



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For January 31, 2018


This financial report is presented as required by Chapter XXIX, §3(4), of the City Charter. It is prepared to meet the needs of citizens, those charged with governance and various other stakeholders. In addition, a more detailed set of monthly data is also available to the public. The data being presented in two sources is done to increase both the readability and the transparency for all interested parties.

The financial statements included herein present the results of the City's chief governmental operations and certain other significant operations as well. The statements focus on those activities which are most significant to the City, or are individually significant to the Mayor and Council; for example, this report includes the financial statements of the Golf activities since the results of financial operations have been of specific interest to Mayor and Council. This report excludes certain funds which appear less significant; for example, it excludes the activities of the Park Tucson fund since the revenues and expenditures are less than 5% of that fund type. Each of the financial statements included has been organized and compared to the legally adopted budget of the Mayor and Council.

The detailed financial data, available on the same web page as this financial statement report, is prepared on a monthly basis. It contains a working trial balance for each fund operated by the City, showing the balance in each general ledger account code. The financial data has not been summarized or adjusted for presentation, and therefore information in the data may not equal the financial statement presented here.

The general government statements report the revenues and expenditures for the General Fund, and the Mass Transit Fund (which includes the Sun Link Fund in this presentation). 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, SunVan, and Sun Link services.

Enterprise funds include Water Utility, 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 Tucson Golf Fund accounts for the operation and maintenance of the City's golf courses, driving ranges, pro shops and clubhouses.

Significant variances between current year actual amounts vs. legally budgeted amounts are indicated by an icon, for example,  is an icon of a roadway and refers to the Transportation Department. Explanations for these variances can be found on report itself. Suggestions and comments are welcome and should be directed to Pete Saxton, Finance Director, at Pete.Saxton@tucsonaz.gov.

City of Tucson

General Fund

For the period July 1, 2017 through January 31, 2018

Overall Evaluation of Revenues:

The overall revenue is meeting budgeted expectations.



Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Primary Property Taxes	\$8.4		95.4%
Business Privilege Tax	\$122.3		105.2%
Other Local Taxes	\$32.4		105.7%
Contributions and Subsidies	\$3.2		89.0%
State-Shared Income Tax	\$38.3		98.5%
State-Shared Sales Tax	\$30.0		103.9%
State Auto Lieu Tax	\$13.4		92.9%
Licenses and Permits	\$21.6		123.7%
Charges for Current Services	\$22.0		89.3%
Miscellaneous Revenue	\$4.7		43.3%
Total:	\$296.3		100.6%

Overall Evaluation of Expenditures:

The majority of department expenditure totals are below the budgeted values; some are above. Overall, the sum of all general fund expenditures are below budgeted projections.



Expenditures by Dept for Operations	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Mayor and Council	\$1.4		96.8%
City Manager	\$2.1		78.9%
Housing & Community Developmen	\$1.1		74.7%
Finance	\$4.0		86.7%
City Attorney	\$4.0		90.9%
Procurement	\$1.7		92.1%
City Court	\$4.7		89.3%
City Public Defender	\$1.5		94.3%
City Clerk	\$2.1		111.8%
Information Technology	\$11.9		98.9%
Human Resources	\$1.3		97.9%
Planning & Development Services	\$3.5		94.7%
General Government	\$18.1		66.8%
Police Department	\$91.7		102.4%
Fire Department	\$58.9		108.3%
General Services Department	\$8.5		78.2%
Environmental Services	\$1.0		94.9%
Transportation Department	\$0.6		81.4%
Parks & Recreation	\$13.6		86.1%
Net Transfers	\$28.6		92.6%
Total Operations:	\$260.5		97.6%

Expenditures for Capital & Debt	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Debt	\$0.6		4.1%
Capital	\$3.1		63.0%
Total Capital & Debt:	\$3.7		19.0%

Explanations for individually significant variances are discussed on next page.

Sources:

"YTD Actuals" are made up of amounts recorded as of the end of the month; any future changes will be reflected in future YTD amounts.

"% of Prorated Budget" is based on a straight line formula for budget expectations (months elapsed / 12 months in the year) applied to total budget and compared to YTD Actuals

City of Tucson

General Fund

For the period July 1, 2017 through January 31, 2018

Explanation of Revenue Variances



Contributions and Subsidies are \$395,000 under budget due primarily to the timing of IGA Billings.



Charges for Current Services are \$2.6 million lower than budget projections due mainly to Paramedic Service Charges (\$1.9 million lower than projected) and Zoo Admissions (\$0.7 million lower than projected).



Miscellaneous Revenues are lower than projected mainly due to: Court Fees and Fines are lower than expected by \$0.7 million. Sales of Real Property are under budget by \$1.25 million, a decision was made not to sell the building, so the variance will be \$2.5 million by the end of the year. Certificate of Participation Proceeds by is under budget \$2.0 million, these proceeds come in at the time of the sale. Rebate revenue came in \$0.4 million lower than projected.

Explanation of Expenditure Variances



City Clerk is slightly over budget (\$200,000) in miscellaneous professional services, printing, and postage due to it being an election year.



Police expenditures are higher than the prorated budget amount, due to a one-time distribution made to employees as the result of a lawsuit filed against the Public Safety Personnel Retirement System. However, the overage is trending down.



Fire expenditures are higher than the prorated budget amount, due to a one-time distribution made to employees as the result of a lawsuit filed against the Public Safety Personnel Retirement System. However, the overage is trending down.



When analyzed on a monthly basis debt payments are less than budgeted because debt service payments only occur twice a year, at the mid-point and final annual periods. Annual budgeted amounts are built to be in alignment with the scheduled annual payments.



Capital expenditures are less than expected due to scheduling of capital project expenditures. These projects include the Access Tucson real estate acquisition and the Permits Plus upgrade.

City of Tucson

Mass Transit including Sun Tran, Sun Van and Sun Link
For the period July 1, 2017 through January 31, 2018

Overall Evaluation of Revenues:

While individual line items are either above or below the expected budgetary value, the sum of all Sun Link & Sun Van revenue is less than the current expectation.



Overall Evaluation of Expenditures:

While individual line items are either above or below the expected budgetary value, the sum of all expenditures meets the current expectation.



Data for Sun Tran and Sun Van

Sun Tran and Sun Van combined

Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Rental and Lease Revenue	\$0.1		37.6%
Grant Revenue	2.2		25.8%
Operating Revenue - Other Agencies	0.2		2.2%
Fare Revenue	6.8		87.0%
General Fund Subsidy	25.5		100.0%
Advertising Revenue	0.5		252.4%
Miscellaneous Revenue	0.4		143.5%
Total:	\$35.7		70.7%

Revenue Performance



Rental and lease revenue has decreased due to reduction in occupancy.



Grant Revenue is below budget due to projects budgeted but not yet in progress. This includes new Sun Vans, a CNG fueling station and storm water projects.



Operating Revenue - Other Agencies billings are behind pending an approved IGA.



Fare Revenue is lower than budget by \$1.4 million due to reduction in ridership. This is not expected to recover to the level of the original budget, however, the fare increase will reduce some of the variance.

Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.1		32.2%
Contractor Personnel Costs	22.8		99.6%
Outside Services	4.2		73.1%
Supplies	6.8		93.9%
Total:	\$33.9		93.5%

Sun Van

Operating Expenditures	YTD Actuals (in millions)	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.0	No Budget
Contractor Personnel Costs	5.9	98.4%
Outside Services	1.9	84.6%
Supplies	0.6	72.6%
Total:	\$8.4	92.0%

Sun Tran and Sun Van combined

Non-Operating Expenditures	YTD Actuals (in millions)	% of Prorated (Y-T-D) Budget
Debt	\$0.0	0.0%
Capital	1.2	23.5%
Total:	\$1.2	20.0%

Expenditure Performance



Capital Outlay is below budget by \$3.8 million due to grant related projects not yet in progress. This includes new Sun Vans, a CNG fueling station, and storm water projects.

City of Tucson

Mass Transit including Sun Tran, Sun Van and Sun Link For the period July 1, 2017 through January 31, 2018

Overall Evaluation of Revenues:

While individual line items are either above or below the expected budgetary value, the sum of all Sun Link revenue is less than the current expectation.







Overall Evaluation of Expenditures:

While individual line items are either above or below the expected budgetary value, the sum of all Sun Link expenditures meets the current expectation.






Data for Sun Link

Sun Link

Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Grant Revenue	\$0.0		No Budget
Operating Revenue - Other Agencies	0.6		85.7%
Fare Revenue	0.3		73.2%
General Fund Subsidy	\$1.8		100.0%
Advertising Revenue	0.2		176.5%
Miscellaneous Revenue	0.0		202.1%
Total:	\$2.9		96.2%

Sun Link

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.0		No Budget
Contractor Personnel Costs	1.0		96.4%
Outside Services	1.0		105.8%
Supplies	0.1		100.7%
Total:	\$2.1		100.8%

Sun Link

Non-Operating Expenditures	YTD Actuals (in millions)	% of Prorated (Y-T-D) Budget
Debt	\$0.0	0.0%
Capital	0.0	0.0%
Total:	\$0.0	0.0%

Revenue Performance



Other Agencies Revenue consists of payments received from the Regional Transit Authority (RTA). Receipts are on a quarterly basis and will catch up with budgeted revenue as of the third quarter of Fiscal Year 2018.



Fare Revenues are under budget due to lower than budgeted ridership.

Expenditure Performance



Outside Services variance includes \$462,000 in consulting fees designed to increase ridership.



Supplies variance includes \$25,000 in repair parts. The expenses for these parts are covered by proceeds from a settlement with Oregon Iron Works. The settlement occurred in a prior year so no revenue will show to offset these expenditures.

City of Tucson

Water Utility Fund

For the period July 1, 2017 through January 31, 2018

Overall Evaluation of Revenues:

All revenue line items meet or exceed the current expectation.



Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Metered Water Sales	\$98.8		116.7%
Other Fees Charged for Service	32.6		111.8%
Capital Contributions	1.8		107.8%
Investment Income	0.8		359.4%
Grants	0.0		No Budget
Miscellaneous Revenue	4.3		256.6%
Total:	\$138.3		117.3%

Overall Evaluation of Expenditures:

In total, expenditures are within the current expectation.



Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Salaries, Wages, Benefits	\$21.6		99.5%
Contractual Services	42.2		89.9%
Commodities	4.6		71.9%
Interest Expense	10.3		32.0%
Miscellaneous Expense	0.9		No Budget
Net Transfers	1.1		No Budget
Total:	\$80.7		76.7%

Depreciation does not require the use of funds, so it is not budgeted.

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	20.4	

Depreciation will generate once prior fiscal year has closed.

Revenue Performance



At the beginning of fiscal year 2018, water rates were increased on metered and reclaimed sales. Water usage is cyclical and the first half of the year accounts for 52% of the annual water usage.



Other Fees Charged for Service is higher than budget for fiscal year 2018 due to \$2.6 million in Central Arizona Project surcharge fees and reclaimed water sales.

Expense Performance



\$3 million in budget was transferred to Contractual Services in anticipation of a Parks irrigation project, so currently Contractual Services is below budget.



Interest expense is below budget for the period due to timing of the payments.

CITY OF TUCSON, ARIZONA
STATEMENT OF NET POSITION
TUCSON GOLF ENTERPRISE FUND
January 31, 2018

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 1,774,800
Accounts Receivable, Net	406,530
Inventories	221,122
Total current assets	<u>2,402,452</u>
Noncurrent assets:	
Other Assets - Restricted	34,773
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	10,969,203
Total noncurrent assets	<u>13,705,841</u>
Total assets	<u>16,108,293</u>

LIABILITIES

Current liabilities:	
Accounts Payable	53,512
Accrued Payroll Liabilities	99,121
Interfund Payable	2,137,333
Due to Other Agencies	64,544
Accrued Interest Payable	4,593
Refundable Deposits	4,264
Current Portion of Contracts Payable	86,154
Advances From Customers	120,224
Total current liabilities	<u>2,569,745</u>
Noncurrent liabilities:	
Contracts Payable	53,135
Loans and Notes Payable	1,554,656
Total noncurrent liabilities	<u>1,607,791</u>
Total liabilities	<u>4,177,536</u>

NET POSITION

Net Investment in capital assets	13,531,779
Unrestricted Amounts (deficit)	(1,601,022)
Total net position	<u>\$ 11,930,757</u>

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TUCSON GOLF ENTERPRISE FUND
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2018

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
COURSE OPERATIONS:							
Operating revenues:							
Green Fees	\$ 802,382	\$ 251,941	\$ 292,651	\$ 229,967	\$ 1,576,941	\$ 8,454,280	
Cart Rentals	412,437	159,121	133,578	139,917	845,053		
Driving Range	146,661	4,661	54,537	65,974	271,833		
Clubhouse	176,234	97,151	80,004	86,614	440,003		
Other Revenue	513,737	97,841	63,190	90,797	765,565		-
Total Operating Revenues	<u>2,051,451</u>	<u>610,715</u>	<u>623,960</u>	<u>613,269</u>	<u>3,899,395</u>	<u>8,454,280</u>	<u>46.1%</u>
Operating expenses:							
Salaries, Wages and Benefits	10,501	6,125	6,126	6,125	28,877	51,460	
Contractual Services	1,197,168	617,241	396,241	563,772	2,774,422	5,896,120	
Commodities	507,907	236,404	243,019	237,349	1,224,679	1,217,150	
Cost of Goods Sold	167,202	51,263	38,262	50,691	307,418	687,480	
Depreciation/Amortization	140,613	67,240	138,246	71,394	417,493		
Total Operating Expenses	<u>2,023,391</u>	<u>978,273</u>	<u>821,894</u>	<u>929,331</u>	<u>4,752,889</u>	<u>7,852,210</u>	<u>61%</u>
Operating Income (Loss)	<u>28,060</u>	<u>(367,558)</u>	<u>(197,934)</u>	<u>(316,062)</u>	<u>(853,494)</u>	<u>602,070</u>	
Nonoperating revenues (expenses):							
Interest Expense	(5,014)	(2,506)	(2,506)	(2,506)	(12,532)	15,770	
Other					-	16,340	
Total nonoperating revenues (expenses)	<u>(5,014)</u>	<u>(2,506)</u>	<u>(2,506)</u>	<u>(2,506)</u>	<u>(12,532)</u>	<u>32,110</u>	
Changes in net position	<u>23,046</u>	<u>(370,064)</u>	<u>(200,440)</u>	<u>(318,568)</u>	<u>(866,026)</u>	<u>\$ 634,180</u>	
Total net position, beginning of year	<u>3,839,035</u>	<u>3,455,131</u>	<u>2,559,357</u>	<u>2,943,260</u>	<u>12,796,783</u>		
Total net position	<u>\$ 3,862,081</u>	<u>\$ 3,085,067</u>	<u>\$ 2,358,917</u>	<u>\$ 2,624,692</u>	<u>\$ 11,930,757</u>		