



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For March 31, 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 Administrator, at (520) 837-4330 or Pete.Saxton@tucsonaz.gov.











City of Tucson

General Fund

For the period July 1, 2016 through March 31, 2017

Overall Evaluation of Revenues:

the most significant revenue is below expectations, this may be due to delays created when the State took over virtually all tax collections.

Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Primary Property Taxes	\$8.6		79.0%
Business Privilege Tax	\$140.2		97.1%
Other Local Taxes	\$39.1		104.0%
Contributions, Agreements and Sub	\$6.7		146.5%
State-Shared Income Tax	\$48.8		99.9%
State-Shared Sales Tax	\$35.5		94.6%
State Auto Lieu Tax	\$16.9		99.0%
Licenses and Permits	\$23.4		107.1%
Charges for Current Services	\$31.1		95.8%
Miscellaneous Revenue	\$16.1		107.8%
Total:	\$366.5		99.0%

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

Overall Evaluation of Expenditures:

Each department's expenditure total is below the expected budgetary value, and the sum of all general fund expenditures is within current expectation.

Expenditures by Dept for Operations	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Mayor and Council	\$1.6		86.4%
City Manager	\$2.8		91.3%
Housing & Community Development	\$1.5		80.8%
Finance	\$5.8		92.6%
City Attorney	\$5.4		96.7%
Procurement	\$2.3		95.3%
City Court	\$6.3		91.3%
City Public Defender	\$1.9		92.5%
City Clerk	\$1.6		67.1%
Information Technology	\$13.6		89.9%
Human Resources	\$1.5		85.3%
Planning & Development Services	\$4.4		99.3%
General Government	\$13.4		75.2%
Police Department	\$105.9		96.3%
Fire Department	\$65.8		96.5%
General Services Department	\$20.1		92.1%
Environmental Services	\$1.3		86.9%
Transportation Department	\$0.5		31.0%
Parks & Recreation	\$17.7		87.5%
Net Transfers	\$38.0		98.4%
Total Operations:	\$311.4		91.5%
Expenditures for Capital & Debt			
Debt	\$5.1		27.5%
Capital	\$1.7		23.9%
Total Capital & Debt:	\$6.8		26.5%

City of Tucson

General Fund

For the period July 1, 2016 through March 31, 2017

Explanation of Revenue variances



Primary Property Taxes are lower than budget by \$5.9 million due to timing of collections. Semi-annual collections received in March will be reflected in April and May.



Business Privilege Tax revenues are lower than budget by \$4.2 Million due mainly to the collection of sales taxes being taken over by the state. This resulted in a timing difference. State reporting includes collections through March 24th. The remainder will be reported in April.



Contributions, Agreements and Subsidies exceed budget by \$2.9 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 \$5.3 million due to higher than expected commercial development activity.



Miscellaneous Revenue is higher than expected due to a recovery of \$8 million related to environmental clean up.

Explanation of expenditure variances



The City Clerk spent \$1.6 million less than expected due to amounts budgeted for election support and Election Campaign Matching Funds. A City special election will be held in May, so expenditures will increase during April, May and June. The city has not matched any candidate funds this fiscal year, so no funds have been spent from the Election Campaign Matching Funds account to-date.



General Government has spent \$1.1 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.



Transportation spent \$1 million less than budgeted due to being short staffed. Transportation has 47 unfilled Full Time Employee 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 expected because the large payment is due at June 30 and will be paid then.



Capital expenditures were less than expected due to timing of payments and temporary delays in projected spending. These expenditures are expected to reach budget by the end of the fiscal year.

City of Tucson

Mass Transit including Sun Tran, Sun Van and Sun Link
For the period July 1, 2016 through March 31, 2017

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 general fund expenditures meets the current expectation.

Data for Sun Tran and Sun Van

Sun Tran and Sun Van combined

Revenues	YTD Actuals	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Rental and Lease Revenue	\$0.4		130.2%
Grant Revenue	1.0		7.4%
Operating Revenue - Other Agencies	7.7		73.4%
Fare Revenue	8.8		94.2%
General Fund Subsidy	33.4		100.0%
Advertising Revenue	0.6		211.0%
Miscellaneous Revenue	0.5		107.6%
Total:	\$52.4		76.9%



Revenue Performance

Grant Revenue is below budget due to projects budgeted but not yet in progress. \$2.4 million/28 new Sun Vans will be purchased at the end of fiscal year 2017, delivered in fiscal year 2018. \$4 million in CNG 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 due to project manager leaving the city.

Operating Other Agency Revenue billings are lagging by one month before posted to general ledger. Currently \$838 thousand dollars for February, 2017 billings will be posted in April, 2017.



Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.3		81.2%
Contractor Personnel Costs	28.2		98.7%
Outside Services	6.1		74.3%
Supplies	7.3		77.7%
Total:	\$41.9		89.8%

Sun Van

Operating Expenditures	YTD Actuals	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.0	No Budget
Contractor Personnel Costs	7.2	93.6%
Outside Services	2.5	81.2%
Supplies	0.9	83.7%
Total:	\$10.7	89.4%

Sun Tran and Sun Van combined

Non-Operating Expenditures	YTD Actuals	% of Prorated (Y-T-D) Budget
Debt	\$0.0	0.0%
Capital	0.8	8.1%
Total:	\$0.8	7.3%

Expenditure Performance

Capital Outlay is below budget by \$13.1 million due to grant related projects not yet in progress. \$2.4 million/28 new Sun Vans will be purchased at the end of fiscal year 2017, delivered in fiscal year 2018. \$4 million in CNG 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 due to project manager leaving the city. \$121 thousand in Bus Driver partitions and \$300 thousand in Bus Stop Signage will be completed by the end of fiscal year 2017.



City of Tucson

Mass Transit including Sun Tran, Sun Van and Sun Link For the period July 1, 2016 through March 31, 2017

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	\$0.1		No Budget
Operating Revenue - Other Agencies	1.5		166.7%
Fare Revenue	0.4		65.6%
General Fund Subsidy	\$2.4		100.0%
Advertising Revenue	0.1		56.9%
Miscellaneous Revenue	0.0		No Budget
Total:	\$4.5		110.8%



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		67.1%
Outside Services	1.4		105.6%
Supplies	0.1		75.5%
Total:	\$2.5		83.9%



Sun Link

Non-Operating Expenditures	YTD Actuals (in millions)	% of Prorated (Y-T-D) Budget
Debt	\$0.4	33.0%
Capital	0.1	18.5%
Total:	\$0.4	1.2%

Revenue Performance

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



Expenditure Performance

Sun Link outside expenses include payments made to the outside contracting company. These include monthly management fees and liability insurance that have exceeded budget in fiscal year 2017.



City of Tucson

Water Utility Fund

For the period July 1, 2016 through March 31, 2017

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	\$106.2		104.9%
Other Fees Charged for Service	36.3		100.9%
Capital Contributions	7.1		336.8%
Investment Income	0.5		186.9%
Grants	0.0		0.0%
Miscellaneous Revenue	10.9		149.9%
Total:	\$161.0		109.1%

Overall Evaluation of Expenditures:

All expenditures are within the current expectation.



Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Salaries, Wages, Benefits	\$26.8		99.9%
Contractual Services	51.2		90.1%
Commodities	6.6		86.5%
Interest Expense	14.1		33.1%
Miscellaneous Expense	3.0		No Budget
Net Transfers	1.4		No Budget
Total:	\$103.0		77.1%

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	26.5	



Revenue Performance

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

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



Expense Performance

Expenditures are below budget mainly due to Contractual Services being less than budget by \$10.1million.

STATEMENT OF NET POSITION

TUCSON GOLF

March 31, 2017

ASSETS

Current assets:

Cash and Cash Equivalents	\$	2,672,259
Accounts Receivable, Net		410,941
Inventories		248,405
Total current assets		<u>3,331,605</u>

Noncurrent assets:

Other Assets - Restricted		21,931
Land and Construction in Progress		2,701,865
Other Capital Assets, Net		11,622,712
Total noncurrent assets		<u>14,346,508</u>
Total assets		<u><u>17,678,113</u></u>

LIABILITIES

Current liabilities:

Accounts Payable		134,693
Accrued Payroll Liabilities		96,123
Interfund Payable		2,939,754
Due to Other Agencies		62,536
Accrued Interest Payable		4,932
Refundable Deposits		5,652
Current Portion of Contracts Payable		84,026
Advances From Customers		84,728
Total current liabilities		<u>3,412,444</u>

Noncurrent liabilities:

Contracts Payable		133,654
Loans and Notes Payable		1,626,413
Total noncurrent liabilities		<u>1,760,067</u>
Total liabilities		<u><u>5,172,511</u></u>

NET POSITION

Net Investment in capital assets		14,106,897
Unrestricted Amounts (deficit)		<u>(1,601,295)</u>
Total net position	\$	<u><u>12,505,602</u></u>

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TUCSON GOLF ENTERPRISE FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	% Budget
<u>COURSE OPERATIONS:</u>							
Operating revenues:							
Green Fees	\$ 935,008	\$ 291,806	\$ 350,496	\$ 275,811	\$ 1,853,121	\$ 8,130,370	
Cart Rentals	466,177	199,099	148,109	160,743	974,128		
Driving Range	182,219	5,797	69,095	86,986	344,097		
Clubhouse	183,679	122,480	98,685	109,892	514,736		
Other Revenue	567,919	131,018	108,785	120,189	927,911	13,730	
Total Operating Revenues	2,335,002	750,200	775,170	753,621	4,613,993	8,144,100	56.7%
Operating expenses:							
Salaries, Wages and Benefits	11,913	6,950	6,949	6,950	32,762	50,530	
Contractual Services	1,286,268	648,025	491,376	614,807	3,040,476	5,843,450	
Commodities	580,033	238,601	366,587	285,963	1,471,184	1,238,580	
Cost of Goods Sold	187,488	63,774	60,079	76,705	388,046	669,710	
Depreciation/Amortization	165,410	75,934	155,559	80,490	477,393		
Total Operating Expenses	2,231,112	1,033,284	1,080,550	1,064,915	5,409,861	7,802,270	69%
Operating Income (Loss)	103,890	(283,084)	(305,380)	(311,294)	(795,868)	341,830	
Nonoperating revenues (expenses):							
Interest Expense	(7,662)	(3,831)	(3,831)	(3,831)	(19,155)	6,740	
Other	1,000				1,000	93,400	
Total nonoperating revenues (expenses)	(6,662)	(3,831)	(3,831)	(3,831)	(18,155)	100,140	
Changes in net position	97,228	(286,915)	(309,211)	(315,125)	(814,023)	\$ 441,970	
Total net position, beginning of year	3,995,887	3,596,299	2,663,925	3,063,514	13,319,625		
Total net position	\$ 4,093,115	\$ 3,309,384	\$ 2,354,714	\$ 2,748,389	\$ 12,505,602		