

City of Tucson, Arizona

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Comprehensive Annual

Financial Report



Fiscal Year July 1, 2000 - June 30, 2001



**Comprehensive
Annual Financial
Report**

Fiscal Year Ended June 30, 2001

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

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Introductory Section



CITY OF
TUCSON
FINANCE DEPARTMENT

November 28, 2001

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, 2001, 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 units. 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

Although its economic outlook was better than most parts of the country, Tucson was experiencing a mild softening of its local economy before the events of September 11, with sales tax revenues growing at a slower-than-anticipated rate. Although unemployment rates remained low (2.8% in July), some jobs were lost in the education sector. Housing starts declined from the previous year.

Citizens of Tucson and Honorable Mayor and Council

Economic Condition and Outlook (Continued)

A significant but expected economic blow resulted from unfavorable 2000 census data. Although Tucson's population grew by a healthy 20.1% in the last decade, it did not grow nearly as fast as the Phoenix metropolitan area. As a result, Tucson is facing a reduction of \$9 million in state shared revenues.

Tucson, like the entire country, knows it is facing some economic challenges, but the extent of these challenges is impossible to foresee in light of changing national events. Local economists project that Arizona will experience a smaller economic slump than the rest of the country, and that it will be short.

In response to the prospect of reduced revenues, the City of Tucson has been actively working to identify and implement measures to increase revenues and reduce expenditures. An increase in local sales tax for transportation purposes is being considered. We are also looking at ways to become less reliant on elastic revenues like sales taxes and hotel taxes. Some options being explored are implementation of a solid waste environmental fee, and a sales tax on residential rentals. Expenditures are being closely watched, and programs that are not critical functions to the community are being evaluated for elimination or reduction.

Major Initiatives

For the Year – During the year, our Community Services Department neared completion of its first HOPE VI project, the revitalization of the Santa Rosa neighborhood. To accomplish this, the department leveraged a \$15 million federal Housing and Urban Development grant into \$60 million. These funds have been used for new construction, the purchase of scattered-site homes, helping neighborhood businesses, the construction of a new neighborhood center in Santa Rosa, and, most important, for investment in the families living in Santa Rosa as a means of improving their lives.

Our Library Department, in cooperation with the Town of Oro Valley and Pima County, is nearing completion of a new library in Oro Valley. Also close to completion are computer labs at the South Tucson and Green Valley Libraries.

Tucson's Mayor and Council appointed a Slumlord Task Force to review the impact and applicability of State Slumlord Legislation. In October 2000, they accepted the recommendation of the Task Force to adopt an ordinance putting the State Slumlord Statute into effect for the City of Tucson. Our Development Services Department is charged with enforcement of this ordinance, and is one of the principle participating departments in the Slum Abatement and Blight Enforcement Response (SABER) pilot project. SABER's mission is the reduction of urban blight by means of the identification and elimination of slum properties and by the enforcement of Statutes and Ordinances that prohibit blight conditions.

Tucson Water began operations at the Clearwater Renewable Resources Facility in the spring of 2001. The facility provides a blend of native groundwater and recharged Colorado River water to the greater Tucson area, which will allow many of the wells in the central city to be placed in a stand-by mode. This facility includes recharge basins, recovery wells, a reservoir, a booster station, and transmission mains, and will be constructed in three phases. As fully built-out in 2003, the project will provide up to 60,000 acre-feet of water to Tucson per year, which is about half of the potable water now used by the community. With reduced pumping from the central wellfield, the aquifer in the Tucson basin will slowly recover through natural recharge.

For the Future – In addition to continuing with phases 2 and 3 of the Clearwater Renewable Resources Facility, the City of Tucson has several other major initiatives in the works.

The Department of Transportation has begun working with the Community on the public outreach effort, the "Lets Go Tucson – Transportation Initiative" in Fiscal Year 2002. This program, which will stretch from shopping malls to neighborhood associations, will ask Tucsonans to prioritize the community's transportation needs. It will help determine the community's transportation priorities, as well as funding solutions to transportation problems.

Citizens of Tucson and Honorable Mayor and Council

Major Initiatives (Continued)

Soon the City will initiate the South Park HOPE IV project, with the goal of providing improvements in such areas as private housing, economic development, infrastructure, social services, and community security. The Community Services Department anticipates leveraging funds over the coming years so that a total of \$75 million will be invested in this new HOPE IV project.

Through a grant from Environmental Protection Agency, the Solid Waste Management Department will be offering 300 small businesses on-site recycling services. The Small Business Recycling project will test the feasibility of offering this new service on a citywide basis to Tucson's small businesses. This pilot project will promote collection of 21 types of recyclable material in a single, 90-gallon barrel. This convenient and easy to use program will increase commercial waste diversion and could ultimately reduce refuse costs for small businesses.

One of the most exciting projects that the City has undertaken is the Rio Nuevo Project, which was made possible by state legislation that 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. 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. The Project's master plan includes infrastructure projects such as Mission San Augustin, Tucson Regional Visitors Center, Arizona State Museum, Tucson Origins Cultural Park, and Santa Cruz River Restoration.

Department Focus - For 2001, the Department of Transportation has been highlighted for its accomplishments.

The Tucson Department of Transportation (TDOT) provides and manages safe, efficient, and effective traditional and alternate modes of transportation and public transit service for the Tucson metropolitan community. The Department is responsible for a transportation system covering approximately 200 square miles including 2,000 miles of streets, bikepaths, sidewalks, and alleyways. TDOT is committed to providing accessible public transit via Sun Tran and Van Tran, which offer the community quality transportation alternatives. TDOT supports safe neighborhoods through effective streets, lighting, and traffic maintenance programs, and maintains the highest standards for environmentally secure stormwater drainageway systems and air quality that serve the health, safety, and welfare of the community.

TDOT is committed to improving traffic safety; maintaining high standards of reliability in existing transportation systems; and working with neighborhood coalitions to upgrade streets, sidewalks, and medians to promote safety, improve quality of life, and preserve the unique character of Tucson.

The Department provides professional engineering and administrative services in the prioritization, design, and construction of cost-effective improvements to the City's transportation systems. Highlights among the construction projects completed during the Fiscal Year include the Golf Links project and the continuation of the South 6th Avenue Corridor project. TDOT reconstructed one and one-half miles of Golf Links Road to provide additional roadway capacity. The South 6th Avenue Corridor reconstruction efforts continued from Downtown to Irvington Road. Fiscal Year 2001 also saw the beginning of efforts on the May 2000 Bond Projects. TDOT successfully contracted with design consultants and commenced work on Drainage and Street Lighting projects.

In the year 2000, TDOT's in-house chip seal program completed 60 miles of residential streets, and contracted slurry seal services completed 80 miles of residential streets. Resurfacing of these streets provided safe and efficient roadway surfaces and enhanced the longevity of these streets. Approximately 14,000 residential streetlights were also maintained, providing needed illumination for roadway and pedestrian safety.

TDOT received a Federal Transportation appropriation of \$1.25 million for the development of a video link using current traffic signal/I-net communications between Fire paramedics and Emergency Room personnel via a

Citizens of Tucson and Honorable Mayor and Council

Major Initiatives (Continued)

Public/Private partnership with the City of Tucson, Pima Association of Governments, the University of Arizona, Pima County, the State of Arizona, Rural/Metro, Metro Networks, and the Life-Net Air Ambulance. This Federal grant was approved to assist in the research and development of a new technology to get medical help to Tucsonans so that when seconds count they can count on all of us. This program will establish two-way video, voice and medical vitals between Fire paramedics and the University Medical Center Emergency Room. Emergency room personnel can see patients on their way to the hospital, saving critical diagnostic time. The system plans to use the existing traffic signal/I-net communications system for “telemedicine” transmissions.

The City’s strong commitment to alternative modes of transportation was evidenced by the continuation of the “Depot” Project, designation of the City of Tucson as a bicycle friendly city, the launch of the Tucson Inner-City Express Transit (TICET) Shuttle, and operation of the public transportation system.

The City of Tucson purchased the historic Union Pacific Railroad Station in 1998 and is transforming it into the Downtown Intermodal Center (DIC). In 1999 a public master planning effort took place, the Mayor and Council approved the master plan for implementation, and an Environmental Assessment was approved by the Federal Transit Administration. In 2000 the next step in the process of saving the buildings was to hire an architectural firm to do a structural and historical analysis and construction documents for the project. Poster-Frost Associates was the successful firm and has completed the structural/historic analysis and construction documents for the Locomotive 1673 shelter and for the demolition and abatement for the historic buildings. They are currently in design development for the adaptive re-use of the depot and its outbuildings. The DIC will house Amtrak, Old Pueblo Trolley, shuttle, rental cars, commercial space, and a restaurant. There will be a museum in one of the historic outbuildings, as well as more retail and commercial space. Other uses, per the master plan, will be in surrounding areas.

The City of Tucson consistently ranks in the top three as a bicycle friendly city among all cities in the United States with a population between 200,000 and 500,000 people. In metropolitan Tucson there are over 500 miles of bikeways, including signed bicycle routes, bicycle lanes, shared-use paths and bus/bicycle lanes. The City’s Major Streets and Routes Plan aims to encourage bicycle and pedestrian travel by insuring bicycle and pedestrian facilities are included in every roadway project. Some examples of the City’s commitment to the bicycle community include a full-time Bicycle Coordinator, an annual Bike Fest promotion, and our support of El Tour de Tucson.

The public transportation system, which currently includes the fixed route transit system, Sun Tran, and the complementary paratransit system, Van Tran, is an integral part of the City’s transportation network. Sun Tran celebrated its 25th birthday in 2000. The Sun Tran system currently consists of 40 routes covering approximately 505 directional miles of Tucson area streets. Sun Tran serves approximately 14.5 million passengers annually. Sun Tran purchased forty-five new buses, which enabled its fleet of 200 vehicles to be 70 percent fueled by clean-burning compressed Natural Gas and 100 percent accessible for its passengers with disabilities.

The Tucson Inner City Express Transit (TICET) Shuttle was launched on September 4, 2000. In its first year it carried approximately 99,000 passengers. In July 2001 about 14,500 passengers utilized the TICET Shuttle as transportation between work, restaurants, home, peripheral parking lots, and downtown services. TICET is fully funded through parking revenues generated in the downtown, i.e., user fees, not tax dollars. We believe that TICET may now be the lowest cost per passenger transit system in the state at \$2.77 per passenger in August 2001.

Citizens of Tucson and Honorable Mayor and Council

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.

General Governmental Functions –

Revenues:

Revenues of the governmental funds totaled \$524,184 in fiscal year 2000-2001, an increase of 7.6% from the fiscal year ended June 30, 2000. This does not include amounts available from General Obligation and Street and Highway Bond proceeds and Fiduciary Fund revenues.

Financial Information (Continued)

(dollar amounts expressed in thousands)

In 2000-2001, taxes produced 37.1% of general revenues, .3% less than 1999-2000. The 2000-2001 revenue from various sources, the change from last year, and the contributions to the “revenue dollar” are shown in the following tabulation and chart:

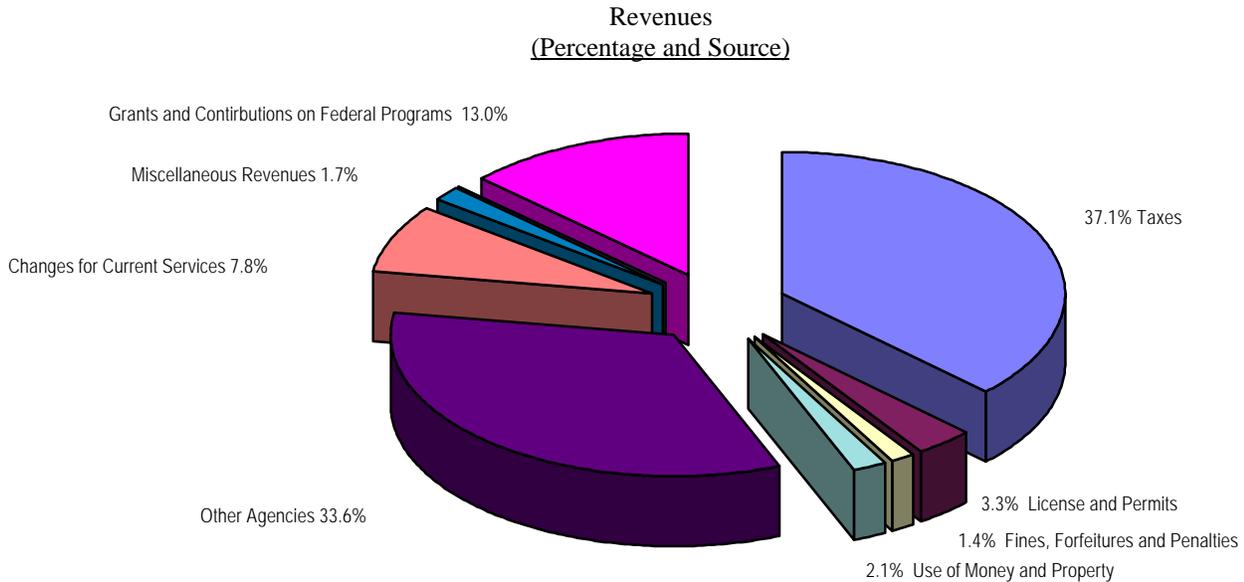
<u>Revenue Source</u>	<u>Revenue</u>	<u>Increase (Decrease)</u>	
		<u>Dollar Amount</u>	<u>Percentage</u>
Taxes (Property, Sales, etc.)	\$ 194,471	\$ 12,359	6.8
Licenses and Permits	17,514	984	6.0
Fines, Forfeitures and Penalties	7,443	1,010	15.7
Use of Money and Property	11,096	1,742	18.6
Other Agencies	175,946	11,990	7.3
Charges for Current Services	40,831	1,845	4.7
Miscellaneous Revenues	8,134	(212)	(2.5)
Special Assessments	948	(65)	(6.4)
Subtotal	456,383	29,653	7.0
Grants and Contributions on Federal Programs	67,801	7,097	11.7
Total	\$ <u>524,184</u>	\$ <u>36,750</u>	7.6

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

- 1) The 15.7% increase in Fines, Forfeitures and Penalties is due to the resolution of problems in implementing a new computer system started in Fiscal Year 2000 and an increased emphasis on fine collections.
- 2) The 18.6% increase in Use of Money and Property was primarily due to the interest earned on bond proceeds for the 1994 Street and Highway Capital Projects Fund for a full year instead of 3 months in Fiscal Year 2000 and interest earned on the proceeds of the 2000 G.O. bond issuance during Fiscal Year 2001.
- 3) The 11.7% in Grants and Contributions on Federal Programs is due to an increased subsidy from the Department of Housing and Urban Development for 364 additional housing choice vouchers for the Section 8 program and funding for 45 new buses for Sun Tran.

Citizens of Tucson and Honorable Mayor and Council

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



Expenditures:

Expenditures for the governmental funds, including General Obligation and Street and Highway bond funds, totaled \$549,998 in fiscal year 2000-2001, an increase of 1.8% from the 1999-2000 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:

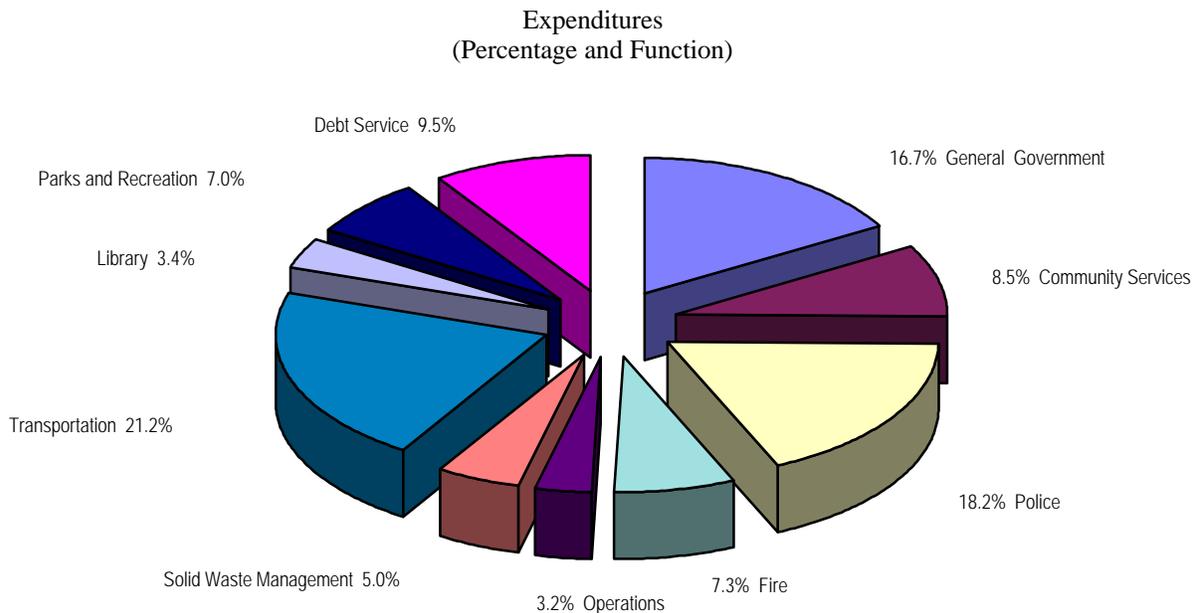
<u>Function</u>	<u>Expenditures</u>	<u>Increase (Decrease)</u> <u>From 1999-00 FY</u>	
		<u>Dollar Amount</u>	<u>Percentage</u>
Current Operations			
General Government (1)	\$ 91,777	\$ (4,747)	(4.9)
Community Services	46,934	(3,612)	(7.1)
Police	99,983	9,652	10.7
Fire	40,081	2,320	6.1
Operations	17,626	553	3.2
Solid Waste Management	27,420	(773)	(2.7)
Transportation	116,739	5,405	4.9
Library	18,856	2,194	13.2
Parks and Recreation	38,719	(610)	1.6
Subtotal	498,135	10,382	2.1
Debt Service	51,331	3,809	8.0
Lease Purchases	532	(4,644)	89.7
Total	\$ 549,998	\$ 9,547	1.8

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 10.7% for the Police Department resulted from the completion of the Public Safety Academy dormitories and an 8% increase in authorized positions from Fiscal Year 2000.
- 2) The increase of 13.2% in Library is primarily due to an increase in book and new computer purchases for library expansions.
- 3) The decrease of 89.7% in Lease Purchases is the result of no Certificates of Participation being issued in Fiscal Year 2001.



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

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.

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.

Citizens of Tucson and Honorable Mayor and Council

Financial Information (Continued)

(dollar amounts expressed in thousands)

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 2000-2001 were \$39,115 in the Bond Construction Funds, \$906 in the CAP Reserve Fund, and \$14,792 in the Revenue and Operating Fund.

Operating revenues for the Water Utility totaled \$94,406 for 2000-2001, an increase of 1.7% from the 1999-2000 fiscal year. Water sales produced 89.8% of the operating revenues in 2000-2001 as compared to 91.9% in 1999-2000.

Operating expenses for the Water Utility totaled \$74,306 for 2000-2001, an increase of 2.6% over the 1999-2000 fiscal year. Additionally, \$21,479 of debt service charges (principal/interest/fiscal agent fees) were incurred for the fiscal year ended June 30, 2001. Property transactions resulted in a gain on sale of \$255.

Under GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, developer contributions of property (\$11,212) were included in net income for the first time, rather than as Contributed Capital. The Water Utility's net income for FY 2000-2001 was \$17,445. A correction in the recording of the Water Utility's Property, Plant and Equipment in previous years resulted in an adjustment of \$6,175 in beginning Retained Earnings.

All golf operations are accounted for in the Golf Course Fund, which ended the year with net income of \$109.

Pension Trust Fund Operations - The total contributions to the Tucson Supplemental Retirement System (TSRS) for 2000-2001 were \$17,409, an increase of 5.6% over 1999-2000. Total benefits paid for 2000-2001 were \$18,042, an increase of 9.0% over the 1999-2000 fiscal year. At June 30, 2001, TSRS was under funded, with a funding ratio of 95.0%.

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, 2001, the City had \$75,196 of future principal payments due on all General City lease purchase/contract agreements.

Direct and Overlapping Debt for 2000-2001 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)	\$ 222,360	10.85 %	1.37 %	\$ 0.45
Estimated Overlapping Debt	<u>521,337</u>	<u>25.45</u>	<u>3.23</u>	<u>1.04</u>
Net Direct and Estimated Overlapping Debt	<u>\$ 743,697</u>	<u>36.30 %</u>	<u>4.60 %</u>	<u>\$ 1.49</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 and Standard and Poors during Fiscal Year 2000-2001. The previous and current bond ratings are as follows:

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

Authorized but unissued bonds at June 30, 2001, totaled \$263,738 for the following:

<u>Purpose</u>	<u>Debt Authorization</u>	<u>Outstanding Authorization</u>
General Obligation	05/16/00	110,660
Street and Highway	05/17/94	10,000
Street and Highway	05/16/00	25,000
Water	05/16/00	118,078
Total		<u>\$ 263,738</u>

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.

Citizens of Tucson and Honorable Mayor and Council

Financial Information (Continued)

(dollar amounts expressed in thousands)

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.

Investment income by fund type for 2000-2001 are as follows:

<u>Fund</u>	<u>Investment Income</u>
General Fund	\$ 2,769
Special Revenue Funds	2,627
Debt Service Funds	428
Capital Projects Funds	3,462
Enterprise Funds	1,491
Internal Service Funds	2,713
Trust Funds	22,351
Total Interest Earned	<u>\$ 35,841</u>

The fair value of investments at June 30, 2001, was \$722,500. 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, 2000. 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 19 consecutive years (fiscal years ended 1982 through 2000). 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,

A handwritten signature in black ink, reading "Kay L. Gray". The signature is written in a cursive, flowing style with a large initial "K".

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

James Keene

DIRECTOR OF FINANCE

Kay L. Gray

ASSISTANT DIRECTOR OF FINANCE

J. Scott Douthitt

ACCOUNTING ADMINISTRATOR

Rae Seplak

Mayor And Council



HONORABLE
ROBERT E. WALKUP
MAYOR



JAMES KEENE
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

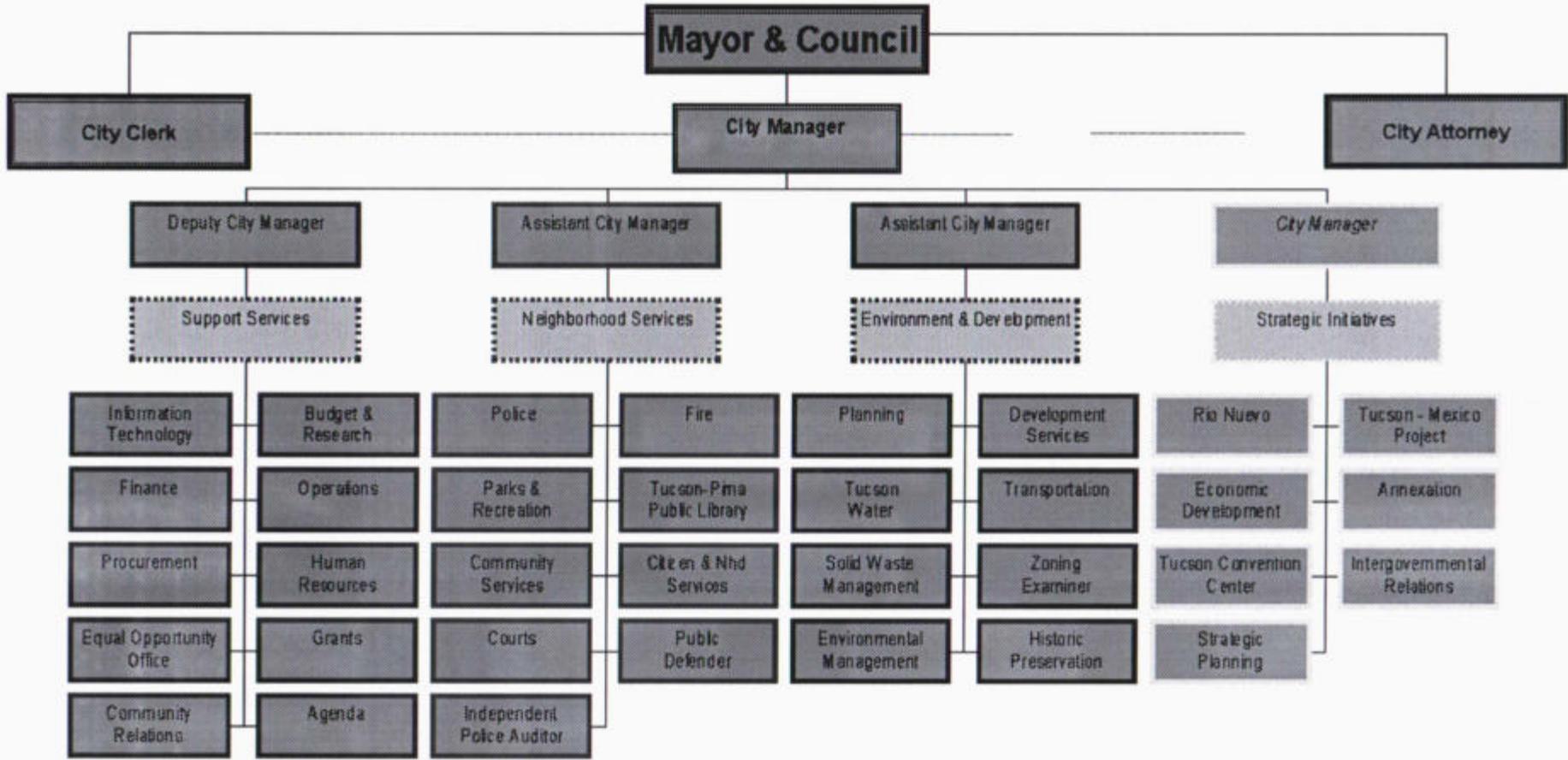


COUNCIL MEMBER
STEVE LEAL
WARD 5



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, 2000

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.



Thomas A. Crave
President

Jeffrey L. Esler
Executive Director





*Financial
Section*



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, 2001, 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, 2001, 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.

As described in note 2 to the financial statements, the City of Tucson, Arizona, adopted Governmental Accounting Standards Board Statement Number 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective July 1, 2000.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

The schedules of funding progress included in Note 17d to the general-purpose financial statements is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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.

KPMG LLP

November 28, 2001



*General Purpose
Financial
Statements*



CITY OF TUCSON, ARIZONA
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash/Deposits/Pooled Investments (Note 5)	\$ 13,348	\$ 34,996	\$ 2,331	\$ 36,586
Investments (Note 5)				
Due from Other Funds (Note 6)	46,074	754		365
Due from Other Agencies		9,616		
Cash/Investments with Fiscal Agents (Note 5)	4,026	1,725	23,540	
Taxes Receivable (Includes \$924 Delinquent Receivables)	34,111			
Accounts Receivable - (Net of Allowances) (Note 1)	3,121	9,372		7,708
Interest Receivable	387	3,124	113	346
Grants and Entitlements Receivable		20,333		
Notes and Other Receivables	9,768	24,013		
Special Assessments Receivable			3,436	
Inventories	2,917			
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	759	4,333		
Total Assets and Other Debits	<u>\$ 114,511</u>	<u>\$ 108,266</u>	<u>\$ 29,420</u>	<u>\$ 45,005</u>
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$ 7,974	\$ 6,131	\$ 6	\$ 3,267
Due to Other Funds (Note 6)	289	30,698		
Due to Other Agencies		424		
Current Portion of Contracts and Debt (Notes 10 and 11)				
Bonds and Interest Payable, Including Special Assessments		111	23,540	
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	12,944	1,074		
Refundable Deposits and Unredeemed Warrants	5,224	1,598	42	3,325
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	1,621	15,799	3,457	
Long-Term Accrued Compensated Absences/Arbitrage Advances		2,931		5,253
Claims and Judgments Payable				
Total Liabilities	<u>28,052</u>	<u>58,766</u>	<u>27,045</u>	<u>11,845</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	785	706	2,375	779
Reserved for Encumbrances	10,601	2,336		16,684
Reserved for Capital (Note 1)	3,644	2,051		
Reserved for Advances, Deposits, and Inventories	12,677	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)	2,126	17,572		
Unreserved	27,306	26,823		15,697
Total Equity and Other Credits	<u>86,459</u>	<u>49,500</u>	<u>2,375</u>	<u>33,160</u>
Total Liabilities, Equity and Other Credits	<u>\$ 114,511</u>	<u>\$ 108,266</u>	<u>\$ 29,420</u>	<u>\$ 45,005</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>Fund Type</u> <u>Trust and Agency</u>
Assets and Other Debits			
Cash/Deposits/Pooled Investments (Note 5)	\$ 4,665	\$ 29,528	\$ 6,738
Investments (Note 5)			556,747
Due from Other Funds (Note 6)		12	41
Due from Other Agencies			
Cash/Investments with Fiscal Agents (Note 5)			
Taxes Receivable (Includes \$924 Delinquent Receivables)			5,253
Accounts Receivable - (Net of Allowances) (Note 1)	13,208	65	
Interest Receivable	252	215	2,509
Grants and Entitlements Receivable			
Notes and Other Receivables	10,257		
Special Assessments Receivable			
Inventories	309		
Restricted Assets: (Note 5)			
Cash and Cash Equivalents	2,823		
Other Restricted Assets	18,105	10,739	
Fixed Assets - Net of Accumulated Depreciation (Note 7)	718,913	30,051	157
Construction-in-Progress (Note 7)	106,789	771	
Goodwill - Net of Accumulated Amortization	317		
Amount Available for Long-Term Debt			
Amount to be Provided for Payment of Long-Term Debt			
Other Assets	700	73	4
Total Assets and Other Debits	<u>\$ 876,338</u>	<u>\$ 71,454</u>	<u>\$ 571,449</u>
Liabilities, Equity and Other Credits			
Liabilities:			
Accounts Payable	\$ 3,658	\$ 2,362	\$ 39,144
Due to Other Funds (Note 6)	188		
Due to Other Agencies			3,959
Current Portion of Contracts and Debt (Notes 10 and 11)	7,983	1,226	
Bonds and Interest Payable, Including Special Assessments	53		
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	2,785	57	2
Refundable Deposits and Unredeemed Warrants		44	
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)	266,427		
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)	4,686	1,763	
Payables from Restricted Assets	36,208		
Deferred Revenue			
Long-Term Accrued Compensated Absences/Arbitrage Advances	1,482		
Claims and Judgments Payable		35,999	
Total Liabilities	<u>323,470</u>	<u>41,451</u>	<u>43,105</u>
Equity and Other Credits:			
Investment in General Fixed Assets			
Contributed Capital	120,488	46,236	
Retained Earnings (Deficiency):			
Reserved for Self-Insurance		8,723	
Unreserved (Deficiencies)	432,380	(24,956)	
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			526,645
Reserved for Environmental and Solid Waste Mandates (Note 13)			
Reserved for Other Restricted Purposes (Note 1)			1,699
Unreserved			
Total Equity and Other Credits	<u>552,868</u>	<u>30,003</u>	<u>528,344</u>
Total Liabilities, Equity and Other Credits	<u>\$ 876,338</u>	<u>\$ 71,454</u>	<u>\$ 571,449</u>

See Accompanying Notes to General Purpose Financial Statements.

CITY OF TUCSON, ARIZONA
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(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 \$924 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)	479,820	
Construction-in-Progress (Note 7)	149,778	
Goodwill - Net of Accumulated Amortization		
Amount Available for Long-Term Debt		4,645
Amount to be Provided for Payment of Long-Term Debt		518,421
Other Assets		
Total Assets and Other Debits	<u>\$ 629,598</u>	<u>\$ 523,066</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)		425,526
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)		75,196
Payables from Restricted Assets		
Deferred Revenue		
Long-Term Accrued Compensated Absences/Arbitrage Advances		22,344
Claims and Judgments Payable		
Total Liabilities	<u>0</u>	<u>523,066</u>
Equity and Other Credits:		
Investment in General Fixed Assets	629,598	
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>629,598</u>	<u>0</u>
Total Liabilities, Equity and Other Credits	<u>\$ 629,598</u>	<u>\$ 523,066</u>

See Accompanying Notes to General Purpose Financial Statements.

	Totals (Memorandum Only)
Assets and Other Debits	
Cash/Deposits/Pooled Investments (Note 5)	\$ 128,192
Investments (Note 5)	556,747
Due from Other Funds (Note 6)	47,246
Due from Other Agencies	9,616
Cash/Investments with Fiscal Agents (Note 5)	29,291
Taxes Receivable (Includes \$924 Delinquent Receivables)	34,111
Accounts Receivable - (Net of Allowances) (Note 1)	38,727
Interest Receivable	6,946
Grants and Entitlements Receivable	20,333
Notes and Other Receivables	44,038
Special Assessments Receivable	3,436
Inventories	3,226
Restricted Assets: (Note 5)	
Cash and Cash Equivalents	2,823
Other Restricted Assets	28,844
Fixed Assets - Net of Accumulated Depreciation (Note 7)	1,228,941
Construction-in-Progress (Note 7)	257,338
Goodwill - Net of Accumulated Amortization	317
Amount Available for Long-Term Debt	4,645
Amount to be Provided for Payment of Long-Term Debt	518,421
Other Assets	5,869
	<u>\$ 2,969,107</u>
Liabilities, Equity and Other Credits	
Liabilities:	
Accounts Payable	\$ 62,542
Due to Other Funds (Note 6)	31,175
Due to Other Agencies	4,383
Current Portion of Contracts and Debt (Notes 10 and 11)	9,209
Bonds and Interest Payable, Including Special Assessments	23,704
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	16,862
Refundable Deposits and Unredeemed Warrants	10,233
Long-Term Debt Including Special Assessments with Governmental Commitment (Notes 8 and 11)	691,953
Long-Term Contracts and Capital Leases Payable (Notes 9 and 10)	81,645
Payables from Restricted Assets	36,208
Deferred Revenue	20,877
Long-Term Accrued Compensated Absences/Arbitrage	23,826
Advances	8,184
Claims and Judgments Payable	35,999
Total Liabilities	<u>1,056,800</u>
Equity and Other Credits:	
Investment in General Fixed Assets	629,598
Contributed Capital	166,724
Retained Earnings (Deficiency):	
Reserved for Self-Insurance	8,723
Unreserved (Deficiencies)	407,424
Fund Balance:	
Reserved for Debt Service	4,645
Reserved for Encumbrances	29,621
Reserved for Capital (Note 1)	5,695
Reserved for Advances, Deposits, and Inventories	12,689
Reserved for Employees' Pension/Retirement Benefits	526,645
Reserved for Environmental and Solid Waste Mandates (Note 13)	29,320
Reserved for Other Restricted Purposes (Note 1)	21,397
Unreserved	69,826
Total Equity and Other Credits	<u>1,912,307</u>
Total Liabilities, Equity and Other Credits	<u>\$ 2,969,107</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, 2001
(in thousands)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Taxes	\$ 174,264	\$	\$ 20,207
Licenses and Permits	17,504	10	
Fines, Forfeitures and Penalties	6,805	638	
Use of Money and Property	4,451	2,649	525
Grants and Contributions on Federal Programs		67,801	
Other Agencies	113,640	62,134	
Charges for Current Services	19,117	21,714	
Miscellaneous Revenue	6,699	1,383	17
Gifts and Donations			
Investment Income			
Employee Contributions			
Special Assessments			948
Total Revenues	<u>342,480</u>	<u>156,329</u>	<u>21,697</u>
Other Financial Sources:			
Transfers from Other Funds	512	59,455	15,241
Bond Proceeds/Special Assessment Levies			
Lease Purchase/Loan/Contract Proceeds	532		
Total Other Financial Sources	<u>1,044</u>	<u>59,455</u>	<u>15,241</u>
Total Revenues and Other Financial Sources	<u>343,524</u>	<u>215,784</u>	<u>36,938</u>
Expenditures:			
Current Operations:			
General Government	79,011	9,197	
Community Services	4,806	42,128	
Police	87,344	12,616	
Fire	38,608	1,382	
Operations	16,642	169	
Solid Waste Management		26,769	
Transportation	11,197	81,986	
Library		18,578	
Parks and Recreation	36,802	1,075	
Deferred Compensation			
Debt Service:			
Principal Retirement	5,608	5,562	13,557
Interest	3,891	722	21,945
Fiscal Agent Fees	34	1	11
Lease Purchases - Capital	532		
Total Expenditures	<u>284,475</u>	<u>200,185</u>	<u>35,513</u>
Other Financial Uses:			
Transfers to Other Funds	58,628	15,326	428
Total Expenditures and Other Financial Uses	<u>343,103</u>	<u>215,511</u>	<u>35,941</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>421</u>	<u>273</u>	<u>997</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	107	60	(997)
Decrease (Increase) in Reserve for Encumbrances	(4,825)	(466)	
Decrease (Increase) in Reserve for Capital	3,464	2,961	
Decrease (Increase) in Reserve for Advances, Deposits and Inventory	(7,830)		
Decrease (Increase) in Other Reserves	868	(10,136)	
Total Other Changes in Unreserved Fund Balances	<u>(8,216)</u>	<u>(7,581)</u>	<u>(997)</u>
Unreserved Fund Balances (Deficiencies) - July 1	35,101	30,572	
Cumulative Effect of Change in Accounting Principle (Note 2)		428	
Prior Period Adjustment (Note 2)		3,131	
Unreserved Fund Balance - July 1, Restated	<u>35,101</u>	<u>34,131</u>	
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 27,306</u>	<u>\$ 26,823</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	3,471	59
Grants and Contributions on Federal Programs		
Other Agencies	172	
Charges for Current Services		
Miscellaneous Revenue	35	
Gifts and Donations		942
Investment Income		6,195
Employee Contributions		2,673
Special Assessments		
Total Revenues	<u>3,678</u>	<u>9,869</u>
Other Financial Sources:		
Transfers from Other Funds		
Bond Proceeds/Special Assessment Levies	21,140	
Lease Purchase/Loan/Contract Proceeds		
Total Other Financial Sources	<u>21,140</u>	
Total Revenues and Other Financial Sources	<u>24,818</u>	<u>9,869</u>
Expenditures:		
Current Operations:		
General Government	3,569	112
Community Services		19
Police	23	
Fire	91	
Operations	815	
Solid Waste Management	651	
Transportation	23,556	
Library	278	83
Parks and Recreation	842	105
Deferred Compensation		4,059
Debt Service:		
Principal Retirement		
Interest		
Fiscal Agent Fees		
Lease Purchases - Capital		
Total Expenditures	<u>29,825</u>	<u>4,378</u>
Other Financial Uses:		
Transfers to Other Funds	826	
Total Expenditures and Other Financial Uses	<u>30,651</u>	<u>4,378</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(5,833)</u>	<u>5,491</u>
Other Changes in Unreserved Fund Balances:		
Decrease (Increase) in Reserve for Debt Service	(779)	
Decrease (Increase) in Reserve for Encumbrances	(6,712)	
Decrease (Increase) in Reserve for Capital Deposits and Inventory		
Decrease (Increase) in Other Reserves		(5,491)
Total Other Changes in Unreserved Fund Balances	<u>(7,491)</u>	<u>(5,491)</u>
Unreserved Fund Balances (Deficiencies) - July 1	29,021	
Cumulative Effect of Change in Accounting Principle (Note 2)		
Prior Period Adjustment (Note 2)		
Unreserved Fund Balance - July 1, Restated	<u>29,021</u>	
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 15,697</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, 2001
(in thousands)

Exhibit 2
(Continued)

	Totals (Memorandum Only)
Revenues:	
Taxes	\$ 194,471
Licenses and Permits	17,514
Fines, Forfeitures and Penalties	7,443
Use of Money and Property	11,155
Grants and Contributions on Federal Programs	67,801
Other Agencies	175,946
Charges for Current Services	40,831
Miscellaneous Revenue	8,134
Gifts and Donations	942
Investment Income	6,195
Employee Contributions	2,673
Special Assessments	948
Total Revenues	<u>534,053</u>
Other Financial Sources:	
Transfers from Other Funds	75,208
Bond Proceeds/Special Assessment Levies	21,140
Lease Purchase/Loan/Contract Proceeds	532
Total Other Financial Sources	<u>96,880</u>
Total Revenues and Other Financial Sources	<u>630,933</u>
Expenditures:	
Current Operations:	
General Government	91,889
Community Services	46,953
Police	99,983
Fire	40,081
Operations	17,626
Solid Waste Management	27,420
Transportation	116,739
Library	18,939
Parks and Recreation	38,824
Deferred Compensation	4,059
Debt Service:	
Principal Retirement	24,727
Interest	26,558
Fiscal Agent Fees	46
Lease Purchases - Capital	532
Total Expenditures	<u>554,376</u>
Other Financial Uses:	
Transfers to Other Funds	75,208
Total Expenditures and Other Financial Uses	<u>629,584</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>1,349</u>
Other Changes in Unreserved Fund Balances:	
Decrease (Increase) in Reserve for Debt Service	(1,609)
Decrease (Increase) in Reserve for Encumbrances	(12,003)
Decrease (Increase) in Reserve for Capital	6,425
Decrease (Increase) in Reserve for Advances, Deposits and Inventory	(7,830)
Decrease (Increase) in Other Reserves	(14,759)
Total Other Changes in Unreserved Fund Balances	<u>(29,776)</u>
Unreserved Fund Balances (Deficiencies) - July 1	94,694
Cumulative Effect of Change in Accounting Principle (Note 2)	428
Prior Period Adjustment (Note 2)	3,131
Unreserved Fund Balance - July 1, Restated	<u>98,253</u>
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 69,826</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, 2001
(in thousands)

Exhibit 3.1

	<u>General Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 174,264	\$ 121,697	\$ 52,567
Licenses and Permits	17,504	16,341	1,163
Fines, Forfeitures and Penalties	6,805	6,138	667
Use of Money and Property	4,451	4,313	138
Other Agencies	113,640	110,414	3,226
Charges for Current Services	19,117	16,841	2,276
Miscellaneous Revenue	6,699	27,288	(20,589)
Total Revenues	<u>342,480</u>	<u>303,032</u>	<u>39,448</u>
Other Financial Sources:			
Transfers from Other Funds	512		512
Lease Purchase/Loan/Contract Proceeds	532	10,796	(10,264)
Total Other Financial Sources	<u>1,044</u>	<u>10,796</u>	<u>(9,752)</u>
Total Revenues and Other Financial Sources	<u>343,524</u>	<u>313,828</u>	<u>29,696</u>
Expenditures:			
Current Operations:			
General Government	79,011	92,262	13,251
Community Services	4,806	5,641	835
Police	87,344	89,431	2,087
Fire	38,608	41,664	3,056
Operations	16,642	18,600	1,958
Transportation	11,197	15,139	3,942
Parks and Recreation	36,802	41,505	4,703
Debt Service:			
Principal Retirement	5,608	5,609	1
Interest	3,891	3,937	46
Fiscal Agent Fees	34	40	6
Lease Purchases - Capital	532		(532)
Total Expenditures	<u>284,475</u>	<u>313,828</u>	<u>29,353</u>
Other Financial Uses:			
Transfers to Other Funds	58,628		(58,628)
Total Expenditures and Other Financial Uses	<u>343,103</u>	<u>313,828</u>	<u>(29,275)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>421</u>	<u>\$ 0</u>	<u>\$ 421</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	107		
Decrease (Increase) in Reserve for Encumbrances	(4,825)		
Decrease (Increase) in Reserve for Capital	3,464		
Decrease (Increase) in Reserve for Advances and Deposits	(7,837)		
Decrease (Increase) in Reserve for Inventory	7		
Decrease (Increase) in Other Reserves	868		
Total Other Changes in Unreserved Fund Balance	<u>(8,216)</u>		
Unreserved Fund Balance - July 1	<u>35,101</u>		
Unreserved Fund Balance - June 30	<u>\$ 27,306</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, 2001
(in thousands)

Exhibit 3.2

	<u>Special Revenue Funds (1)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$	\$ 50,097	\$ (50,097)
Licenses and Permits	10	10	0
Fines, Forfeitures and Penalties	638	559	79
Use of Money and Property	2,648	375	2,273
Grants and Contributions on Federal Programs	67,801	142,505	(74,704)
Other Agencies	62,134	45,836	16,298
Charges for Current Services	21,714	21,939	(225)
Miscellaneous Revenue	1,383	14,375	(12,992)
Total Revenues	<u>156,328</u>	<u>275,696</u>	<u>(119,368)</u>
Other Financial Sources:			
Transfers from Other Funds	59,455		59,455
Total Revenues and Other Financial Sources	<u>215,783</u>	<u>275,696</u>	<u>(59,913)</u>
Expenditures:			
Current Operations:			
General Government	7,151	9,171	2,020
Community Services	42,128	82,648	40,520
Police	12,616	16,970	4,354
Fire	1,382	3,592	2,210
Operations	169	2,940	2,771
Solid Waste Management	26,769	29,025	2,256
Transportation	81,986	105,576	23,590
Library	18,578	18,937	359
Parks and Recreation	1,075	2,108	1,033
Debt Service:			
Principal Retirement	5,562	3,998	(1,564)
Interest	722	655	(67)
Fiscal Agent Fees	1	76	75
Total Expenditures	<u>198,139</u>	<u>275,696</u>	<u>77,557</u>
Other Financial Uses:			
Transfers to Other Funds	15,326		(15,326)
Total Expenditures and Other Financial Uses	<u>213,465</u>	<u>275,696</u>	<u>62,231</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>2,318</u>	<u>\$ 0</u>	<u>\$ 2,318</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	60		
Decrease (Increase) in Reserve for Encumbrances	(356)		
Decrease (Increase) in Reserve for Capital	2,961		
Decrease (Increase) in Reserve for Advances and Deposits			
Decrease (Increase) in Other Reserves	<u>(10,136)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(7,471)</u>		
Unreserved Fund Balances - July 1	30,754		
Cumulative Effect of Change in Accounting Principle (Note 2)	428		
Prior Period Adjustment (Note 2)	<u>3,131</u>		
Unreserved Fund Balance - July 1, Restated	<u>34,313</u>		
Unreserved Fund Balances - June 30	<u>\$ 29,160</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, 2001
(in thousands)

Exhibit 3.3

	<u>Debt Service Funds (1)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 20,207	\$ 20,207	\$ 0
Use of Money and Property	428		428
Other Agencies		15,235	(15,235)
Total Revenues	<u>20,635</u>	<u>35,442</u>	<u>(14,807)</u>
Other Financial Sources:			
Transfers From Other Funds	15,241		15,241
Total Revenues and Other Financial Sources	<u>35,876</u>	<u>35,442</u>	<u>434</u>
Expenditures:			
Debt Service:			
Principal Retirement	12,835	12,835	0
Interest	21,708	22,602	894
Fiscal Agent Fees	11	5	(6)
Total Expenditures	<u>34,554</u>	<u>35,442</u>	<u>888</u>
Other Financial Uses:			
Transfers to Other Funds	428		(428)
Total Expenditures and Other Financial Uses	<u>34,982</u>	<u>35,442</u>	<u>460</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>894</u>	<u>\$ 0</u>	<u>\$ 894</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	<u>(894)</u>		
Unreserved Fund Balance - July 1	<u> </u>		
Unreserved Fund Balance - June 30	<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, 2001
(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	\$ 3,471	\$ 2,816	\$ 655
Miscellaneous Revenue	35	86	(51)
Total Revenues	<u>3,506</u>	<u>2,902</u>	<u>604</u>
Other Financial Sources:			
Proceeds From Bond Sales	18,840	64,751	(45,911)
Total Revenues and Other Financial Sources	<u>22,346</u>	<u>67,653</u>	<u>(45,307)</u>
Expenditures:			
Current Operations:			
General Government	3,569	9,371	5,802
Police	23	346	323
Fire	91	1,063	972
Operations	815	1,987	1,172
Solid Waste Management	651	4,485	3,834
Transportation	21,084	45,448	24,364
Library	278	1,014	736
Parks and Recreation	842	3,939	3,097
Total Expenditures	<u>27,353</u>	<u>67,653</u>	<u>40,300</u>
Other Financial Uses:			
Transfers to Other Funds	826		(826)
Total Expenditures and Other Financial Uses	<u>28,179</u>	<u>67,653</u>	<u>39,474</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(5,833)</u>	<u>\$ 0</u>	<u>\$ (5,833)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	(779)		
Decrease (Increase) in Reserve for Encumbrances	<u>(7,449)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(8,228)</u>		
Unreserved Fund Balance - July 1	31,221		
Unreserved Fund Balance - June 30	<u>\$ 17,160</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, 2001
(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	\$ 103,878	\$ 34,452	\$	\$ 138,330
Investment Income			10	10
Miscellaneous		3		3
Total Operating Revenues	<u>103,878</u>	<u>34,455</u>	<u>10</u>	<u>138,343</u>
Operating Expenses:				
Personal Services	27,587	5,625		33,212
Contractual Services	31,424	5,136		36,560
Commodities	7,533	9,113	1	16,647
Depreciation	16,752	8,728		25,480
Amortization of Goodwill	30			30
Benefits and Claims		18,182		18,182
Total Operating Expenses	<u>83,326</u>	<u>46,784</u>	<u>1</u>	<u>130,111</u>
Net Operating Income (Loss)	<u>20,552</u>	<u>(12,329)</u>	<u>9</u>	<u>8,232</u>
Nonoperating Revenues (Expenses):				
Investment Income	1,491	2,713		4,204
Interest Expense	(15,530)	(183)		(15,713)
Gain (Loss) from Sale of Property	259	731		990
Developer Contributions/Capital Grant	11,225	215		11,440
Other Nonoperating Expense	(443)			(443)
Total Nonoperating Revenues (Expenses)	<u>(2,998)</u>	<u>3,476</u>	<u>0</u>	<u>478</u>
Net Income (Loss)	<u>17,554</u>	<u>(8,853)</u>	<u>9</u>	<u>8,710</u>
Other Changes in Unreserved Retained Earnings/Fund Balance:				
Decrease (Increase) in Reserve for Self-Insurance		(5,176)		(5,176)
Decrease (Increase) in Reserve for Non-Expendable Civic Contributions			8	8
Decrease (Increase) in Reserve for Civic Contribution Purposes			(17)	(17)
Total Other Changes in Unreserved Retained Earnings	<u>0</u>	<u>(5,176)</u>	<u>(9)</u>	<u>(5,185)</u>
Unreserved Retained Earnings (Deficiencies) - July 1	421,001	(10,927)		410,074
Prior Period Adjustment (Note 2)	(6,175)			(6,175)
Unreserved Retained Earnings (Deficiencies) - July 1, Restated	<u>414,826</u>	<u>(10,927)</u>		<u>403,899</u>
Unreserved Retained Earnings (Deficiencies) - June 30	\$ <u>432,380</u>	\$ <u>(24,956)</u>	\$ <u>0</u>	\$ <u>407,424</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, 2001
(in thousands)

	<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	\$ 104,716	\$ 34,963	\$	\$ 139,679
Cash Payments to Suppliers for Goods and Services	(39,997)	(19,904)	(1)	(59,902)
Cash Payments to Employees for Services	(27,828)	(5,753)		(33,581)
Other Operating Revenues	<u>2,136</u>	<u>2,136</u>		<u>2,136</u>
Net Cash Provided (Used) by Operating Activities	<u>36,891</u>	<u>11,442</u>	<u>(1)</u>	<u>48,332</u>
Cash Flows From Noncapital Financing Activities:				
Interest Paid on Investment Pool Borrowings	<u>(71)</u>			<u>(71)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(71)</u>	<u>0</u>	<u>0</u>	<u>(71)</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Proceeds	34,565			34,565
Acquisition and Construction of Capital Assets	(52,823)	(9,649)		(62,472)
Principal Paid on Capital Debt	(6,488)	(1,172)		(7,660)
Interest Paid on Capital Debt	(15,206)	(183)		(15,389)
Fiscal Agent Fees Paid on Capital Debt	(84)			(84)
Proceeds from Sale of Property and Equipment	259	1,914		2,173
Construction of Capital Assets-Area Development F	867			867
Proceeds from Sale of Certificates of Participation	<u>94</u>			<u>94</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,816)</u>	<u>(9,090)</u>	<u>0</u>	<u>(47,906)</u>
Cash Flows from Investing Activities:				
Interest on Investments	624	2,109	10	2,743
Proceeds from Sale of Investments		10,155		10,155
Purchase of Investments		(9,906)		(9,906)
Net Cash Provided (Used) by Investing Activities	<u>624</u>	<u>2,358</u>	<u>10</u>	<u>2,992</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,372)</u>	<u>4,710</u>	<u>9</u>	<u>3,347</u>
Cash and Cash Equivalents - July 1	<u>8,860</u>	<u>24,818</u>	<u>146</u>	<u>33,824</u>
Cash and Cash Equivalents - June 30	<u>\$ 7,488</u>	<u>\$ 29,528</u>	<u>\$ 155</u>	<u>\$ 37,171</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)	\$ 6,738
Pension Trust Fund's Portion of Cash Deposits and Pooled Investments	(1,453)
Civic Contributions Fund's Portion of Cash Deposits and Pooled Investments	(1,390)
Deferred Compensation Fund's Portion of Cash/Deposits/and Pool Investments	(421)
Agency Fund's Portion of Cash Deposits and Pooled Investments	(3,319)
Non-Expendable Trust Fund's Portion of Cash Deposits and Pooled Investments	<u>\$ 155</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)	\$ 20,552	\$ (12,329)	\$ 9	\$ 8,232
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	16,782	8,728		25,510
Interest from Operating Investments			(10)	(10)
Decrease (Increase) in Assets:				
Accounts Receivable	110	2,145		2,255
Accounts Receivable-CAP	(2)			(2)
Due from Other Funds		499		499
Prepaid Expense		(73)		(73)
Inventories	(194)			(194)
Long Term Accounts Receivable	167			167
Increase (Decrease) in Liabilities:				
Accounts Payable	(965)	1,738		773
Salaries Payable	(255)	(128)		(383)
Accrued Compensated Absences	12			12
Unearned Receipts - Area Development Fees	(298)			(298)
Customer/Refundable Deposits and Unredeemed Warrants	862	35		897
Claims and Judgments Payable		10,827		10,827
Due to Other Funds-Unrestricted	120			120
Net Cash Provided (Used) by Operating Activities	<u>\$ 36,891</u>	<u>\$ 11,442</u>	<u>\$ (1)</u>	<u>\$ 48,332</u>

Noncash investing, capital and financing activities:

During the year, developers contributed water systems valued at \$11,212 and contractors provided securities in place of contract retainage in the amount of \$289 to the Water Utility Fund.

City funds contributed vehicles and equipment with a net book value of \$4,009 to the Fleet Services Internal Service Fund during the fiscal year ended June 30, 2001.

The cash transactions for the current year include recognition of unrealized investment gains of \$105 for Fleet Service Internal Service Fund, \$525 for the Self Insurance Internal Service Fund, \$189 for the Water Utility Enterprise Fund and an unrealized loss of \$16 for the Golf Course Enterprise 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, 2001
(in thousands)

Exhibit 6

Additions:

Contributions:

City		\$ 10,059
Employee		6,843
Transfers from Other Systems		507
Total Contributions		<u>17,409</u>

Investment Income:

Net Appreciation (Depreciation) in Fair Value of Investments		(55,456)
Interest		8,916
Dividends		3,775
Real Estate Income		1,638
Securities Lending Income		1,758
Total Investment Income		<u>(39,369)</u>

Less Investment Expense:

Interest Expense - Securities Lending	\$ 1,564	
Other Investment Expenses	2,285	3,849
Net Investment Income		<u>(43,218)</u>
Total Additions (Reductions)		<u>(25,809)</u>

Deductions:

Benefits		18,042
Refunds		1,125
Transfers to Other Systems		237
Administrative Expense		348
Total Deductions		<u>19,752</u>

Net Increase (Decrease) in Plan Net Assets

(45,561)

Fund Balance Reserved for Employees' Pension Benefits

July 1		<u>516,233</u>
June 30		<u>\$ 470,672</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, 2001
(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 accounting principles generally accepted in the United States of America 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 entirely or almost entirely to the primary government of the City of Tucson and its fixed assets are reported in the General Fixed Asset Account Group. 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 Non-expendable Trust, and Agency Funds. The Pension Trust Fund and Non-expendable 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. Such amounts are reported as deferred revenues until they become "available spendable resources," since they do not represent net current assets.

Long-term advances receivable are offset by fund balance reserve accounts.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(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 non-current) 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 all eligibility requirements for the grants are met. Special assessments are recognized as a receivable at the time of the enforceable legal claim and revenue is recognized as the assessments are collected (measurable and available).

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; the Rio Nuevo Special Revenue 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, 2001.
7. A budgetary basis to GAAP basis reconciliation of the Debt Service, Capital Projects Funds, and the Special Revenue Funds of which the Special Assessment Bond Fund, the Special Assessment Construction Fund, and the Rio Nuevo Special Revenue Fund are not budgeted, follows:

	Special Revenue Funds			Debt Service Funds			
	Budget Actual	Basis Fund	Unbudgeted Actual	GAAP Actual	Basis Fund	Unbudgeted Actual	GAAP Actual
Total Revenues and Other Financial Sources	\$ 215,783		\$ 1	\$ 215,784	\$ 35,876	\$ 1,062	\$ 36,938
Total Expenditures and Other Financial Sources	213,465		2,046	215,511	34,982	959	35,941
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>\$ 2,318</u>		<u>\$ (2,045)</u>	<u>\$ 273</u>	<u>\$ 894</u>	<u>\$ 103</u>	<u>\$ 997</u>
	Capital Project Funds						
	Budget Actual	Basis Fund	Unbudgeted Actual	GAAP Actual			
Total Revenues and Other Financial Sources	\$ 22,346		\$ 2,472	\$ 24,818			
Total Expenditures and Other Financial Sources	28,179		2,472	30,651			
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>\$ (5,833)</u>		<u>\$ 0</u>	<u>\$ (5,833)</u>			

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(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 Special Revenue Grant Funds that are funded on a reimbursable basis at June 30, 2001, as follows:

<u>Fund</u>	<u>Encumbered at June 30, 2001</u>
Human and Community Development Fund	\$ 1,921
Public Housing Fund	2
Miscellaneous Housing Grant Funds	5,436
Other Federal Grant Funds	6,323
Non-Federal Grants Fund	407
Mass Transit Fund	6,932
	<u>\$ 21,021</u>

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, which are prepared for the Enterprise, Internal Service, and Nonexpendable 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. All other 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, 2001, are reported in the accompanying general purpose financial statements net of allowance for doubtful accounts as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Trust and Agency Funds</u>
Accounts Receivable	\$ 3,555	\$ 9,395	\$ 7,708	\$ 14,251	\$ 65	\$ 5,253
Less: Allowance for Doubtful Accounts	<u>434</u>	<u>23</u>	<u> </u>	<u>1,043</u>	<u> </u>	<u> </u>
	<u>\$ 3,121</u>	<u>\$ 9,372</u>	<u>\$ 7,708</u>	<u>\$ 13,208</u>	<u>\$ 65</u>	<u>\$ 5,253</u>

The Enterprise Funds' assets and revenues include \$5,235 for water sales delivered, but unbilled at June 30, 2001.

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, 2001, these loans totaled \$6,965. 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 equipment is \$5.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(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 and Building Improvements	20-40
Improvements Other Than Buildings	10-40
Wells, Tanks and Improvements	40-100
Machinery and Equipment (Water Utility, Golf Enterprise, Pension Trust, Fleet Services, Self-Insurance)	3-20

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, 2001, were \$1,122/\$816 and \$65/54 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 (\$3,494) and other revenues reserved for miscellaneous projects (\$150) in the General Fund; funds reserved for equipment purchases/construction projects in the Convention Center Fund (\$1,002) and construction of a new dormitory in the Public Safety Academy Fund (\$1,049).

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 (\$470,672) and the Deferred Compensation Fund (\$55,973) which are reserved for future payments to their respective members.

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

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2001
 (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 compliance purposes; reserves for prepaid expenditures in various special revenue funds; and reserves for the following purposes in the General Fund:

Police Projects	\$ 509
Parking Program	266
Low Income Housing Maintenance	277
Parks Foundation	436
City Courts Projects	446
Rodeo Grounds	143
COPS Issuance Costs	15
Election Campaigns	<u>34</u>
Total General Fund for Other Restricted Purposes	<u>\$ 2,126</u>

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. Special Revenue Funds**

The City implemented GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, during this fiscal year. GASB No. 33 establishes accounting and reporting standards for the recognition of assets, liabilities, and revenues for nonexchange transactions of state and local governments. The prior year effects of implementing this GASB are shown as a "Cumulative Effect of a Change in Accounting Principle". The current year recognition of revenue was \$280. The implementation of GASB No. 33 had a cumulative effect only on the Special Revenue Funds.

In addition, a prior period adjustment was necessary to correct an accounting error that was identified during the year in the Miscellaneous Housing Grant Funds.

	Miscellaneous Housing Grant Fund	Non-Federal Grants Fund	Total All Special Revenue Funds
Unreserved Fund Balance - July 1, 2000	\$ 5	\$ 0	\$ 30,572
Cumulative Effect of a Change in Accounting Principle		428	428
Prior Period Adjustment	<u>3,131</u>	<u> </u>	<u>3,131</u>
Unreserved Fund Balance - July 1, 2000, Restated	<u>\$ 3,136</u>	<u>\$ 428</u>	<u>\$ 34,131</u>

B. Debt Service Funds

A prior period adjustment was necessary in the Special Assessment Debt Service Fund to record revenue not recognized in prior fiscal years. The effect of this adjustment is shown below:

	Special Assessment Fund	Total All Debt Service Funds
Excess of Revenues and Other Financial Sources Over Expenditures and Other Financial Uses	\$ <u>103</u>	\$ <u>997</u>
Fund Balance - July 1, 2000	<u>5</u>	<u>320</u>
Prior Period Adjustment	<u>1,058</u>	<u>1,058</u>
Fund Balance - July 1, 2000, Restated	<u>1,063</u>	<u>1,378</u>
Fund Balance June 30, 2001	<u>\$ 1,166</u>	<u>\$ 2,375</u>

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

Note 2 – ACCOUNTING CHANGES (Continued):

C. Proprietary Funds

During a reconciliation of the fixed assets within the Water Utility Enterprise Fund, adjustments were required to correct prior fiscal year capitalization errors. This resulted in a prior year adjustment to Unreserved Retained Earnings for FY 2001 as shown below:

	<u>Water Utility Enterprise Fund</u>	<u>Total All Enterprise Funds</u>
Net Income - June 30, 2001	\$ <u>17,445</u>	\$ <u>17,554</u>
Unreserved Retained Earnings - July 1, 2000	418,589	421,001
Prior Period Adjustment	<u>(6,175)</u>	<u>(6,175)</u>
Unreserved Retained Earnings July 1, Restated	<u>412,414</u>	<u>414,826</u>
Unreserved Retained Earnings - June 30, 2001	\$ <u><u>429,859</u></u>	\$ <u><u>432,380</u></u>

During a reconciliation of the Fleet Service Internal Service Fund fixed assets, a prior period adjustment was made to increase Contributed Capital for assets contributed from other funds but not previously recorded. The effect of this adjustment is shown below:

	<u>Fleet Service Internal Service Fund</u>	<u>Total All Internal Service Funds</u>
Contributed Capital - July 1	\$ 24,199	\$ 42,303
Prior Period Adjustment	<u>1,819</u>	<u>1,819</u>
Contributed Capital - July 1, Restated	26,018	44,122
Current Year Transfers	<u>2,190</u>	<u>2,114</u>
Contributed Capital - June 30	28,208	46,236
Retained Earnings - June 30	<u>5,267</u>	<u>(16,233)</u>
Total Fund Equity - June 30	\$ <u><u>33,475</u></u>	\$ <u><u>30,003</u></u>

The implementation of GASB 33 required that capital assets received from developers and capital grants be recognized as revenue instead of an increase to contributed capital. This resulted in the recognition of revenue of \$11,225 for the Water Utility Enterprise Fund and \$215 for the Fleet Service Internal Service Fund during FY 2001.

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.

Note 3 - PROPERTY TAX (Continued):

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.

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 funds for the year ended June 30, 2001, are as follows:

<u>Fund</u>	<u>Fund Type</u>	<u>Expenditures/ Expenses</u>	<u>Appropriations</u>
Street and Highway Bond and Interest	Debt Service	\$ 15,241	\$ 15,235
2000 Street and Highway Improvement Bonds	Capital Project	5	0
Water Utility	Enterprise	89,909	77,380
Golf Course	Enterprise	9,390	8,806

These excesses do not violate State budget law, which is applied to the City as a whole and not to individual funds. The excess in both the Street and Highway and Interest Fund and in the 2000 Street and Highway Improvement Bonds fund result from the fact that, although the bonds were sold on July 1, 2001, some project costs and issuance costs were incurred before the end of the 2000-01 fiscal year. The excess of total expenses over appropriations in the Water Utility and Golf Funds are caused by the fact that depreciation (\$15,932/820) and goodwill (\$28/2) are not budgeted and are excluded by the State budget law.

At June 30, 2001, the following funds had deficit fund balances/retained earnings:

Public Safety Academy Special Revenue Fund	\$ (327)
Rio Nuevo Special Revenue Fund	(2,217)
2000 Street and Highway Improvement Capital Project Fund	(5)
Self Insurance Internal Service Fund	(3,472)

The deficit in the Public Safety Academy Fund is due to the fact that construction costs on new dormitories were incurred late during the fiscal year, and proceeds from the related Certificates of Participation were drawn down early in the following fiscal year. The Rio Nuevo Multipurpose Facilities District Fund was created during the 99-00 fiscal year and is still in the development stages; therefore, the revenue streams, though identified, have not started. The 2000 Street and Highway Improvement Capital Project Fund incurred issuance costs during the year, but the bonds were sold on July 1 of the following fiscal year. The deficit in the Self Insurance Internal Service Fund will be funded by increases in user charges in future years.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

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, biweekly 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 \$6,583 and the bank balance was \$4,909. The difference of \$1,674 represents deposits in transit, outstanding checks, and other reconciling items at June 30, 2001. This total bank balance was covered by federal depository insurance or collateral held by the City's agents in the City's name.

Cash with fiscal agents in the General Fund (\$4,026), the Special Revenue Funds (\$1,725), the Debt Service Fund (\$23,540), the Enterprise Funds (\$14,881) on June 30, 2001, 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		\$ 128,192
Cash/Investments with Fiscal Agents		29,291
Investments		556,747
Cash/Cash with Fiscal Agents/Deposits/Investments		
Included in Restricted Assets:		
Enterprise Funds (Less Receivable of \$1,467)	\$ 19,461	
Internal Service Fund	<u>10,739</u>	<u>30,200</u>
Total		<u>\$ 744,430</u>
Note 5		
Cash/Deposits		\$ 6,583
Cash with Fiscal Agents		44,172
Investments:		
Carrying Value (Note 5 B)	\$ 722,500	
Investments Classified as Cash with Fiscal Agents	(11,812)	
Investments Classified as Cash/Deposits	<u>(17,013)</u>	<u>693,675</u>
Total		<u>\$ 744,430</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.

Note 5 - DEPOSITS AND INVESTMENTS (Continued):

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.

	Category			Fair Value
	1	2	3	
U.S. Issues:				
Government and Agency Securities				
not on Securities Loan	\$ 138,656	\$	\$	\$ 138,656
On Loan for Securities Collateral				
Corporate Bonds not on Securities Loan	48,959			48,959
Corporate Stock not on Securities Loan	239,755			239,755
Non-U.S. Issues:				
International Bonds not on Securities Loan	16,574			16,574
International Stock not on Securities Loan	52,823			52,823
	\$ 496,767	\$ 0	\$ 0	496,767
Investments - Not Categorized:				
Investments Held by Broker-Dealers Under				
Securities Loans with Cash Collateral:				
U.S. Government and Agency Securities				10,679
U.S. Corporate Bonds				10,212
U.S. Stock				827
International Bonds				2,302
International Stock				8,435
Securities Lending Short-Term Collateral Investment Pool				33,392
Money Market Funds/Short-Term Investments				83,226
Mortgage Bonds Mutual Fund				36,314
High Yield Bonds Mutual Fund				11,049
Real Estate				29,297
Total Investments				\$ 722,500

There were no situations that occurred during the year which posed greater custodial credit risk than at June 30, 2001.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001

(dollar amounts expressed in thousands)

Note 5 - DEPOSITS AND INVESTMENTS (Continued):

C. Securities Lending

The City Code and the Board of Trustees for the System permit the System's custodian bank, Mellon Trust, to lend System securities to broker-dealers and other entities. Each loan is executed with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian bank lends U.S. securities for collateral initially valued at 102% of the market value plus any accrued interest. Non-US securities are loaned for collateral initially valued at 105% of the market value of the securities plus any accrued interest. Collateral is marked-to-market daily. If the market value of the pledged collateral falls below the specified levels, additional collateral is required to be pledged by the close of the next business day.

In the event of a borrower's default, the System's custodian bank is obligated to indemnify the System if, and to the extent that, the fair value of the collateral is insufficient to replace the loaned securities. Mellon Trust 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 covering securities lending.

Although the average term of the Systems' security loans is one week, each loan can be terminated at will by either the System or the borrower. Cash collateral is invested in a short-term investment pool, which on average had a weighted maturity of 30 days. The relationship between the maturities of the investment pool and the System's security loans are affected by the maturities of the loans made by other entities that use the agent's pool, the System cannot match maturities.

The System cannot pledge or sell collateral securities received until and unless a 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. As of June 30, 2001, the System had no credit risk exposure to borrowers because the fair value of collateral held exceeded the fair value of securities loaned.

D. Derivatives

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

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 three months or less and represented a net value of \$91 as of June 30, 2001.

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 counterparties of high credit standing which have been approved by the manager.

The 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 and were open as of June 30, 2001. The net market exposure as of June 30, 2001 was \$26 and the duration of these contracts is three months. There was no use of options during the fiscal year.

(Continued)

Note 6 - DUE TO/FROM OTHER FUNDS:

Interfund due from and due to balances at June 30, 2001, were as follows:

<u>Fund</u>	<u>Due Froms</u>	<u>Due Tos</u>
General	\$ 46,074	\$ 289
Special Revenue:		
Solid Waste Management		19
Library	68	7,008
Public Safety Academy		1,218
H.U.R.F.	1	550
Human and Community Development		1,454
Public Housing		1,344
Miscellaneous Housing Grant Funds	22	6,368
Other Federal Grants	222	6,717
Non-Federal Grants	373	1,325
Mass Transit	68	4,695
Total Special Revenue	<u>754</u>	<u>30,698</u>
Internal Service:		
Fleet Service	<u>12</u>	
Capital Projects:		
1994 Street and Highway	<u>365</u>	
Enterprise:		
Golf		175
Water		16,084 (1)
Total Enterprise		<u>16,259</u>
Trust and Agency:		
Employee Prepaid Insurance	<u>41</u>	
Total All Funds	<u>\$ 47,246</u>	<u>\$ 47,246</u>

(1) \$16,071 reported within Payables from Restricted Assets in Exhibit 1.

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

The following is a summary of changes in the General Fixed Assets property, plant, and equipment:

	<u>Balances June 30, 2000</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balances June 30, 2001</u>
Land	\$ 134,538	\$ 14,857	\$ 29,721	\$ 119,674
Buildings	171,881	163,922	143,551	192,252
Improvements and Equipment	120,720	120,523	73,349	167,894
Construction-in-Progress	142,689	22,422	15,333	149,778
	<u>\$ 569,828</u>	<u>\$ 321,724</u>	<u>\$ 261,954</u>	<u>\$ 629,598</u>

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001

(dollar amounts expressed in thousands)

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

A summary of Proprietary Funds plant and equipment at June 30, 2001, is as follows:

	Enterprise		Internal Service		Total
	Water Utility	Golf Course	Self-Insurance	Fleet Service	
Land	\$ 46,387	\$ 5,760	\$ 30	\$	\$ 52,177
Buildings	100,675	6,975	123	6	107,779
Improvements Other Than Buildings, Including Wells, Tanks, and Mains	732,410	11,702			744,112
Moveable Equipment and Machinery	16,727	2,913	56	72,352	92,048
Construction-in-Progress	106,657	132	771		107,560
Total	1,002,856	27,482	980	72,358	1,103,676
Less Accumulated Depreciation	(196,476)	(8,160)	(52)	(42,464)	(247,152)
Total Plant, Property and Equipment	\$ <u>806,380</u>	\$ <u>19,322</u>	\$ <u>928</u>	\$ <u>29,894</u>	\$ <u>856,524</u>

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

Note 8 - CHANGES IN LONG-TERM DEBT:

A summary of changes in long-term debt as of June 30, 2001, is as follows:

	Long Term Debt			
	Balance June 30, 2000	Additions	Payments/ Retirements	Balance June 30, 2001
General Obligation Bonds	\$ 211,169	\$ 18,840	\$ 6,440	\$ 223,569
Street and Highway Revenue Bonds	153,235		6,395	146,840
Federal Highway Loan	2,000		2,000	0
Public Housing Authority Bonds	1,000		110	890
Public Housing Notes and Loans	2,097		121	1,976
Special Assessments Debt With Governmental Commitment	4,892		721	4,171
Long-Term Compensated Absences	21,030	535		21,565 (1)
General City Capital Leases	83,704	532	9,040	75,196
Arbitrage Rebate Tax Payable		779		779
Landfill Closure and Post Closure Costs	47,532	548		48,080
Total General Long-Term Debt	<u>526,659</u>	<u>21,234</u>	<u>24,827</u>	<u>523,066</u>
Enterprise Bonds	237,835	76,943	48,351 (3)	266,427
Enterprise Compensated Absences	1,359	46	34	1,371
Enterprise Contracts Payable	5,019		333	4,686 (2)
Enterprise Arbitrage Rebate Tax Payable		111		111
Total Enterprise Fund Long-Term Debt	<u>244,213</u>	<u>77,100</u>	<u>48,718</u>	<u>272,595</u>
Internal Service Fund Contracts Payable	2,998		1,235	1,763
Total Long Term Debt	\$ <u>773,870</u>	\$ <u>98,334</u>	\$ <u>74,780</u>	\$ <u>797,424</u>

(1) Represents liability for accrued compensated absences payable at June 30, 2001, but not expected to be paid during the first 60 days of the 2001-02 fiscal year.

(2) Excludes \$1,150 contracts/leases payable from restricted assets.

(3) Includes deferred loss on refunding of (\$4,634).

Note 9 - LEASE OBLIGATIONS:**A. Capital Leases**

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, 2001.

	General City Funds
Years ending June 30,	
2002	\$ 13,082
2003	11,801
2004	9,489
2005	8,594
2006	8,587
Later Years	<u>48,352</u>
Total Minimum Lease Payments	99,905
Less Amount Representing Interest (interest rates range from 4.75% to 14.15%)	<u>24,709</u>
Present Value of Net Minimum Lease Payments	<u>\$ 75,196</u>

Assets purchased through capital leases include buildings (\$5,796), improvements other than buildings (\$7,522), equipment (\$66,791) and land (\$9,950).

B. Operating Leases

Operating Lease expenditures for FY 2000-01 were \$2,986. Minimum future lease payments on non-cancelable operating leases at June 30, 2001, were as follows:

Years ending June 30,	
2002	\$ 2,635
2003	2,341
2004	2,393
2005	1,944
2006	1,518
Later Years	<u>17,934</u>
Total Minimum Future Lease Payments	<u>\$ 28,765</u>

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

Long-Term Contracts Payable as of June 30, 2001, were:

	<u>Water</u>	<u>Golf</u>
Contracts to Purchase Water Companies	\$ 118	\$
Equipment Contracts		4,900
Less Current Portion	<u>75</u>	<u>257</u>
Long-Term Contracts Payable	<u>\$ 43</u>	<u>\$ 4,643</u>

CITY OF TUCSON, ARIZONA
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(dollar amounts expressed in thousands)

Note 10 - CONTRACTS PAYABLE (Continued):

Water and Golf contracts bear interest rates of up to 5.5% 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, 2001, principal payments of \$7,700 have been made on the note. The remaining principal is payable as follows:

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

B. Internal Service Funds

Long Term Contracts Payable as of June 30, 2001 were:

	<u>Self Insurance</u>	<u>Fleet Services</u>
Equipment Contracts	\$ 4	\$
Vehicle Contracts		2,985
Less Current Portion	<u>3</u>	<u>1,223</u>
Long-Term Contracts Payable	<u>\$ 1</u>	<u>\$ 1,762</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, 2001, the long-term portion of bonds payable was:

Water Utility Bonds	\$ 278,562
Less: Current Portion	7,501
Deferred Amount on Refunding	4,634
Total Long-Term Portion Water Utility Bonds Payable	<u>\$ 266,427</u>

Water Utility Revenue Bonds Issued and Outstanding

Series	Interest Rates	Maturity Date	Original Amount	Balance Outstanding June 30, 2001
1984 Series D (1991)	9.75 %	2010	\$ 48,000	\$ 4,000
1992 April (Refunding)	6.2-6.35	2004	13,030	4,985
1992 September (Refunding)	5.5-6.0	2018	72,080	59,575
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
1994 Series B (1997)	4.50-6.50	2012	11,700	11,000
1997 July (Refunding)	4.20-5.13	2021	32,980	32,590
1998 Water Infrastructure Finance Authority (WIFA) - Subsidized	3.425	2017	6,000	5,498
1994 Series C (1999)	4.75-6.751	2016	33,400	33,300
1999 Refunding	5.00	2010	14,045	13,230
1994 Series D (2000)	5.25-7.25	2024	23,740	23,740
2000 Water Infrastructure Finance Authority (WIFA) Subsidized	4.13	2020	5,120	5,120
2000 Water Infrastructure Finance Authority (WIFA) Unsubsidized	5.00	2020	7,064 (1)	7,064 (1)
2001 April (Refunding)	5.00	2016	40,850	40,850
Total			<u>\$ 376,369</u>	<u>\$ 278,562</u>

(1) Balance of issue (\$716) will be recognized when proceeds are received.

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, 2021. 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 July 1, 2000, the City issued \$18,840 General Obligation Bonds. The bonds represent the first installment of Bonds to be issued pursuant to the May 16, 2000 authorization.

CITY OF TUCSON, ARIZONA
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For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

Note 11 - BOND ISSUES (Continued):

At June 30, 2001, bonds payable were:

General Obligation Bonds	\$ 223,569
Street and Highway Revenue Bonds	146,840
Public Housing Authority Bonds/Notes	<u>2,866</u>
	<u>\$ 373,275</u>

General Obligation Bonds Issued and Outstanding

Series	Interest Rates	Maturity Date	Original Amount	Balance Outstanding June 30, 2001
1991 Refunding	6.10-7.50 %	2008	\$ 21,555	\$ 13,555
1984 Series E and F	6.17	2012	25,000	2,143
1992 Refunding	5.40-6.40	2012	51,550	39,350
1993 Refunding	4.20-4.90	2013	17,006	13,596
1984 Series G (1994)	7.625	2014	21,540	3,140
1995 Refunding	5.20-6.75	2012	34,575	28,375
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	19,920
1998 Refunding	4.00-5.50	2021	26,470	26,430
1994 Series D (1998)	4.25-6.25	2018	11,010	11,010
1994 Series E (1999)	4.50-7.00	2019	13,855	13,855
2000 Series A (2000)	5.25-7.25	2020	18,840	18,840
Total			<u>\$ 320,426</u>	<u>\$ 223,569</u>

Street and Highway Issued and Outstanding

Series	Interest Rates	Maturity Date	Original Amount	Balance Outstanding June 30, 2001
1992 Refunding	5.70-6.00 %	2004	\$ 15,150	\$ 6,745
1993 Refunding	5.00-5.50	2009	45,250	36,995
1993 Refunding	4.90-5.50	2012	48,450	35,725
1994 Series A (1995)	5.00-7.00	2015	10,900	10,900
1996 Refunding	4.10-6.00	2010	7,425	7,375
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	19,400	19,400
Total			<u>\$ 176,275</u>	<u>\$ 146,840</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%.

Note 11 - BOND ISSUES (Continued):**C. Special Assessments**

Special assessments on City-owned property were \$182 of the \$4,171 total assessment. The remaining assessments of \$3,989 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.

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 Bonds	Street and Highway Bonds	Enterprise Bonds	Special Assessment Bonds	Public Housing Authority Bonds/Notes
2002	\$ 19,576	\$ 14,778	\$ 22,477	\$ 805	\$ 403
2003	19,556	15,237	22,326	710	408
2004	19,527	14,886	22,446	506	404
2005	19,457	14,879	22,690	417	408
2006	19,445	15,370	22,815	389	403
2007-2011	98,778	75,881	121,823	1,241	1,589
2012-2016	94,702	53,146	128,142	1,076	247
Later Years	84,399	15,655	93,922	436	
	<u>375,440</u>	<u>219,832</u>	<u>456,641</u>	<u>5,580</u>	<u>3,862</u>
Less Amount Representing Interest	<u>151,871</u>	<u>72,992</u>	<u>178,079</u>	<u>1,409</u>	<u>996</u>
Total Principal Requirements	<u>\$ 223,569</u>	<u>\$ 146,840</u>	<u>\$ 278,562</u>	<u>\$ 4,171</u>	<u>\$ 2,866</u>

Note 12 - ADVANCE REFUNDING/DEFEASANCE OF DEBT:

On April 5, 2001, the City issued \$40,850 Water System Revenue Refunding Bonds to refund Revenue Bond Series 1991 and to pay costs relating to the issuance of the bonds. The interest rate on the bonds is 5.0% with the final maturity due 7/1/2016. Debt Service payments are scheduled semiannually at amounts that range from \$1,325-\$5,595. The economic gain resulting from this refunding is \$2,368 (based upon NPV from delivery date). The difference in the cash flow requirements to service the old debt (\$64,073) and the cash flows to service the new debt (\$60,676) is \$3,397.

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, 2001, the amount of defeased debt outstanding but removed is Water Utility debt of \$89,645 and General Obligation and Street and Highway debt of \$65,558 and \$4,500, 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 post-closure care costs. Closure requirements have been established for municipal landfills that received solid waste after October 9, 1991. Additional thirty-year post-closure monitoring and maintenance functions are required of landfills that accepted solid waste after October 9, 1993. Although closure

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

Note 13 – LANDFILLS (Continued):

and post-closure 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, 2001. The total closure and post-closure cost estimates are based on what it would cost to perform those functions in 2001. Actual costs will likely vary due to inflation, changes in technology, or changes in regulations.

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/post-closure costs, including aquifer protection and clean-up, is as follows:

<u>Landfill Site</u>	<u>Landfill Capacity Used as of 6/30/01</u>	<u>Estimated Closure/Post- Closure Costs</u>	<u>Liability Recognized at 6/30/01</u>	<u>Estimated Closure/ Postclosure Cost to be Recognized in Future Years</u>	<u>Estimated Remaining Life in Years</u>
Los Reales	87 %	\$ 27,351	\$ 23,796	\$ 3,555	4
Harrison	100 %	9,400	9,400		
Irvington	100 %	2,699	2,699		
Vincent Mullins	100 %	10,726	10,726		
Silverbell	100 %	1,459	1,459		
Totals		<u>\$ 51,635</u>	<u>\$ 48,080</u>	<u>\$ 3,555</u>	

A reservation of fund balance of \$29,320 has been established in the General Fund to cover these closure/post-closure 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, 2001, liability for closure and post-closure costs of \$48,080, 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, 2001, is as follows:

	<u>Water Utility Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Operating Revenues	\$ 94,406	\$ 9,472	\$ 103,878
Depreciation and Amortization Expense	15,960	822	16,782
Net Operating Income	20,100	452	20,552
Net Income	17,445	109	17,554
Property, Plant and Equipment:			
Additions	73,363	298	73,661
Deletions	10,344	116	10,460
Net Working Capital (Deficiency)	4,363	(521)	3,842
Total Assets	855,925	20,413	876,338
Due to Other Funds - Restricted	16,071		16,071
Long-Term Debt	267,912	4,683	272,595
Total Equity	537,969	14,899	552,868

Note 15 - CONTRIBUTED CAPITAL:

During fiscal year 2001, contributed capital for the Proprietary Funds changed by the following amounts:

	Enterprise		Internal Service	
	Water Utility Fund	Golf Course Fund	Self-Insurance Fund	Fleet Services Fund
Beginning Balance, Contributed Capital	\$ 108,110	\$ 12,378	\$ 18,104	\$ 26,018
Contributing Sources:				
Transfer of Fixed Assets				2,114
Developers - Donated Water Systems/Land				
Self Insurance Fund			(76)	76
Ending Balance, Contributed Capital	\$ <u>108,110</u>	\$ <u>12,378</u>	\$ <u>18,028</u>	\$ <u>28,208</u>

The Fleet Service Beginning Contributed Capital amount is Restated. (See Note 2)

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 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.

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

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

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, 2001, the City had 7 covered officials. Covered payroll for the year then ended was \$186 (out of the total City payroll of \$230,877). 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 \$67, 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, 2001, 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, 2001, the required employer contribution rates were 3.34% for Police and 2.92% for Fire. However, the City elected to contribute 5.99% and 5.57%, 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.

At June 30, 2001, 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.

(Continued)

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

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, 2001, 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	Police	Fire
Actuarial Valuation Date	June 30, 2001	June 30, 2001	June 30, 2001
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	Open 21 Years from June 30, 2001	Open 19 years from June 30, 2001	Open 19 years from June 30, 2001
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.

Three Year Trend Information				
	Fiscal Year Ended 6/30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>TSRS</u>				
	2001	\$ 10,123	100 %	\$ 0
	2000	9,707	100	0
	1999	9,476	100	0
<u>APSPRS</u>				
Police	2001	1,669	100 %	0
	2000	2,498	100	0
	1999	1,599	100	0
Fire	2001	282	100 %	0
	2000	1,303	100	0
	1999	1,223	100	0

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended June 30, 2001
(dollar amounts expressed in thousands)

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

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Active Member Covered Payroll	Unfunded(Overfunded) AAL as a Percentage of Active Annual Member Covered Payroll
June 30,	(a)	(b)	(b) - (a)	(a) / (b)	(c)	(b-a) / (c)
TSRS						
2001	470,672	495,359	24,687	95.0 %	145,059	17.0 %
2000	453,954	437,750	(16,204)	103.7	134,088	(12.1)
1999	402,875	400,224	(2,651)	100.7	126,817	(2.1)
Police						
2001	332,477	260,790	(71,687)	127.5	49,843	(143.8)
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)
Fire						
2001	239,395	191,973	(47,422)	124.7	29,182	(163.0)
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)

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, 2001 and 2000, are as follows:

	<u>2001</u>	<u>2000</u>
Beginning of fiscal year liability	\$ 25,172	\$ 22,724
Current year claims and changes in estimates	29,009	13,272
Claim Payments	<u>(18,182)</u>	<u>(10,824)</u>
Balance at fiscal year end	<u>\$ 35,999</u>	<u>\$ 25,172</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, 233 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 2000-01 fiscal year the City's portion of retiree medical insurance premiums was \$1,337. 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 1,578 retirees receive life insurance benefits.

The costs associated with the life insurance premiums are expended as the insurance premium is paid. During the 2000-01 fiscal year, the amount expended by the City for retiree life insurance was \$11.

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. 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 \$7,169.

C. Construction and Other Commitments

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

CITY OF TUCSON, ARIZONA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001

(dollar amounts expressed in thousands)

Note 20 - CONTINGENCIES AND COMMITMENTS (Continued):

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 \$10,821 at June 30, 2001.

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.

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 line of credit from the City, which has been recorded by the City as loans and notes receivable. The loan balance, with accrued interest at 7.5% thereon, was \$7,592 at June 30, 2001.

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:

An agreement has been entered into with the Water Infrastructure Finance Authority of Arizona. The loan commenced October 28, 2001, with semi-annual payments due January 1 and July 1 effective July 1, 2002. The loan of \$8,800, at a subsidized interest and fee rate of 3.765%, was issued against the 2000 voter authorization of Water revenue bond capacity. It has an annual debt service requirement of \$657 and provides for either a debt service reserve of \$657 funded over 4 years or the purchase of a reserve fund surety.

On July 1, 2001, the City issued \$26,680 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 second installment of General Obligation Bonds to be issued from the May 16, 2000, authorization of \$129,500. The interest rates on the bonds are 4.625 - 5.75% with the final maturity due July 1, 2020. Debt maturities are scheduled annually from July 1, 2014 - July 1, 2020 at amounts that range from \$500 - \$9,000.

On July 1, 2001, the City issued \$37,800 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 rates on the bonds are 5.00 and 7.50% with the final

Note 21 - SUBSEQUENT EVENTS (Continued):

maturity due 7/1/2023. Debt maturities are scheduled annually from July 1, 2007 through July 1, 2023 at amounts that range from \$500 - \$8,600.

On July 1, 2001, the City issued \$15,500 junior lien Street and Highway User Revenue Bonds to improve, construct and reconstruct streets and highways in the City and to pay costs relating to the issuance of the Bonds. These Bonds are the sixth and final installment from the May 17, 1994 voter authorization and the first from the May 16, 2000 authorization. The interest rates on those bonds are 4.75 - 6.00% with the final maturity due 7/1/2018. Debt maturities are scheduled annually from July 1, 2013 - July 1, 2018 at amounts that range from \$1,500 - \$3,750.

On October 22, 2001, the City executed a delayed delivery contract to sell \$25,035 of General Obligation Refunding Bonds, Series 2002 to be issued and dated on or after April 3, 2002. These bonds will be used to refund \$25,155 of General Obligation Refunding Series 1992 bonds currently outstanding. The interest rate will be 5.0% with the final maturity due July 1, 2012. Debt service payments are scheduled semiannually at amounts that range from \$135 - \$7,610. The economic gain resulting from this refunding will be \$1,612 (based upon NPV from the planned delivery date of April 3, 2002). The difference in the cash flow requirements to service the old debt (\$35,612) and the cash flows to service the new debt (\$33,924) will be \$1,688.

On October 22, 2001, the City executed a delayed delivery contract to sell \$57,820 of Water Revenue Refunding Bonds, Series 2002 to be issued and dated on or after April 3, 2002. These bonds will be used to refund \$58,640 of Water Revenue Refunding Series 1992 A bonds currently outstanding. The interest rate will be 5.50% with the final maturity due July 1, 2018. Debt service payments are scheduled semiannually at amounts that range from \$890 - \$11,080. The economic gain resulting from this refunding will be \$3,152 based upon NPV flow requirements to service the old debt (\$100,285) and the cash flows to service the new debt (\$96,123) will be \$4,162.

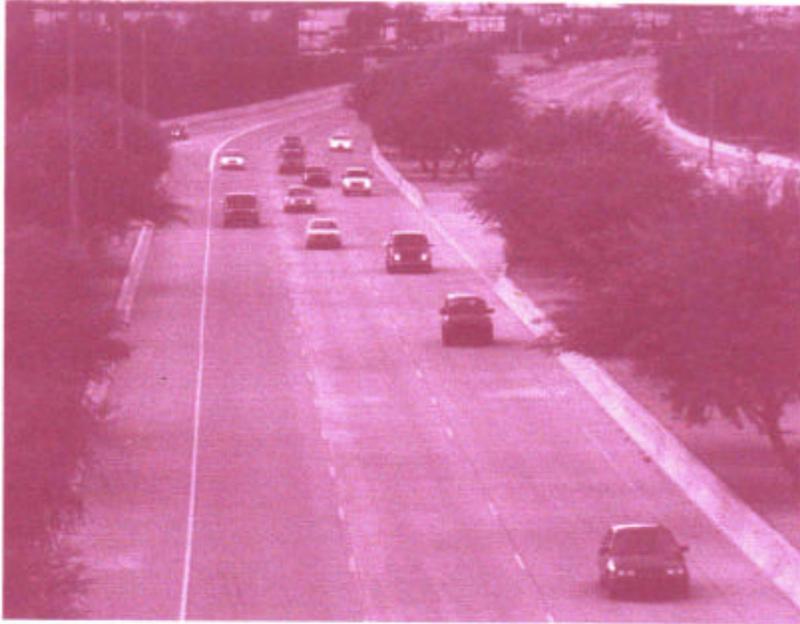
In October 2001, the City received \$4,500 proceeds from a Federal Highway Loan through US Department of Transportation's Highway Expansion and Extension Loan program (HELP). The loan will be repaid by periodic payments over the next five fiscal years from regional HURF monies received from Pima Association of Governments. The interest, at an estimated 2.9%, will be paid from the City's HURF monies.

Note 22 – NEW ACCOUNTING PRONOUNCEMENT (Effective for the Fiscal Year Ending June 30, 2002):

In June 1999, the Governmental Accounting Standards Board ("GASB") adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The City is required to adopt the provisions of GASB Statement No. 34 effective for the fiscal year ending June 30, 2002.

This new reporting model requires that, at a minimum, the City include in its basic financial statements: (1) management's discussion and analysis as a component of required supplementary information, (2) both government-wide financial statements and fund financial statements, (3) notes to the financial statements and (4) required supplementary information other than management's discussion and analysis.





*Combining,
Individual Fund
and Account
Group Statements*

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, 2001 and June 30, 2000
(in thousands)

Statement A-1

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Cash/Deposits/Pooled Investments	\$ 13,348	\$ 19,122
Investments		132
Due from Other Funds	46,074	37,043
Cash/Investments with Fiscal Agents	4,026	7,677
Taxes Receivable - Current	33,187	29,158
Taxes Receivable - Delinquent	924	739
Accounts Receivable (Net)	3,121	11,266
Interest Receivable	387	544
Advances Receivable	1,818	1,523
Loans and Notes Receivable	7,950	3,155
Inventories	2,917	2,924
Other Assets	759	69
Total Assets	<u>\$ 114,511</u>	<u>\$ 113,352</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts Payable	\$ 7,974	\$ 7,475
Due to Other Funds	289	1,134
Accrued Compensated Absences, Salaries, Wages and Payroll Taxes Payable	12,944	9,927
Refundable Deposits and Unredeemed Warrants	5,224	3,787
Deferred Revenue	1,621	4,991
Total Liabilities	<u>28,052</u>	<u>27,314</u>
 Fund Balance:		
Reserved for Debt Service	785	892
Reserved for Encumbrances	10,601	5,776
Reserved for Capital	3,644	7,108
Reserved for Advances and Deposits	9,760	1,923
Reserved for Inventories	2,917	2,924
Reserved for Environmental and Solid Waste Mandates	29,320	29,320
Reserved for Other Restricted Purposes	2,126	2,994
Total Reserved	<u>59,153</u>	<u>50,937</u>
Unreserved:		
Designated for Deferred Maintenance	5,754	5,754
Designated for Future Debt Service	1,276	1,147
Designated for Cable License	1,322	1,253
Undesignated	18,954	26,947
Total Unreserved	<u>27,306</u>	<u>35,101</u>
Total Fund Balance	<u>86,459</u>	<u>86,038</u>
Total Liabilities and Fund Balance	<u>\$ 114,511</u>	<u>\$ 113,352</u>

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Unreserved Fund BalanceYears Ended June 30, 2001 and June 30, 2000
(in thousands)

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes	\$ 174,264	\$ 164,975
Licenses and Permits	17,504	16,522
Fines, Forfeitures and Penalties	6,805	5,587
Use of Money and Property	4,451	4,912
Other Agencies	113,640	102,701
Charges for Current Services	19,117	18,959
Miscellaneous Revenue	6,699	7,113
Total Revenues	<u>342,480</u>	<u>320,769</u>
Other Financial Sources:		
Transfers from Other Funds	512	675
Lease Purchase and Contract Proceeds	532	7,680
Total Other Financial Sources	<u>1,044</u>	<u>8,355</u>
Total Revenues and Other Financial Sources	<u>343,524</u>	<u>329,124</u>
Expenditures:		
Current Operations:		
General Government	79,011	81,311
Community Services	4,806	9,089
Police	87,344	79,889
Fire	38,608	35,332
Operations	16,642	16,915
Transportation	11,197	12,710
Parks and Recreation	36,802	37,696
Debt Service:		
Principal Retirement	5,608	2,517
Interest	3,891	6,650
Fiscal Agent Fees	34	124
Lease Purchases - Capital	532	5,176
Total Expenditures	<u>284,475</u>	<u>287,409</u>
Other Financial Uses:		
Transfers to Other Funds	58,628	56,601
Total Expenditures and Other Financial Uses	<u>343,103</u>	<u>344,010</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>421</u>	<u>(14,886)</u>
Other Changes in Unreserved Fund Balance:		
Decrease (Increase) in Reserve for Debt Service	107	2,649
Decrease (Increase) in Reserve for Encumbrances	(4,825)	10,450
Decrease (Increase) in Reserve for Capital	3,464	10,479
Decrease (Increase) in Reserve for Advances and Deposits	(7,837)	(223)
Decrease (Increase) in Reserve for Inventory	7	(405)
Decrease (Increase) in Reserve for Other Restricted Purposes	868	422
Total Other Changes in Unreserved Fund Balance	<u>(8,216)</u>	<u>23,372</u>
Unreserved Fund Balance - July 1	<u>35,101</u>	<u>29,328</u>
Residual Equity Transfer		<u>(2,713)</u>
Unreserved Fund Balance - June 30	<u>\$ 27,306</u>	<u>\$ 35,101</u>

CITY OF TUCSON, ARIZONA
General Fund
Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 1,966	\$ 2,810	\$ (844)
Property Taxes - Delinquent	445		445
Public Utility Taxes	6,474	6,673	(199)
Privilege Taxes	158,366	104,893	53,473
Transient Occupancy Taxes	7,013	7,321	(308)
Total Taxes	<u>174,264</u>	<u>121,697</u>	<u>52,567</u>
Licenses and Permits:			
Business Licenses	1,948	1,955	(7)
Liquor Licenses	710	698	12
Parking Meter Collections	674	631	43
Cable Television License and Grant	1,904	2,632	(728)
Utility Franchises	11,932	8,802	3,130
Other	336	1,623	(1,287)
Total Licenses and Permits	<u>17,504</u>	<u>16,341</u>	<u>1,163</u>
Fines, Forfeitures and Penalties:			
City Court Fines	4,380	4,025	355
Parking Violation Fines	420	467	(47)
Safer Traffic Education	1,447	1,247	200
Police Forfeitures	463		463
Other	95	399	(304)
Total Fines, Forfeitures and Penalties	<u>6,805</u>	<u>6,138</u>	<u>667</u>
Use of Money and Property:			
Investment Income	2,769	2,584	185
Rentals/Leases	1,682	1,729	(47)
Total Use of Money and Property	<u>4,451</u>	<u>4,313</u>	<u>138</u>
Other Agencies:			
Auto Lieu Taxes - State	18,180	17,580	600
Sales Taxes - State	43,551	40,388	3,163
State Grants	3	3,819	(3,816)
State Revenue Sharing	51,481	48,591	2,890
County Grants	21		21
Other	404	36	368
Total Other Agencies	<u>113,640</u>	<u>110,414</u>	<u>3,226</u>
Charges for Current Services:			
Building Inspection Fees	8,619	9,031	(412)
Recreation Fees	3,312	3,612	(300)
Paramedic Services	4,159	3,589	570
Special Duty Police Services	1,836		1,836
Other	1,191	609	582
Total Charges for Current Services	<u>19,117</u>	<u>16,841</u>	<u>2,276</u>
Miscellaneous Revenue:			
Sale of Equipment	165	55	110
Sale of Real Property	232		232
Recovered Expenditures	6,121	7,557	(1,436)
Other	181	183	(2)
Balance Available from Prior Years (1)		19,493	(19,493)
Total Miscellaneous Revenue	<u>6,699</u>	<u>27,288</u>	<u>(20,589)</u>
Total Revenues	<u>342,480</u>	<u>303,032</u>	<u>39,448</u>
Other Financial Sources:			
Transfers from Other Funds	512		512
Lease Purchase and Contract Proceeds	532	10,796	(10,264)
Total Other Financial Sources	<u>1,044</u>	<u>10,796</u>	<u>(9,752)</u>
Total Revenues and Other Financial Sources	<u>343,524</u>	<u>313,828</u>	<u>29,696</u>

(1) Portion of prior year's fund balance budgeted for use in 2000-01 fiscal year.

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Personal Services	\$ 7,856	\$ 8,398	\$ 542
Contractual Services	2,580	2,757	177
Commodities	435	408	(27)
Capital Outlay	327	284	(43)
Other	2,011	2,185	174
Capital Projects	1,903	4,049	2,146
Less Credits	(256)	(440)	(184)
Total Legislative/Administrative	<u>14,856</u>	<u>17,641</u>	<u>2,785</u>
Planning:			
Personal Services	2,632	2,827	195
Contractual Services	108	142	34
Commodities	72	91	19
Capital Outlay	17	23	6
Total Planning	<u>2,829</u>	<u>3,083</u>	<u>254</u>
Finance:			
Personal Services	6,105	6,137	32
Contractual Services	654	689	35
Commodities	333	356	23
Capital Outlay	183	323	140
Less Credits	(608)	(600)	8
Total Finance	<u>6,667</u>	<u>6,905</u>	<u>238</u>
Budget and Research:			
Personal Services	1,682	1,726	44
Contractual Services	45	411	366
Commodities	83	101	18
Capital Outlay	79	190	111
Total Budget and Research	<u>1,889</u>	<u>2,428</u>	<u>539</u>
Information Technology:			
Personal Services	4,614	4,644	30
Contractual Services	2,777	3,578	801
Commodities	971	142	(829)
Capital Outlay	1,264	2,191	927
Less Credits	(530)	(597)	(67)
Total Information Technology	<u>9,096</u>	<u>9,958</u>	<u>862</u>
Other Departmental:			
Personal Services	25,926	26,104	178
Contractual Services	4,571	4,962	391
Commodities	2,979	3,057	78
Capital Outlay	1,784	1,080	(704)
Capital Projects		781	781
Other	13	7	(6)
Debt Service		12	12
Less Credits	(3,058)	(2,999)	59
Total Other Departmental	<u>32,215</u>	<u>33,004</u>	<u>789</u>
Outside Agencies:			
Other	5,891	6,110	219
Total Outside Agencies	<u>5,891</u>	<u>6,110</u>	<u>219</u>

CITY OF TUCSON, ARIZONA
General Fund
Revenues and Expenditures - Budget and Actual
Year Ended June 30, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
General Government (Continued):			
Other General Government:			
Personal Services	\$ 1,495	\$ 1,838	\$ 343
Contractual Services	5,634	8,417	2,783
Commodities	307	422	115
Capital Outlay	951	884	(67)
Other	611	10	(601)
Debt Service	9,519	9,565	46
Capital Projects		4,925	4,925
Less Credits	(3,430)	(3,351)	79
Total Other General Government	<u>15,087</u>	<u>22,710</u>	<u>7,623</u>
Total General Government	<u>88,530</u>	<u>101,839</u>	<u>13,309</u>
Community Services:			
Personal Services	647	710	63
Contractual Services	2,604	2,984	380
Commodities	414	397	(17)
Capital Outlay	223	149	(74)
Other	237	283	46
Capital Projects	1,007	1,004	(3)
Less Credits	(326)	114	440
Total Community Services	<u>4,806</u>	<u>5,641</u>	<u>835</u>
Police:			
Personal Services	69,121	67,097	(2,024)
Contractual Services	8,898	9,222	324
Commodities	2,615	2,302	(313)
Capital Outlay	2,515	3,461	946
Other	4,195	6,673	2,478
Debt Service	9	9	0
Less Credits		676	676
Total Police	<u>87,353</u>	<u>89,440</u>	<u>2,087</u>
Fire:			
Personal Services	33,937	33,850	(87)
Contractual Services	2,290	2,750	460
Commodities	1,398	1,523	125
Capital Outlay	876	1,035	159
Capital Projects	107	2,471	2,364
Less Credits		35	35
Total Fire	<u>38,608</u>	<u>41,664</u>	<u>3,056</u>
Operations:			
Personal Services	13,112	13,178	66
Contractual Services	10,738	12,188	1,450
Commodities	6,286	7,273	987
Capital Outlay	265	412	147
Capital Projects	1,422	2,867	1,445
Less Credits	(15,181)	(17,318)	(2,137)
Total Operations	<u>16,642</u>	<u>18,600</u>	<u>1,958</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Transportation:			
Personal Services	\$ 3,354	\$ 3,581	\$ 227
Contractual Services	2,548	2,733	185
Commodities	111	138	27
Capital Outlay	104	256	152
Capital Projects	6,466	9,838	3,372
Less Credits	<u>(1,386)</u>	<u>(1,407)</u>	<u>(21)</u>
Total Transportation	<u>11,197</u>	<u>15,139</u>	<u>3,942</u>
Parks and Recreation:			
Personal Services	20,007	20,749	742
Contractual Services	12,213	13,189	976
Commodities	2,931	2,946	15
Capital Outlay	584	682	98
Debt Service	5		(5)
Capital Projects	1,181	4,139	2,958
Less Credits	<u>(114)</u>	<u>(200)</u>	<u>(86)</u>
Total Parks and Recreation	<u>36,807</u>	<u>41,505</u>	<u>4,698</u>
Lease Purchases:			
Capital Outlay	<u>532</u>		<u>(532)</u>
Total Expenditures	<u>284,475</u>	<u>313,828</u>	<u>29,353</u>
Other Financial Uses:			
Transfers to Other Funds	58,628		(58,628)
Total Expenditures and Other Financial Uses	<u>343,103</u>	<u>313,828</u>	<u>(29,275)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>\$ 421</u>	<u>\$ 0</u>	<u>\$ 421</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, 2001 and June 30, 2000
 (in thousands)

	Solid Waste Management Fund	Library Fund	Public Safety Academy Fund	Convention Center Fund
<u>Assets</u>				
Cash/Deposits/Pooled Investments	\$ 995	\$ 3	\$	\$ 1,853
Due from Other Funds		68		
Due from Other Agencies				
Cash/Investments With Fiscal Agents	623		1,046	
Accounts Receivable (Net)	990	7,222		75
Interest Receivable	2		3	
Grants and Entitlements Receivable				
Advances Receivable				
Notes Receivable				
Other Receivables				
Prepaid Expenditures	1			
Total Assets	<u>\$ 2,611</u>	<u>\$ 7,293</u>	<u>\$ 1,049</u>	<u>\$ 1,928</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 716	\$ 69	\$ 138	\$ 55
Due to Other Funds	19	7,008	1,218	
Due to Other Agencies			1	
Interest Payable				
Salaries, Wages and Payroll Taxes Payable	104	107	19	17
Refundable Deposits and Unredeemed Warrants	37	4		730
Deferred Revenue				
Advances				
Total Liabilities	<u>876</u>	<u>7,188</u>	<u>1,376</u>	<u>802</u>
Fund Balances:				
Reserved for Debt Service	625		81	
Reserved for Encumbrances	1,110	83	12	115
Reserved for Capital			1,049	1,002
Reserved for Advances and Deposits		3		9
Reserved for Prepaid Expenditures				
Reserved for Other Restricted Purposes		19	181	
Total Reserved	<u>1,735</u>	<u>105</u>	<u>1,323</u>	<u>1,126</u>
Unreserved Fund Balances (Deficiencies)			(1,650)	
Total Fund Balances	<u>1,735</u>	<u>105</u>	<u>(327)</u>	<u>1,126</u>
Total Liabilities and Fund Balances	<u>\$ 2,611</u>	<u>\$ 7,293</u>	<u>\$ 1,049</u>	<u>\$ 1,928</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	\$ 29,646	\$	\$ 164
Due from Other Funds	1		
Due from Other Agencies	7,107		
Cash/Investments With Fiscal Agents	7		
Accounts Receivable (Net)	161		
Interest Receivable	264		
Grants and Entitlements Receivable			2,044
Advances Receivable			4,252
Notes Receivable			
Other Receivables			
Prepaid Expenditures			
Total Assets	<u>\$ 37,186</u>	<u>\$ 0</u>	<u>\$ 6,460</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 997	\$	\$ 560
Due to Other Funds	550		1,454
Due to Other Agencies	4		26
Interest Payable			
Salaries, Wages and Payroll Taxes Payable	163		12
Refundable Deposits and Unredeemed Warrants	87		14
Deferred Revenue			68
Advances			821
Total Liabilities	<u>1,801</u>	<u>0</u>	<u>2,955</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances	896		
Reserved for Capital			
Reserved for Advances and Deposits			
Reserved for Prepaid Expenditures			
Reserved for Other Restricted Purposes			4,326
Total Reserved	<u>896</u>	<u>0</u>	<u>4,326</u>
Unreserved Fund Balances (Deficiencies)	<u>34,489</u>		<u>(821)</u>
Total Fund Balances	<u>35,385</u>	<u>0</u>	<u>3,505</u>
Total Liabilities and Fund Balances	<u>\$ 37,186</u>	<u>\$ 0</u>	<u>\$ 6,460</u>

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Balance Sheet
With Comparative Totals
June 30, 2001 and June 30, 2000
(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	\$	\$ 2,105	\$ 230
Due from Other Funds			22
Due from Other Agencies			
Cash/Investments With Fiscal Agents		4	
Accounts Receivable (Net)		306	53
Interest Receivable		1,818	1,037
Grants and Entitlements Receivable		179	6,980
Advances Receivable			
Notes Receivable		5,843	13,285
Other Receivables		633	
Prepaid Expenditures		1,527	3
Total Assets	<u>\$ 0</u>	<u>\$ 12,415</u>	<u>\$ 21,610</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 99	\$ 254	\$ 619
Due to Other Funds		1,344	6,368
Due to Other Agencies		327	7
Interest Payable	6	105	
Salaries, Wages and Payroll Taxes Payable	2	84	14
Refundable Deposits and Unredeemed Warrants		696	27
Deferred Revenue		7,642	7,142
Advances	2,110		
Total Liabilities	<u>2,217</u>	<u>10,452</u>	<u>14,177</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances	120		
Reserved for Capital			
Reserved for Advances and Deposits			
Reserved for Prepaid Expenditures		1,527	
Reserved for Other Restricted Purposes		1,478	7,410
Total Reserved	<u>120</u>	<u>3,005</u>	<u>7,410</u>
Unreserved Fund Balances (Deficiencies)	<u>(2,337)</u>	<u>(1,042)</u>	<u>23</u>
Total Fund Balances	<u>(2,217)</u>	<u>1,963</u>	<u>7,433</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 12,415</u>	<u>\$ 21,610</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	222	373	68
Due from Other Agencies			2,509
Cash/Investments With Fiscal Agents	45		
Accounts Receivable (Net)		5	560
Interest Receivable			
Grants and Entitlements Receivable	8,388	1,059	1,683
Advances Receivable			
Notes Receivable			
Other Receivables			
Prepaid Expenditures	<u>6</u>	<u>210</u>	<u>2,586</u>
Total Assets	<u>\$ 8,661</u>	<u>\$ 1,647</u>	<u>\$ 7,406</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 876	\$ 35	\$ 1,713
Due to Other Funds	6,717	1,325	4,695
Due to Other Agencies	55	4	
Interest Payable			
Salaries, Wages and Payroll Taxes Payable	48	3	501
Refundable Deposits and Unredeemed Warrants	1		2
Deferred Revenue	919		28
Advances			
Total Liabilities	<u>8,616</u>	<u>1,367</u>	<u>6,939</u>
Fund Balances:			
Reserved for Debt Service			
Reserved for Encumbrances			
Reserved for Capital			
Reserved for Advances and Deposits			
Reserved for Prepaid Expenditures			2,586
Reserved for Other Restricted Purposes	<u>45</u>		
Total Reserved	<u>45</u>	<u>0</u>	<u>2,586</u>
Unreserved Fund Balances (Deficiencies)		<u>280</u>	<u>(2,119)</u>
Total Fund Balances	<u>45</u>	<u>280</u>	<u>467</u>
Total Liabilities and Fund Balances	<u>\$ 8,661</u>	<u>\$ 1,647</u>	<u>\$ 7,406</u>

CITY OF TUCSON, ARIZONA
Special Revenue Funds
Combining Balance Sheet
 With Comparative Totals
 June 30, 2001 and June 30, 2000
 (in thousands)

Statement B-1
(Continued)

	Totals	
	<u>2001</u>	<u>2000</u>
<u>Assets</u>		
Cash/Deposits/Pooled Investments	\$ 34,996	\$ 34,440
Due from Other Funds	754	668
Due from Other Agencies	9,616	10,159
Cash/Investments With Fiscal Agents	1,725	2,974
Accounts Receivable (Net)	9,372	9,953
Interest Receivable	3,124	2,587
Grants and Entitlements Receivable	20,333	17,222
Advances Receivable	4,252	4,182
Notes Receivable	19,128	18,265
Other Receivables	633	2,990
Prepaid Expenditures	4,333	1,540
Total Assets	<u>\$ 108,266</u>	<u>\$ 104,980</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 6,131	\$ 5,624
Due to Other Funds	30,698	24,189
Due to Other Agencies	424	257
Interest Payable	111	113
Salaries, Wages and Payroll Taxes Payable	1,074	2,362
Refundable Deposits and Unredeemed Warrants	1,598	1,427
Deferred Revenue	15,799	24,350
Advances	2,931	990
Total Liabilities	<u>58,766</u>	<u>59,312</u>
Fund Balances:		
Reserved for Debt Service	706	766
Reserved for Encumbrances	2,336	1,870
Reserved for Capital	2,051	5,012
Reserved for Advances and Deposits	12	12
Reserved for Prepaid Expenditures	4,113	
Reserved for Other Restricted Purposes	13,459	7,436
Total Reserved	<u>22,677</u>	<u>15,096</u>
Unreserved Fund Balances (Deficiencies)	<u>26,823</u>	<u>30,572</u>
Total Fund Balances	<u>49,500</u>	<u>45,668</u>
Total Liabilities and Fund Balances	<u>\$ 108,266</u>	<u>\$ 104,980</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, 2001 With Comparative Totals for Year Ended June 30, 2000
(in thousands)

	<u>Solid Waste Management Fund</u>	<u>Library Fund</u>	<u>Public Safety Academy Fund</u>	<u>Convention Center Fund</u>
Revenues:				
Licenses and Permits	\$ 10	\$	\$	\$
Fines, Forfeitures and Penalties		559		
Use of Money and Property	38	3	110	
Grants and Contributions on Federal Programs				
Other Agencies		6,675	379	
Charges for Current Services	9,770		169	2,787
Miscellaneous Revenue	134	120	2	62
Total Revenues	<u>9,952</u>	<u>7,357</u>	<u>660</u>	<u>2,849</u>
Other Financial Sources:				
Transfers from Other Funds	19,396	10,696	2,903	3,307
Total Revenues and Other Financial Sources	<u>29,348</u>	<u>18,053</u>	<u>3,563</u>	<u>6,156</u>
Expenditures:				
Current Operations:				
General Government				5,895
Community Services				
Police			4,007	
Fire			1,320	
Operations				
Solid Waste Management	26,756			
Transportation				
Library		18,163		
Parks and Recreation				
Debt Service:				
Principal Retirement	1,358		183	
Interest	151		75	
Fiscal Agent Fees				
Total Expenditures	<u>28,265</u>	<u>18,163</u>	<u>5,585</u>	<u>5,895</u>
Other Financial Uses:				
Transfers To Other Funds	14	71		
Total Expenditures and Other Financial Uses	<u>28,279</u>	<u>18,234</u>	<u>5,585</u>	<u>5,895</u>
Excess (Deficiency) of Revenues and Other Financial Sources				
Over (Under) Expenditures and Other Financial Uses	<u>1,069</u>	<u>(181)</u>	<u>(2,022)</u>	<u>261</u>
Other Changes in Unreserved Fund Balances:				
Decrease (Increase) in Reserve for Debt Service	3		57	
Decrease (Increase) in Reserve for Encumbrances	(1,085)	83	69	(83)
Decrease (Increase) in Reserve for Capital	13	67	1,059	(178)
Decrease (Increase) in Reserve for Prepaid Expenditures				
Decrease (Increase) in Reserve for Other Restricted Purposes		31	1	
Total Other Changes in Unreserved Fund Balances	<u>(1,069)</u>	<u>181</u>	<u>1,186</u>	<u>(261)</u>
Unreserved Fund Balances (Deficiencies) - July 1			(814)	
Cumulative Effect of Change in Accounting Principle				
Prior Period Adjustment				
Unreserved Fund Balance - July 1, Restated			(814)	
Residual Equity Transfer				
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,650)</u>	<u>\$ 0</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, 2001 With Comparative Totals for Year Ended June 30, 2000
(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:			
Licenses and Permits	\$	\$	\$
Fines, Forfeitures and Penalties			
Use of Money and Property	2,331		43
Grants and Contributions on Federal Programs			7,463
Other Agencies	46,093		
Charges for Current Services			
Miscellaneous Revenue	<u>376</u>		<u>67</u>
Total Revenues	<u>48,800</u>	<u>0</u>	<u>7,573</u>
Other Financial Sources:			
Transfers from Other Funds	826		
Total Revenues and Other Financial Sources	<u>49,626</u>	<u>0</u>	<u>7,573</u>
Expenditures:			
Current Operations:			
General Government	217		12
Community Services			7,273
Police			
Fire			
Operations			
Solid Waste Management			
Transportation	32,525		
Library			
Parks and Recreation			
Debt Service:			
Principal Retirement	1,655		33
Interest	260		16
Fiscal Agent Fees			
Total Expenditures	<u>34,657</u>	<u>0</u>	<u>7,334</u>
Other Financial Uses:			
Transfers To Other Funds	15,241		
Total Expenditures and Other Financial Uses	<u>49,898</u>	<u>0</u>	<u>7,334</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(272)</u>	<u>0</u>	<u>239</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service			
Decrease (Increase) in Reserve for Encumbrances	(510)	1,170	
Decrease (Increase) in Reserve for Capital			
Decrease (Increase) in Reserve for Prepaid Expenditures			
Decrease (Increase) in Reserve for Other Restricted Purposes			(70)
Total Other Changes in Unreserved Fund Balances	<u>(510)</u>	<u>1,170</u>	<u>(70)</u>
Unreserved Fund Balances (Deficiencies) - July 1	32,648	1,453	(990)
Cumulative Effect of Change in Accounting Principle Prior Period Adjustment			
Unreserved Fund Balance - July 1, Restated	<u>32,648</u>	<u>1,453</u>	<u>(990)</u>
Residual Equity Transfer	<u>2,623</u>	<u>(2,623)</u>	
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 34,489</u>	<u>\$ 0</u>	<u>\$ (821)</u>

**Statement B-2
(Continued)**

	Rio Nuevo Fund	Public Housing Fund	Miscellaneous Housing Grant Fund
Revenues:			
Licenses and Permits	\$	\$	\$
Fines, Forfeitures and Penalties			
Use of Money and Property	1	123	
Grants and Contributions on Federal Programs		24,248	11,656
Other Agencies			
Charges for Current Services		1,335	
Miscellaneous Revenue			
Total Revenues	1	25,706	11,656
Other Financial Sources:			
Transfers from Other Funds			
Total Revenues and Other Financial Sources	1	25,706	11,656
Expenditures:			
Current Operations:			
General Government	2,046		
Community Services		25,217	8,657
Police			
Fire			
Operations			
Solid Waste Management			
Transportation			
Library			
Parks and Recreation			
Debt Service:			
Principal Retirement		326	7
Interest		217	3
Fiscal Agent Fees		1	
Total Expenditures	2,046	25,761	8,667
Other Financial Uses:			
Transfers To Other Funds			
Total Expenditures and Other Financial Uses	2,046	25,761	8,667
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	(2,045)	(55)	2,989
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service			
Decrease (Increase) in Reserve for Encumbrances	(110)		
Decrease (Increase) in Reserve for Capital			
Decrease (Increase) in Reserve for Prepaid Expenditures		(1,527)	
Decrease (Increase) in Reserve for Other Restricted Purposes		(83)	(6,102)
Total Other Changes in Unreserved Fund Balances	(110)	(1,610)	(6,102)
Unreserved Fund Balances (Deficiencies) - July 1	(182)	623	5
Cumulative Effect of Change in Accounting Principle			
Prior Period Adjustment			3,131
Unreserved Fund Balance - July 1, Restated	(182)	623	3,136
Residual Equity Transfer			
Unreserved Fund Balances (Deficiencies) - June 30	\$ (2,337)	\$ (1,042)	\$ 23

CITY OF TUCSON, ARIZONA

Special Revenue Funds

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

Year Ended June 30, 2001 With Comparative Totals for Year Ended June 30, 2000
(in thousands)

	<u>Other Federal Grants Fund</u>	<u>Non-Federal Grants Fund</u>	<u>Mass Transit Fund</u>
Revenues:			
Licenses and Permits	\$	\$	\$
Fines, Forfeitures and Penalties	79		
Use of Money and Property			
Grants and Contributions on Federal Programs	15,199		9,235
Other Agencies		2,236	6,751
Charges for Current Services			7,653
Miscellaneous Revenue			622
Total Revenues	<u>15,278</u>	<u>2,236</u>	<u>24,261</u>
Other Financial Sources:			
Transfers from Other Funds			22,327
Total Revenues and Other Financial Sources	<u>15,278</u>	<u>2,236</u>	<u>46,588</u>
Expenditures:			
Current Operations:			
General Government	451	576	
Community Services	921	60	
Police	7,857	752	
Fire	62		
Operations	78	91	
Solid Waste Management	10	3	
Transportation	5,503	8	43,950
Library	47	368	
Parks and Recreation	549	526	
Debt Service:			
Principal Retirement	2,000		
Interest			
Fiscal Agent Fees			
Total Expenditures	<u>17,478</u>	<u>2,384</u>	<u>43,950</u>
Other Financial Uses:			
Transfers To Other Funds			
Total Expenditures and Other Financial Uses	<u>17,478</u>	<u>2,384</u>	<u>43,950</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(2,200)</u>	<u>(148)</u>	<u>2,638</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 Prepaid Expenditures			(2,586)
Decrease (Increase) in Reserve for Other Restricted Purposes	200		
Total Other Changes in Unreserved Fund Balances	<u>2,200</u>	<u>0</u>	<u>(2,586)</u>
Unreserved Fund Balances (Deficiencies) - July 1			(2,171)
Cumulative Effect of Change in Accounting Principle		428	
Prior Period Adjustment			
Unreserved Fund Balance - July 1, Restated		428	(2,171)
Residual Equity Transfer			
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 0</u>	<u>\$ 280</u>	<u>\$ (2,119)</u>

**Statement B-2
(Continued)**

	Totals	
	2001	2000
Revenues:		
Licenses and Permits	\$ 10	\$ 8
Fines, Forfeitures and Penalties	638	846
Use of Money and Property	2,649	2,391
Grants and Contributions on Federal Programs	67,801	60,704
Other Agencies	62,134	47,110
Charges for Current Services	21,714	20,027
Miscellaneous Revenue	1,383	1,135
Total Revenues	<u>156,329</u>	<u>132,221</u>
Other Financial Sources:		
Transfers from Other Funds	59,455	57,117
Total Revenues and Other Financial Sources	<u>215,784</u>	<u>189,338</u>
Expenditures:		
Current Operations:		
General Government	9,197	12,801
Community Services	42,128	41,457
Police	12,616	10,382
Fire	1,382	1,155
Operations	169	22
Solid Waste Management	26,769	25,013
Transportation	81,986	85,020
Library	18,578	16,618
Parks and Recreation	1,075	777
Debt Service:		
Principal Retirement	5,562	3,498
Interest	722	947
Fiscal Agent Fees	1	11
Total Expenditures	<u>200,185</u>	<u>197,701</u>
Other Financial Uses:		
Transfers To Other Funds	15,326	321
Total Expenditures and Other Financial Uses	<u>215,511</u>	<u>198,022</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>273</u>	<u>(8,684)</u>
Other Changes in Unreserved Fund Balances:		
Decrease (Increase) in Reserve for Debt Service	60	479
Decrease (Increase) in Reserve for Encumbrances	(466)	3,144
Decrease (Increase) in Reserve for Capital	2,961	(2,448)
Decrease (Increase) in Reserve for Prepaid Expenditures	(4,113)	
Decrease (Increase) in Reserve for Other Restricted Purposes	(6,023)	110
Total Other Changes in Unreserved Fund Balances	<u>(7,581)</u>	<u>1,285</u>
Unreserved Fund Balances (Deficiencies) - July 1	30,572	37,971
Cumulative Effect of Change in Accounting Principle	428	
Prior Period Adjustment	3,131	
Unreserved Fund Balance - July 1, Restated	<u>34,131</u>	<u>37,971</u>
Residual Equity Transfer	0	
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 26,823</u>	<u>\$ 30,572</u>

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, 2001
(in thousands)

Statement B-3

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$	\$ 17,735	\$ (17,735)
Licenses and Permits	<u>10</u>	<u>10</u>	<u>0</u>
Use of Money and Property:			
Investment Income	<u>38</u>	<u> </u>	<u>38</u>
Charges for Current Services:			
Commercial Refuse	5,105	5,200	(95)
Landfill Services	3,904	3,779	125
Refuse Penalties	185	180	5
Self Haul Fees	<u>576</u>	<u>558</u>	<u>18</u>
Total Charges for Current Services	<u>9,770</u>	<u>9,717</u>	<u>53</u>
Miscellaneous Revenue:			
Recycling	64	60	4
Balance Available Prior Years (1)		2,840	(2,840)
Other	<u>70</u>	<u> </u>	<u>70</u>
Total Miscellaneous Revenues	<u>134</u>	<u>2,900</u>	<u>(2,766)</u>
Total Revenues	<u>9,952</u>	<u>30,362</u>	<u>(20,410)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>19,396</u>	<u> </u>	<u>19,396</u>
Total Revenues and Other Financial Sources	<u>29,348</u>	<u>30,362</u>	<u>(1,014)</u>
Expenditures:			
Solid Waste Management:			
Personal Services	11,169	11,458	289
Contractual Services	12,768	13,284	516
Commodities	1,400	1,288	(112)
Capital Outlay	1,771	2,504	733
Debt Service - Principal	1,358	1,665	307
Debt Service - Interest	151	112	(39)
Less Credits	(371)	(399)	(28)
Capital Projects	<u>19</u>	<u>450</u>	<u>431</u>
Total Expenditures	<u>28,265</u>	<u>30,362</u>	<u>2,097</u>
Other Financial Uses:			
Transfer to Other Funds	<u>14</u>	<u> </u>	<u>(14)</u>
Total Expenditures and Other Financial Uses	<u>28,279</u>	<u>30,362</u>	<u>2,083</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>1,069</u>	<u>\$ 0</u>	<u>\$ 1,069</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve For Debt Service	3		
Decrease (Increase) in Reserve for Encumbrances	(1,085)		
Decrease (Increase) in Reserve For Capital	<u>13</u>		
Total Other Changes in Unreserved Fund Balance	<u>(1,069)</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 2000-01 fiscal year.

Library Fund

Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and ActualYear Ended June 30, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 8,513	\$ (8,513)
Fines and Forfeitures:			
Library Penalties	559	559	0
Use of Money and Property :			
Investment Income	3	_____	3
Other Agencies:			
County Operating Assistance	6,675	9,797	(3,122)
Miscellaneous Revenue	120	_____	120
Total Revenues	<u>7,357</u>	<u>18,869</u>	<u>(11,512)</u>
Other Financial Sources:			
Transfer from Other Funds	10,696	_____	10,696
Total Revenues and Other Financial Sources	<u>18,053</u>	<u>18,869</u>	<u>(816)</u>
Expenditures:			
Library:			
Personal Services	11,233	11,815	582
Contractual Services	2,391	2,509	118
Commodities	3,978	3,597	(381)
Capital Outlay	564	428	(136)
Debt Service-Principal	_____	520	520
Less Credits	(3)	_____	3
Total Expenditures	<u>18,163</u>	<u>18,869</u>	<u>706</u>
Other Financial Uses:			
Transfers to Other Funds	71	_____	(71)
Total Expenditures and Other Financial Uses	<u>18,234</u>	<u>18,869</u>	<u>635</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(181)</u>	<u>\$ 0</u>	<u>\$ (181)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	83	_____	83
Decrease (Increase) in Reserve for Capital	67	_____	67
Decrease (Increase) in Reserve for Other Restricted Purposes	31	_____	31
Total Other Changes in Unreserved Fund Balance	<u>181</u>	_____	181
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, 2001
(in thousands)

Statement B-5

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 2,947	\$ (2,947)
Use of Money and Property:			
Investment Income	110	107	3
Other Agencies:			
AZ Post	379	379	0
Charges for Current Services:			
Fire Training Services	52	52	0
Law Enforcement Training Contracts	117	117	0
Total Charges for Current Services	169	169	0
Miscellaneous Revenues:			
Other	2		2
Balance Available Prior Years (1)		2,211	(2,211)
Total Revenues	<u>660</u>	<u>5,813</u>	<u>(5,153)</u>
Other Financial Sources:			
Transfers from Other Funds	2,903		2,903
Total Revenues and Other Financial Sources	<u>3,563</u>	<u>5,813</u>	<u>(2,250)</u>
Expenditures:			
Police:			
Personal Services	1,618	1,278	(340)
Contractual Services	273	339	66
Commodities	203	204	1
Capital Outlay	87	120	33
Capital Projects	1,826	2,000	174
Interactivity Transfers		225	225
Debt Service - Principal	183	185	2
Debt Service - Interest	75	75	0
Total Police	<u>4,265</u>	<u>4,426</u>	<u>161</u>
Fire:			
Personal Services	786	603	(183)
Contractual Services	299	397	98
Commodities	102	187	85
Capital Outlay	88	55	(33)
Capital Projects	45		(45)
Interactivity Transfers		145	145
Total Fire	<u>1,320</u>	<u>1,387</u>	<u>67</u>
Total Expenditures	<u>5,585</u>	<u>5,813</u>	<u>228</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(2,022)</u>	<u>\$ 0</u>	<u>\$ (2,022)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Debt Service	57		
Decrease (Increase) in Reserve for Encumbrances	69		
Decrease (Increase) in Reserve for Capital	1,059		
Decrease (Increase) in Reserve for Other Restricted Purposes	1		
Total Other Changes in Unreserved Fund Balance	<u>1,186</u>		
Unreserved Fund Balance (Deficiencies) - July 1	(814)		
Unreserved Fund Balance (Deficiencies) - June 30	<u>\$ (1,650)</u>		

(1) Portion of prior year's fund balance budgeted for use in fiscal year 2000-01

CITY OF TUCSON, ARIZONA
Convention Center Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2001
(in thousands)

Statement B-6

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 3,337	\$ (3,337)
Charges for Current Services:			
Room Rental	1,086	1,119	(33)
Box Office Fees	130	162	(32)
Parking	698	709	(11)
Concessions and Catering	424	494	(70)
Novelty Sales	30	40	(10)
Commissions	85		85
Facility User Fees	334		334
Total Charges for Current Services	<u>2,787</u>	<u>2,524</u>	<u>263</u>
Miscellaneous Revenue	<u>62</u>	<u>1,131</u>	<u>(1,069)</u>
Total Revenues	<u>2,849</u>	<u>6,992</u>	<u>(4,143)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>3,307</u>		<u>3,307</u>
Total Revenue and Other Financial Sources	<u>6,156</u>	<u>6,992</u>	<u>(836)</u>
Expenditures:			
General Government:			
Convention Center:			
Personal Services	2,439	2,690	251
Contractual Services	2,928	3,119	191
Commodities	155	173	18
Capital Outlay	366	1,010	644
Capital Projects	7		(7)
Total Expenditures	<u>5,895</u>	<u>6,992</u>	<u>1,097</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>261</u>	<u>\$ 0</u>	<u>\$ 261</u>
Other Changes in Unreserved Fund Balance:			
Decrease(Increase) in Reserve for Encumbrances	(83)		
Decrease(Increase) in Reserve for Capital	<u>(178)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(261)</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, 2001
(in thousands)

Statement B-7

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 2,310	\$ 268	\$ 2,042
Rental Income	21		21
Total Use of Money and Property	<u>2,331</u>	<u>268</u>	<u>2,063</u>
Other Agencies:			
Highway User Shared State Tax	<u>46,093</u>	<u>30,817</u>	<u>15,276</u>
Miscellaneous Revenue	<u>376</u>	<u>8,133</u>	<u>(7,757)</u>
Total Revenues	<u>48,800</u>	<u>39,218</u>	<u>9,582</u>
Other Financial Sources:			
Transfers from Other Funds	<u>826</u>		<u>826</u>
Total Revenue and Other Financial Sources	<u>49,626</u>	<u>39,218</u>	<u>10,408</u>
Expenditures:			
General Government:			
Outside Agencies:			
Other	107	107	0
Other General Government:			
Contractual Services	<u>110</u>	<u>122</u>	<u>12</u>
Total General Government	<u>217</u>	<u>229</u>	<u>12</u>
Transportation:			
Personal Services	15,323	15,504	181
Contractual Services	10,824	11,549	725
Commodities	2,874	2,935	61
Capital Outlay	842	1,124	282
Capital Projects	7,012	10,159	3,147
Debt Service-Principal	1,655	1,679	24
Debt Service-Interest	260	291	31
Less Credits	<u>(4,350)</u>	<u>(4,252)</u>	<u>98</u>
Total Transportation	<u>34,440</u>	<u>38,989</u>	<u>4,549</u>
Total Expenditures	<u>34,657</u>	<u>39,218</u>	<u>4,561</u>
Other Financial Uses:			
Transfers to Other Funds	<u>15,241</u>		<u>(15,241)</u>
Total Expenditures and Other Financial Uses	<u>49,898</u>	<u>39,218</u>	<u>(10,680)</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(272)</u>	<u>\$ 0</u>	<u>\$ (272)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	<u>(510)</u>		
Unreserved Fund Balance - July 1	32,648		
Residual Equity Transfer	<u>2,623</u>		
Unreserved Fund Balance - June 30	<u>\$ 34,489</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, 2001
(in thousands)

Statement B-8

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Total Revenues	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:			
Transportation:			
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>0</u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	<u>1,170</u>		
Unreserved Fund Balance - July 1	1,453		
Residual Equity Transfer	<u>(2,623)</u>		
Unreserved Fund Balance - June 30	\$ <u><u>0</u></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, 2001
(in thousands)

Statement B-9

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 43	\$ _____	\$ 43
Grants and Contributions on Federal Programs:			
CDBG Entitlement	7,307	13,185	(5,878)
Program Income	156	_____	156
Total Grants and Contributions on Federal Programs	<u>7,463</u>	<u>13,185</u>	<u>(5,722)</u>
Miscellaneous Revenues:			
Other	67	_____	67
Total Revenues	<u>7,573</u>	<u>13,185</u>	<u>(5,612)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Contractual Services	12	100	88
Community Services:			
Personal Services	1,309	1,294	(15)
Contractual Services	3,718	5,291	1,573
Commodities	78	75	(3)
Capital Outlay	32	90	58
Debt Service - Principal	33	33	0
Debt Service - Interest	16	16	0
Capital Projects	2,136	5,239	3,103
Interactivity Transfers	_____	1,047	1,047
Total Community Services	<u>7,322</u>	<u>13,085</u>	<u>5,763</u>
Total Expenditures	<u>7,334</u>	<u>13,185</u>	<u>5,851</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	239	\$ <u>0</u>	\$ <u>239</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Other Restricted Purposes	(70)		
Unreserved Fund Balance (Deficiencies) - July 1	(990)		
Unreserved Fund Balance (Deficiencies)- June 30	<u>\$ (821)</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, 2001
(in thousands)

Statement B-10

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 123	\$ _____	\$ 123
Grants and Contributions on Federal Programs:			
Operating Subsidy - Federal	2,401	3,509	(1,108)
Section 8 - Federal Housing Assistance	21,439	21,685	(246)
Debt Service Contribution - Federal	408	_____	408
Total Grants and Contributions on Federal Programs	<u>24,248</u>	<u>25,194</u>	<u>(946)</u>
Charges for Current Services	<u>1,335</u>	<u>1,995</u>	<u>(660)</u>
Total Revenues	<u>25,706</u>	<u>27,189</u>	<u>(1,483)</u>
Expenditures:			
Community Services:			
Personal Services	3,687	4,515	828
Contractual Services	21,204	21,681	477
Commodities	326	291	(35)
Capital Outlay		16	16
Interactivity Transfers		543	543
Debt Service:			
Debt Service-Principal	326	94	(232)
Debt Service-Interest	217	48	(169)
Debt Service-Fiscal Agent Fees	1	1	0
Total Expenditures	<u>25,761</u>	<u>27,189</u>	<u>1,428</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(55)</u>	\$ <u>0</u>	\$ <u>(55)</u>
Other Changes in Unreserved Fund Balance:			
Decrease(Increase) in Reserve for Prepaid Expenditures	(1,527)		
Decrease(Increase) in Reserve for Other Restricted Purposes	<u>(83)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(1,610)</u>		
Unreserved Fund Balance - July 1	<u>623</u>		
Unreserved Fund Balance (Deficiencies) - June 30	<u>\$ (1,042)</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, 2001
(in thousands)

Statement B-11

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Grants and Contributions on Federal Programs:			
Federal Grants	\$ 11,215	\$ 41,355	\$ (30,140)
Program Income	441		441
Total Revenues	<u>11,656</u>	<u>41,355</u>	<u>(29,699)</u>
Expenditures:			
Community Services:			
Personal Services	1,434	2,049	615
Contractual Services	1,451	1,778	327
Commodities	13	32	19
Capital Outlay	5,422	35,944	30,522
Capital Projects	337	1,303	966
Debt Service - Principal	7	7	0
Debt Service - Interest	3	3	0
Interactivity Transfers		239	239
Total Expenditures	<u>8,667</u>	<u>41,355</u>	<u>32,688</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>2,989</u>	<u>\$ 0</u>	<u>\$ 2,989</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Other Restricted Purposes	<u>(6,102)</u>		
Unreserved Fund Balance - July 1	5		
Prior Period Adjustment	<u>3,131</u>		
Unreserved Fund Balance - July 1, Restated	<u>3,136</u>		
Unreserved Fund Balance - June 30	<u>\$ 23</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, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Fines, Forfeitures and Penalties	\$ 79	\$	\$ 79
Grants and Contributions on Federal Programs:			
Federal Grants	15,173	27,322	(12,149)
Program Income	26		26
Total Grants and Contributions on Federal Programs	<u>15,199</u>	<u>27,322</u>	<u>(12,123)</u>
Total Revenues	<u>15,278</u>	<u>27,322</u>	<u>(12,044)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Personal Services	63	63	0
Contractual Services	89	370	281
Commodities	21	9	(12)
Interactivity Transfers		54	54
Total Legislative/Administrative	<u>173</u>	<u>496</u>	<u>323</u>
Planning:			
Contractual Services		130	130
Total Planning		<u>130</u>	<u>130</u>
Other Departmental:			
Personal Services	259	275	16
Contractual Services	13	3	(10)
Commodities	6		(6)
Total Other Departmental	<u>278</u>	<u>278</u>	<u>0</u>
Total General Government	<u>451</u>	<u>904</u>	<u>453</u>
Community Services:			
Personal Services	40	42	2
Contractual Services	757	757	0
Other	124	122	(2)
Total Community Services	<u>921</u>	<u>921</u>	<u>0</u>
Police:			
Personal Services	4,371	5,109	738
Contractual Services	1,566	2,895	1,329
Commodities	221	285	64
Capital Outlay	1,699	4,066	2,367
Less Credits		(646)	(646)
Total Police	<u>7,857</u>	<u>11,709</u>	<u>3,852</u>
Fire:			
Personal Services	8		(8)
Contractual Services	7		(7)
Commodities	5	47	42
Capital Outlay	12	100	88
Capital Projects	30	1,724	1,694
Interactivity Transfers		3	3
Total Fire	<u>62</u>	<u>1,874</u>	<u>1,812</u>
Operations:			
Personal Services	44	120	76
Contractual Services	23	99	76
Commodities	4	18	14
Capital Outlay	7	8	1
Interactivity Transfers		1,225	1,225
Total Operations	<u>78</u>	<u>1,470</u>	<u>1,392</u>
Solid Waste Management:			
Contractual Services	10	30	20
Total Solid Waste Management	<u>10</u>	<u>30</u>	<u>20</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Transportation:			
Personal Services	397	750	353
Contractual Services	134	269	135
Commodities	11	20	9
Capital Outlay	117	190	73
Capital Projects	4,844	7,735	2,891
Debt-Service Principal	<u>2,000</u>	<u>376</u>	<u>(1,624)</u>
Total Transportation	<u>7,503</u>	<u>9,340</u>	<u>1,837</u>
Library:			
Personal Services		12	12
Contractual Services	15	14	(1)
Commodities	9	11	2
Capital Outlay	<u>23</u>	<u>27</u>	<u>4</u>
Total Library	<u>47</u>	<u>64</u>	<u>17</u>
Parks and Recreation:			
Personal Services	233	501	268
Contractual Services	234	388	154
Commodities	79	103	24
Capital Outlay	<u>3</u>	<u>18</u>	<u>15</u>
Total Parks and Recreation	<u>549</u>	<u>1,010</u>	<u>461</u>
Total Expenditures	<u>17,478</u>	<u>27,322</u>	<u>9,844</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(2,200)</u>	<u>\$ 0</u>	<u>\$ (2,200)</u>
Other Changes in Unreserved Fund Balances:			
Decrease(Increase) in Reserve for Capital	2,000		
Decrease(Increase) in Reserve for Other Restricted Purposes	<u>200</u>		
Total Other Changes in Unreserved Fund Balance	<u>2,200</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, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Other Agencies:			
Grants	\$ 2,236	\$ 6,421	\$ (4,185)
Total Revenues	<u>2,236</u>	<u>6,421</u>	<u>(4,185)</u>
Expenditures:			
General Government:			
Legislative/Administrative:			
Contractual Services	132	60	(72)
Interactivity Transfers		229	229
Total Legislative/Administrative	<u>132</u>	<u>289</u>	<u>157</u>
Other Departmental:			
Personal Services	157	179	22
Contractual Services	69	88	19
Commodities	14	17	3
Capital Outlays		3	3
Interactivity Transfers		19	19
Total Other Departmental	<u>240</u>	<u>306</u>	<u>66</u>
Other General Government:			
Personal Services	78	94	16
Contractual Services	68	10	(58)
Commodities	36	43	7
Capital Outlays	22	54	32
Interactivity Transfers		150	150
Total Other General Government	<u>204</u>	<u>351</u>	<u>147</u>
Total General Government	<u>576</u>	<u>946</u>	<u>370</u>
Community Services:			
Contractual Services	60	101	41
Interactivity Transfers		199	199
Total Community Services	<u>60</u>	<u>300</u>	<u>240</u>
Police:			
Personal Services	486	287	(199)
Contractual Services	234	340	106
Commodities	5	4	(1)
Capital Outlays		1	1
Capital Projects	27		(27)
Interactivity Transfers		463	463
Total Police	<u>752</u>	<u>1,095</u>	<u>343</u>
Fire:			
Capital Projects		31	31
Interactivity Transfers		300	300
Total Fire	<u> </u>	<u>331</u>	<u>331</u>
Operations:			
Contractual Services	86	118	32
Capital Outlays	237	460	223
Capital Projects	90	100	10
Less Credits	(322)	792	1,114
Total Operations	<u>91</u>	<u>1,470</u>	<u>1,379</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenditures (Continued):			
Solid Waste Management:			
Contractual Services	\$ 3	\$ 6	\$ 3
Interactivity Transfers		404	404
Total Solid Waste Management	<u>3</u>	<u>410</u>	<u>407</u>
Transportation:			
Contractual Services		234	234
Commodities	8	13	5
Total Transportation	<u>8</u>	<u>247</u>	<u>239</u>
Library:			
Personal Services	107	223	116
Contractual Services	79	74	(5)
Commodities	19	42	23
Capital Outlays	163	185	22
Total Library	<u>368</u>	<u>524</u>	<u>156</u>
Parks and Recreation:			
Personal Services	46	219	173
Contractual Services	10	20	10
Commodities	2	129	127
Capital Outlays		30	30
Capital Projects	468	700	232
Total Parks and Recreation	<u>526</u>	<u>1,098</u>	<u>572</u>
Total Expenditures	<u>2,384</u>	<u>6,421</u>	<u>4,037</u>
Excess (Deficiency) of Revenues and Other Financial Sources			
Over (Under) Expenditures and Other Financial Uses	<u>(148)</u>	<u>\$ 0</u>	<u>\$ (148)</u>
Unreserved Fund Balance - July 1			
Cumulative Effect of Change in Accounting Principle	<u>428</u>		
Unreserved Fund Balance - July 1, Restated	<u>428</u>		
Unreserved Fund Balance - June 30	<u>\$ 280</u>		

Mass Transit Fund

Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and ActualYear Ended June 30, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Privilege Taxes	\$ _____	\$ 17,565	\$ (17,565)
Grants and Contributions on			
Federal Programs	<u>9,235</u>	<u>29,028</u>	<u>(19,793)</u>
Other Agencies:			
State Transportation Assistance	4,712	2,815	1,897
County/Other Local Operating Assistance	<u>2,039</u>	<u>2,028</u>	<u>11</u>
Total Other Agencies	<u>6,751</u>	<u>4,843</u>	<u>1,908</u>
Charges for Current Services:			
Bus Fare Revenues	7,569	7,494	75
Advertising	<u>84</u>	<u>40</u>	<u>44</u>
Total Charges for Current Services	<u>7,653</u>	<u>7,534</u>	<u>119</u>
Miscellaneous Revenue:			
Other	622		622
Total Revenues	<u>24,261</u>	<u>58,970</u>	<u>(34,709)</u>
Other Financial Sources:			
Transfers from Other Funds	<u>22,327</u>		<u>22,327</u>
Total Revenues and Other Financial Sources	<u>46,588</u>	<u>58,970</u>	<u>(12,382)</u>
Expenditures:			
Transportation:			
Personal Services	26,180	26,411	231
Contractual Services	5,318	5,290	(28)
Commodities	6,037	5,381	(656)
Capital Outlay	103	118	15
Capital Projects	6,312	21,840	15,528
Less Credits		<u>(70)</u>	<u>(70)</u>
Total Expenditures	<u>43,950</u>	<u>58,970</u>	<u>15,020</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>2,638</u>	<u>\$ 0</u>	<u>\$ 2,638</u>
Other Changes in Unreserved Fund Balance:			
Decrease(Increase) in Reserve for Prepaid Expenditures	<u>(2,586)</u>		
Unreserved Fund Balance - July 1	<u>(2,171)</u>		
Unreserved Fund Balance - June 30	<u>\$ (2,119)</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, 2001 and June 30, 2000
(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	
				2001	2000
<u>Assets</u>					
Cash/Deposits/Pooled Investments	\$ 1,106	\$	\$ 1,225	\$ 2,331	\$ 1,396
Cash/Investments with Fiscal Agent	12,910	10,630		23,540	22,589
Interest Receivable	103		10	113	84
Special Assessments Receivable			3,436	3,436	3,906
Total Assets	<u>\$ 14,119</u>	<u>\$ 10,630</u>	<u>\$ 4,671</u>	<u>\$ 29,420</u>	<u>\$ 27,975</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$	\$	\$ 6	\$ 6	\$ 2
Bonds and Interest Payable	12,910	10,630		23,540	22,589
Refundable Deposits and Unredeemed Warrants			42	42	137
Deferred Revenue			3,457	3,457	4,927
Total Liabilities	<u>12,910</u>	<u>10,630</u>	<u>3,505</u>	<u>27,045</u>	<u>27,655</u>
Fund Balances:					
Reserved for Debt Service	<u>1,209</u>		<u>1,166</u>	<u>2,375</u>	<u>320</u>
Total Liabilities and Fund Balances	<u>\$ 14,119</u>	<u>\$ 10,630</u>	<u>\$ 4,671</u>	<u>\$ 29,420</u>	<u>\$ 27,975</u>

Debt Service Funds

Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund BalancesYear Ended June 30, 2001 With Comparative Totals for Year Ended June 30, 2000
(in thousands)

	BUDGETED		UNBUDGETED		Totals	
	General Obligation Bond and Interest Fund	Street and Highway Bond and Interest Fund	Special Assessment Bond and Interest Fund			
				2001	2000	
Revenues:						
Taxes	\$ 20,207	\$	\$	\$ 20,207	\$ 17,137	
Use of Money and Property	428		97	525	360	
Other Agencies					14,145	
Miscellaneous Revenue			17	17	15	
Special Assessments:						
Principal			720	720	755	
Interest			228	228	258	
Total Special Assessments			948	948	1,013	
Total Revenues	<u>20,635</u>	<u>0</u>	<u>1,062</u>	<u>21,697</u>	<u>32,670</u>	
Other Financial Sources:						
Transfers From Other Funds		15,241		15,241		
Total Revenues and Other Financial Sources	<u>20,635</u>	<u>15,241</u>	<u>1,062</u>	<u>36,938</u>	<u>32,670</u>	
Expenditures:						
Principal Retirement	6,440	6,395	722	13,557	13,435	
Interest	12,868	8,840	237	21,945	20,336	
Fiscal Agent Fees	5	6		11	4	
Total Expenditures	<u>19,313</u>	<u>15,241</u>	<u>959</u>	<u>35,513</u>	<u>33,775</u>	
Other Financial Uses:						
Transfers to Other Funds	<u>428</u>			<u>428</u>	<u>299</u>	
Total Expenditures and Other Financial Uses	<u>19,741</u>	<u>15,241</u>	<u>959</u>	<u>35,941</u>	<u>34,074</u>	
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>894</u>	<u>0</u>	<u>103</u>	<u>997</u>	<u>(1,404)</u>	
Other Changes in Unreserved Fund Balances:						
Decrease (Increase) in Reserve for Debt Service	<u>(894)</u>		<u>(103)</u>	<u>(997)</u>	<u>1,404</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, 2001 (in thousands)

	General Obligation Bond and Interest Debt Service Fund		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 20,207	\$ 20,207	\$ 0
Use of Money and Property:			
Investment Income	428		428
Total Revenues	<u>20,635</u>	<u>20,207</u>	<u>428</u>
Expenditures:			
Principal Retirement	6,440	6,440	0
Interest	12,868	13,762	894
Fiscal Agent Fees	5	5	0
Total Expenditures	<u>19,313</u>	<u>20,207</u>	<u>894</u>
Other Financial Uses:			
Transfers to Other Funds	428		(428)
Total Expenditures and Other Financial Uses	<u>19,741</u>	<u>20,207</u>	<u>466</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>894</u>	<u>\$ 0</u>	<u>\$ 894</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	<u>(894)</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:			
Other Agencies:			
Highway User Shared State Tax	\$ _____	\$ 15,235	\$ (15,235)
Total Revenues	<u>_____</u>	<u>15,235</u>	<u>(15,235)</u>
Other Financial Sources:			
Transfers From Other Funds	15,241	_____	15,241
Total Revenues and Other Financial Sources	<u>15,241</u>	<u>15,235</u>	<u>6</u>
Expenditures:			
Principal Retirement	6,395	6,395	0
Interest	8,840	8,840	0
Fiscal Agent Fees	6	_____	(6)
Total Expenditures	<u>15,241</u>	<u>15,235</u>	<u>(6)</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 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, 2001 (in thousands)

Statement C-3
(Continued)

	<u>Totals</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Taxes:			
Property Taxes - Current	\$ 20,207	\$ 20,207	\$ 0
Use of Money and Property:			
Investment Income	428	—	428
Other Agencies:			
Highway User Shared State Tax	—	15,235	(15,235)
Total Revenues	<u>20,635</u>	<u>35,442</u>	<u>(14,807)</u>
Other Financial Sources:			
Transfers From Other Funds	15,241	—	15,241
Total Revenues and Other Financial Sources	<u>35,876</u>	<u>35,442</u>	<u>434</u>
Expenditures:			
Principal Retirement	12,835	12,835	0
Interest	21,708	22,602	894
Fiscal Agent Fees	11	5	(6)
Total Expenditures	<u>34,554</u>	<u>35,442</u>	<u>888</u>
Other Financial Uses:			
Transfers to Other Funds	428	—	(428)
Total Expenditures and Other Financial Uses	<u>34,982</u>	<u>35,442</u>	<u>460</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>894</u>	<u>\$ 0</u>	<u>\$ 894</u>
Other Changes in Unreserved Fund Balances:			
Decrease (Increase) in Reserve for Debt Service	<u>(894)</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, 2000, 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 and 2000 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, 2001 and June 30, 2000
 (in thousands)

	<u>1994 Street and Highway Improvement</u>	<u>2000 Street and Highway Improvement</u>	<u>1984 General Obligation</u>	<u>1994 General Obligation</u>
<u>Assets</u>				
Cash/Deposits/Pooled Investments	\$ 6,170	\$ 110	\$ 1,626	\$ 12,134
Due From Other Funds	365			
Accounts Receivable	1			1
Interest Receivable	115		17	110
Total Assets	<u>\$ 6,651</u>	<u>\$ 110</u>	<u>\$ 1,643</u>	<u>\$ 12,245</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 2,023	\$ 5	\$ 54	\$ 817
Advances from Other Funds				
Refundable Deposits and Unredeemed Warrants	200	110		3
Total Liabilities	<u>2,223</u>	<u>115</u>	<u>54</u>	<u>820</u>
Fund Balances:				
Reserved for Encumbrances	8,750		359	2,432
Reserved for Arbitrage Rebate Tax	365			183
Unreserved (Deficiencies)	<u>(4,687)</u>	<u>(5)</u>	<u>1,230</u>	<u>8,810</u>
Total Fund Balances	<u>4,428</u>	<u>(5)</u>	<u>1,589</u>	<u>11,425</u>
Total Liabilities and Fund Balances	<u>\$ 6,651</u>	<u>\$ 110</u>	<u>\$ 1,643</u>	<u>\$ 12,245</u>

	2000 General Obligation	Special Assessment Construction	TOTALS	
			2001	2000
<u>Assets</u>				
Cash/Deposits/Pooled Investments	\$ 16,513	\$ 33	\$ 36,586	\$ 41,382
Due From Other Funds			365	
Accounts Receivable		7,706	7,708	5,675
Interest Receivable	104		346	357
Total Assets	<u>\$ 16,617</u>	<u>\$ 7,739</u>	<u>\$ 45,005</u>	<u>\$ 47,414</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 361	\$ 7	\$ 3,267	\$ 3,416
Advances from Other Funds		5,253	5,253	2,523
Refundable Deposits and Unredeemed Warrants	533	2,479	3,325	2,482
Total Liabilities	<u>894</u>	<u>7,739</u>	<u>11,845</u>	<u>8,421</u>
Fund Balances:				
Reserved for Encumbrances	3,680	1,463	16,684	9,972
Reserved for Arbitrage Rebate Tax	231		779	
Unreserved (Deficiencies)	<u>11,812</u>	<u>(1,463)</u>	<u>15,697</u>	<u>29,021</u>
Total Fund Balances	<u>15,723</u>	<u>0</u>	<u>33,160</u>	<u>38,993</u>
Total Liabilities and Fund Balances	<u>\$ 16,617</u>	<u>\$ 7,739</u>	<u>\$ 45,005</u>	<u>\$ 47,414</u>

CITY OF TUCSON, ARIZONA

Capital Projects Funds

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

Year Ended June 30, 2001 With Comparative Totals for Year Ended June 30, 2000
(in thousands)

	B U D G E T E D			
	<u>1994 Street and Highway Improvement</u>	<u>2000 Street and Highway Improvement</u>	<u>1984 General Obligation</u>	<u>1994 (1) General Obligation</u>
Revenues:				
Use of Money and Property	\$ 1,200	\$	\$ 151	\$ 991
Other Agencies				
Miscellaneous Revenue	35			
Total Revenues	<u>1,235</u>	<u>0</u>	<u>151</u>	<u>991</u>
Other Financial Sources:				
Proceeds From Bond Sales				
Special Assessment Levies				
Transfers from Other Funds				
Total Other Financial Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues and Other Financial Sources	<u>1,235</u>	<u>0</u>	<u>151</u>	<u>991</u>
Expenditures:				
Capital Projects:				
General Government				3,327
Police				14
Fire			27	39
Operations			815	
Solid Waste Management				449
Transportation	16,498		89	1,367
Library				7
Parks and Recreation			13	447
Costs of Issuance	10	5		
Total Expenditures	<u>16,508</u>	<u>5</u>	<u>944</u>	<u>5,650</u>
Other Financial Uses:				
Transfers to Other Funds	826			
Total Expenditures and Other Financial Uses	<u>17,334</u>	<u>5</u>	<u>944</u>	<u>5,650</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(16,099)</u>	<u>(5)</u>	<u>(793)</u>	<u>(4,659)</u>
Other Changes in Unreserved Fund Balances:				
Decrease (Increase) in Reserve for Encumbrances	(6,335)		33	2,533
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	(365)			(183)
Total Other Changes in Unreserved Fund Balances	<u>(6,700)</u>	<u>0</u>	<u>33</u>	<u>2,350</u>
Unreserved Fund Balances (Deficiencies) - July 1	18,112		1,990	11,119
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ (4,687)</u>	<u>\$ (5)</u>	<u>\$ 1,230</u>	<u>\$ 8,810</u>

	<u>BUDGETED</u> <u>2000</u> <u>General</u> <u>Obligation</u>	<u>UNBUDGETED</u> <u>Special</u> <u>Assessment</u> <u>Construction</u>	<u>TOTALS</u>	
			<u>2001</u>	<u>2000</u>
Revenues:				
Use of Money and Property	\$ 1,129	\$	\$ 3,471	\$ 1,691
Other Agencies		172	172	
Miscellaneous Revenue			35	83
Total Revenues	<u>1,129</u>	<u>172</u>	<u>3,678</u>	<u>1,774</u>
Other Financial Sources:				
Proceeds From Bond Sales	18,840		18,840	19,400
Special Assessment Levies		2,300	2,300	3,352
Transfers from Other Funds				63
Total Other Financial Sources	<u>18,840</u>	<u>2,300</u>	<u>21,140</u>	<u>22,815</u>
Total Revenues and Other Financial Sources	<u>19,969</u>	<u>2,472</u>	<u>24,818</u>	<u>24,589</u>
Expenditures:				
Capital Projects:				
General Government	144		3,471	2,299
Police	9		23	60
Fire	25		91	1,274
Operations			815	136
Solid Waste Management	202		651	3,180
Transportation	3,130	2,472	23,556	13,604
Library	271		278	44
Parks and Recreation	382		842	856
Costs of Issuance	83		98	113
Total Expenditures	<u>4,246</u>	<u>2,472</u>	<u>29,825</u>	<u>21,566</u>
Other Financial Uses:				
Transfers to Other Funds			826	533
Total Expenditures and Other Financial Uses	<u>4,246</u>	<u>2,472</u>	<u>30,651</u>	<u>22,099</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>15,723</u>	<u>0</u>	<u>(5,833)</u>	<u>2,490</u>
Other Changes in Unreserved Fund Balances:				
Decrease (Increase) in Reserve for Encumbrances	(3,680)	737	(6,712)	1,054
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	(231)		(779)	69
Total Other Changes in Unreserved Fund Balances	<u>(3,911)</u>	<u>737</u>	<u>(7,491)</u>	<u>1,123</u>
Unreserved Fund Balances (Deficiencies) - July 1		(2,200)	29,021	25,408
Unreserved Fund Balances (Deficiencies) - June 30	<u>\$ 11,812</u>	<u>\$ (1,463)</u>	<u>\$ 15,697</u>	<u>\$ 29,021</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, 2001 (in thousands)

Statement D-3

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 1,191	\$ 1,025	\$ 166
Rentals	9	9	0
Total Use of Money and Property	<u>1,200</u>	<u>1,034</u>	<u>166</u>
Miscellaneous Revenue:			
Sale of Real Property	35	86	(51)
Total Revenues	<u>1,235</u>	<u>1,120</u>	<u>115</u>
Other Financial Sources:			
Proceeds From Bond Sales		25,316	(25,316)
Total Revenues and Other Financial Sources	<u>1,235</u>	<u>26,436</u>	<u>(25,201)</u>
Expenditures:			
Capital Projects:			
Transportation	16,498	26,436	9,938
Costs of Issuance	10		(10)
Total Expenditures	<u>16,508</u>	<u>26,436</u>	<u>9,928</u>
Other Financial Uses:			
Transfers to Other Funds	826		(826)
Total Expenditures and Other Financial Uses	<u>17,334</u>	<u>26,436</u>	<u>9,102</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(16,099)</u>	<u>\$ 0</u>	<u>\$ (16,099)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	(6,335)		
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	<u>(365)</u>		
Total Other Changes in Unreserved Fund Balance	<u>(6,700)</u>		
Unreserved Fund Balance - July 1	<u>18,112</u>		
Unreserved Fund Balance - June 30	<u>\$ (4,687)</u>		

CITY OF TUCSON, ARIZONA
2000 Street and Highway Improvement Bonds
Capital Projects Funds
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2001 (in thousands)

Statement D-4

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Total Revenues	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:			
Costs of Issuance	<u>5</u>		<u>(5)</u>
Total Expenditures	<u>5</u>	<u>0</u>	<u>(5)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(5)</u>	\$ <u>0</u>	\$ <u>(5)</u>
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	\$ <u><u>(5)</u></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, 2001
(in thousands)

Statement D-5

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 151	\$ 114	\$ 37
Total Revenues	<u>151</u>	<u>114</u>	<u>37</u>
Other Financial Sources:			
Proceeds From Bond Sales		2,200	(2,200)
Total Revenues and Other Financial Sources	<u>151</u>	<u>2,314</u>	<u>(2,163)</u>
Expenditures:			
Capital Projects:			
Fire	27	124	97
Operations	815	1,987	1,172
Transportation	89	89	0
Parks and Recreation	13	114	101
Total Expenditures	<u>944</u>	<u>2,314</u>	<u>1,370</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(793)</u>	<u>\$ 0</u>	<u>\$ (793)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	33		
Unreserved Fund Balance - July 1	<u>1,990</u>		
Unreserved Fund Balance - June 30	<u>\$ 1,230</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, 2001
(in thousands)

Statement D-6

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 991	\$ 795	\$ 196
Total Revenues	<u>991</u>	<u>795</u>	<u>196</u>
Other Financial Sources:			
Proceeds From Bond Sales		14,245	(14,245)
Total Revenues and Other Financial Sources	<u>991</u>	<u>15,040</u>	<u>(14,049)</u>
Expenditures:			
Capital Projects:			
General Government	3,327	6,701	3,374
Police	14	85	71
Fire	39	615	576
Solid Waste Management	449	2,477	2,028
Transportation	1,367	4,239	2,872
Library	7	114	107
Parks and Recreation	447	809	362
Total Expenditures	<u>5,650</u>	<u>15,040</u>	<u>9,390</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>(4,659)</u>	<u>\$ 0</u>	<u>\$ (4,659)</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	2,533		
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	(183)		
Total Other Changes in Unreserved Fund Balance	<u>2,350</u>		
Unreserved Fund Balance - July 1	<u>11,119</u>		
Unreserved Fund Balance - June 30	<u>\$ 8,810</u>		

CITY OF TUCSON, ARIZONA
2000 General Obligation Bonds Capital Projects Fund
Statement of Revenues, Expenditures and Changes
in Unreserved Fund Balance - Budget and Actual
Year Ended June 30, 2001
(in thousands)

Statement D-7

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenues:			
Use of Money and Property:			
Investment Income	\$ 1,129	\$ 873	\$ 256
Total Revenues	<u>1,129</u>	<u>873</u>	<u>256</u>
Other Financial Sources:			
Proceeds From Bond Sales	18,840	22,990	(4,150)
Total Revenues and Other Financial Sources	<u>19,969</u>	<u>23,863</u>	<u>(3,894)</u>
Expenditures:			
Capital Projects:			
General Government	144	2,670	2,526
Police	9	261	252
Fire	25	324	299
Solid Waste Management	202	2,008	1,806
Transportation	3,130	14,684	11,554
Library	271	900	629
Parks and Recreation	382	3,016	2,634
Costs of Issuance	83		(83)
Total Expenditures	<u>4,246</u>	<u>23,863</u>	<u>19,617</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over (Under) Expenditures and Other Financial Uses	<u>15,723</u>	<u>\$ 0</u>	<u>\$ 15,723</u>
Other Changes in Unreserved Fund Balance:			
Decrease (Increase) in Reserve for Encumbrances	(3,680)		
Decrease (Increase) in Reserve for Arbitrage Rebate Tax	(231)		
Total Other Changes in Unreserved Fund Balance	<u>(3,911)</u>		
Unreserved Fund Balance - July 1			
Unreserved Fund Balance - June 30	<u>\$ 11,812</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, 2001 and June 30, 2000
(in thousands)

	Water Utility Fund	Golf Course Fund	Totals	
			2001	2000
Assets				
Current Assets:				
Cash/Deposits/Investments	\$ 4,665	\$	\$ 4,665	\$ 6,601
Accounts Receivable:				
Billed Accounts Receivable	8,988	28	9,016	10,056
Less Allowance for Doubtful Accounts	(1,043)		(1,043)	(1,132)
Unbilled Accounts Receivable	5,235		5,235	4,394
Interest Receivable	252		252	333
Prepaid Expenses	4	71	75	327
Inventories	98	211	309	115
Total Current Assets	<u>18,199</u>	<u>310</u>	<u>18,509</u>	<u>20,694</u>
Restricted Assets:				
Cash/Investments with Fiscal Agent - Debt Service	12,765		12,765	13,094
Cash/Investments with Fiscal Agent - Construction	1,697	419	2,116	1,912
Cash/Deposits/Investments for Customer				
Deposits	2,349		2,349	1,487
Cash/Deposits/Investments for Area Development Fees	474		474	772
Investments for Debt Service	299		299	260
Investments for Contract Payments	1,458		1,458	1,574
Accounts Receivable for Central Arizona Project	131		131	129
Accounts Receivable for Construction	1,291		1,291	94
Accrued Interest Receivable for Construction	42		42	124
Accrued Interest Receivable for Central				
Arizona Project	3		3	3
Total Restricted Assets	<u>20,509</u>	<u>419</u>	<u>20,928</u>	<u>19,449</u>
Long Term Accounts Receivable	<u>10,257</u>		<u>10,257</u>	<u>10,424</u>
Property, Plant and Equipment:				
Land	46,387	5,760	52,147	52,661
Buildings	100,675	6,975	107,650	104,292
Improvements Other Than Buildings		11,702	11,702	11,702
Transmission and Distribution System (Mains)	549,308		549,308	531,743
Wells, Tanks, and Reservoirs	183,102		183,102	142,078
Machinery and Equipment	16,727	2,913	19,640	17,872
	<u>896,199</u>	<u>27,350</u>	<u>923,549</u>	<u>860,348</u>
Less Accumulated Depreciation	(196,476)	(8,160)	(204,636)	(189,046)
	<u>699,723</u>	<u>19,190</u>	<u>718,913</u>	<u>671,302</u>
Construction-in-Progress	106,657	132	106,789	111,017
Total Property, Plant and Equipment	<u>806,380</u>	<u>19,322</u>	<u>825,702</u>	<u>782,319</u>
Goodwill, Net of Accumulated Amortization	306	11	317	347
Deferred Charges	274	351	625	388
	<u>855,925</u>	<u>20,413</u>	<u>876,338</u>	<u>833,621</u>
Total Assets	\$ <u>855,925</u>	\$ <u>20,413</u>	\$ <u>876,338</u>	\$ <u>833,621</u>

	Water Utility Fund	Golf Course Fund	Totals	
			2001	2000
Liabilities and Fund Equity				
Current Liabilities:				
Salaries, Wages and Payroll Taxes Payable	\$ 2,523	\$ 262	\$ 2,785	\$ 3,040
Current Portion of Revenue Bonds and Certificates Payable	7,501		7,501	6,280
Current Portion of Long-Term Contracts/Capital Leases Payable	225	257	482	483
Accounts Payable	3,528	130	3,658	4,623
Due To Other Funds-Unrestricted	13	175	188	68
Accrued Interest Payable	46	7	53	71
Total Current Liabilities	<u>13,836</u>	<u>831</u>	<u>14,667</u>	<u>14,565</u>
Liabilities Payable from Restricted Assets:				
Matured Bonds/Certificates and Interest Payable	12,765		12,765	13,085
Due to Other Funds-Restricted	16,071		16,071	12,831
Customer Deposits	2,349		2,349	1,487
Accounts Payable - Construction Assets	3,393		3,393	3,225
Accounts Payable - Central Arizona Project	6		6	
Contracts/Capital Leases Payable	1,150		1,150	1,954
Unearned Receipts - Area Development Fees	474		474	772
Total Liabilities Payable from Restricted Assets	<u>36,208</u>	<u></u>	<u>36,208</u>	<u>33,354</u>
Long-Term Debt, Net of Portion Classified as Current Liabilities Including Amounts Payable from Restricted Assets:				
Certificates and Revenue Bonds Payable	266,427		266,427	237,835
Contracts/Capital Leases Payable	43	4,643	4,686	5,019
Arbitrage Rebate Tax Liability	111		111	
Accrued Compensated Absences	1,331	40	1,371	1,359
Total Long-Term Debt	<u>267,912</u>	<u>4,683</u>	<u>272,595</u>	<u>244,213</u>
Total Liabilities	<u>317,956</u>	<u>5,514</u>	<u>323,470</u>	<u>292,132</u>
Fund Equity:				
Contributed Capital:				
City	482	11,479	11,961	11,961
Federal		899	899	899
Donated Water Systems	107,628		107,628	107,628
Total Contributed Capital	<u>108,110</u>	<u>12,378</u>	<u>120,488</u>	<u>120,488</u>
Retained Earnings:				
Unreserved	429,859	2,521	432,380	421,001
Total Retained Earnings	<u>429,859</u>	<u>2,521</u>	<u>432,380</u>	<u>421,001</u>
Total Fund Equity	<u>537,969</u>	<u>14,899</u>	<u>552,868</u>	<u>541,489</u>
Total Liabilities and Fund Equity	<u>\$ 855,925</u>	<u>\$ 20,413</u>	<u>\$ 876,338</u>	<u>\$ 833,621</u>

Enterprise Funds

Combining Statement of Revenues, Expenses and Changes
in Unreserved Retained EarningsYear Ended June 30, 2001 With Comparative Totals
for the Year Ended June 30, 2000 (in thousands)

	Water Utility Fund	Golf Course Fund	Totals	
			2001	2000
Operating Revenues:				
Water Sales	\$ 84,771	\$	\$ 84,771	\$ 85,288
Green Fees		4,727	4,727	5,226
Other	9,635	4,745	14,380	10,476
Total Operating Revenues	<u>94,406</u>	<u>9,472</u>	<u>103,878</u>	<u>100,990</u>
Operating Expenses:				
Administration		662	662	508
Director's Office	1,891		1,891	2,277
Business Services	8,596		8,596	8,420
Water Operations	24,674		24,674	22,584
Planning and Engineering	2,629		2,629	2,886
Water Quality	2,237		2,237	2,520
Water Treatment	11,752		11,752	12,179
Randolph Golf Course		2,119	2,119	2,440
El Rio Golf Course		925	925	1,138
Silverbell Golf Course		866	866	1,123
Enke Golf Course		811	811	1,071
Tournaments		17	17	59
Clubhouse Operations		1,308	1,308	1,367
Pro Shops		1,490	1,490	
Depreciation	15,932	820	16,752	15,709
Amortization of Goodwill	28	2	30	30
General	6,567		6,567	6,588
Total Operating Expenses	<u>74,306</u>	<u>9,020</u>	<u>83,326</u>	<u>80,899</u>
Net Operating Income (Loss)	<u>20,100</u>	<u>452</u>	<u>20,552</u>	<u>20,091</u>
Nonoperating Income:				
Investment Income	1,468	23	1,491	1,782
Gain on Sale of Property/Equipment	255	4	259	402
Developer Contributions/Capital Grant	11,225		11,225	
Total Nonoperating Income	<u>12,948</u>	<u>27</u>	<u>12,975</u>	<u>2,184</u>
Nonoperating Expenses:				
Interest Expense	15,201	329	15,530	14,455
Amortization of Discount/Cost of Issuance				14
Loss on Write-Off of Equipment Less Than \$5				2,525
Other Nonoperating Expense	402	41	443	539
Total Nonoperating Expenses	<u>15,603</u>	<u>370</u>	<u>15,973</u>	<u>17,533</u>
Net Income (Loss)	<u>17,445</u>	<u>109</u>	<u>17,554</u>	<u>4,742</u>
Unreserved Retained Earnings - July 1	418,589	2,412	421,001	416,259
Prior Period Adjustment	(6,175)		(6,175)	
Unreserved Retained Earnings - July 1, Restated	<u>412,414</u>	<u>2,412</u>	<u>414,826</u>	<u>416,259</u>
Unreserved Retained Earnings - June 30	<u>\$ 429,859</u>	<u>\$ 2,521</u>	<u>\$ 432,380</u>	<u>\$ 421,001</u>

Enterprise Funds

Combining Statement of Cash Flows

Year Ended June 30, 2001 With Comparative Totals for Year Ended June 30, 2000

(in thousands)

	Water Utility Fund	Golf Course Fund	Totals	
			2001	2000
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 95,241	\$ 9,475	\$ 104,716	\$ 100,835
Cash Payments to Suppliers for Goods and Services	(35,829)	(4,168)	(39,997)	(42,901)
Cash Payments to Employees for Services	(23,370)	(4,458)	(27,828)	(25,475)
Miscellaneous Receipts				4
Net Cash Provided (Used) by Operating Activities	<u>36,042</u>	<u>849</u>	<u>36,891</u>	<u>32,463</u>
Cash Flows from Noncapital Financing Activities:				
Interest Paid on Investment Pool Borrowings		(71)	(71)	(75)
Non-Capital Contribution - General Fund				2,713
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>(71)</u>	<u>(71)</u>	<u>2,638</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Proceeds	34,565		34,565	2,003
Acquisition and Construction of Capital Assets	(52,414)	(409)	(52,823)	(37,614)
Principal Paid on Capital Debt	(6,262)	(226)	(6,488)	(6,758)
Interest Paid on Capital Debt	(14,941)	(265)	(15,206)	(14,232)
Fiscal Agent Fees Paid on Capital Debt	(83)	(1)	(84)	(316)
Construction of Capital Assets -Area Development Fee	867		867	942
Proceeds from Sale of Property/Equipment	255	4	259	402
Proceeds from Sale of Certificates of Participation		94	94	314
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,013)</u>	<u>(803)</u>	<u>(38,816)</u>	<u>(55,259)</u>
Cash Flows from Investing Activities:				
Interest on Investments	<u>599</u>	<u>25</u>	<u>624</u>	<u>767</u>
Net Cash Provided (Used) by Investing Activities	<u>599</u>	<u>25</u>	<u>624</u>	<u>767</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,372)</u>	<u>0</u>	<u>(1,372)</u>	<u>(19,391)</u>
Cash and Cash Equivalents - July 1	<u>8,860</u>		<u>8,860</u>	<u>28,251</u>
Cash and Cash Equivalents - June 30	<u>\$ 7,488</u>	<u>\$ 0</u>	<u>\$ 7,488</u>	<u>\$ 8,860</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income(Loss)	\$ 20,100	\$ 452	\$ 20,552	\$ 20,091
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	15,960	822	16,782	15,739
Decrease (Increase) in Assets:				
Accounts Receivable	107	3	110	(1,354)
Accounts Receivable - CAP	(2)		(2)	
Prepaid Expense	(2)	2	0	101
Inventory	(22)	(172)	(194)	379
Long Term Accounts Receivable	167		167	882
(Decrease) Increase in Liabilities:				
Accounts Payable	(684)	(281)	(965)	(1,564)
Salaries Payable	(205)	(50)	(255)	355
Accrued Compensated Absences	46	(34)	12	(58)
Unearned Receipts - Area Development Fees	(298)		(298)	142
Customer/Refundable Deposits	862		862	179
Due to Other Funds-Unrestricted	13	107	120	(2,429)
Net Cash Provided (Used) by Operating Activities	<u>\$ 36,042</u>	<u>\$ 849</u>	<u>\$ 36,891</u>	<u>\$ 32,463</u>

Noncash investing, capital and financing activities:

During the year developers contributed water systems valued at \$11,212 and contractors provided securities in place of contract retainage in the amount of \$289 to the Water Utility Fund.

The cash transactions for the current year include an unrealized investment gain of \$189 and \$16 unrealized investment loss for the Water Utility Fund and Golf Course Fund, respectively.

CITY OF TUCSON, ARIZONA
Water Utility Fund
Schedule of Income - Budget and Actual
Year Ended June 30, 2001
(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues:			
Water Sales:			
Potable Water Sales	\$ 80,472	\$ 85,342	\$ (4,870)
Reclaimed Water Sales	4,299	5,337	(1,038)
Total Water Sales	<u>84,771</u>	<u>90,679</u>	<u>(5,908)</u>
Central Arizona Project Surcharge	889	956	(67)
Connection Fees	3,087	2,366	721
Pima County - Sewer Billing Service	<u>1,451</u>	<u>1,425</u>	<u>26</u>
Miscellaneous Revenue:			
TCE Cleanup Reimbursement	589	842	(253)
Area Development Fees	1,166		1,166
Other	<u>2,453</u>	<u>3,492</u>	<u>(1,039)</u>
Total Miscellaneous Revenue	<u>4,208</u>	<u>4,334</u>	<u>(126)</u>
Total Operating Revenues	<u>94,406</u>	<u>99,760</u>	<u>(5,354)</u>
Operating Expenses:			
Director's Office:			
Personal Services	924	953	29
Contractual Services	790	1,091	301
Commodities	<u>177</u>	<u>201</u>	<u>24</u>
Total Director's Office	<u>1,891</u>	<u>2,245</u>	<u>354</u>
Business Services:			
Personal Services	5,846	5,858	12
Contractual Services	1,438	1,846	408
Commodities	<u>1,312</u>	<u>1,344</u>	<u>32</u>
Total Business Service	<u>8,596</u>	<u>9,048</u>	<u>452</u>
Water Operations:			
Personal Services	10,820	10,536	(284)
Contractual Services	11,058	10,219	(839)
Commodities	<u>2,796</u>	<u>2,793</u>	<u>(3)</u>
Total Water Operations	<u>24,674</u>	<u>23,548</u>	<u>(1,126)</u>
Planning and Engineering:			
Personal Services	1,879	2,047	168
Contractual Services	581	826	245
Commodities	<u>169</u>	<u>210</u>	<u>41</u>
Total Planning and Engineering	<u>2,629</u>	<u>3,083</u>	<u>454</u>
Water Quality:			
Personal Services	1,653	1,774	121
Contractual Services	280	644	364
Commodities	<u>304</u>	<u>403</u>	<u>99</u>
Total Water Quality	<u>2,237</u>	<u>2,821</u>	<u>584</u>
Water Treatment:			
Personal Services	1,679	1,745	66
Contractual Services	9,572	9,991	419
Commodities	<u>501</u>	<u>727</u>	<u>226</u>
Total Water Treatment	<u>11,752</u>	<u>12,463</u>	<u>711</u>

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Expenses (Continued):			
General Expenses:			
Personal Services	\$ 412	\$ 390	\$ (22)
Contractual Services	6,057	6,632	575
Commodities	98	137	39
Total General Expenses	<u>6,567</u>	<u>7,159</u>	<u>592</u>
Depreciation	<u>15,932</u>	<u></u>	<u>(15,932)</u>
Amortization of Goodwill	<u>28</u>	<u></u>	<u>(28)</u>
Total Operating Expenses	<u>74,306</u>	<u>60,367</u>	<u>(13,939)</u>
Net Operating Income	<u>20,100</u>	<u>39,393</u>	<u>(19,293)</u>
Nonoperating Income:			
Investment Income:			
Operating Funds	701	973	(272)
Central Arizona Project Fund	17		17
Investments for Debt Service	337		337
Investments for Construction	413		413
Total Interest Earnings	<u>1,468</u>	<u>973</u>	<u>495</u>
Gain on Sale of Property/Equipment	255		255
Developer Contributions/Capital Grant	11,225		11,225
Other Nonoperating Income		<u>246</u>	<u>(246)</u>
Total Nonoperating Income	<u>12,948</u>	<u>1,219</u>	<u>11,729</u>
Nonoperating Expenses:			
Interest Expense - Bonds	15,096	16,833	1,737
Interest Expense - Contracts	105	105	0
Other Nonoperating Expenses	402	75	(327)
Total Nonoperating Expenses	<u>15,603</u>	<u>17,013</u>	<u>1,410</u>
Net Income	<u>\$ 17,445</u>	<u>\$ 23,599</u>	<u>\$ (6,154)</u>

Golf Course Fund

Schedule of Income - Budget and Actual

Year Ended June 30, 2001

(in thousands)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operating Revenues:			
Green Fees	\$ 4,727	\$ 5,286	\$ (559)
Cart Rentals	2,139	1,943	196
Pro Shop Operations	502	742	(240)
Locker Rentals	2		2
Driving Range	537	600	(63)
Miscellaneous	286	230	56
Club House Operations	1,279	1,448	(169)
Total Operating Revenues	<u>9,472</u>	<u>10,249</u>	<u>(777)</u>
Operating Expenses:			
Administration:			
Personal Services	346	335	(11)
Contractual Services	271	341	70
Commodities	45	27	(18)
Total Administration	<u>662</u>	<u>703</u>	<u>41</u>
Randolph Golf Course:			
Personal Services	1,075	936	(139)
Contractual Services	512	585	73
Commodities	532	463	(69)
Total Randolph Golf Course	<u>2,119</u>	<u>1,984</u>	<u>(135)</u>
El Rio Golf Course:			
Personal Services	429	525	96
Contractual Services	227	317	90
Commodities	269	158	(111)
Total El Rio Golf Course	<u>925</u>	<u>1,000</u>	<u>75</u>
Silverbell Golf Course:			
Personal Services	388	460	72
Contractual Services	163	190	27
Commodities	315	208	(107)
Total Silverbell Golf Course	<u>866</u>	<u>858</u>	<u>(8)</u>
Enke Golf Course:			
Personal Services	395	469	74
Contractual Services	272	387	115
Commodities	144	188	44
Total Enke Golf Course	<u>811</u>	<u>1,044</u>	<u>233</u>
Tournaments:			
Personal Services	16	18	2
Contractual Services	1	40	39
Commodities		34	34
Total Tournaments	<u>17</u>	<u>92</u>	<u>75</u>
Clubhouse Operations:			
Personal Services	666	677	11
Contractual Services	167	162	(5)
Commodities	475	447	(28)
Total Clubhouse Operations	<u>1,308</u>	<u>1,286</u>	<u>(22)</u>
Pro Shop Operations:			
Personal Services	1,059	1,533	474
Contractual Services	35	39	4
Commodities	74	15	(59)
Cost of Goods Sold	322		(322)
Total Pro Shop Operations	<u>1,490</u>	<u>1,587</u>	<u>97</u>
Depreciation	820		(820)
Amortization of Goodwill	2		(2)
Total Operating Expenses	<u>9,020</u>	<u>8,554</u>	<u>(466)</u>
Net Operating Income (Loss)	<u>452</u>	<u>1,695</u>	<u>(1,243)</u>
Nonoperating Income:			
Investment Income	23		23
Gain/(Loss) on Sale of Property/Equipment	4		4
Other		219	(219)
Total Nonoperating Income	<u>27</u>	<u>219</u>	<u>(192)</u>
Nonoperating Expenses:			
Interest Expense	329	252	(77)
Other	41		(41)
Total Nonoperating Expenses	<u>370</u>	<u>252</u>	<u>(118)</u>
Net Income (Loss)	<u>\$ 109</u>	<u>\$ 1,662</u>	<u>\$ (1,553)</u>

CITY OF TUCSON, ARIZONA
Water Utility Fund
Revenues, Expenditures and Flow of Funds
Per Ordinance No. 6347 (1)
Year Ended June 30, 2001
(in thousands)

Statement E-6

Revenues:

Sale of Water:		
Potable Water Sales		\$ 80,472
Reclaimed Water Sales		4,299
Connection Fees		3,087
Pima County - Sewer Billing Services		1,451
Miscellaneous Revenue:		
Area Development Fees	\$ 1,166	
TCE Clean Up Reimbursement	589	
Other	<u>2,453</u>	
Total Miscellaneous Revenue		4,208
Nonoperating Income:		
Investment Income - Operating Fund	701	
Investment Income - Debt Service Fund	337	
Gain on Sale of Property/Equipment	<u>255</u>	
Total Nonoperating Income		<u>1,293</u>
Total Revenues		<u>94,810</u>

Operation and Maintenance Expenses:

Director's Office		3,751
Business Services		8,596
Water Operations		16,326
Planning and Engineering		5,681
Water Quality		2,237
Water Treatment		3,824
Power - Potable System		8,348
Power - Reclaimed System		759
CAP Water Purchases:		
Commodity	1,195	
Capital Charges	<u>5,974</u>	
Total CAP Water Purchases		7,169
General Expenses		864
Waterline Relocations: City-Shared Costs		352
Capitalized O and M Expense		<u>(5,264)</u>
Total Operation and Maintenance Expense		<u>52,643</u>

Net Revenue Available After Operations (2) 42,167

Debt Service for Water Revenue Bonds:

Principal		6,280
Interest		15,096
Fiscal Fees		103
Total Debt Service for Water Revenue Bonds		<u>21,479</u>

Net Revenue Available After Operations and Water Revenue
Bond Debt Service \$ 20,688

(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, 2001, the debt coverage for the Maximum Future Debt Service Requirement is 164%.

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, 2001, the debt coverage for the Annual Debt Service Requirement is 197%.

See Statement E-4 for presentation of the Statement of Income on an 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, 2001 and June 30, 2000
 (in thousands)

Statement F-1

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2001	2000
Assets				
Current Assets:				
Cash/Deposits/Pooled Investments	\$ 21,674	\$ 7,854	\$ 29,528	\$ 24,818
Due From Other Funds		12	12	511
Accounts Receivable	1	64	65	2,210
Interest Receivable	139	76	215	252
Prepaid Expenses	3	70	73	
Restricted Assets:				
Cash with Fiscal Agents - Debt Service				310
Other Restricted Assets	10,028	711	10,739	9,636
Property, Plant, and Equipment:				
Fixed Assets - Net of Accumulated Depreciation	157	29,894	30,051	26,982
Construction-in-Progress	771		771	368
Total Assets	<u>\$ 32,773</u>	<u>\$ 38,681</u>	<u>\$ 71,454</u>	<u>\$ 65,087</u>
Liabilities and Fund Equity				
Current Liabilities:				
Accounts Payable	\$ 193	\$ 2,169	\$ 2,362	\$ 624
Salaries, Wages and Payroll Taxes Payable	6	51	57	185
Refundable Deposits and Unredeemed Warrants	43	1	44	9
Claims and Judgments Payable	35,999		35,999	25,172
Contracts Payable-Current	3	1,223	1,226	1,176
Long-Term Debt, net of Portion Classified as				
Current Liabilities Including Amounts				
Payable from Restricted Assets:				
Contracts/Capital Leases Payable	1	1,762	1,763	2,998
Total Liabilities	<u>36,245</u>	<u>5,206</u>	<u>41,451</u>	<u>30,164</u>
Fund Equity:				
Contributed Capital	18,028	28,208	46,236	42,303
Retained Earnings:				
Reserved for Self-Insurance	8,723		8,723	3,547
Unreserved (Deficiencies)	(30,223)	5,267	(24,956)	(10,927)
Total Retained Earnings (Deficiencies)	<u>(21,500)</u>	<u>5,267</u>	<u>(16,233)</u>	<u>(7,380)</u>
Total Fund Equity	<u>(3,472)</u>	<u>33,475</u>	<u>30,003</u>	<u>34,923</u>
Total Liabilities and Fund Equity	<u>\$ 32,773</u>	<u>\$ 38,681</u>	<u>\$ 71,454</u>	<u>\$ 65,087</u>

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes
in Unreserved Retained EarningsYear Ended June 30, 2001 With Comparative Totals
for the Year Ended June 30, 2000 (in thousands)

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2001	2000
Operating Revenues:				
Charges for Services	\$ 10,433	\$ 24,019	\$ 34,452	\$ 32,750
Miscellaneous	3		3	79
Total Operating Revenues	<u>10,436</u>	<u>24,019</u>	<u>34,455</u>	<u>32,829</u>
Operating Expenses:				
Personal Services	1,016	4,609	5,625	5,381
Contractual Services	3,371	1,765	5,136	4,204
Commodities	287	8,826	9,113	8,133
Depreciation	14	8,714	8,728	6,425
Benefits and Claims	18,182		18,182	10,824
Total Operating Expenses	<u>22,870</u>	<u>23,914</u>	<u>46,784</u>	<u>34,967</u>
Net Operating Income (Loss)	<u>(12,434)</u>	<u>105</u>	<u>(12,329)</u>	<u>(2,138)</u>
Nonoperating Revenues (Expenses):				
Investment Income	2,215	498	2,713	1,541
Interest Expense	(1)	(182)	(183)	(212)
Gain (Loss) from Sale of Property	(20)	751	731	(2)
Capital Grants		215	215	
Total Nonoperating Revenues (Expenses)	<u>2,194</u>	<u>1,282</u>	<u>3,476</u>	<u>1,327</u>
Net Income (Loss) Before Operating Transfer	<u>(10,240)</u>	<u>1,387</u>	<u>(8,853)</u>	<u>(811)</u>
Operating Transfer Out				(101)
Net Income (Loss)	<u>(10,240)</u>	<u>1,387</u>	<u>(8,853)</u>	<u>(912)</u>
Other Changes in Unreserved Retained Earnings:				
Decrease (Increase) in Reserve for Self-Insurance	<u>(5,176)</u>		<u>(5,176)</u>	<u>7,941</u>
Unreserved Retained Earnings (Deficiencies)- July 1	<u>(14,807)</u>	3,880	<u>(10,927)</u>	<u>(15,085)</u>
Prior Period Adjustment				(2,871)
Unreserved Retained Earnings (Deficiencies) July 1, Restated	<u>(14,807)</u>	3,880	<u>(10,927)</u>	<u>(17,956)</u>
Unreserved Retained Earnings (Deficiencies)- June 30	<u>\$ (30,223)</u>	<u>\$ 5,267</u>	<u>\$ (24,956)</u>	<u>\$ (10,927)</u>

CITY OF TUCSON, ARIZONA

Internal Service Funds

Combining Statement of Cash Flows

Year Ended June 30, 2001 With Comparative Totals for Year Ended June 30, 2000

(in thousands)

	<u>Self- Insurance Fund</u>	<u>Fleet Services Fund</u>	<u>Totals</u>	
			<u>2001</u>	<u>2000</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 10,433	\$ 24,530	\$ 34,963	\$ 32,223
Cash Payments to Suppliers for Goods and Services	(10,881)	(9,023)	(19,904)	(22,349)
Cash Payments to Employees for Services	(1,035)	(4,718)	(5,753)	(5,340)
Other Operating Revenues	2,136		2,136	94
Net Cash Provided (Used) by Operating Activities	<u>653</u>	<u>10,789</u>	<u>11,442</u>	<u>4,628</u>
Cash Flows From Noncapital Financing Activities:				
Operating Transfers Out				(101)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(101)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(430)	(9,219)	(9,649)	(6,383)
Proceeds from Sale of Property and Equipment		1,914	1,914	506
Principal Paid on Capital Debt	(4)	(1,168)	(1,172)	
Interest Paid on Capital Debt	(1)	(182)	(183)	(212)
Net Cash Used by Capital and Related Financing Activities	<u>(435)</u>	<u>(8,655)</u>	<u>(9,090)</u>	<u>(6,089)</u>
Cash Flows from Investing Activities:				
Investment Income	1,642	467	2,109	1,116
Proceeds from Sale of Investments	10,155		10,155	8,015
Purchase of Investments	(9,906)		(9,906)	(9,644)
Net Cash Provided (Used) by Investing Activities	<u>1,891</u>	<u>467</u>	<u>2,358</u>	<u>(513)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,109</u>	<u>2,601</u>	<u>4,710</u>	<u>(2,075)</u>
Cash and Cash Equivalents - July 1	19,565	5,253	24,818	26,893
Cash and Cash Equivalents - June 30	<u>\$ 21,674</u>	<u>\$ 7,854</u>	<u>\$ 29,528</u>	<u>\$ 24,818</u>

	Self- Insurance Fund	Fleet Services Fund	Totals	
			2001	2000
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (12,434)	\$ 105	\$ (12,329)	\$ (2,138)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Goodwill Amortization	14	8,714	8,728	6,425
Decrease (Increase) in Assets:				
Accounts Receivable	2,133	12	2,145	25
Due From Other Funds		499	499	(511)
Prepaid Expense	(3)	(70)	(73)	
Increase (Decrease) in Liabilities:				
Accounts Payable	100	1,638	1,738	(1,617)
Salaries Payable	(19)	(109)	(128)	42
Customer/Refundable Deposits and Unredeemed Warrants	35		35	4
Claims and Judgments Payable	10,827		10,827	2,448
Due to Other Funds				(50)
Net Cash Provided (Used) by Operating Activities	\$ <u>653</u>	\$ <u>10,789</u>	\$ <u>11,442</u>	\$ <u>4,628</u>

Noncash Investing, Capital and Financing Activities:

City funds contributed vehicles and equipment with a net book value of \$4,009 to the Fleet Services Internal Service Fund.

The above cash transactions for the current year include recognition of unrealized investment gains of \$105 and \$525, respectively, for Fleet Service and Self Insurance Internal Service Funds.



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, 2001 and June 30, 2000
 (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	\$ 1,453	\$ 1,390	\$ 421
Investments	495,228		61,519
Due from Other Funds			
Accounts Receivable (Net)	2,103		
Interest Receivable	1,724	6	768
Prepaid Expenses		4	
Fixed Assets - Net of Accumulated Depreciation	<u>7</u>	<u>150</u>	
Total Assets	<u>\$ 500,515</u>	<u>\$ 1,550</u>	<u>\$ 62,708</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable/Securities Collateral	\$ 29,841	\$ 7	\$ 6,735
Due to Other Agencies			
Accrued Wages and Payroll			
Taxes Payable	<u>2</u>		
Total Liabilities	<u>29,843</u>	<u>7</u>	<u>6,735</u>
Fund Equity:			
Fund Balance:			
Reserved for Employees' Pension/ Retirement Benefits	470,672		55,973
Reserved for Civic Contributions Purposes		1,543	
Reserved for Non- Expendable Civic Contribution Purposes			
Total Fund Equity	<u>470,672</u>	<u>1,543</u>	<u>55,973</u>
Total Liabilities and Fund Equity	<u>\$ 500,515</u>	<u>\$ 1,550</u>	<u>\$ 62,708</u>

	Non-Expendable Trust Fund		Totals	
	Civic Endowment Fund	Agency Funds	2001	2000
Assets				
Cash/Deposits/Pooled Investments	\$ 155	\$ 3,319	\$ 6,738	\$ 4,700
Investments			556,747	601,550
Due from Other Funds		41	41	
Accounts Receivable (Net)		3,150	5,253	14,961
Interest Receivable	1	10	2,509	3,017
Prepaid Expenses			4	
Fixed Assets - Net of Accumulated Depreciation			157	150
Total Assets	\$ <u>156</u>	\$ <u>6,520</u>	\$ <u>571,449</u>	\$ <u>624,378</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$	\$ 2,561	\$ 39,144	\$ 52,263
Due to Other Agencies		3,959	3,959	3,703
Accrued Wages and Payroll				
Taxes Payable			2	7
Total Liabilities	<u>0</u>	<u>6,520</u>	<u>43,105</u>	<u>55,973</u>
Fund Equity:				
Fund Balance:				
Reserved for Employees' Pension/Retirement Benefits			526,645	567,505
Reserved for Civic Contributions Purposes	19		1,562	755
Reserved for Non-Expendable Civic Contribution Purposes (1)	137		137	145
Total Fund Equity	<u>156</u>	<u>0</u>	<u>528,344</u>	<u>568,405</u>
Total Liabilities and Fund Equity	\$ <u>156</u>	\$ <u>6,520</u>	\$ <u>571,449</u>	\$ <u>624,378</u>

- (1) The Reserved for Non-Expendable Civic Contribution Purposes changed by \$8 due to a previous misclassification of fund balance that should have been shown in the Reserved for Civic Contribution Purposes. This change did not affect overall fund balance.

CITY OF TUCSON, ARIZONA
Pension Trust Fund
Statement of Plan Net Assets
June 30, 2001
(in thousands)

Statement G-2

Assets

Cash/Deposits/Pooled Investments	\$ <u>1,453</u>
Receivables:	
City Contributions	394
Employee Contributions	268
Interest and Dividends	1,724
Due from Brokers	1,429
Miscellaneous	<u>12</u>
Total Receivables	<u>3,827</u>
Investments, at Fair Value:	
Short Term Investments	11,075
Securities Lending Cash Collateral	28,695
U.S. Government Obligations	20,854
Corporate Bonds	36,850
Other Bonds	87
Common Stocks	240,581
Preferred Stocks	292
International Bonds	18,876
International Equity Group Trust	61,258
Mortgage Bonds Mutual Fund	36,314
High Yield Bonds Mutual Fund	11,049
Real Estate	<u>29,297</u>
Total Investments, at Fair Value	<u>495,228</u>
Properties, at cost, Net of Accumulated	
Depreciation of \$ 0	<u>7</u>
Total Assets	<u>500,515</u>

Liabilities

Accounts Payable	264
Accrued Wages and Payroll Taxes Payable	2
Due to Securities Borrowers	28,695
Due to Brokers	<u>882</u>
Total Liabilities	<u>29,843</u>

Fund Balance Reserved

for Employees' Pension Benefits (A Schedule of Funding
Progress for the Plan is presented in Note 17). \$ 470,672

CITY OF TUCSON, ARIZONA
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Unreserved Fund Balances
Year Ended June 30, 2001 and June 30, 2000
(in thousands)

Statement G-3

	Civic Contributions Fund	Deferred Compensation Fund	Totals	
			2001	2000
Revenues:				
Use of Money and Property	\$ 59	\$	\$ 59	\$ 34
Gifts and Donations	942		942	207
Employee Contributions		2,673	2,673	2,222
Income on Investments		5,603	5,603	1,271
Securities Lending Income		592	592	492
Total Revenues	<u>1,001</u>	<u>8,868</u>	<u>9,869</u>	<u>4,226</u>
Expenditures:				
General Government	4	108	112	89
Community Services	19		19	
Police				10
Fire				1
Operations				1
Library	83		83	60
Parks and Recreation	105		105	104
Payments to Participants		3,490	3,490	4,123
Securities Lending Expense		569	569	476
Total Expenditures	<u>211</u>	<u>4,167</u>	<u>4,378</u>	<u>4,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>790</u>	<u>4,701</u>	<u>5,491</u>	<u>(638)</u>
Other Changes in Unreserved Fund Balance:				
Decrease(Increase) in Other Reserves	<u>(790)</u>	<u>(4,701)</u>	<u>(5,491)</u>	<u>638</u>
Unreserved Fund Balances - July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unreserved Fund Balances - June 30	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF TUCSON, ARIZONA
Agency Funds
Combining Balance Sheet
June 30, 2001
(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	\$ 806	\$ 2,513	\$ 3,319
Due From Other Funds		41	41
Accounts Receivable	3,143	7	3,150
Interest Receivable	10		10
Total Assets	<u>\$ 3,959</u>	<u>\$ 2,561</u>	<u>\$ 6,520</u>
<u>Liabilities</u>			
Accounts Payable	\$	\$ 2,561	\$ 2,561
Due to Other Agencies	3,959		3,959
Total Liabilities	<u>\$ 3,959</u>	<u>\$ 2,561</u>	<u>\$ 6,520</u>

CITY OF TUCSON, ARIZONA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2001
(in thousands)

Statement G-5

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
<u>Sewer User Fee Fund</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 716	\$ 75,593	\$ 75,503	\$ 806
Accounts Receivable	2,975	43,300	43,132	3,143
Interest Receivable	12	75	77	10
Total Assets	<u>\$ 3,703</u>	<u>\$ 118,968</u>	<u>\$ 118,712</u>	<u>\$ 3,959</u>
Liabilities:				
Due to Other Agencies	<u>\$ 3,703</u>	<u>\$ 117,856</u>	<u>\$ 117,600</u>	<u>\$ 3,959</u>
Total Liabilities	<u>\$ 3,703</u>	<u>\$ 117,856</u>	<u>\$ 117,600</u>	<u>\$ 3,959</u>
<u>Employee Prepaid Insurance Fund</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 1,961	\$ 59,185	\$ 58,633	\$ 2,513
Due From Other Funds		41		41
Accounts Receivable	8	114	115	7
Total Assets	<u>\$ 1,969</u>	<u>\$ 59,340</u>	<u>\$ 58,748</u>	<u>\$ 2,561</u>
Liabilities:				
Accounts Payable	<u>\$ 1,969</u>	<u>\$ 60,441</u>	<u>\$ 59,849</u>	<u>\$ 2,561</u>
Total Liabilities	<u>\$ 1,969</u>	<u>\$ 60,441</u>	<u>\$ 59,849</u>	<u>\$ 2,561</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash/Deposits/Pooled Investments	\$ 2,677	\$ 134,778	\$ 134,136	\$ 3,319
Due from Other Funds		41		41
Accounts Receivable	2,983	43,414	43,247	3,150
Interest Receivable	12	75	77	10
Total Assets	<u>\$ 5,672</u>	<u>\$ 178,308</u>	<u>\$ 177,460</u>	<u>\$ 6,520</u>
Liabilities:				
Accounts Payable	\$ 1,969	\$ 60,441	\$ 59,849	\$ 2,561
Due to Other Agencies	3,703	117,856	117,600	3,959
Total Liabilities	<u>\$ 5,672</u>	<u>\$ 178,297</u>	<u>\$ 177,449</u>	<u>\$ 6,520</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 \$540,939 are not included in these schedules.

CITY OF TUCSON, ARIZONA
General Fixed Assets - By Source
June 30, 2001
(in thousands)

Statement H-1

General Fixed Assets:

Land	\$ 119,674
Buildings	192,252
Improvements and Equipment	167,894
Construction in Progress	<u>149,778</u>
Total General Fixed Assets (1)	\$ <u>629,598</u>

Investment in General Fixed Assets:

From General Obligation Bonds	\$ 224,641
From Current Revenues	225,854
From Federal Grants (2)	117,818
From Other Sources	10,022
From HUD Grants and Housing Fund Operating Revenue (Public Housing Assets) (2)	<u>51,263</u>
Total Investment in General Fixed Assets (1)	\$ <u>629,598</u>

(1) Includes \$90,059 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, 2001
(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	\$ 1,980	\$ 5,437	\$ 1,472	\$ 8,889
Finance			541	541
Budget and Research			62	62
City Attorney			180	180
Procurement		658	527	1,185
City Courts		4,995	1,018	6,013
Planning			150	150
Public Defender			34	34
City Clerk		892	319	1,211
Information Technology		2,225	5,535	7,760
Human Resources			82	82
Convention Center		43,246	2,919	46,165
Development Services Center			271	271
Total General Government	<u>1,980</u>	<u>57,453</u>	<u>13,110</u>	<u>72,543</u>
Community Services	4,498	6,512	851	11,861
Public Housing	6,949	43,452	862	51,263
Police		16,769	13,164	29,933
Fire		6,903	1,551	8,454
Operations		117	6,675	6,792
Solid Waste Management		2,551	5,181	7,732
Transportation	104,065	28,721	64,745	197,531
Library		17,906	2,213	20,119
Rio Nuevo	25		16	41
Parks and Recreation	<u>2,157</u>	<u>11,868</u>	<u>59,526</u>	<u>73,551</u>
Total General Fixed Assets				
Allocated to Functions (1)	<u>\$ 119,674</u>	<u>\$ 192,252</u>	<u>\$ 167,894</u>	<u>479,820</u>
Construction-in-Progress:				
Other				<u>149,778</u>
Total General Fixed Assets				<u>\$ 629,598</u>

(1) Includes \$90,059 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, 2001
(in thousands)

Statement H-3

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 2000</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>General Fixed Assets June 30, 2001</u>
General Government:				
Legislative and Administrative	\$ 9,138	\$ 5,997	\$ 6,246	\$ 8,889
Finance	276	348	83	541
Budget and Research	41	37	16	62
City Attorney	180	30	30	180
Procurement	1,168	605	588	1,185
City Courts	5,666	5,028	4,681	6,013
Planning	140	10		150
Public Defender	33	8	7	34
City Clerk	1,205	902	896	1,211
Information Technology	14,489	3,264	9,993	7,760
Human Resources	82			82
Convention Center	45,973	43,437	43,245	46,165
Development Services Center	218	53		271
Total General Government	<u>78,609</u>	<u>59,719</u>	<u>65,785</u>	<u>72,543</u>
Community Services	11,789	6,997	6,925	11,861
Public Housing	50,982	41,345	41,064	51,263
Police	28,223	3,734	2,024	29,933
Fire	7,904	4,784	4,234	8,454
Operations	6,002	2,529	1,739	6,792
Solid Waste Management	5,054	2,814	136	7,732
Transportation	191,855	101,579	95,903	197,531
Library	20,583	17,929	18,393	20,119
Rio Nuevo		66	25	41
Parks and Recreation	<u>26,138</u>	<u>57,806</u>	<u>10,393</u>	<u>73,551</u>
Total General Fixed Assets Allocated to Functions	<u>427,139</u>	<u>299,302</u>	<u>246,621</u>	<u>479,820</u>
Construction-in-Progress:				
Other	<u>142,689</u>	<u>22,422</u>	<u>15,333</u>	<u>149,778</u>
Total General Fixed Assets	<u>\$ 569,828</u>	<u>\$ 321,724</u>	<u>\$ 261,954</u>	<u>\$ 629,598</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, 2001
(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	\$ 1,209	
Amount to be Provided	<u>222,360</u>	
Total General Obligation Bonds		\$ 223,569
Street and Highway Bonds:		
Amount to be Provided		146,840
Contracts/Capital Leases:		
Amount Available in General Fund	785	
Amount Available in Special Revenue Funds	706	
Amount to be Provided	<u>73,705</u>	
Total Contracts/Capital Leases		75,196
Special Assessments:		
Amount Available in Debt Service Funds	1,166	
Amount to be Provided	<u>3,005</u>	
Total Special Assessments (1)		4,171
Public Housing Notes/Bonds:		
Amount to be Provided (2)		2,866
Compensated Absences:		
Amount to be Provided - General City	21,295	
Amount to be Provided - Public Housing	<u>270</u>	
Total Compensated Absences		21,565
Arbitrage Tax Rebate:		
Amount Available in Capital Projects Funds		779
Landfill Closure and Post-Closure Costs:		
Amount Available in General Fund	29,320	
Amount to be Provided	<u>18,760</u>	
Total Landfill Closure and Post-Closure Costs		<u>48,080</u>
Total Available and to be Provided		<u>\$ 523,066</u>
<u>General Long-Term Debt</u>		
General Obligation Bonds Payable		\$ 223,569
Street and Highway Bonds Payable		146,840
Capital Leases Payable		75,196
Special Assessment Bonds Payable:		
On City Owned Property	\$ 182	
Debt With City Commitment	<u>3,989</u>	
Total Special Assessment Bonds Payable (1)		4,171
Public Housing Notes/Bonds Payable (2)		2,866
Compensated Absences Payable		21,565
Arbitrage Tax Rebate Payable		779
Landfill Closure and Post-Closure Costs		<u>48,080</u>
Total General Long-Term Debt Payable		<u>\$ 523,066</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 (\$1,976) and the New Housing Authority Bonds (\$890) is funded through annual contributions from HUD.



*Statistical
Section*

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

TABLE I

	<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>	<u>2000-01</u>
General Government	\$ 72,565	\$ 76,555	\$ 50,057	\$ 59,003	\$ 69,142	\$ 62,300	\$ 70,453	\$ 74,068	\$ 94,112	\$ 88,208
Community Services (2)			32,719	44,157	43,200	42,196	47,165	54,879	50,546	46,934
Police	52,346	54,966	55,581	59,394	63,723	65,167	68,376	77,296	90,271	99,960
Fire	24,300	25,256	26,388	27,764	28,957	29,285	30,403	32,805	36,487	39,990
Operations	28,233	30,830	9,866	10,585	10,205	11,921	12,818	12,948	16,937	16,811
Solid Waste Management (2)			15,211	16,627	18,921	21,252	21,767	21,819	25,013	26,769
Transportation	30,996	34,468	47,548	67,119	69,173	79,468	85,515	76,676	97,730	93,183
Parks and Recreation	19,795	21,645	24,316	28,092	30,458	37,139	33,983	38,113	38,473	37,877
Library	10,408	10,794	11,257	12,802	13,125	13,179	13,555	15,123	16,618	18,578
Debt Service	32,288	26,763	30,774	35,989	39,233	39,200	39,836	42,036	46,302	50,372
Capital Projects (3)	<u>17,955</u>	<u>22,932</u>	<u>30,015</u>							
Total	\$ <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>	\$ <u>518,682</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>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>	<u>2000-01</u>
Taxes	\$ 119,436	\$ 126,252	\$ 134,897	\$ 144,067	\$ 144,932	\$ 152,875	\$ 158,401	\$ 167,428	\$ 182,112	\$ 194,471
Licenses and Permits	4,223	4,015	4,344	4,635	12,476	11,499	16,884	14,755	16,530	17,514
Fines, Forfeitures and Penalties	6,628	5,678	6,295	5,928	6,365	7,030	7,996	8,095	6,433	7,443
Use of Money and Property	3,167	2,944	3,266	5,373	5,900	6,773	7,239	6,285	7,602	7,528
Other Agencies	102,673	108,540	115,569	126,001	133,450	131,519	138,624	154,790	163,956	175,774
Charges for Current Services	20,128	20,399	23,608	28,946	30,671	30,491	30,530	32,213	38,986	40,831
Grants and Contributions On Federal Projects	35,036	39,528	45,272	54,459	47,417	61,701	65,582	62,875	60,704	67,801
Miscellaneous Revenue	<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>	<u>8,082</u>
Total	<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>	<u>\$ 519,444</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).

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>
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	18,841	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
2000-01	23,017	21,788	94.7	675	22,463	97.6	1,441	6.3

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	
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
2000-01	1,713,871	13,515,042	334,750	2,639,735	2,048,621	16,154,777	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>
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
2000-01							
Primary	0	4.0720	0.1406	7.1105	1.1709	0.5123	13.0063
Secondary		5.5635	0.9864	1.9389	0.3865	0.1300	9.0053

(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, 2001 (unaudited)
 (dollar amounts in thousands)

TABLE VI

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Estimated 2000-01 Assessed Valuation</u>	<u>As % of City's Total 2000-01 Assessed Valuation</u>
Tucson Electric Power Company	Electric Utility	\$ 86,787	4.24 %
U.S. West Communications, Inc.	Telephone	50,407	2.46
Tucson Mall	Retail Stores	18,468	0.90
Southwest Gas Corporation	Natural Gas Utility	18,330	0.90
AT & T Communications	Telephone	11,785	0.56
Park Place	Retail Stores	12,842	0.63
El Con Mall	Retail Stores	7,836	0.38
WC Partners	Commercial Rentals	6,672	0.33
Wal-Mart	Retail Stores	6,540	0.32
MCI Worldcom Network	Telephone	6,132	0.30
Totals		<u>\$ 225,799</u>	<u>11.02 %</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>
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
2000-01	736	736	1.00

(1) Principal only.

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

CITY OF TUCSON, ARIZONA
Miscellaneous Statistics
 June 30, 2001 (unaudited)
 (dollar amounts in thousands)

Table VIII

		General Obligation Other Purposes 6%	General Obligation Utility Purposes and Open Spaces 20%
Total Assessed Value	\$ 2,048,621		
Debt Limitation		\$ 122,917	\$ 409,724
Total Bonded Debt	654,032		
Less:			
Street & Highway Bonds	146,840		
Water Utility Revenue Bonds	278,562		
Special Assessments Bonds	4,171		
Public Housing Bonds	890		
Debt Subject to Limitation	<u>223,569</u>	<u>69,323</u>	<u>154,246</u>
Legal Debt Margin		<u><u>53,594</u></u>	<u><u>255,478</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>
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
2000-01	498,307	2,048,621	223,569	1,209	222,360	0.109	446.23

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	
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	0.93
1998-99	5,740	12,012	17,752	2,583	15,332	0.93
1999-00	6,105	12,299	18,404	2,695	17,137	0.94
2000-01	6,440	12,868	19,308	2,810	20,207	0.95

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- (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 2000-01 was .9864
- (3) 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
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>
1991-92	\$ 2,750	\$ 9,724	\$ 12,474	\$ 288,888	.04
1992-93	4,135	8,241 (2)	12,376	304,208	.04
1993-94	410	11,542	11,952	333,730	.04
1994-95	2,820	9,695 (2)	12,515	361,533	.03
1995-96	3,450	10,850 (2)	14,300	386,137	.04
1996-97	3,830	11,694	15,524	401,107	.04
1997-98	5,465	11,478	16,943	423,871	.04
1998-99	5,740	12,012	17,752	445,763	.04
1999-00	6,105	12,299	18,404	512,489	.04
2000-01	6,440	12,868	19,308	518,682	.04

(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, 2001 (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	\$ 222,360 ⁽¹⁾	100.00 %	\$ 222,360
School District No. 1	341,380	80.54	274,947
School District No. 8	16,470	52.65	8,671
School District No. 10	131,795	18.63	24,553
School District No. 12	68,235	53.63	36,594
School District No. 20	11,315	8.27	936
Pima County	223,970	48.36	108,312
Pima County Flood Control District	6,595	56.94	3,755
Pima County Community College	131,450	48.36	63,569
Total Direct and Overlapping Debt			\$ 743,697

(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		
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
2000-01	94,810	52,643	42,167	16,688	9,099	25,787	1.64

(1) Effective with FY 1997/98, this information shows 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>
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
2001	498,307	24	3.1	223.33	2,231.26

⁽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		
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
2001	2,415	269,156	5,808	386,393	5,812,485	10,070,605

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, 2001 (unaudited)

(dollar amounts in thousands)

<u>Date of Incorporation:</u>		<u>Street Lights:</u>	
February 7, 1887		Number	16,133
<u>Form of Government:</u>		<u>Libraries:</u>	
Council - Manager		Number - Within City	11
		- Outside City	9
<u>Date of Charter Adoption:</u>		Circulation	5,524,253
March 7, 1883		<u>Parks and Recreation:</u>	
<u>City Employees: June 30, 2001</u>		Acres of City Parks	2,835
Full Time	5,942	Recreation Centers	16
Part Time/Other	<u>2,906</u>	Golf Courses	5
	<u>8,848</u>	City Parks	103
		Playgrounds	104
		Swimming Pools	26
<u>Fire Protection:</u>		<u>Water Utility:</u>	
Commissioned Employees	526	Operable Wells	204
Number of Stations	17	Average Active Services:	
<u>Police Protection:</u>		Average Active Metered Services	192,304
Commissioned Employees	933.50	Average Active Unmetered Services	2,263
Traffic Citations	166,899	Miles of Water Mains	4,189
Felonies	47,283	Estimated Water Distributed (in Million Gallons)	36,259
<u>Miles of Streets:</u>		<u>Elections:</u>	
Paved	1751.06	Registered Voters 11/02/99	209,128
Unpaved	45.18	Votes Cast in Last City	
Area of City in Square Miles	223.334	General Election (41% of Voters)	86,180

GLOSSARY

Glossary

Accrual basis of accounting. A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. All proprietary and trust funds use the accrual basis of accounting.

Agent multiple-employer defined benefit pension plan. An aggregation of single-employer plans, with pooled administrative and investment functions. Separate accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan.

Basic financial statements. The minimum combination of financial statements and note disclosures required for fair presentation in conformity with Generally Accepted Accounting Principles (GAAP).

Budgetary basis of accounting. The method used to determine when revenues and expenditures are recognized for budgetary purposes. This may differ from the GAAP basis of accounting; for example, depreciation is required for GAAP reporting of enterprise funds, but may not be budgeted, and therefore would not be included in a budgetary basis report.

Capital projects fund. Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capitalization threshold. The dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. For the City, the capitalization threshold is \$5.

Cash. The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. *Cash* also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Combining financial statements. Financial statements that report separate columns for individual funds or component units. Combining financial statements normally are required in a comprehensive annual financial report to support each column in the basic financial statements that aggregates information from more than one fund or component unit.

Cost-sharing multiple-employer defined benefit pension plan. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards,

and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer. [SGAS 25]

Current financial resources measurement focus. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

Debt service fund. Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deferred revenue. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

Defined benefit pension plan. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation. [SGAS 25]

Designated unreserved fund balance. Management's intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the government's senior management. Expressed another way, designations reflect a government's self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

Economic resources measurement focus. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It also is used by business enterprises and not-for-profit organizations in the private sector.

Encumbrances. Commitments related to unperformed (executory) contracts for goods or services.

Enterprise fund. Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Expenditure. Decreases in net financial resources under the current financial resources measurement focus not properly classified as *other financing uses*.

Fiduciary funds. Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs.

The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Financial reporting entity. A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

Financial resources. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources also may include inventories and prepaids (because they obviate the need to expend current available financial resources).

Financial section. One of the three basic sections of a comprehensive annual financial report. The financial section is used to present the independent auditor's report on the financial statements, the basic financial statements (including the notes to the financial statements), required supplementary information, combining statements, individual fund statements and schedules, and supplementary information, as needed.

Fund. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund balance. The difference between assets and liabilities reported in a governmental fund.

Fund classifications. One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types.

Fund type. One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

General fund. The general fund is one of five governmental fund types and typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Generally accepted accounting principles (GAAP). The conventions, rules, and

procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local government are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

Government Finance Officers Association (GFOA). An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local government since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

Governmental Accounting Standards Board (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

Governmental funds. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Internal service funds. Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The goal of an internal service fund is to measure the full cost of providing goods or services for the purpose of fully recovering that cost (including the cost of capital assets) through fees or charges.

Introductory section. The first of three essential components of any comprehensive annual financial report. The introductory section typically provides general information on a government's structure and personnel as well as information useful in assessing the government's financial condition. The contents of the introductory section normally fall outside the scope of the independent audit of the financial statements.

Landfill closure and postclosure care costs. Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and during the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (e.g., leachate collection systems and final cover) as well as the cost of services (e.g., postclosure maintenance and monitoring costs). [SGAS 18]

Legal debt margin. The excess of the amount of debt legally authorized over the amount of debt outstanding.

Legal defeasance. A situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

Legal level of budgetary control. The level at which a government’s management may not reallocate resources without special approval from the legislative body.

Materiality. The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.¹ The objective of accountability in governmental financial reporting adds another perspective to materiality. Specifically, accountability requires materiality to be judged not only in a quantitative manner, but also in a qualitative manner. That is, accountability involves such issues as legal and contractual compliance that may not have a “material” effect on the entity’s reported operating results and financial position but that would influence or change the judgment of a reasonable person about how the government has conducted its affairs during the period. [SGAS 11]

Measurement Focus. The objective of a measurement, that is, what is being expressed in reporting an entity’s financial performance and position. A particular measurement focus is accomplished by considering not only which resources are measured (for example, financial or economic resources), but also when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

Modified accrual basis of accounting. Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

Noncapital financing activities. Term used in connection with cash flows reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments. [SGAS 9]

Operating Activities: Term used in connection with cash flows reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. [SGAS 9]

Operating revenues and expenses. Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial

statement preparers are advised to consider the definition of *operating activities* for cash flows reporting in establishing their own definition. [SGAS 34]

Other financing source. An increase in current financial resources that is reported separately from revenues to avoid distorting expenditure trends. The use of the *other financing sources* category is limited to items so classified by GAAP.

Other financing use. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the *other financing uses* category is limited to items so classified by GAAP.

Overlapping debt. Proportionate share that property within a government must bear of the debts of other local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

Pension (and other employee benefit) trust funds. A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Permanent Funds. A fiduciary fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used or purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Postretirement healthcare benefits. Medical, dental, vision, and other health-related benefits provided to retired employees, dependents, and beneficiaries. [SGAS 26]

Proprietary funds. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Refunding. The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding).

Required supplementary information. Statements, schedules, statistical data, or other information that the GASB has determined to be necessary to supplement, although not required to be a part of, the basic statements. [SGAS 5]

Restricted assets. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Special revenue fund. A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Statistical section. The third of three essential components of any comprehensive annual financial report. The statistical section provides a broad range of trend data covering key financial indicators from the past 10 fiscal years (e.g., general government revenues and expenditures, property tax collections, debt burden). It also contains demographic and miscellaneous data useful in assessing a government's financial condition. The contents of the statistical section normally fall outside the scope of the independent audit of the financial statements.