990-91	\$ 3,735	\$ 8,064 ⁽²⁾	\$ 11,799	\$ 304,927	3.9 %
1991-92	2,750	9,724	12,474	288,888	4.3
1992-93	4,135	8,241 ⁽²⁾	12,376	304,208	4.1
1993-94	410	11,542	11,952	333,730	3.6
1994-95	2,820	9,695 ⁽²⁾	12,515	361,533	3.5
1995-96	3,450	10,850 ⁽²⁾	14,300	386,137	3.7
1996-97	3,830	11,694	15,524	401,107	3.9
1997-98	5,465	11,478	16,943	423,871	4.0
1998-99	5,740	12,012	17,752	445,763	4.0
1999-00	6,105	12,299	18,404	512,489	3.6

(1) Includes GAAP basis expenditures, except "Lease Purchase" expenditures which are offset by "Lease Purchase Proceeds," for the General Fund, all Special Revenue Funds and the General Obligation and Street and Highway Debt Service Funds.

(2) Includes payments to Refunding Trust Escrow Account of \$2,067 in 1991-92 fiscal year, \$3,499 in 1993-94 fiscal year, and \$635 in 1994-95 fiscal year.

CITY OF TUCSON, ARIZONA
Computation of Direct and Overlapping Debt
June 30, 2000 (unaudited)
(dollar amounts in thousands)

TABLE XII

<u>Name of Governmental Unit</u>	<u>General Obligation Net Debt Outstanding</u>	<u>Percentage Applicable to City of Tucson</u>	<u>Amount Applicable to City of Tucson</u>
City of Tucson	\$ 210,854 ⁽¹⁾	100.00 %	\$ 210,854
School District No. 1	356,935	80.45	287,154
School District No. 8	17,150	52.65	9,029
School District No. 10	136,795	18.63	25,485
School District No. 12	70,809	53.63	37,975
School District No. 20	12,110	8.27	1,001
Pima County	203,280	48.69	98,977
Pima County Flood Control District	7,360	58.37	4,296
Pima County Community College	85,630	48.69	41,693
Total Direct and Overlapping Debt			\$ <u>716,464</u>

(1) Net of Debt Service Funds on Hand.

CITY OF TUCSON, ARIZONA
Schedule of Water Revenue Bond Coverage (1)
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE XIII

Year	Gross Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements- Bonds		Total	Coverage
				Principal	Interest		
1990-91	\$ 71,605	\$ 30,625	\$ 40,980	\$ 7,580	\$ 12,427	\$ 20,007	2.05
1991-92	77,509	32,440	45,069	8,740	12,780	21,520	2.09
1992-93	75,306	36,482	38,824	1,055	11,452	12,507	3.10
1993-94	76,143	42,106	34,037	1,830	12,430	14,260	2.39
1994-95	80,103	46,059	34,044	6,935	12,331	19,266	1.77
1995-96	91,463	46,359	45,104	7,280	11,973	19,253	2.34
1996-97	96,187	50,867	45,320	6,865	13,257	20,122	2.25
1997-98	94,884	46,008	48,876	7,516	13,244	20,760	2.35
1998-99	91,377	53,471	37,906	14,825	7,823	22,648	1.67
1999-00	93,486	52,240	41,246	15,869	9,101	24,970	1.65

(1) Effective with FY 1997/98, this information will show the Maximum Annual Debt Service coverage as defined by Ordinance No. 6347. The debt service requirements represent the greatest amount required in any fiscal year as of the current fiscal year or thereafter. In previous years, the coverage ratio was based on the current fiscal year debt service requirements. Expenses exclude depreciation, amortization, and other water expenses subordinate to debt service.

CITY OF TUCSON, ARIZONA
Demographic Statistics
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE XIV

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate (1)</u>	<u>Area In Square Miles</u>	<u>Population Per Square Mile</u>
1991	416,000	\$ 16	3.5	158.27	2,628.42
1992	421,000	16	4.6	160.35	2,625.51
1993	432,000	17	4.0	161.52	2,674.59
1994	438,000	18	4.4	161.99	2,703.87
1995	448,000	19	4.0	162.94	2,749.48
1996	449,000	20	3.6	191.30	2,347.10
1997	459,000	21	3.2	193.51	2,371.97
1998	466,538	22	2.6	194.12	2,403.35
1999	476,406	22	2.7	195.36	2,438.61
2000	486,810	23	2.8	195.46	2,490.59

⁽¹⁾ Statistics for Pima County as a whole.

Source:
 City of Tucson, Planning Department

CITY OF TUCSON, ARIZONA
Building Permits, Bank Deposits and Retail Sales
 Last Ten Fiscal Years (unaudited)
 (dollar amounts in thousands)

TABLE XV

Year	Building Permits				Bank Deposits	Retail Sales
	Commercial		Residential			
	Number	Value	Number	Value		
1991	1,883	\$ 101,747	2,076	\$ 38,136	\$ 4,603,000	\$ 5,060,000
1992	1,514	112,155	3,013	59,928	4,750,000	5,575,000
1993	1,585	150,755	3,510	93,483	4,869,000	5,865,000
1994	1,871	158,757	4,664	187,780	5,339,000	6,473,544
1995	1,592	173,222	5,119	253,450	5,124,000	7,036,076
1996	1,443	201,654	5,236	222,537	5,120,000	7,598,821
1997	1,630	170,362	5,923	227,027	4,805,000	8,112,202
1998	1,924	189,849	5,439	276,011	4,684,808	8,546,160
1999	2,027	262,089	4,062	295,924	5,475,232	8,805,407
2000	2,332	214,514	4,233	336,850	5,059,897	9,491,019

Sources:

Arizona Bankers Association
 City of Tucson Finance Department
 City of Tucson Development Services Center

CITY OF TUCSON, ARIZONA

TABLE XVI

Miscellaneous Statistics

June 30, 2000 (unaudited)

(dollar amounts in thousands)

<u>Date of Incorporation:</u>		<u>Street Lights:</u>	
February 7, 1887		Number	15,197
<u>Form of Government:</u>		<u>Libraries:</u>	
Council - Manager		Number - Within City	11
		- Outside City	9
<u>Date of Charter Adoption:</u>		Circulation	5,383,213
March 7, 1883			
<u>City Employees: June 30, 2000</u>		<u>Parks and Recreation:</u>	
Full Time	5,707	Acres	2,820
Part Time/Other	<u>2,679</u>	Recreation Centers	16
	<u>8,386</u>	Golf Courses	5
		Parks	104
		Playgrounds	106
		Swimming Pools	23
<u>Fire Protection:</u>		<u>Water Utility:</u>	
Commissioned Employees	499	Operable Wells	196
Number of Stations	17	Average Active Services:	189,098
		Average Active Metered Services	186,925
		Average Active Unmetered Services	2,173
<u>Police Protection:</u>		Miles of Water Mains	4,087
Commissioned Employees	991	Estimated Water Distributed (in Million Gallons)	37,207
Traffic Citations	160,029		
Felonies	44,778		
<u>Miles of Streets:</u>		<u>Elections:</u>	
Paved	1522.75	Registered Voters 11/02/99	209,128
Unpaved	45.35	Votes Cast in Last City	
Area of City in Square Miles	195.46	(General Election)	86,180
Date of Incorporation:		41% of Voters	
February 7, 1888			