



# CITY OF TUCSON

ACCOUNTING  
DIVISION

## Monthly Financial Statements For March 31, 2014

This financial report is presented as required by Chapter XXIX, §3(4), of the City Charter. It is prepared to meet the needs of management, citizens, investors, and numerous governmental agencies. The financial statements included present the results of the City's operations and includes financial statements for general government funds, enterprise funds and internal service funds.

The general government statements report the revenues and expenditures for the General Fund, the Mass Transit Fund and the Highway User Revenue Fund (HURF). The General Fund serves as the City's chief operating fund and is used to account for all financial resources not accounted for in another fund. The Mass Transit Fund is used to account for the proceeds of specific revenue sources related to the operations of the City's transit systems: SunTran, SunVan and SunLink. The HURF Fund is used to record the state-shared gas tax revenue. The latter two funds' revenue sources are legally restricted to be expended for specific purposes.

Enterprise funds include Water, Environmental Services, and Golf. The Water Utility Fund accounts for the financing and operation of all activities necessary to provide water services to the Tucson metropolitan area. The Environmental Services Fund accounts for the financing and operation of all activities necessary to provide solid waste services to residential and commercial customers in the Tucson metropolitan area. The Golf Enterprise Fund accounts for the operation and maintenance of the City's golf courses, driving ranges, pro shops and clubhouses.

Finally, the report presents the revenues, expenses and changes in net assets for the internal service funds: Fleet Services, Self-Insurance and General Services. These funds are full accrual funds that support core City functions and charge cost-recovery fees to the City departments they serve.

Significant variances between current year actual amounts vs. prior year actual amounts are indicated by a bolded number, for example: **1a**. Explanations for these variances can be found on the final page of the report. Suggestions and comments are welcome and should be directed to Michael Mason, Finance Administrator, at (520) 837-4330.

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014			Fiscal Year 2013		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
General Fund Revenues and Other Financing Sources:	Straight-line Budget March, 31:		75.0%			
Revenues:						
Primary Property Taxes	\$ 7,869,227	\$ 13,119,610	60.0%	\$ 7,611,196	\$ 258,031	3.4%
Business Privilege Tax	124,921,722	188,988,400	66.1%	121,093,506	3,828,216	3.2% <b>1a</b>
Other Local Taxes	25,067,304	43,908,070	57.1%	30,316,009	(5,248,705)	-17.3% <b>1a</b>
Grants and Shared Taxes	3,222,829	4,112,220	78.4%	2,983,091	239,738	8.0%
State-Shared Income Tax Revenue	33,800,671	58,908,030	57.4%	30,991,760	2,808,911	9.1% <b>1b</b>
State-Shared Sales Tax	26,078,277	45,108,710	57.8%	24,385,562	1,692,715	6.9%
State Auto Lieu Tax	10,481,934	20,045,020	52.3%	10,872,231	(390,297)	-3.6%
Licenses and Permits	11,187,727	19,890,750	56.2%	11,454,395	(266,668)	-2.3%
Fines, Forfeitures, and Penalties	10,651,904	13,227,280	80.5%	8,025,346	2,626,558	32.7% <b>1c</b>
Use of Money and Property	686,484	694,450	98.9%	615,536	70,948	11.5%
Charges for Current Services	28,387,616	41,880,960	67.8%	29,870,875	(1,483,259)	-5.0%
Miscellaneous Revenue	9,483,090	9,926,140	95.5%	850,493	8,632,597	1015.0% <b>1d</b>
Total General City Revenues:	<u>291,838,785</u>	<u>459,809,640</u>		<u>279,070,000</u>	<u>12,768,785</u>	
Other Financing Sources	<u>1,200,000</u>	<u>14,806,000</u>	8.1%	<u>1,200,000</u>		
<b>Total Revenues and Other Financing Sources</b>	<b>\$ <u>293,038,785</u></b>	<b>\$ <u>474,615,640</u></b>		<b>\$ <u>280,270,000</u></b>	<b>\$ <u>12,768,785</u></b>	
General Fund Expenditures:						
Elected and Official						
Mayor and Council	\$ 1,779,213	\$ 2,736,430	65.0%	\$ 2,004,924	\$ (225,711)	-11.3%
City Manager	5,977,620	8,641,450	69.2%	4,836,240	1,141,380	23.6%
City Attorney	6,085,826	8,428,210	72.2%	6,030,108	55,718	0.9%
City Clerk	2,739,219	4,044,840	67.7%	1,986,972	752,247	37.9%
<b>Total Elected and Official</b>	<u>16,581,878</u>	<u>23,850,930</u>		<u>14,858,244</u>	<u>1,723,634</u>	
Public Safety & Justice Services						
City Court	7,736,651	11,102,480	69.7%	7,835,042	(98,391)	-1.3%
Equal Opportunity Programs and Independence	542,852	787,220	69.0%	529,199	13,653	2.6%
Public Defender	2,153,139	3,157,720	68.2%	2,156,384	(3,245)	-0.2%
Tucson Fire	61,669,585	86,944,809	70.9%	62,526,358	(856,773)	-1.4%
Tucson Police	103,035,989	146,998,734	70.1%	107,098,825	(4,062,836)	-3.8% <b>1e</b>
<b>Total Public Safety &amp; Justice Services</b>	<u>175,138,216</u>	<u>248,990,963</u>		<u>180,145,808</u>	<u>(5,007,592)</u>	
Community Enrichment & Development						
Housing & Community Development	3,175,101	4,870,176	65.2%	4,407,525	(1,232,424)	-28.0%
Office of Integrated Planning	514,920					
Parks and Recreation	25,757,383	35,952,290	71.6%	27,445,391	(1,688,008)	-6.2%
Planning & Development Services	5,627,012	8,868,638	63.4%	5,174,939	452,073	8.7%
Transportation	1,410,772	2,195,900	64.2%	4,867,778	(3,457,006)	-71.0% <b>1f</b>
<b>Total Community Enrichment &amp; Development</b>	<u>36,485,188</u>	<u>51,887,004</u>		<u>41,895,633</u>	<u>(5,925,365)</u>	
Support Services						
Budget and Internal Audit	1,077,290	1,541,880	69.9%	1,068,524	8,766	0.8%
Finance	8,031,178	10,339,910	77.7%	7,884,123	147,055	1.9%
General Services	6,249,902	9,339,400	66.9%	1,780,777	4,469,125	251.0% <b>1g</b>
Human Resources	1,398,333	2,174,940	64.3%	1,516,484	(118,151)	-7.8%
Information Technology	11,421,512	17,202,380	66.4%	11,520,879	(99,367)	-0.9%
Procurement	2,286,146	3,124,200	73.2%	2,409,733	(123,587)	-5.1%
<b>Total Support Services</b>	<u>30,464,361</u>	<u>43,722,710</u>		<u>26,180,520</u>	<u>4,283,841</u>	
<b>Total Non-Departmental</b>	<u>15,342,911</u>	<u>29,390,677</u>	52.2%	<u>14,313,365</u>	<u>1,029,546</u>	7.2%
<b>Capital Projects</b>	<u>1,102,754</u>	<u>1,857,470</u>	59.4%	<u>1,061,840</u>	<u>40,914</u>	3.9%
<b>Debt Service and Fiscal Agent Fees</b>	<u>5,494,056</u>	<u>24,360,720</u>	22.6%	<u>5,707,623</u>	<u>(213,567)</u>	-3.7%
<b>Other Financing Uses</b>	<u>35,420,952</u>	<u>46,269,770</u>	76.6%	<u>32,988,539</u>	<u>2,432,413</u>	7.4% <b>1h</b>
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>\$ <u>316,030,316</u></b>	<b>\$ <u>470,330,244</u></b>		<b>\$ <u>317,151,572</u></b>	<b>\$ <u>(1,636,176)</u></b>	

**CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES AND EXPENDITURES  
MASS TRANSIT FUND  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014			Fiscal Year 2013		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
Mass Transit Revenues and Other Financing Sources:	Straight-line Budget March, 31: 75.0%					
Revenues:						
Federal Grants and Contributions	\$ 1,658,943	\$ 19,325,820	8.6%	\$ 62,803,427	\$ (61,144,484)	-97.4%
Other Agencies	9,448,004	17,143,280	55.1%	2,768,805	6,679,199	241.2%
Use of Money and Property	294,857	250,000	117.9%	245,248	49,609	20.2%
Charges for Current Services	9,909,872	16,249,710	61.0%	10,336,815	(426,943)	-4.1%
Miscellaneous Revenue	197,244	480,050	41.1%	239,440	(42,196)	-17.6%
<b>Total Revenues:</b>	<u>21,508,920</u>	<u>53,448,860</u>		<u>76,393,735</u>	<u>(54,884,815)</u>	
Other Financing Sources	32,049,780	42,733,040	75.0%	30,323,093	1,726,687	5.7%
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 53,558,700</u>	<u>\$ 96,181,900</u>		<u>\$ 106,716,828</u>	<u>\$ (53,158,128)</u>	
Mass Transit Expenditures:						
Community Enrichment & Development						
Transportation	\$ 56,324,881	\$ 83,657,500	67.3%	\$ 52,486,225	\$ 3,838,656	7.3%
<b>Total Community Enrichment &amp; Development</b>	<u>56,324,881</u>	<u>83,657,500</u>		<u>52,486,225</u>	<u>3,838,656</u>	
<b>Capital Outlay</b>	<u>259,920</u>	<u>4,997,000</u>	5.2%	<u>28,897,795</u>	<u>(28,637,875)</u>	-99.1%
<b>Capital Projects</b>	<u>1,088,346</u>	<u>10,107,100</u>	10.8%	<u>29,218,751</u>	<u>(28,130,405)</u>	-103.9%
<b>Total Expenditures &amp; Other Financing Uses</b>	<u>\$ 56,584,801</u>	<u>\$ 88,654,500</u>		<u>\$ 110,602,771</u>	<u>\$ (24,799,219)</u>	

**CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES AND EXPENDITURES  
HIGHWAY USER REVENUE FUND (HURF)  
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014			Fiscal Year 2013		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
HURF Revenues and Other Financing Sources:	Straight-line Budget March, 31: 75.0%					
Revenues:						
Licenses and Permits	\$ 220,233	\$ 34,042,290	62.4%	\$ 43,250	\$ 176,983	409.2%
Other Agencies	21,235,261	335,000	268.3%	20,785,409	449,852	2.2%
Use of Money and Property	898,666	542,000	171.4%	342,603	556,063	162.3%
Charges for Current Services	929,255	3,179,020	43.9%	517,594	411,661	79.5%
Miscellaneous Revenue	1,395,317			2,341,870	(946,553)	-40.4%
<b>Total Revenues</b>	<u>\$ 24,678,731</u>	<u>\$ 38,098,310</u>		<u>\$ 24,030,726</u>	<u>\$ 648,006</u>	
HURF Expenditures:						
Public Safety & Justice Services						
Neighborhood Resources Department	\$ _____	\$ _____		\$ 19,549	\$ (19,549)	-100.0%
<b>Total Public Safety &amp; Justice Services</b>	<u>_____</u>	<u>_____</u>		<u>19,549</u>	<u>(19,549)</u>	
Community Enrichment and Development						
Transportation	19,655,039	32,557,193	60.4%	20,138,721	(483,682)	-2.4%
<b>Total Community Enrichment and Development</b>	<u>19,655,039</u>	<u>32,557,193</u>		<u>20,138,721</u>	<u>(483,682)</u>	
Non-Departmental						
Outside Agencies	50,290	100,580	50.0%	50,290	_____	
<b>Total Non-Departmental</b>	<u>50,290</u>	<u>100,580</u>		<u>50,290</u>	<u>_____</u>	
<b>Capital Outlay</b>	<u>82,761</u>	<u>611,070</u>	13.5%	<u>7,757</u>	<u>75,004</u>	966.9%
<b>Capital Projects</b>	<u>2,050,660</u>	<u>2,066,587</u>	99.2%	<u>288,703</u>	<u>1,879,925</u>	15.4%
<b>Debt Service and Fiscal Agent Fees</b>	<u>_____</u>	<u>_____</u>		<u>170,735</u>	<u>(170,735)</u>	
<b>Total Expenditures &amp; Other Financing Uses</b>	<u>\$ 21,838,750</u>	<u>\$ 35,335,430</u>		<u>\$ 20,675,755</u>	<u>\$ 1,280,963</u>	

**CITY OF TUCSON, ARIZONA  
ENTERPRISE FUNDS  
MARCH 31, 2014**

	<u>Water Utility Fund</u>	<u>Environmental Services</u>	<u>Tucson Golf Enterprise Fund</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>			
Assets			
Current assets:			
Pooled Cash and Investments	\$ 51,605,128	\$ 29,747,823	\$ 4,450
Cash and Investments - Restricted	(1,088,678)		
Cash and Investments with Fiscal Agent - Restricted	19,736,968		
Accounts Receivable, Net	10,837,736	4,106,562	484,329
Due from Other Agencies		22,765	
Interest Receivable	144,076	85,692	
Inventories	3,723,775		112,391
Other Assets	481,186		
<b>Total current assets</b>	<u>85,440,191</u>	<u>33,962,842</u>	<u>601,170</u>
Noncurrent assets:			
Long Term Accounts Receivable	451,895		
Other Assets - Restricted	218,997		
Land and Construction in Progress	209,742,514	11,196,009	2,701,865
Other Capital Assets, Net	990,547,420	20,954,585	13,187,554
Water Rights	52,126,968		
<b>Total noncurrent assets</b>	<u>1,253,087,794</u>	<u>32,150,594</u>	<u>15,889,419</u>
<b>Total assets</b>	<u>1,338,527,985</u>	<u>66,113,436</u>	<u>16,490,589</u>
Deferred Outflows			
Unamortized Loss on Refunding	13,360,960		
<b>Total deferred outflows</b>	<u>13,360,960</u>		
<b>Total assets and deferred outflows</b>	<u>1,351,888,945</u>	<u>66,113,436</u>	<u>16,490,589</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>			
Liabilities			
Current liabilities:			
Accounts Payable	1,708,054	71,607	29,195
Accrued Payroll Liabilities	(7,549)	(7,531)	
Interfund Payable			7,702,301
Due to Other Agencies	(9,464)	893	
Accrued Interest Payable			4,107
Refundable Deposits	2,994,100	61,550	
Current Portion of Bonds Payable	28,874,647	121,000	
Current Portion of Contracts Payable		608,131	
Current Portion of Compensated Absences	1,744,436		89,858
Liabilities Payable from Restricted Assets	1,401,220		
Advances From Customers			168,801
Current Portion of Long Term Liabilities		740,330	
<b>Total current liabilities</b>	<u>36,705,444</u>	<u>1,595,980</u>	<u>7,994,262</u>

**CITY OF TUCSON, ARIZONA  
ENTERPRISE FUNDS  
MARCH 31, 2014**

**LIABILITIES AND DEFERRED INFLOWS (continued)**

Noncurrent liabilities:			
Bonds Payable	516,805,062		
Contracts Payable		10,593,000	
Compensated Absences	1,889,495	701,672	93,821
Other-Post-employment Benefits	972,264	419,502	45,706
Long Term Liabilities		44,220,917	
<b>Total non-current liabilities</b>	<u>519,666,821</u>	<u>55,935,091</u>	<u>139,527</u>
<b>Total liabilities</b>	<u>556,372,265</u>	<u>57,531,071</u>	<u>8,133,789</u>
Deferred Inflows			
Unavailable Revenue	<u>73,162</u>		
<b>Total deferred inflows</b>	<u>73,162</u>		
<b>Total liabilities and deferred inflows</b>	<u>556,445,427</u>	<u>57,531,071</u>	<u>8,133,789</u>
<b><u>NET POSITION</u></b>			
Net Investment in capital assets	719,104,473	21,436,594	15,889,419
Amounts Restricted for:			
Debt Service	19,736,968		
Unrestricted Amounts (deficit)	56,602,077	(23,647,216)	(7,532,619)
Closure/Post Closure Liability		4,846,387	
New Landfill Cell Construction		5,946,600	
<b>Total net position</b>	<u>\$ 795,443,518</u>	<u>\$ 8,582,365</u>	<u>\$ 8,356,800</u>

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**WATER UTILITY FUND**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014	Fiscal Year 2013	\$ Change CFY vs PFY	% Change CFY vs PFY	
	Actual	Actual			
<b>Operating revenues:</b>					
Charges for Services	\$ 113,707,314	\$ 104,521,385	\$ 9,185,929	8.8%	4a
Miscellaneous	845,809	892,565	(46,756)	-5.2%	
<b>Total operating revenues</b>	<u>114,553,123</u>	<u>105,413,950</u>	<u>9,139,173</u>		
<b>Operating expenses:</b>					
Personal Services	25,659,345	25,214,056	445,289	1.8%	
Contractual Services	46,530,604	37,663,159	8,867,445	23.5%	4b
Commodities	5,875,343	5,858,225	17,118	0.3%	
Depreciation/Amortization	22,433,411	22,150,713	282,698	1.3%	
<b>Total operating expenses</b>	<u>100,498,703</u>	<u>90,886,153</u>	<u>9,612,550</u>		
<b>Operating Income (Loss)</b>	<u>14,054,420</u>	<u>14,527,797</u>	<u>(473,377)</u>		
<b>Nonoperating revenues (expenses):</b>					
Investment Income	626,525	414,557	211,968	51.1%	
Gain (Loss) on Sale of Property/Equipment	149,739	(156,620)	306,359	-195.6%	
Federal Grants and Contributions		28,278	(28,278)	-100.0%	
Non-Grant Contributions	1,138,039			0.0%	
Interest Expense	(14,245,297)	(15,309,641)	1,064,344	-7.0%	4c
Amortization of Cost Issuance		(270,464)	270,464	-100.0%	
Other Nonoperating Income (Expenses)	(389,725)	(353,310)	(36,415)	10.3%	
<b>Total nonoperating revenues (expenses)</b>	<u>(12,720,719)</u>	<u>(15,647,200)</u>	<u>2,926,481</u>		
<b>Income (loss) before capital contributions and transfers</b>	<u>1,333,701</u>	<u>(1,119,403)</u>	<u>2,453,104</u>		
<b>Capital Contributions</b>	5,435,162	2,403,489	3,031,673	126.1%	
<b>Transfers Out</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>		0.0%	
<b>Changes in net position</b>	<u>5,568,863</u>	<u>84,086</u>	<u>5,484,777</u>		
<b>Total net position, beginning of year</b>	789,874,655	766,475,908	23,398,747		
<b>Total net position, March 31</b>	<u>\$ 795,443,518</u>	<u>\$ 766,559,994</u>	<u>\$ 28,883,524</u>		

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENVIRONMENTAL SERVICES FUND**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014		Fiscal Year 2013	
	Actual	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
<b>Operating revenues:</b>				
Charges for Services	\$ 35,674,334	\$ 35,973,658	\$ (299,324)	-0.8%
Miscellaneous	1,095,382	989,700	105,682	10.7%
<b>Total operating revenues</b>	<u>36,769,716</u>	<u>36,963,358</u>	<u>(193,642)</u>	
<b>Operating expenses:</b>				
Personal Services	10,899,440	11,512,032	(612,592)	-5.3%
Contractual Services	12,602,709	12,421,764	180,945	1.5%
Commodities	3,412,283	3,563,622	(151,339)	-4.2%
Depreciation/Amortization	3,802,842	4,016,492	(213,650)	-5.3%
<b>Total operating expenses</b>	<u>30,717,274</u>	<u>31,513,910</u>	<u>(796,636)</u>	
<b>Operating Income (Loss)</b>	<u>6,052,442</u>	<u>5,449,448</u>	<u>602,994</u>	
<b>Nonoperating revenues (expenses):</b>				
Investment Income	145,831	76,595	69,236	90.4%
Gain (Loss) on Sale of Property/Equipment	272,661	491,316	(218,655)	-44.5%
Other Agencies	62,764	180,891	(118,127)	-65.3%
Interest Expense	(248,203)	(43,279)	(204,924)	473.5%
Amortization of Cost Issuance		(13,430)	13,430	-100.0%
<b>Total nonoperating revenues (expenses)</b>	<u>233,053</u>	<u>692,093</u>	<u>(459,040)</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>6,285,495</u>	<u>6,141,541</u>	<u>143,954</u>	
<b>Changes in net position</b>	<u>6,285,495</u>	<u>6,141,541</u>	<u>143,954</u>	
<b>Total net position, beginning of year</b>	2,296,870	(3,479,259)	5,776,129	
<b>Total net position, March 31</b>	<u>\$ 8,582,365</u>	<u>\$ 2,662,282</u>	<u>\$ 5,920,083</u>	

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**TUCSON GOLF ENTERPRISE FUND**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	Fiscal Year 2014	Fiscal Year 2013	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Actual		
<b>Operating revenues:</b>				
Charges for Services	\$ 4,598,061	\$ 4,468,660	\$ 129,401	2.9%
Miscellaneous	14,260	3,992	10,268	257.2%
<b>Total operating revenues</b>	<u>4,612,321</u>	<u>4,472,652</u>	<u>139,669</u>	
<b>Operating expenses:</b>				
Personnel Services	1,794,392	2,257,406	(463,014)	-20.5% <b>5a</b>
Contractual Services	1,706,864	1,402,907	303,957	21.7% <b>5b</b>
Commodities	630,261	732,913	(102,652)	-14.0%
Cost of Goods Sold	154,017	149,385	4,632	3.1%
Depreciation/Amortization	514,215	528,073	(13,858)	-2.6%
<b>Total operating expenses</b>	<u>4,799,749</u>	<u>5,070,684</u>	<u>(270,935)</u>	
<b>Operating Income (Loss)</b>	<u>(187,428)</u>	<u>(598,032)</u>	<u>410,604</u>	
<b>Nonoperating revenues (expenses):</b>				
Gain (Loss) on Sale of Property/Equipment	144		144	0.0%
Interest Expense	(18,309)	(40,959)	22,650	-55.3%
<b>Total nonoperating revenues (expenses)</b>	<u>(18,165)</u>	<u>(40,959)</u>	<u>22,794</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>(205,593)</u>	<u>(638,991)</u>	<u>433,398</u>	
<b>Changes in net position</b>	<u>(205,593)</u>	<u>(638,991)</u>	<u>433,398</u>	
<b>Total net position, beginning of year</b>	8,562,393	9,968,744	(1,406,351)	
<b>Total net position, March 31</b>	<u>\$ 8,356,800</u>	<u>\$ 9,329,753</u>	<u>\$ (972,953)</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<u>Fleet Services</u>	<u>Self Insurance</u>	<u>General Services</u>
<b>Operating revenues:</b>			
Charges for Services	\$ 18,067,571	\$ 11,822,174	\$ 13,050,151
Miscellaneous	183,909	20,907	2,541
<b>Total operating revenues</b>	<u>18,251,480</u>	<u>11,843,081</u>	<u>13,052,692</u>
<b>Operating expenses:</b>			
Personal Services	4,334,994	845,617	6,599,328
Contractual Services	3,958,668	2,169,780	4,386,584
Commodities	10,226,827	92,707	1,538,510
Benefits and Claims		8,584,922	
Depreciation	1,545,939	10,203	328,158
<b>Total operating expenses</b>	<u>20,066,428</u>	<u>11,703,229</u>	<u>12,852,580</u>
<b>Operating income (loss)</b>	<u>(1,814,948)</u>	<u>139,852</u>	<u>200,112</u>
<b>Nonoperating revenues (expenses):</b>			
Property Taxes		1,723,969	
Investment Income	3,048	32,969	14,885
Gain (loss) on Sale of Property/Equipment	3,933		
Federal Non Grant Contributions			170,767
Interest Expense			(350,000)
<b>Total nonoperating revenues (expenses)</b>	<u>6,981</u>	<u>1,756,938</u>	<u>(164,348)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(1,807,967)</u>	<u>1,896,790</u>	<u>35,764</u>
<b>Capital Contributions</b>	25,335		
<b>Transfers Out</b>	<u>52,744</u>		<u>(6,146,153)</u>
<b>Changes in net position</b>	<u>(1,729,888)</u>	<u>1,896,790</u>	<u>(6,110,389)</u>
<b>Total net position, beginning of year</b>	10,361,694	(12,635,103)	(1,974,255)
<b>Total net position, March 31</b>	<u>\$ 8,631,806</u>	<u>\$ (10,738,313)</u>	<u>\$ (8,084,644)</u>

**City of Tucson, Arizona**  
**Financial Statement Variance Explanations**  
**For March 2014**

**General Fund (pg. 2):**

- (1a) There was a \$3.86 million revenue recognition change in the prior year between Business Privilege Tax and Other Local Taxes.
- (1b) The State-Shared Income Tax is based on income tax collections by the State from 2 years ago. The increase is over \$400,000 per month from the prior fiscal year.
- (1c) Due to an increase in citations and tax intercepts the revenues for court fees and fines has increased over \$2.6 million dollars.
- (1d) City of Tucson received the settlement payment for the asbestos claim against W.R. Grace in the amount of \$7.5 million.
- (1e) The implementation of a new payroll system resulted in certain benefits being expensed each pay period over this fiscal year compared to an annual expense that occurred prior fiscal year. Salaries and overtime decreased \$1,130,000. Police pension increased \$1,443,794 compared to last year. A change in policy moved all maintenance charges to General Services Department, the decrease related to Police is \$1,042,000.
- (1f) In the last fiscal year, the Transportation Department completed the 2013 Pavement Preservation Program.
- (1g) This fiscal year, all general funded building maintenance and custodial service costs were moved to General Services instead of the individual departments. Also, this fiscal year has new expenses related to the Tucson Convention Center Arena improvements.
- (1h) The subsidy for Mass transit increased primarily due to an increased demand for Sun Van services.

**Mass Transit (pg. 3):**

- (2a) Modern Streetcar construction related to Tiger grant funding and replacement bus purchases decreased \$55,200,000 compared to prior fiscal year.
- (2b) The timeliness and amount of RTA billings has increased compared to prior fiscal year.
- (2c) Operating expenditures increased by \$3.8M due to printing of transfer tickets, software upgrade, transit survey, transit operator wages and Modern Streetcar pre-revenue costs.

**Highway User Revenue Fund (pg. 3):**

- (3a) Received Western Emulsion lease payments from previous years.
- (3b) Increased spending for the Houghton Rd. construction project.

**Water Utility Fund (pg. 6):**

- (4a) Increase in Charges for Services represents increased Central Arizona Project (CAP) surcharges and Metered Sales.

**City of Tucson, Arizona**  
**Financial Statement Variance Explanations**  
**For March 2014**

**Water Utility Fund continued (pg. 6):**

- (4b) Contractual Services increased by \$8.9M due to \$4.9M in FY13 CIP timing difference between fiscal years, \$1.7M in costs associated with CAP Commodity and Delivery Charges, \$1M in electric due to increased rates and reduction in rebates from FY13, \$291K in Bad Debt Write Off, \$480K in Tucson Water Administrative Fees, \$137K in Legal Fees, \$227K in Water Surveys/Studies and \$183K in building maintenance.
- (4c) Decrease in interest expense due to bond refunding for long term interest savings.

**Tucson Golf Fund (pg. 8):**

- (5a) Salaries and benefits decreased due to the contracting of Tucson City Golf.
- (5b) Contractual services increased due to the contracting of Tucson City Golf.