



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For May 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 Director, at Pete.Saxton@tucsonaz.gov.

City of Tucson

General Fund

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

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	\$12.7		95.9%
Business Privilege Tax	\$181.4		102.8%
Other Local Taxes	\$45.5		99.1%
Contributions and Subsidies	\$7.5		132.4%
State-Shared Income Tax	\$59.6		99.9%
State-Shared Sales Tax	\$44.0		95.7%
State Auto Lieu Tax	\$20.7		99.2%
Licenses and Permits	\$29.8		111.8%
Charges for Current Services	\$38.1		95.8%
Miscellaneous Revenue	\$18.6		101.6%
Total:	\$457.9		101.2%

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:

Several departments' expenditure totals are below the expected budgetary value. However, 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	\$2.1		90.0%
City Manager	\$3.6		95.6%
Housing & Community Development	\$2.1		91.5%
Finance	\$7.1		93.2%
City Attorney	\$6.9		101.6%
Procurement	\$2.9		96.5%
City Court	\$8.0		93.7%
City Public Defender	\$2.4		96.9%
City Clerk	\$2.3		78.2%
Information Technology	\$16.2		88.4%
Human Resources	\$2.0		92.9%
Planning & Development Services	\$5.6		104.1%
General Government	\$21.5		79.1%
Police Department	\$133.0		99.0%
Fire Department	\$82.4		98.7%
General Services Department	\$24.3		91.2%
Environmental Services	\$1.7		89.8%
Transportation Department	\$0.7		38.2%
Parks & Recreation	\$22.0		89.1%
Net Transfers	\$46.3		98.2%
Total Operations:	\$393.0		94.6%

Expenditures for Capital & Debt	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Debt	\$5.1		22.5%
Capital	\$2.4		26.5%
Total Capital & Debt:	\$7.5		23.6%

City of Tucson

General Fund

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

Explanation of Revenue Variances



Business Privilege Taxes are approximately \$5 million over their projected revenues due to increased 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 \$1.8 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 \$3.1 million due to higher than expected commercial development activity.



Miscellaneous Revenue is higher than expected due to a recovery of \$8 million in March related to environmental clean up. May revenues are in line with budget.



City Attorney is approximately \$0.1 million over budgeted expenditures for May due to unexpected legal costs associated with defending the City of Tucson's position in legal matters with the State of Arizona. City Attorney expects to exceed their budget at the end of the year. These increased legal fees were taken into consideration for fiscal year 2018 budgeting.



The City Clerk spent \$0.5 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.



General Government has spent \$5.7 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.



Planning & Development is approximately \$0.2 million over budget due to increased permit and consulting costs charged by Pima County that were not budgeted.



Transportation spent \$1.1 million less than budgeted due to 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 payment of principal and interest 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 May 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 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	\$0.5		131.9%
Grant Revenue	1.3		7.9%
Operating Revenue - Other Agencies	10.9		85.4%
Fare Revenue	10.9		95.6%
General Fund Subsidy	40.9		100.0%
Advertising Revenue	0.6		172.6%
Miscellaneous Revenue	0.5		84.2%
Total:	\$65.6		78.7%

Sun Tran			
Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.4		56.9%
Contractor Personnel Costs	34.6		99.0%
Outside Services	7.3		75.5%
Supplies	8.8		76.9%
Total:	\$51.1		89.8%

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	9.5		101.3%
Outside Services	3.1		82.2%
Supplies	1.2		85.8%
Total:	\$13.9		94.9%

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	1.2		8.7%
Total:	\$1.2		7.9%

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, but are expected to be caught up before the end of fiscal year 2017.

Expenditure Performance



Contractor Personnel actual costs are commingled with Sun Tran and Transit Services. When compared in total, the actual costs are within budgeted expectations.



Capital Outlay is below budget by \$13.1 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 May 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	\$0.0		No Budget
Operating Revenue - Other Agencies	2.0		181.8%
Fare Revenue	0.5		61.9%
General Fund Subsidy	\$2.9		100.0%
Advertising Revenue	0.1		46.6%
Miscellaneous Revenue	0.0		No Budget
Total:	\$5.5		110.6%



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	1.4		73.7%
Outside Services	1.5		96.8%
Supplies	0.2		68.7%
Total:	\$3.0		82.8%

Sun Link

Non-Operating Expenditures	YTD Actuals (in millions)	% of Prorated (Y-T-D) Budget
Debt	\$0.4	27.0%
Capital	0.1	15.1%
Total:	\$0.4	1.0%

Revenue Performance



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

City of Tucson

Water Utility Fund

For the period July 1, 2016 through May 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	\$131.4		106.2%
Other Fees Charged for Service	45.7		103.9%
Capital Contributions	7.7		300.3%
Investment Income	0.6		207.6%
Grants	0.0		0.0%
Miscellaneous Revenue	12.2		137.9%
Total:	\$197.7		109.6%

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	\$33.8		103.1%
Contractual Services	63.9		92.0%
Commodities	8.0		83.0%
Interest Expense	16.2		31.3%
Miscellaneous Expense	3.5		No Budget
Net Transfers	1.8		No Budget
Total:	\$127.2		77.6%

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	32.6	

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



Salaries, Wages, Benefits actual expenditures are higher by 5.5% as compared to budget due to overtime, salaries for non-permanent employees and retirement medical and sick leave payouts.



Contractual Service expenses are less than budget by \$5.6 million of which the majority of the reductions are coming from \$2.4 million in property taxes which will occur in June, \$2.1 million in professional services and \$808 thousand in the low income water assistance program.



Miscellaneous Expense consists of \$3.1 million in construction in progress reclassifications which occurred in fiscal year 2017.

Net Transfers of \$1.8 million have been paid towards the In Lieu Tax.

CITY OF TUCSON, ARIZONA
STATEMENT OF NET POSITION
TUCSON GOLF ENTERPRISE FUND
May 31, 2017

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 979,743
Accounts Receivable, Net	417,803
Inventories	223,132
Total current assets	<u>1,620,678</u>
Noncurrent assets:	
Other Assets - Restricted	89,881
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	11,441,410
Total noncurrent assets	<u>14,233,156</u>
Total assets	<u>15,853,834</u>

LIABILITIES

Current liabilities:	
Accounts Payable	67,761
Accrued Payroll Liabilities	49,193
Interfund Payable	942,983
Due to Other Agencies	50,432
Accrued Interest Payable	3,691
Refundable Deposits	6,658
Current Portion of Contracts Payable	84,026
Advances From Customers	80,640
Total current liabilities	<u>1,285,384</u>
Noncurrent liabilities:	
Contracts Payable	112,494
Loans and Notes Payable	1,626,413
Total noncurrent liabilities	<u>1,738,907</u>
Total liabilities	<u>3,024,291</u>

NET POSITION

Net Investment in capital assets	13,946,755
Unrestricted Amounts (deficit)	<u>(1,117,212)</u>
Total net position	<u>\$ 12,829,543</u>

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

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
COURSE OPERATIONS:							
Operating revenues:							
Green Fees	\$ 1,528,581	\$ 445,825	\$ 564,374	\$ 416,789	\$ 2,955,569	\$ 8,130,370	
Cart Rentals	633,346	268,699	207,213	213,301	1,322,559		
Driving Range	279,138	13,670	104,364	130,041	527,213		
Clubhouse	274,211	177,926	151,929	157,170	761,236		
Other Revenue	896,676	204,992	183,353	199,923	1,484,944	13,730	
Total Operating Revenues	3,611,952	1,111,112	1,211,233	1,117,224	7,051,521	8,144,100	86.6%
Operating expenses:							
Salaries, Wages and Benefits	16,799	9,799	9,799	9,799	46,196	50,530	
Contractual Services	1,820,773	913,581	685,172	860,011	4,279,537	5,843,450	
Commodities	753,807	314,334	514,148	382,425	1,964,714	1,238,580	
Cost of Goods Sold	282,877	90,725	86,753	107,711	568,066	669,710	
Depreciation/Amortization	228,208	104,730	214,716	111,040	658,694		
Total Operating Expenses	3,102,464	1,433,169	1,510,588	1,470,986	7,517,207	7,802,270	96%
Operating Income (Loss)	509,488	(322,057)	(299,355)	(353,762)	(465,686)	341,830	
Nonoperating revenues (expenses):							
Interest Expense	(10,159)	(5,079)	(5,079)	(5,079)	(25,396)	6,740	
Other	1,000				1,000	93,400	
Total nonoperating revenues (expenses)	(9,159)	(5,079)	(5,079)	(5,079)	(24,396)	100,140	
Changes in net position	500,329	(327,136)	(304,434)	(358,841)	(490,082)	\$ 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	\$ 4,496,216	\$ 3,269,163	\$ 2,359,491	\$ 2,704,673	\$ 12,829,543		