



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For December 31, 2016

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, Sun Link 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 SunTran and SunVan services. The Sun Link Fund accounts for all financial resources related to the modern streetcar operations. The HURF Fund is used to record the state-shared gas tax revenue that can only be used for authorized transportation purposes.

Enterprise funds include Water Utility, Environmental Services, and Tucson 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 Tucson Golf 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 position 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 Pete Saxton, Finance Administrator, at (520) 837-4330 or Pete.Saxton@tucsonaz.gov.

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017		%	Fiscal Year 2016	\$ Change	% Change
	Actual	Revised Budget	Budget	Actual	CFY vs PFY	CFY vs PFY
General Fund Revenues and Other Financing Sources:		Straight-line Budget	50.0%			
Revenues:						
Primary Property Taxes	\$ 7,345,439	\$ 14,494,430	50.7%	\$ 7,236,620	\$ 108,819	1.5%
Business Privilege Tax	97,468,123	192,539,300	50.6%	94,518,234	2,949,889	3.1% 1a
Other Local Taxes	24,430,845	50,093,750	48.8%	21,664,951	2,765,894	12.8% 1b
Grants and Shared Taxes	5,520,709	6,170,640	89.5%	2,717,269	2,803,440	103.2% 1c
State-Shared Income Tax Revenue	32,542,011	65,118,880	50.0%	31,310,949	1,231,062	3.9%
State-Shared Sales Tax	23,005,141	50,099,800	45.9%	23,796,317	(791,176)	-3.3%
State Auto Lieu Tax	11,304,294	22,790,790	49.6%	10,816,481	487,813	4.5%
Licenses and Permits	15,854,030	29,074,730	54.5%	14,517,437	1,336,593	9.2%
Fines, Forfeitures, and Penalties	4,141,943	10,478,630	39.5%	6,104,622	(1,962,679)	-32.2%
Use of Money and Property	74,429	448,790	16.6%	386,028	(311,599)	-80.7%
Charges for Current Services	20,634,528	43,327,230	47.6%	20,217,433	417,095	2.1%
Miscellaneous Revenue	200,219	9,026,410	2.2%	1,195,928	(995,709)	-83.3%
Total Revenues:	<u>242,521,711</u>	<u>493,663,380</u>		<u>234,482,269</u>	<u>8,039,442</u>	
Other Financing Sources	<u>1,144,453</u>	<u>1,918,300</u>	59.7%	<u>800,000</u>	<u>344,453</u>	43.1%
Total Revenues and Other Financing Sources	<u>\$ 243,666,164</u>	<u>\$ 495,581,680</u>		<u>\$ 235,282,269</u>	<u>\$ 8,383,895</u>	
General Fund Expenditures:						
Elected and Official						
Mayor and Council	\$ 1,086,813	\$ 2,511,790	43.3%	\$ 1,212,792	\$ (125,979)	-10.4%
City Manager	1,883,089	4,156,670	45.3%	2,417,636	(534,547)	-22.1%
City Attorney	3,745,277	7,435,540	50.4%	3,888,153	(142,876)	-3.7%
City Clerk	1,025,816	3,172,710	32.3%	1,717,790	(691,974)	-40.3%
Total Elected and Official	<u>7,740,995</u>	<u>17,276,710</u>		<u>9,236,371</u>	<u>(1,495,376)</u>	
Public Safety & Justice Services						
City Court	4,281,063	9,253,940	46.3%	5,179,238	(898,175)	-17.3%
Public Defender	1,262,245	2,700,840	46.7%	1,441,995	(179,750)	-12.5%
Tucson Fire	44,509,676	90,906,700	49.0%	49,455,467	(4,945,791)	-10.0% 1d
Tucson Police	71,728,888	146,652,470	48.9%	78,320,123	(6,591,235)	-8.4% 1d,1e
Total Public Safety & Justice Services	<u>121,781,872</u>	<u>249,513,950</u>		<u>134,396,823</u>	<u>(12,614,951)</u>	
Community Enrichment & Development						
Housing & Community Development	1,008,003	2,553,900	39.5%	1,034,574	(26,571)	-2.6%
Parks and Recreation	12,088,401	26,876,370	45.0%	17,574,036	(5,485,635)	-31.2% 1d
Planning & Development Services	3,007,652	5,853,130	51.4%	4,918,551	(1,910,899)	-38.9% 1f
Transportation	213,595	2,323,620	9.2%	889,395	(675,800)	-76.0%
Environmental Services	884,340	2,061,600	42.9%	884,340	884,340	100.0%
Total Community Enrichment & Development	<u>17,201,991</u>	<u>39,668,620</u>		<u>24,416,556</u>	<u>(7,214,565)</u>	
Support Services						
Finance	3,956,009	8,363,620	47.3%	4,920,625	(964,616)	-19.6% 1g
General Services	14,009,105	29,076,870	48.2%	5,580,080	8,429,025	151.1% 1d
Human Resources	979,620	2,325,420	42.1%	1,096,960	(117,340)	-10.7%
Information Technology	10,018,078	19,879,070	50.4%	11,153,713	(1,135,635)	-10.2% 1g
Procurement	1,703,619	3,277,820	52.0%	1,713,575	(9,956)	-0.6%
Total Support Services	<u>30,666,431</u>	<u>62,922,800</u>		<u>24,464,953</u>	<u>6,201,478</u>	
Total General Government	<u>8,346,347</u>	<u>31,872,910</u>	26.2%	<u>9,448,434</u>	<u>(1,102,087)</u>	-11.7%
Capital Outlay	<u>354,591</u>	<u>8,662,100</u>	4.1%	<u>671,808</u>	<u>(317,217)</u>	-47.2%
Capital Projects	<u>193,445</u>	<u>2,060,900</u>	9.4%	<u>245,353</u>	<u>(51,908)</u>	-21.2%
Debt Service and Fiscal Agent Fees	<u>6,051,504</u>	<u>24,717,140</u>	24.5%	<u>5,198,969</u>	<u>852,535</u>	16.4%
Other Financing Uses	<u>26,107,880</u>	<u>53,394,380</u>	48.9%	<u>26,735,638</u>	<u>(627,758)</u>	-2.3%
Total Expenditures & Other Financing Uses	<u>\$ 218,445,056</u>	<u>\$ 490,089,510</u>		<u>\$ 234,814,905</u>	<u>\$ (16,369,849)</u>	

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES AND EXPENDITURES
MASS TRANSIT FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017		% Budget	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget				
Mass Transit Revenues and Other Financing Sources:	Straight-line Budget		50.0%			
Revenues:						
Federal Grants and Contributions	\$ 568,985	\$ 18,527,880	3.1%	\$ 10,949,889	\$ (10,380,904)	-94.8% 2a
Other Agencies	6,317,936	13,960,980	45.3%	4,887,914	1,430,022	29.3% 2b
Use of Money and Property	237,684	414,100	57.4%	351,554	(113,870)	-32.4%
Charges for Current Services	6,498,313	12,821,400	50.7%	4,773,078	1,725,235	36.1% 2b
Miscellaneous Revenue	277,077	650,360	42.6%	159,288	117,789	73.9%
Total Revenues:	<u>13,899,995</u>	<u>46,374,720</u>		<u>21,121,723</u>	<u>(7,221,728)</u>	
Other Financing Sources	<u>22,281,960</u>	<u>44,563,920</u>	50.0%	<u>22,741,535</u>	<u>(459,575)</u>	-2.0%
Total Revenues and Other Financing Sources	<u>\$ 36,181,955</u>	<u>\$ 90,938,640</u>		<u>\$ 43,863,258</u>	<u>\$ (7,681,303)</u>	
Mass Transit Expenditures:						
Community Enrichment & Development						
Transportation	\$ 35,084,363	\$ 77,790,530	45.1%	\$ 35,905,960	\$ (821,597)	-2.3%
Total Community Enrichment & Development	<u>35,084,363</u>	<u>77,790,530</u>		<u>35,905,960</u>	<u>(821,597)</u>	
Capital Outlay	<u>134,105</u>	<u>2,109,300</u>	6.4%	<u>8,599,419</u>	<u>(8,465,314)</u>	-98.4% 2a
Capital Projects	<u>201,725</u>	<u>11,038,810</u>	1.8%	<u>2,928,586</u>	<u>(2,726,861)</u>	-93.1% 2a
Total Expenditures	<u>\$ 35,420,193</u>	<u>\$ 90,938,640</u>		<u>\$ 47,433,965</u>	<u>\$ (12,013,772)</u>	

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES AND EXPENDITURES
SUN LINK
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017		% Budget	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget				
Sun Link Revenues and Other Financing Sources:	Straight-line Budget		50.0%			
Revenues:						
Other Agencies	\$ 1,000,000	\$ 1,200,000	83.3%	\$ 503,800	\$ 496,200	98.5%
Charges for Current Services	436,519	1,085,340	40.2%	728,254	(291,735)	-40.1%
Miscellaneous Revenue	29,828	7,600	392.5%	568	29,260	5151.4%
Total Revenues:	<u>1,466,347</u>	<u>2,292,940</u>		<u>1,232,622</u>	<u>233,725</u>	
Other Financing Sources	<u>1,587,640</u>	<u>3,175,280</u>	50.0%	<u>1,155,885</u>	<u>431,755</u>	37.4%
Total Revenues and Other Financing Sources	<u>\$ 3,053,987</u>	<u>\$ 5,468,220</u>		<u>\$ 2,388,507</u>	<u>\$ 665,480</u>	
Sun Link Expenditures:						
Community Enrichment & Development						
Transportation	\$ 1,571,216	\$ 3,992,100	39.4%	\$ 1,904,630	\$ (333,414)	-17.5%
Total Community Enrichment & Development	<u>1,571,216</u>	<u>3,992,100</u>		<u>1,904,630</u>	<u>(333,414)</u>	
Capital Outlay				<u>2,551</u>	<u>(2,551)</u>	-100.0%
Debt Service and Fiscal Agent Fees		<u>1,514,120</u>	0.0%	<u>378,714</u>	<u>(378,714)</u>	-100.0%
Total Expenditures	<u>\$ 1,571,216</u>	<u>\$ 5,506,220</u>		<u>\$ 2,285,895</u>	<u>\$ (714,679)</u>	

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES AND EXPENDITURES
HIGHWAY USER REVENUE FUND (HURF)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017		% Budget	Fiscal Year 2016	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget		Actual		
HURF Revenues:		Straight-line Budget	50.0%			
Revenues:						
Licenses and Permits	\$ 187,523	\$ 674,800	27.8%	\$ 299,663	\$ (112,140)	-37.4%
Other Agencies	18,344,230	38,274,480	47.9%	18,506,153	(161,923)	-0.9%
Use of Money and Property	251,155	630,000	39.9%	236,379	14,776	6.3%
Miscellaneous Revenue	866,813	600,000	144.5%	678,699	188,114	27.7%
Total Revenues	<u>\$ 19,649,721</u>	<u>\$ 40,179,280</u>		<u>\$ 19,720,894</u>	<u>\$ (71,173)</u>	
HURF Expenditures:						
Community Enrichment and Development						
Transportation	\$ 14,691,039	\$ 34,911,230	42.1%	\$ 13,709,030	\$ 982,009	7.2%
Total Community Enrichment and Development	14,691,039	34,911,230		13,709,030	982,009	
Non-Departmental						
Outside Agencies		100,580	0.0%	134,790	(134,790)	-100.0%
Total Non-Departmental		100,580		134,790	(134,790)	
Capital Outlay	601,692	1,396,500	43.1%	97,390	504,302	517.8%
Capital Projects	8,922,207	10,377,600	86.0%	439,249	8,482,958	1931.2% 3a
Other Financing Uses (Sources)		9,939,640	0.0%			0.0%
Total Expenditures & Other Financing Uses	<u>\$ 24,214,938</u>	<u>\$ 56,725,550</u>		<u>\$ 14,380,459</u>	<u>\$ 9,834,479</u>	

CITY OF TUCSON, ARIZONA
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2016

	Water Utility Fund	Environmental Services	Tucson Golf Enterprise Fund
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 64,547,855	\$ 32,896,022	\$ 2,051,320
Cash and Investments - Restricted			
Cash and Investments with Fiscal Agent - Restricted	14,335,274		
Accounts Receivable, Net	23,909,290	4,109,584	413,361
Due from Other Agencies		11,318	
Interest Receivable	133,048	64,226	
Inventories	5,231,657		246,465
Other Assets	10,112,609		
Total current assets	<u>118,269,733</u>	<u>37,081,150</u>	<u>2,711,146</u>
Noncurrent assets:			
Long Term Accounts Receivable	176,022		
Other Assets - Restricted			28,995
Land and Construction in Progress	151,781,461	13,234,479	2,701,864
Other Capital Assets, Net	1,091,050,590	29,679,618	11,739,050
Water Rights	52,126,968		
Total noncurrent assets	<u>1,295,135,041</u>	<u>42,914,097</u>	<u>14,469,909</u>
Total assets	<u>1,413,404,774</u>	<u>79,995,247</u>	<u>17,181,055</u>
DEFERRED OUTFLOWS			
Loss on Refunding of Debt	15,230,737	1,217,512	
Pension Plans	8,065,463	2,873,383	
Total deferred outflows	<u>23,296,200</u>	<u>4,090,895</u>	
LIABILITIES			
Current liabilities:			
Accounts Payable	1,382,973	168,451	115,740
Accrued Payroll Liabilities		530	70,224
Interfund Payable			2,796,127
Due to Other Agencies	281,131	175	54,406
Accrued Interest Payable			5,062
Refundable Deposits	2,280,201	97,067	5,291
Current Portion of Bonds Payable	32,189,950		
Current Portion of Contracts Payable		192,600	84,026
Current Portion of Compensated Absences	1,769,251	514,889	
Advances From Customers			96,597
Current Portion of Long Term Liabilities		758,158	
Total current liabilities	<u>37,903,506</u>	<u>1,731,870</u>	<u>3,227,473</u>
Noncurrent liabilities:			
Bonds Payable	504,182,953		
Contracts Payable		11,522,842	147,687
Compensated Absences	1,835,388	608,388	
Other Postemployment Benefits	1,485,509	584,846	
Pension Liability	59,877,724	21,331,898	
Loans and Notes Payable			1,626,413
Long Term Liabilities		57,350,501	
Total noncurrent liabilities	<u>567,381,574</u>	<u>91,398,475</u>	<u>1,774,100</u>
Total liabilities	<u>605,285,080</u>	<u>93,130,345</u>	<u>5,001,573</u>
DEFERRED INFLOWS			
Deferred Revenue	92,902		
Pension Plans	5,055,230	1,800,965	
Total deferred inflows	<u>5,148,132</u>	<u>1,800,965</u>	
NET POSITION			
Net Investment in capital assets	781,882,316	31,198,655	14,209,201
Amounts Restricted for:			
Debt Service	14,335,274		
Capital			
Unrestricted Amounts (deficit)	30,050,172	(63,208,530)	(2,029,719)
Closure/Post Closure Liability		8,918,107	
New Landfill Cell Construction		12,246,600	
Total net position	<u>\$ 826,267,762</u>	<u>\$ (10,845,168)</u>	<u>\$ 12,179,482</u>

CITY OF TUCSON, ARIZONA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
WATER UTILITY FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017 Actual	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY	
Operating revenues:					
Charges for Services	\$ 105,319,994	\$ 99,401,922	\$ 5,918,072	6.0%	4a
Total operating revenues	<u>105,319,994</u>	<u>99,401,922</u>	<u>5,918,072</u>		
Operating expenses:					
Salaries, Wages and Benefits	18,353,668	17,179,175	1,174,493	6.8%	
Contractual Services	35,641,628	34,857,799	783,829	2.2%	
Commodities	4,330,749	4,311,215	19,534	0.5%	
Depreciation/Amortization	17,637,638	16,373,512	1,264,126	7.7%	
Total operating expenses	<u>75,963,683</u>	<u>72,721,701</u>	<u>3,241,982</u>		
Operating Income (Loss)	<u>29,356,311</u>	<u>26,680,221</u>	<u>2,676,090</u>		
Nonoperating revenues (expenses):					
Investment Income	167,217	187,977	(20,760)	-11.0%	
Gain (Loss) on Sale of Property/Equipment	175,905	177,764	(1,859)	-1.0%	
Interest Expense	(9,846,628)	(9,412,006)	(434,622)	4.6%	
Other Nonoperating Income (Expenses)	(2,779,142)	(1,147,687)	(1,631,455)	142.2%	4b
Total nonoperating revenues (expenses)	<u>(12,282,648)</u>	<u>(10,193,952)</u>	<u>(2,088,696)</u>		
Income (loss) before transfers	<u>17,073,663</u>	<u>16,486,269</u>	<u>587,394</u>		
Transfers In	3,685,524	1,545,903	2,139,621	138.4%	
Transfers Out	<u>(959,153)</u>	<u>(800,000)</u>	<u>(159,153)</u>	19.9%	
Changes in net position	<u>19,800,034</u>	<u>17,232,172</u>	<u>2,567,862</u>		
Total net position, beginning of year	806,467,728	780,994,245	25,473,483		
Total net position	<u>\$ 826,267,762</u>	<u>\$ 798,226,417</u>	<u>\$ 28,041,345</u>		

CITY OF TUCSON, ARIZONA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENVIRONMENTAL SERVICES FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fiscal Year 2017 Actual	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
Operating revenues:				
Charges for Services	\$ 25,514,563	\$ 24,842,255	\$ 672,308	2.7%
Miscellaneous	577,914	341,945	235,969	69.0%
Total operating revenues	<u>26,092,477</u>	<u>25,184,200</u>	<u>908,277</u>	
Operating expenses:				
Salaries, Wages and Benefits	7,410,125	7,442,291	(32,166)	-0.4%
Contractual Services	8,741,877	9,470,164	(728,287)	-7.7%
Commodities	1,499,158	1,890,453	(391,295)	-20.7%
Depreciation/Amortization	2,492,145	2,528,747	(36,602)	-1.4%
Total operating expenses	<u>20,143,305</u>	<u>21,331,655</u>	<u>(1,188,350)</u>	
Operating Income (Loss)	<u>5,949,172</u>	<u>3,852,545</u>	<u>2,096,627</u>	
Nonoperating revenues (expenses):				
Investment Income	(42,235)	32,192	(74,427)	-231.2%
Gain (Loss) on Sale of Property/Equipment	193,550	166,072	27,478	16.5%
Other Agencies	12,465	81,726	(69,261)	-84.7%
Interest Expense	6,274	(244,476)	250,750	-102.6%
Total nonoperating revenues (expenses)	<u>170,054</u>	<u>35,514</u>	<u>134,540</u>	
Changes in net position	<u>6,119,226</u>	<u>3,888,059</u>	<u>2,231,167</u>	
Total net position, beginning of year	(16,964,394)	(16,984,080)	19,686	
Total net position	<u>\$ (10,845,168)</u>	<u>\$ (13,096,021)</u>	<u>\$ 2,250,853</u>	

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TUCSON GOLF ENTERPRISE FUND
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget Straight Line	Budget 50%
COURSE OPERATIONS:							
Operating revenues:							
Green Fees	\$ 575,650	\$ 184,261	\$ 196,974	\$ 166,387	\$ 1,123,272	\$ 8,130,370	
Cart Rentals	350,086	136,161	95,898	112,800	694,945		
Driving Range	139,401	3,888	46,897	61,866	252,052		
Clubhouse	140,794	89,622	68,030	80,471	378,917		
Other Revenue	459,504	101,979	81,791	90,200	733,474	13,730	
Total Operating Revenues	<u>1,665,435</u>	<u>515,911</u>	<u>489,590</u>	<u>511,724</u>	<u>3,182,660</u>	<u>8,144,100</u>	<u>39.1%</u>
Operating expenses:							
Salaries, Wages and Benefits	9,112	5,315	5,314	5,315	25,056	50,530	
Contractual Services	1,032,096	524,294	365,881	494,507	2,416,778	5,843,450	
Commodities	494,139	187,915	300,869	223,621	1,206,544	1,238,580	
Cost of Goods Sold	148,897	48,155	43,187	59,792	300,031	669,710	
Depreciation/Amortization	125,076	57,459	117,622	60,898	361,055		
Total Operating Expenses	<u>1,809,320</u>	<u>823,138</u>	<u>832,873</u>	<u>844,133</u>	<u>4,309,464</u>	<u>7,802,270</u>	<u>55%</u>
Operating Income (Loss)	<u>(143,885)</u>	<u>(307,227)</u>	<u>(343,283)</u>	<u>(332,409)</u>	<u>(1,126,804)</u>	<u>341,830</u>	
Nonoperating revenues (expenses):							
Interest Expense	(5,735)	(2,868)	(2,868)	(2,868)	(14,339)	6,740	
Other	1,000				1,000	93,400	
Total nonoperating revenues (expenses)	<u>(4,735)</u>	<u>(2,868)</u>	<u>(2,868)</u>	<u>(2,868)</u>	<u>(13,339)</u>	<u>100,140</u>	<u>-13%</u>
Changes in net position	<u>(148,620)</u>	<u>(310,095)</u>	<u>(346,151)</u>	<u>(335,277)</u>	<u>(1,140,143)</u>	<u>\$ 441,970</u>	
Total net position, beginning of year	<u>3,995,887</u>	<u>3,596,299</u>	<u>2,663,925</u>	<u>3,063,514</u>	<u>13,319,625</u>		
Total net position	<u>\$ 3,847,267</u>	<u>\$ 3,286,204</u>	<u>\$ 2,317,774</u>	<u>\$ 2,728,237</u>	<u>\$ 12,179,482</u>		

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Fleet Services	Self Insurance	General Services
Operating revenues:			
Charges for Services	\$ 9,957,765	\$ 6,160,891	\$ 8,645,223
Miscellaneous	48,065	10,317	7,897
Total operating revenues	<u>10,005,830</u>	<u>6,171,208</u>	<u>8,653,120</u>
Operating expenses:			
Salaries, Wages and Benefits	2,855,712	613,529	3,927,787
Contractual Services	2,493,168	1,793,865	2,692,427
Commodities	4,847,471	57,796	854,576
Benefits and Claims		3,377,529	
Depreciation	1,242,650	5,372	254,051
Total operating expenses	<u>11,439,001</u>	<u>5,848,091</u>	<u>7,728,841</u>
Operating income (loss)	<u>(1,433,171)</u>	<u>323,117</u>	<u>924,279</u>
Nonoperating revenues (expenses):			
Property Taxes		1,311,476	
Investment Income	(3,375)	(22,813)	(2,080)
Gain (loss) on Sale of Property/Equipment	41,722		
Interest Expense			(220,242)
Total nonoperating revenues (expenses)	<u>38,347</u>	<u>1,288,663</u>	<u>(222,322)</u>
Income (loss) before capital contributions	<u>(1,394,824)</u>	<u>1,611,780</u>	<u>701,957</u>
Capital Contributions	<u>134,105</u>		
Changes in net position	<u>(1,260,719)</u>	<u>1,611,780</u>	<u>701,957</u>
Total net position, beginning of year	<u>10,283,998</u>	<u>8,490,035</u>	<u>(8,826,287)</u>
Total net position	<u>\$ 9,023,279</u>	<u>\$ 10,101,815</u>	<u>\$ (8,124,330)</u>

City of Tucson, Arizona
Variance Explanations
For December, 2016

General Fund:

- 1a The timing of business privilege tax collections in fiscal year 2017 caused an increase of \$2.9 million when compared to fiscal year 2016.
- 1b There was an increase in collection of local tax revenue between fiscal years 2016 and 2017 as follows: \$1.6 million in Hotel/Motel Surcharges and \$0.8 million in Public Utility Taxes.
- 1c Contributions to provide coverage for debt service related to the African Expansion of Reid Park Zoo increase \$1.5 million. Internal Revenue Service (IRS) subsidy payments increased \$0.9 million. The IRS subsidy payments break down as follows: \$0.5 million Qualified Energy Conservation Bonds (QECB) subsidy for 70 percent of certain Certificates of Participation debt service interest and \$0.4 million Build America Bond (BAB) subsidy for 35 percent of certain Certificates of Production debt service interest.
- 1d Water, electric and vehicle maintenance expenditures related to non-internal service areas are recorded in the General Services department for fiscal year 2017 instead of being allocated to various departments as done in fiscal year 2016.
- 1e \$3 million pension contribution for Tucson Police made in fiscal year 2016 from car impound proceeds; was not repeated in fiscal year 2017.
- 1f The code enforcement program was moved from Planning & Development Services to Environmental Services for fiscal year 2017. Additional position reduction resulted in fewer expenditures in fiscal year 2017.
- 1g ERP software maintenance of \$2 million paid in Finance department in fiscal year 2016 but was paid by the Information Technology department in fiscal year 2017.

Mass Transit:

- 2a Capital outlay and the related federal grants and contributions were higher in fiscal year 2016 due to \$6.7 million in replacement buses and vans, the construction of the compressed natural gas plant of \$2.3 million and preventative maintenance of \$1.3 million. In fiscal year 2017 actual grant expenditures are expected to reach budgeted levels by the end of the fiscal year due to new design and construction of a fueling system and Sun Van replacements vans.
- 2b Revenue charges for current services and other agencies were reduced in fiscal year 2016 due to a halt in services caused by an economic strike of unionized bus drivers and mechanics.

Highway User Revenue Fund:

- 3a Fiscal year 2016 includes the LED light conversion project not present in fiscal year 2015; expenditures to date are \$8.3 million.

Water Utility Fund:

- 4a Metered and reclaimed water rates and sales have increased in fiscal year 2017.
- 4b \$2.4 million in construction in progress reclassifications occurred in fiscal year 2017.