

City of Tucson, Arizona  
Monthly Financial Statement  
For February 28, 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 EIGHT MONTHS ENDED FEBRUARY 28, 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 (February, 28): 66.7%					
Revenues:						
Primary Property Taxes	\$ 7,488,758	\$ 13,119,610	57.1%	\$ 7,283,651	\$ 205,107	2.8%
Business Privilege Tax	108,356,660	188,988,400	57.3%	106,990,561	1,366,099	1.3%
Other Local Taxes	21,401,079	43,908,070	48.7%	26,993,902	(5,592,823)	-20.7% <b>1a</b>
Grants and Shared Taxes	2,978,313	4,112,220	72.4%	2,534,079	444,234	17.5%
State-Shared Income Tax Revenue	28,966,764	58,908,030	49.2%	26,564,366	2,402,398	9.0% <b>1b</b>
State-Shared Sales Tax	22,538,392	45,108,710	50.0%	20,940,467	1,597,925	7.6%
State Auto Lieu Tax	8,777,837	20,045,020	43.8%	8,418,437	359,400	4.3%
Licenses and Permits	11,032,334	19,890,750	55.5%	11,328,130	(295,796)	-2.6%
Fines, Forfeitures, and Penalties	8,465,306	13,227,280	64.0%	7,044,503	1,420,803	20.2%
Use of Money and Property	545,235	694,450	78.5%	415,601	129,634	31.2%
Charges for Current Services	24,850,255	41,880,960	59.3%	26,463,834	(1,613,579)	-6.1%
Miscellaneous Revenue	1,694,995	9,926,140	17.1%	807,762	887,233	109.8%
Total General City Revenues:	<u>247,095,928</u>	<u>459,809,640</u>		<u>245,785,293</u>	<u>1,310,635</u>	
Other Financing Sources	<u>533,333</u>	<u>14,806,000</u>	3.6%	<u>1,066,667</u>	<u>(533,334)</u>	-50.0%
<b>Total Revenues and Other Financing Sources</b>	<b>\$ <u>247,629,261</u></b>	<b>\$ <u>474,615,640</u></b>		<b>\$ <u>246,851,960</u></b>	<b>\$ <u>777,301</u></b>	
General Fund Expenditures:						
Elected and Official						
Mayor and Council	\$ 1,582,805	\$ 2,736,430	57.8%	\$ 1,797,504	\$ (214,699)	-11.9%
City Manager	5,379,989	8,641,450	62.3%	4,343,944	1,036,045	23.9%
City Attorney	5,412,547	8,428,210	64.2%	5,314,388	98,159	1.8%
City Clerk	2,582,184	4,044,840	63.8%	1,804,306	777,878	43.1%
<b>Total Elected and Official</b>	<u>14,957,525</u>	<u>23,850,930</u>		<u>13,260,142</u>	<u>1,697,383</u>	
Public Safety & Justice Services						
City Court	6,877,313	11,102,480	61.9%	6,833,086	44,227	0.6%
Equal Opportunity Programs and Independence	481,847	787,220	61.2%	470,972	10,875	2.3%
Public Defender	1,900,780	3,157,720	60.2%	1,940,533	(39,753)	-2.0%
Tucson Fire	55,281,860	86,956,562	63.6%	56,415,075	(1,133,215)	-2.0%
Tucson Police	92,278,862	146,998,734	62.8%	96,801,757	(4,522,895)	-4.7% <b>1c</b>
<b>Total Public Safety &amp; Justice Services</b>	<u>156,820,662</u>	<u>249,002,716</u>		<u>162,461,423</u>	<u>(5,640,761)</u>	
Community Enrichment & Development						
Housing & Community Development	2,950,241	4,870,176	60.6%	3,946,611	(996,370)	-25.2%
Office of Integrated Planning	395,550		0.0%			
Parks and Recreation	23,080,691	35,952,290	64.2%	24,687,580	(1,606,889)	-6.5%
Planning & Development Services	4,912,933	8,868,638	55.4%	4,647,756	265,177	5.7%
Transportation	1,274,868	2,195,900	58.1%	4,375,417	(3,100,549)	-70.9% <b>1d</b>
<b>Total Community Enrichment &amp; Development</b>	<u>32,614,283</u>	<u>51,887,004</u>		<u>37,657,364</u>	<u>(5,438,631)</u>	
Support Services						
Budget and Internal Audit	968,634	1,541,880	62.8%	956,126	12,508	1.3%
Finance	7,346,213	10,339,910	71.0%	7,148,890	197,323	2.8%
General Services	5,564,512	9,339,400	59.6%	1,637,687	3,926,825	239.8% <b>1e</b>
Human Resources	1,234,471	2,174,940	56.8%	1,361,295	(126,824)	-9.3%
Information Technology	10,442,957	17,202,380	60.7%	10,564,929	(121,972)	-1.2%
Procurement	2,066,919	3,124,200	66.2%	2,175,149	(108,230)	-5.0%
<b>Total Support Services</b>	<u>27,623,706</u>	<u>43,722,710</u>		<u>23,844,076</u>	<u>3,779,630</u>	
<b>Total Non-Departmental</b>	<u>12,045,060</u>	<u>29,390,677</u>	41.0%	<u>13,187,094</u>	<u>(1,142,034)</u>	-8.7%
<b>Capital Projects</b>	<u>1,062,866</u>	<u>1,845,717</u>	57.6%	<u>968,460</u>	<u>94,406</u>	9.7%
<b>Debt Service and Fiscal Agent Fees</b>	<u>5,491,506</u>	<u>24,360,720</u>	22.5%	<u>5,707,623</u>	<u>(216,117)</u>	-3.8%
<b>Other Financing Uses</b>	<u>30,965,138</u>	<u>46,269,770</u>	66.9%	<u>29,335,741</u>	<u>1,629,397</u>	5.6%
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>\$ <u>281,580,746</u></b>	<b>\$ <u>470,330,244</u></b>		<b>\$ <u>286,421,923</u></b>	<b>\$ <u>(5,236,727)</u></b>	

**CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES AND EXPENDITURES  
MASS TRANSIT FUND  
FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 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 (February, 28): 66.7%					
Revenues:						
Federal Grants and Contributions	\$ 1,509,275	\$ 19,325,820	7.8%	\$ 60,646,014	\$ (59,136,739)	-97.5% <b>2a</b>
Other Agencies	8,314,534	17,143,280	48.5%	1,682,767	6,631,767	394.1% <b>2b</b>
Use of Money and Property	269,709	250,000	107.9%	210,633	59,076	28.0%
Charges for Current Services	8,718,772	16,249,710	53.7%	9,002,771	(283,999)	-3.2%
Miscellaneous Revenue	148,972	480,050	31.0%	201,626	(52,654)	-26.1%
<b>Total Revenues:</b>	<u>18,961,262</u>	<u>53,448,860</u>		<u>71,743,811</u>	<u>(52,782,549)</u>	
Other Financing Sources	28,488,693	42,733,040	66.7%	26,953,860	1,534,833	5.7%
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 47,449,955</u>	<u>\$ 96,181,900</u>		<u>\$ 98,697,671</u>	<u>\$ (51,247,716)</u>	
Mass Transit Expenditures:						
Community Enrichment & Development						
Transportation	\$ 49,792,886	\$ 82,651,700	60.2%	\$ 46,958,655	\$ 2,834,231	6.0% <b>2c</b>
<b>Total Community Enrichment &amp; Development</b>	<u>49,792,886</u>	<u>82,651,700</u>		<u>46,958,655</u>	<u>2,834,231</u>	
<b>Capital Expenditures</b>	<u>1,220,740</u>	<u>16,109,900</u>	7.6%	<u>56,542,209</u>	<u>(55,321,469)</u>	-97.8% <b>2a</b>
<b>Total Expenditures &amp; Other Financing Uses</b>	<u>\$ 51,013,626</u>	<u>\$ 98,761,600</u>		<u>\$ 103,500,864</u>	<u>\$ (52,487,238)</u>	

**CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES AND EXPENDITURES  
HIGHWAY USER REVENUE FUND (HURF)  
FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 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 (February, 28): 66.7%					
Revenues:						
Licenses and Permits	\$ 220,233		0.0%	\$ 43,250	\$ 176,983	409.2%
Other Agencies	18,557,584	34,042,290	54.5%	18,025,194	532,390	3.0%
Use of Money and Property	855,942	335,000	255.5%	279,841	576,101	205.9%
Charges for Current Services	418,645	542,000	77.2%	476,024	(57,379)	-12.1%
Miscellaneous Revenue	1,366,885	3,179,020	43.0%	2,302,086	(935,201)	-40.6%
<b>Total Revenues</b>	<u>\$ 21,419,289</u>	<u>\$ 38,098,310</u>		<u>\$ 21,126,395</u>	<u>\$ 292,894</u>	
HURF Expenditures:						
Public Safety and Justice Services						
Neighborhood Resources Department	\$ 50,770	\$ 28,113	180.6%	\$ 19,549	\$ 31,221	159.7%
<b>Total Public Safety &amp; Justice Services</b>	<u>50,770</u>	<u>28,113</u>		<u>19,549</u>	<u>31,221</u>	
Community Enrichment and Development						
Transportation	17,372,428	32,529,080	53.4%	18,393,383	(1,020,955)	-5.6% <b>3a</b>
<b>Total Community Enrichment and Development</b>	<u>17,372,428</u>	<u>32,529,080</u>		<u>18,393,383</u>	<u>(1,020,955)</u>	
Non-Departmental						
Outside Agencies	50,290	100,580	50.0%	50,290		0.0%
<b>Total Non-Departmental</b>	<u>50,290</u>	<u>100,580</u>		<u>50,290</u>		
<b>Capital Expenditures</b>	<u>39,663</u>	<u>611,070</u>	6.5%	<u>7,797</u>	<u>31,866</u>	408.7%
<b>Capital Projects</b>	<u>2,041,172</u>	<u>2,066,587</u>	98.8%	<u>257,087</u>	<u>1,784,085</u>	694.0% <b>3b</b>
<b>Debt Service and Fiscal Agent Fees</b>				<u>170,735</u>	<u>(170,735)</u>	-100.0%
<b>Other Financing Uses</b>		<u>10,413,290</u>	0.0%			
<b>Total Expenditures &amp; Other Financing Uses</b>	<u>\$ 19,554,323</u>	<u>\$ 45,748,720</u>		<u>\$ 18,898,841</u>	<u>\$ 655,482</u>	

**CITY OF TUCSON, ARIZONA**  
**ENTERPRISE FUNDS**  
**February 28, 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	\$ 51,491,838	\$ 29,736,177	\$ 4,450
Cash and Investments - Restricted	1,262,878		
Cash and Investments with Fiscal Agent - Restricted	16,637,523		
Accounts Receivable, Net	10,598,594	3,723,688	507,653
Due from Other Agencies		22,765	
Interest Receivable	109,402	66,187	
Inventories	3,601,860		120,126
Other Assets	413,632		
<b>Total current assets</b>	<u>84,115,727</u>	<u>33,548,817</u>	<u>632,229</u>
Noncurrent assets:			
Long Term Accounts Receivable	451,895		
Other Assets - Restricted	201,282		
Land and Construction in Progress	207,009,937	11,196,009	2,701,865
Other Capital Assets, Net	989,161,908	20,321,874	13,244,446
Water Rights	52,126,968		
<b>Total noncurrent assets</b>	<u>1,248,951,990</u>	<u>31,517,883</u>	<u>15,946,311</u>
<b>Total assets</b>	<u>1,333,067,717</u>	<u>65,066,700</u>	<u>16,578,540</u>
Deferred Outflows			
Unamortized Loss on Refunding	13,475,503		
<b>Total deferred outflows</b>	<u>13,475,503</u>		
<b>Total assets and deferred outflows</b>	<u>1,346,543,220</u>	<u>65,066,700</u>	<u>16,578,540</u>
<b><u>LIABILITIES AND DEFERRED INFLOWS</u></b>			
Liabilities			
Current liabilities:			
Accounts Payable	837,489	205,538	17,741
Interfund Payable			568,986
Due to Other Agencies	420	3,887	
Accrued Interest Payable			4,452
Refundable Deposits	3,556,644	60,053	
Current Portion of Bonds Payable	27,376,911		
Current Portion of Contracts Payable		121,000	
Current Portion of Compensated Absences	1,744,436	608,131	89,858
Liabilities Payable from Restricted Assets	1,406,126		
Advances From Customers			165,327
Current Portion of Long Term Liabilities		740,330	
<b>Total current liabilities</b>	<u>34,922,026</u>	<u>1,738,939</u>	<u>846,364</u>

**CITY OF TUCSON, ARIZONA**  
**ENTERPRISE FUNDS**  
**February 28, 2014**

**LIABILITIES AND DEFERRED INFLOWS (continued)**

Noncurrent liabilities:			
Bonds Payable	517,033,039		
Contracts Payable		10,593,000	
Compensated Absences	1,889,495	701,672	93,821
Other-Post-employment Benefits	972,264	419,502	45,706
Loans and Notes Payable			7,369,981
Long Term Liabilities		44,220,917	
<b>Total non-current liabilities</b>	<u>519,894,798</u>	<u>55,935,091</u>	<u>7,509,508</u>
<b>Total liabilities</b>	<u>554,816,824</u>	<u>57,674,030</u>	<u>8,355,872</u>
Deferred Inflows			
Unavailable Revenue	71,752		
<b>Total deferred inflows</b>	<u>71,752</u>		
<b>Total liabilities and deferred inflows</b>	<u>554,888,576</u>	<u>57,674,030</u>	<u>8,355,872</u>
<b><u>NET POSITION</u></b>			
Net Investment in capital assets	718,704,527	20,803,883	15,946,311
Restricted for Capital			
Amounts Restricted for:			
Debt Service	16,637,523		
Unrestricted Amounts (deficit)	56,312,594	(24,204,200)	(7,723,643)
Closure/Post Closure Liability		4,846,387	
New Landfill Cell Construction		5,946,600	
<b>Total net position</b>	<u>\$ 791,654,644</u>	<u>\$ 7,392,670</u>	<u>\$ 8,222,668</u>

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**WATER UTILITY FUND**  
**FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2014**

	Fiscal Year 2014	Fiscal Year 2013	\$ Change CFY vs PFY	% Change CFY vs PFY	
	Actual	Actual			
<b>Operating revenues:</b>					
Charges for Services	\$ 101,566,599	94,157,433	\$ 7,409,166	7.9%	<b>4a</b>
Miscellaneous	634,990	864,446	(229,456)	-26.5%	
<b>Total operating revenues</b>	<u>102,201,589</u>	<u>95,021,879</u>	<u>7,179,710</u>		
<b>Operating expenses:</b>					
Personal Services	22,860,999	22,712,400	148,599	0.7%	
Contractual Services	41,706,641	34,333,501	7,373,140	21.5%	<b>4b</b>
Commodities	5,174,653	5,071,837	102,816	2.0%	
Depreciation/Amortization	19,890,866	19,646,075	244,791	1.2%	
<b>Total operating expenses</b>	<u>89,633,159</u>	<u>81,763,813</u>	<u>7,869,346</u>		
<b>Operating Income (Loss)</b>	<u>12,568,430</u>	<u>13,258,066</u>	<u>(689,636)</u>		
<b>Nonoperating revenues (expenses):</b>					
Investment Income	580,979	333,430	247,549	74.2%	
Gain (Loss) on Sale of Property/Equipment	123,025	(156,620)	279,645	-178.5%	
Federal Grants and Contributions		28,278	(28,278)	-100.0%	
Non-Grant Contributions	1,138,039		1,138,039	0.0%	
Interest Expense	(12,860,995)	(13,653,914)	792,919	-5.8%	<b>4c</b>
Amortization of Cost Issuance		(241,997)	241,997	-100.0%	
Other Nonoperating Income (Expenses)	(389,725)	(353,310)	(36,415)	10.3%	
<b>Total nonoperating revenues (expenses)</b>	<u>(11,408,677)</u>	<u>(14,044,133)</u>	<u>2,635,456</u>		
<b>Income (loss) before capital contributions and transfers</b>	<u>1,159,753</u>	<u>(786,067)</u>	<u>1,945,820</u>		
<b>Capital Contributions</b>	1,686,903	2,049,700	(362,797)	-17.7%	
<b>Transfers Out</b>	<u>(1,066,667)</u>	<u>(1,066,667)</u>		0.0%	
<b>Changes in net position</b>	<u>1,779,989</u>	<u>196,966</u>	<u>1,583,023</u>		
<b>Total net position, beginning of year</b>	789,874,655	766,475,908	23,398,747		
<b>Total net position, February 28, 2014</b>	<u>\$ 791,654,644</u>	<u>\$ 766,672,874</u>	<u>\$ 24,981,770</u>		

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENVIRONMENTAL SERVICES FUND**  
**FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2014**

	Fiscal Year 2014	Fiscal Year 2013	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Actual		
<b>Operating revenues:</b>				
Charges for Services	\$ 31,406,790	\$ 31,811,709	\$ (404,919)	-1.3%
Miscellaneous	850,058	880,225	(30,167)	-3.4%
<b>Total operating revenues</b>	<u>32,256,848</u>	<u>32,691,934</u>	<u>(435,086)</u>	
<b>Operating expenses:</b>				
Personal Services	9,799,068	10,346,461	(547,393)	-5.3%
Contractual Services	11,117,077	11,253,510	(136,433)	-1.2%
Commodities	3,107,355	3,182,540	(75,185)	-2.4%
Depreciation/Amortization	3,376,951	3,596,323	(219,372)	-6.1%
<b>Total operating expenses</b>	<u>27,400,451</u>	<u>28,378,834</u>	<u>(978,383)</u>	
<b>Operating Income (Loss)</b>	<u>4,856,397</u>	<u>4,313,100</u>	<u>543,297</u>	
<b>Nonoperating revenues (expenses):</b>				
Investment Income	172,181	66,512	105,669	158.9%
Gain (Loss) on Sale of Property/Equipment	252,661	487,766	(235,105)	-48.2%
Other Agencies	62,764	170,921	(108,157)	-63.3%
Interest Expense	(248,203)	(43,279)	(204,924)	473.5%
Amortization of Cost Issuance		(11,938)	11,938	-100.0%
<b>Total nonoperating revenues (expenses)</b>	<u>239,403</u>	<u>669,982</u>	<u>(430,579)</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>5,095,800</u>	<u>4,983,082</u>	<u>112,718</u>	
<b>Changes in net position</b>	<u>5,095,800</u>	<u>4,983,082</u>	<u>112,718</u>	
<b>Total net position, beginning of year</b>	2,296,870	(3,479,259)	5,776,129	
<b>Total net position, February 28, 2014</b>	<u>\$ 7,392,670</u>	<u>\$ 1,503,823</u>	<u>\$ 5,888,847</u>	

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**TUCSON GOLF ENTERPRISE FUND**  
**FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2014**

	Fiscal Year 2014	Fiscal Year 2013	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Actual		
<b>Operating revenues:</b>				
Charges for Services	\$ 3,900,491	\$ 3,708,638	\$ 191,853	5.2%
Miscellaneous	14,404	3,992	10,412	260.8%
<b>Total operating revenues</b>	<u>3,914,895</u>	<u>3,712,630</u>	<u>202,265</u>	
<b>Operating expenses:</b>				
Personnel Services	1,790,225	2,026,572	(236,347)	-11.7%
Contractual Services	1,257,536	1,304,194	(46,658)	-3.6%
Commodities	601,111	665,486	(64,375)	-9.7%
Cost of Goods Sold	130,254	115,411	14,843	12.9%
Depreciation/Amortization	457,322	468,217	(10,895)	-2.3%
<b>Total operating expenses</b>	<u>4,236,448</u>	<u>4,579,880</u>	<u>(343,432)</u>	
<b>Operating Income (Loss)</b>	<u>(321,553)</u>	<u>(867,250)</u>	<u>545,697</u>	
<b>Nonoperating revenues (expenses):</b>				
Interest Expense	(18,172)	(34,465)	16,293	-47.3%
<b>Total nonoperating revenues (expenses)</b>	<u>(18,172)</u>	<u>(34,465)</u>	<u>16,293</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>(339,725)</u>	<u>(901,715)</u>	<u>561,990</u>	
<b>Changes in net position</b>	<u>(339,725)</u>	<u>(901,715)</u>	<u>561,990</u>	
<b>Total net position, beginning of year</b>	8,562,393	6,359,649	2,202,744	
<b>Total net position, February 28, 2014</b>	<u>\$ 8,222,668</u>	<u>\$ 5,457,934</u>	<u>\$ 2,764,734</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2014**

	<u>Fleet Services</u>	<u>Self Insurance</u>	<u>General Services</u>
<b>Operating revenues:</b>			
Charges for Services	\$ 16,229,007	\$ 9,983,528	\$ 11,764,832
Miscellaneous	173,721	20,908	2,541
<b>Total operating revenues</b>	<u>16,402,728</u>	<u>10,004,436</u>	<u>11,767,373</u>
<b>Operating expenses:</b>			
Personal Services	3,886,778	766,113	5,877,327
Contractual Services	3,633,066	2,099,123	3,868,378
Commodities	9,153,058	83,615	1,298,304
Benefits and Claims		7,964,825	
Depreciation	1,384,033	9,093	300,559
<b>Total operating expenses</b>	<u>18,056,935</u>	<u>10,922,769</u>	<u>11,344,568</u>
<b>Operating income (loss)</b>	<u>(1,654,207)</u>	<u>(918,333)</u>	<u>422,805</u>
<b>Nonoperating revenues (expenses):</b>			
Property Taxes		1,642,875	
Investment Income	5,245		13,014
Gain (loss) on Sale of Property/Equipment	3,933		
Federal Non Grant Contributions			169,599
Interest Expense		(1,238)	(350,000)
<b>Total nonoperating revenues (expenses)</b>	<u>9,178</u>	<u>1,641,637</u>	<u>(167,387)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(1,645,029)</u>	<u>723,304</u>	<u>255,418</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>(1,566,950)</u>	<u>723,304</u>	<u>(5,890,735)</u>
<b>Total net position, beginning of year</b>	10,361,694	(12,635,103)	(1,974,255)
<b>Total net position, February 28, 2014</b>	<u>\$ 8,794,744</u>	<u>\$ (11,911,799)</u>	<u>\$ (7,864,990)</u>

City of Tucson, Arizona  
Variance Explanations  
For February 2014

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

- (1a) Business License paid a \$1 million refund to a customer who overpaid their taxes. There was a \$3.86 million revenue recognition change in the prior year.
- (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) With the implementation of the new HR/Payroll system, Workman's Compensation, public liability, and unemployment insurance will be expensed each pay period over this fiscal year. In the last fiscal year the department was charged in the beginning of the year for the full amount instead of each month. Through February the expenditures decreased \$2,238,663 over the last fiscal year. Salaries decreased \$606,620 compared to last fiscal year. Overtime decreased \$535,576 compared to last fiscal year due to the training that was needed last year for the new computer aided dispatch software. Police Pension increased \$1,146,281 compared to last year. The monthly maintenance expense for all the departments is being paid in one central location in General Services instead of Police due to a change in policy. The variance is \$926,067 less than last year.
- (1d) In the last fiscal year, transportation paid outside contractors \$620,637 for a paving project on Oracle, between Miracle Mile and Drachman and \$351,247 for road Maintenance on Stone, between River and Wetmore. Also, in December of the prior year \$974,881 was paid for the overlay of Mission Road between Ajo and Starpass. \$202,033 for chip sealing material was also purchased last fiscal year for use on Golf Links and Harrison. The City also paid \$475,000 for graffiti removal in the last fiscal year not paid this year.
- (1e) For this fiscal year all general funded facility costs were moved to one central location under General Services instead of the individual departments. This is a total of \$3,924,761 in additional expenses for this fiscal year in this department compared to last fiscal year.

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

- (2a) Modern Streetcar construction project and replacement buses are completed. \$36,969,900 and \$16,276,346 was spent on the Modern Streetcar and replacement buses respectively as of February 28, 2013.
- (2b) RTA Billings are occurring more timely compared to FY13 and additional grant money of \$931K for the operation of the Modern Streetcar.
- (2c) Operating expenditures increased by \$2.8M due to printing of transfer tickets, software upgrade, transit survey, transit operator wages and additional Modern Streetcar operating costs.

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

- (3a) Decrease in Transportation expenditures is due mostly to payroll charges.
- (3b) Houghton Road project expenditures.

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

- (4a) Increase in Charges for Services represents increased Central Arizona Project (CAP) surcharges and Metered Sales.
- (4b) Contractual Services increased by \$7.4M due to \$4.3M in FY13 CIP timing difference between fiscal years, \$1.5M in costs associated with CAP Commodity and Delivery Charges, \$250K in Bad Debt Write Off, \$426K in Tucson Water Administrative Fees, \$136K in Legal Fees, \$656K in Water Surveys/Studies, and \$92K in building maintenance.
- (4c) Decrease in Interest Expense due to bond refunding.