



## CITY OF TUCSON

ACCOUNTING  
DIVISION

### Monthly Financial Statements For June 30, 2017 Unaudited

These statements do not reflect the final activity of fiscal year 2017. Complete and final fiscal year 2017 statements will be presented in the 2017 Annual Comprehensive Financial Report (CAFR) available Fall 2017.

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](mailto:Pete.Saxton@tucsonaz.gov).

# City of Tucson

## General Fund

For the period July 1, 2016 through June 30, 2017

UNAUDITED - final statements for fiscal year 2017 presented in CAFR

### Overall Evaluation of Revenues:

The overall revenue is exceeding budgeted expectations, due to growth in the local economy and increases in commercial development.



Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Primary Property Taxes	\$14.2		98.1%
Business Privilege Tax	\$195.7		101.6%
Other Local Taxes	\$48.4		96.7%
Contributions and Subsidies	\$8.6		139.0%
State-Shared Income Tax	\$65.0		99.9%
State-Shared Sales Tax	\$48.2		96.1%
State Auto Lieu Tax	\$22.8		99.8%
Licenses and Permits	\$31.4		107.9%
Charges for Current Services	\$42.3		97.7%
Miscellaneous Revenue	\$19.5		97.8%
<b>Total:</b>	<b>\$496.0</b>		<b>100.5%</b>

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

### 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 within current expectations.



Expenditures by Dept for Operations	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Mayor and Council	\$2.4		94.1%
City Manager	\$4.1		98.4%
Housing & Community Development	\$2.5		97.8%
Finance	\$7.9		94.4%
City Attorney	\$7.5		101.1%
Procurement	\$3.1		93.6%
City Court	\$9.0		95.6%
City Public Defender	\$2.7		98.5%
City Clerk	\$2.6		82.0%
Information Technology	\$19.3		97.0%
Human Resources	\$2.2		95.7%
Planning & Development Services	\$6.5		110.9%
General Government	\$24.7		81.9%
Police Department	\$148.3		101.2%
Fire Department	\$91.7		100.8%
General Services Department	\$27.0		92.7%
Environmental Services	\$1.8		89.4%
Transportation Department	\$0.9		45.6%
Parks & Recreation	\$25.0		92.8%
Net Transfers	\$50.5		98.1%
<b>Total Operations:</b>	<b>\$439.4</b>		<b>96.9%</b>
<b>Expenditures for Capital &amp; Debt</b>			
Debt	\$22.5		91.0%
Capital	\$3.9		40.3%
<b>Total Capital &amp; Debt:</b>	<b>\$26.4</b>		<b>76.8%</b>

# City of Tucson

## General Fund

For the period July 1, 2016 through June 30, 2017

UNAUDITED - final statements for fiscal year 2017 presented in CAFR

### Explanation of Revenue Variances



Business Privilege Taxes are approximately \$3 million over their projected revenues due to increased tax collection efforts and a growing local economy. Overall Business Privilege Taxes are expected to exceed expectations at the end of fiscal year 2017.



Contributions, Agreements and Subsidies exceed budget by \$2.4 million mainly due to a contribution to offset debt service costs related to the Zoo's African Expansion.



Licenses and Permits Revenue is higher than budget by \$2.3 million due to higher than expected commercial development activity.

### Explanation of Expenditure Variances



City Attorney is approximately \$0.3 million over budgeted expenditures for June due to unexpected legal costs associated with defending the City of Tucson's position in legal matters with the State of Arizona. These increased legal fees were taken into consideration for fiscal year 2018 budgeting.



The City Clerk spent \$0.6 million less than expected due to amounts budgeted for election support and Election Campaign Matching Funds. The city has not matched any candidate funds this fiscal year, so no funds have been spent from the Election Campaign Matching Funds account.



Planning & Development is approximately \$0.7 million over budget due to increased permit and consulting costs charged by Pima County that were not budgeted. However, these costs were offset by the increased permit revenue noted on the left.



General Government has spent \$5.5 million less than budget due to lower than expected business incentive payments, delay in budgeted improvements to buildings at Reid Park, timing of expenses for real estate acquisitions related to Access Tucson, and a delay in the Permits Plus Software upgrade project. A \$2.2 million purchase of fire-trucks budgeted for 2017 has been delayed until fiscal year 2018.



Transportation spent \$1.1 million less than budgeted due to 47 unfilled Full Time positions. There is also a timing delay in project expenditures relating to Capital Program Support and Roadside & Street Maintenance Contracts.



Debt payments were less than budgeted because several debt service payments, to include Reid Park Lighting Lease, TCC Bleacher lease, and LED street lights have a maturity date of August 1st and will be paid at that time. Additionally, in 2016 it was decided that Election Equipment Lease payments would be made on July 1.



Capital expenditures were less than expected due to capital projects that were budgeted for Fiscal Year 2017, but will actually take place in Fiscal Year 2018. 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, 2016 through June 30, 2017

UNAUDITED - final statements for fiscal year 2017 presented in CAFR

## 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	\$0.6		141.8%
Grant Revenue	7.5		40.3%
Operating Revenue - Other Agencies	12.0		86.0%
Fare Revenue	12.0		95.9%
General Fund Subsidy	44.6		100.0%
Advertising Revenue	0.6		158.2%
Miscellaneous Revenue	0.8		118.4%
<b>Total:</b>	<b>\$77.9</b>		<b>85.7%</b>

#### Revenue Performance



Grant Revenue is below budget due to projects budgeted but not yet in progress. Specifically, \$2.4 million for 28 new Sun Vans to be purchased at the end of fiscal year 2017 and delivered in fiscal year 2018. \$4 million for a Compressed Natural Gas fueling station has been delayed to fiscal year 2019 and \$4 million in storm water projects will be ready for bid in fiscal year 2018.



Operating Revenue - Other Agencies billings are one month behind.

#### Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.4		54.3%
Contractor Personnel Costs	38.2		100.2%
Outside Services	8.6		82.2%
Supplies	9.8		78.6%
<b>Total:</b>	<b>\$57.1</b>		<b>91.9%</b>

#### Sun Van

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	10.4		101.5%
Outside Services	3.5		84.3%
Supplies	1.5		99.7%
<b>Total:</b>	<b>\$15.4</b>		<b>96.8%</b>

#### Sun Tran and Sun Van combined

Non-Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Debt	\$0.0		0.0%
Capital	3.7		25.3%
<b>Total:</b>	<b>\$3.7</b>		<b>22.9%</b>

#### Expenditure Performance



Contractor Personnel actual costs are commingled with Sun Tran and Transit Services. When compared in total actual costs are higher than budget by \$228,100.



Capital Outlay is below budget by \$10.4 million due to grant related projects not yet in progress. These expenditures are the same items described in Grant Revenues including 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, 2016 through June 30, 2017

UNAUDITED - final statements for fiscal year 2017 presented in CAFR

## Overall Evaluation of Revenues:

While individual line items are either above or below the expected budgetary value, the sum of all Sun Link revenue meets 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	2.0		166.7%
Fare Revenue	0.6		63.2%
General Fund Subsidy	\$3.2		100.0%
Advertising Revenue	0.1		42.7%
Miscellaneous Revenue	0.0		No Budget
<b>Total:</b>	<b>\$5.9</b>		<b>107.3%</b>



#### Sun Link

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.0		2676000.0%
Contractor Personnel Costs	1.6		78.2%
Outside Services	1.8		105.9%
Supplies	0.3		102.0%
<b>Total:</b>	<b>\$3.7</b>		<b>91.3%</b>



#### Sun Link

Non-Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Debt	\$1.5		100.0%
Capital	0.7		162.7%
<b>Total:</b>	<b>\$2.2</b>		<b>4.7%</b>

### Revenue Performance



Fare Revenue for Sun Link has seen a decline in actual student passes compared to budget.

### Expenditure Performance



Expenditures are mainly incurred from field maintenance and repair. Parts and equipment are offset by the settlement funds awarded in Fiscal Year 2016.

# City of Tucson

## Water Utility Fund

For the period July 1, 2016 through June 30, 2017

UNAUDITED - final statements for fiscal year 2017 presented in CAFR

### 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	\$146.6		108.6%
Other Fees Charged for Service	50.6		105.3%
Capital Contributions	13.6		483.9%
Investment Income	0.7		221.9%
Grants	0.0		0.0%
Miscellaneous Revenue	15.3		157.9%
<b>Total:</b>	<b>\$226.8</b>		<b>115.3%</b>

### 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	\$36.2		101.2%
Contractual Services	64.2		85.3%
Commodities	8.6		81.4%
Interest Expense	19.2		33.6%
Miscellaneous Expense	3.8		No Budget
Net Transfers	1.9		No Budget
<b>Total:</b>	<b>\$133.9</b>		<b>74.9%</b>

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	35.5	

### Revenue Performance



At the beginning of fiscal year 2017, water rates were increased on metered and reclaimed sales.



Other fees charged for service is higher than budget for fiscal year 2017 due to \$2.1 million in Central Arizona Project surcharge fees.



Capital contributions are higher than budget for fiscal year 2017 due to increased developer financed projects.



Miscellaneous revenue is higher than budget due to \$9 million lawsuit recovery.

### Expense Performance



Salaries, Wages, Benefits actual expenditures are higher by \$413 thousand as compared to budget due to extra time of \$67 thousand, over time of \$133 thousand, non permanent employees of \$114 thousand and sick leave payout to retirees of \$99 thousand.



Contractual Service expenses are less than budget by \$11.1 million of which the majority of the reductions are coming from \$2.6 million in property tax payments, \$2.2 million in CAP commodity and capital charges, \$1.8 million in professional services, \$1 million in utilities, \$885 thousand in low income water assistance program, \$420 thousand in vehicle maintenance and \$700 thousand in consultant expense.



Miscellaneous Expense consists of \$3 million in construction in progress reclassifications which occurred in fiscal year 2017.

CITY OF TUCSON, ARIZONA  
STATEMENT OF NET POSITION  
TUCSON GOLF ENTERPRISE FUND  
6/30/2017 UNAUDITED

**ASSETS**

Current assets:	
Cash and Cash Equivalents	\$ 1,011,777
Accounts Receivable, Net	412,035
Inventories	214,327
Total current assets	<u>1,638,139</u>
Noncurrent assets:	
Other Assets - Restricted	80,835
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	11,386,693
Total noncurrent assets	<u>14,169,393</u>
<b>Total assets</b>	<b><u>15,807,532</u></b>

**LIABILITIES**

Current liabilities:	
Accounts Payable	77,803
Accrued Payroll Liabilities	60,616
Interfund Payable	931,620
Due to Other Agencies	32,052
Accrued Interest Payable	3,482
Refundable Deposits	979
Current Portion of Contracts Payable	84,026
Advances From Customers	88,011
Total current liabilities	<u>1,278,589</u>
Noncurrent liabilities:	
Contracts Payable	105,411
Loans and Notes Payable	1,626,413
Total noncurrent liabilities	<u>1,731,824</u>
<b>Total liabilities</b>	<b><u>3,010,413</u></b>

**NET POSITION**

Net Investment in capital assets	13,899,121
Unrestricted Amounts (deficit)	<u>(1,102,002)</u>
<b>Total net position</b>	<b><u>\$ 12,797,119</u></b>

CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
TUCSON GOLF ENTERPRISE FUND  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2017 UNAUDITED

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
<b>COURSE OPERATIONS:</b>							
<b>Operating revenues:</b>							
Green Fees	\$ 1,609,118	\$ 463,756	\$ 590,044	\$ 434,858	\$ 3,097,776	\$ 8,130,370	
Cart Rentals	751,883	307,757	243,875	245,570	1,549,085		
Driving Range	281,466	8,680	111,602	137,119	538,867		
Clubhouse	294,956	194,511	161,429	169,926	820,822		
Other Revenue	898,951	186,558	168,313	188,656	1,442,478	13,730	
<b>Total Operating Revenues</b>	<u>3,836,374</u>	<u>1,161,262</u>	<u>1,275,263</u>	<u>1,176,129</u>	<u>7,449,028</u>	<u>8,144,100</u>	<u>91.5%</u>
<b>Operating expenses:</b>							
Salaries, Wages and Benefits	18,580	10,837	10,837	10,837	51,091	50,530	
Contractual Services	1,775,447	1,019,218	747,277	967,954	4,509,896	5,843,450	
Commodities	797,641	337,990	530,871	401,787	2,068,289	1,238,580	
Cost of Goods Sold	301,872	95,737	91,271	114,503	603,383	669,710	
Depreciation/Amortization	248,625	114,113	234,006	121,002	717,746		
<b>Total Operating Expenses</b>	<u>3,142,165</u>	<u>1,577,895</u>	<u>1,614,262</u>	<u>1,616,083</u>	<u>7,950,405</u>	<u>7,802,270</u>	<u>102%</u>
<b>Operating Income (Loss)</b>	<u>694,209</u>	<u>(416,633)</u>	<u>(338,999)</u>	<u>(439,954)</u>	<u>(501,377)</u>	<u>341,830</u>	
<b>Nonoperating revenues (expenses):</b>							
Interest Expense	(10,585)	(5,293)	(5,293)	(5,293)	(26,464)	6,740	
Other	5,335				5,335	93,400	
<b>Total nonoperating revenues (expenses)</b>	<u>(5,250)</u>	<u>(5,293)</u>	<u>(5,293)</u>	<u>(5,293)</u>	<u>(21,129)</u>	<u>100,140</u>	
<b>Changes in net position</b>	<u>688,959</u>	<u>(421,926)</u>	<u>(344,292)</u>	<u>(445,247)</u>	<u>(522,506)</u>	<u>\$ 441,970</u>	
<b>Total net position, beginning of year</b>	<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>		
<b>Total net position</b>	<u>\$ 4,684,846</u>	<u>\$ 3,174,373</u>	<u>\$ 2,319,633</u>	<u>\$ 2,618,267</u>	<u>\$ 12,797,119</u>		