



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For October 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, 2017 through October 31, 2017

Overall Evaluation of Revenues:

The overall revenue is slightly below budgeted expectations, due to seasonal variations and timing of property tax collections.



Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Primary Property Taxes	\$0.9		18.0%
Business Privilege Tax	\$52.7		79.2%
Other Local Taxes	\$14.3		81.5%
Contributions and Subsidies	\$2.3		111.4%
State-Shared Income Tax	\$11.0		49.3%
State-Shared Sales Tax	\$9.3		56.5%
State Auto Lieu Tax	\$5.0		60.0%
Licenses and Permits	\$8.5		85.7%
Charges for Current Services	\$12.9		91.4%
Miscellaneous Revenue	\$2.8		45.6%
Total:	\$119.6		71.1%

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 current expectations.



Expenditures by Dept for Operations	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Mayor and Council	\$0.8		99.4%
City Manager	\$1.2		76.3%
Housing & Community Developmen	\$0.6		66.7%
Finance	\$2.4		90.7%
City Attorney	\$2.5		96.9%
Procurement	\$1.0		96.6%
City Court	\$2.7		90.6%
City Public Defender	\$0.8		94.5%
City Clerk	\$1.1		99.8%
Information Technology	\$8.0		117.2%
Human Resources	\$0.8		97.0%
Planning & Development Serivces	\$2.0		94.4%
General Government	\$9.6		70.7%
Police Department	\$56.5		107.1%
Fire Department	\$36.8		111.3%
General Services Department	\$5.6		91.4%
Environmental Services	\$0.6		99.6%
Transportation Department	\$0.3		75.0%
Parks & Recreation	\$8.1		89.4%
Net Transfers	\$16.4		99.2%
Total Operations:	\$157.8		102.0%

Expenditures for Capital & Debt	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Debt	\$0.2		2.4%
Capital	\$2.2		55.2%
Total Capital & Debt:	\$2.4		19.5%

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 October 31, 2017

Explanation of Revenue Variances



Primary Property Taxes are lower than budget by \$4.1 million due to timing of collections. The City is currently in between semi-annual billing cycles.



Business Privilege Tax is lower than straight-line budget due to the posting of Fiscal Year 2017 revenue accrual of \$19 million during October. The accrual was required due to the one month delay of collections by the state.



Other local taxes are \$3.2 million lower than anticipated, due to lower than normal cell phone and utility taxes collected and seasonal fluctuations. Fiscal year 2018 revenues are expected to be on target to match budget expectations as we get further into the fiscal year.



Tax revenues collected by the State on behalf of the City are lower than anticipated, due to timing of receipts from the State of Arizona and seasonal fluctuations. Additionally, the accrual of FY17 revenues received in FY18 were recorded in October. October's figures are in line with historical trends.



Licenses and Permits are lower than projected due to timing of receipts and seasonal fluctuations. The state has not sent invoices to customers for the \$20 state tax fees. The \$50 city license fee is due by Dec 31, 2017. These revenues are expected to be received in December and January.



Miscellaneous Revenues are lower than projected mainly due to: Court Fees and Fines are lower than expected by \$0.5 million. Sales of Real Property are under budget by \$0.8 million, as well as Certificate of Participation Proceeds by \$1.3 million, these two items usually include a few large proceeds that come in on an annual basis but do not include steady monthly receipts.

Explanation of Expenditure Variances



Information Technology expenditures year-to-date are \$1.2 million higher than the monthly average due to annual software maintenance contract costs that record higher expenses toward the beginning of the year. Some of the City's software agreements renew each fiscal year, while some renew based on a calendar year.



Police expenditures are higher than the prorated budget amount, due to contributions to the Public Safety Personnel Retirement System. Payments to PSPRS are made based on agreements with PSPRS and not on a monthly basis. Due to the timing of the payment, the actual expenses will be in line with budget by the end of the fiscal year.



Fire expenditures are higher than the prorated budget amount, due to contributions to the Public Safety Personnel Retirement System. Payments to PSPRS are made based on agreements with PSPRS and not on a monthly basis. Due to the timing of the payment, the actual expenses will be in line with budget by the end of the fiscal year.



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 October 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	\$0.0		25.4%
Grant Revenue	2.0		41.5%
Operating Revenue - Other Agencies	0.1		2.3%
Fare Revenue	4.0		90.1%
General Fund Subsidy	14.6		100.0%
Advertising Revenue	0.3		265.9%
Miscellaneous Revenue	0.3		201.9%
Total:	\$21.4		74.1%

Revenue Performance



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



Grant Revenue is below budget by \$2.8 million 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 \$508 thousand due to reduction in summer ridership.

Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.1		28.2%
Contractor Personnel Costs	13.9		106.1%
Outside Services	2.5		76.2%
Supplies	3.4		82.2%
Total:	\$19.8		95.7%

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	3.6		104.0%
Outside Services	1.1		85.3%
Supplies	0.3		102.2%
Total:	\$5.0		98.3%

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	0.9		30.4%
Total:	\$0.9		25.9%

Expenditure Performance



There is a new contract for SunTran personnel which increased costs approximately \$939,000 more than budget. A budget adjustment is being processed to account for this increase.



Capital Outlay is below budget by \$2.0 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 October 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 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	0.3		75.0%
Fare Revenue	0.2		72.1%
General Fund Subsidy	\$1.0		100.0%
Advertising Revenue	0.0		0.0%
Miscellaneous Revenue	0.0		174.5%
Total:	\$1.5		87.3%

Revenue Performance



Payments from Other Agencies occur on a quarterly basis, whereas the budget is shown in equal monthly portions. Payments received will be in line with budgeted amounts after December 31, 2017



Fare Revenues are seasonal and should grow with the

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	0.6		94.5%
Outside Services	0.6		119.4%
Supplies	0.0		70.6%
Total:	\$1.3		104.3%

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%

Expenditure Performance



Payroll Expenses for Sun Link Services is less than budgeted.



Outside Services Include one-time advertising fees.

City of Tucson

Water Utility Fund

For the period July 1, 2017 through October 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	\$62.1		128.4%
Other Fees Charged for Service	20.5		123.1%
Capital Contributions	1.0		107.7%
Investment Income	0.3		249.1%
Grants	0.0		0.0%
Miscellaneous Revenue	3.5		362.9%
Total:	\$87.5		129.9%

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	\$13.3		107.3%
Contractual Services	27.4		105.0%
Commodities	2.6		78.3%
Interest Expense	5.7		31.0%
Miscellaneous Expense	0.4		No Budget
Net Transfers	0.6		No Budget
Total:	\$50.2		84.8%

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	11.7	

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 quarter accounts for 29% of the annual water usage. Water usage as a percent of total reduces over the autumn months.



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

Salaries, Wages, Benefits actual expenditures are higher than budget by \$900,000 due to employee salary and benefits in billing offices. Water gained 14 people from Environmental Services; a budget change is pending.



Contractual Service expenses are more than budget by \$1.3 million, which is mostly due to utilities. Utilities are cyclically higher in the first few months of the fiscal year, while budget is not prorated for this.



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

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 986,478
Accounts Receivable, Net	410,623
Inventories	209,998
Total current assets	1,607,099
Noncurrent assets:	
Other Assets - Restricted	49,365
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	11,146,736
Total noncurrent assets	13,897,966
Total assets	15,505,065

LIABILITIES

Current liabilities:	
Accounts Payable	88,500
Accrued Payroll Liabilities	150,787
Interfund Payable	1,767,112
Due to Other Agencies	49,573
Accrued Interest Payable	3,737
Refundable Deposits	3,372
Current Portion of Contracts Payable	86,154
Advances From Customers	63,784
Total current liabilities	2,213,019
Noncurrent liabilities:	
Contracts Payable	74,666
Loans and Notes Payable	1,554,656
Total noncurrent liabilities	1,629,322
Total liabilities	3,842,341

NET POSITION

Net Investment in capital assets	13,687,781
Unrestricted Amounts (deficit)	(2,025,057)
Total net position	\$ 11,662,724

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

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
COURSE OPERATIONS:							
Operating revenues:							
Green Fees	\$ 329,997	\$ 104,902	\$ 111,172	\$ 97,953	\$ 644,024	\$ 8,454,280	
Cart Rentals	230,011	82,448	65,534	73,159	451,152		
Driving Range	83,949	2,329	27,398	35,191	148,867		
Clubhouse	97,577	51,033	41,042	47,388	237,040		
Other Revenue	229,813	23,337	23,057	31,280	307,487	-	
Total Operating Revenues	<u>971,347</u>	<u>264,049</u>	<u>268,203</u>	<u>284,971</u>	<u>1,788,570</u>	<u>8,454,280</u>	<u>21.2%</u>
Operating expenses:							
Salaries, Wages and Benefits	6,093	3,554	3,555	3,554	16,756	51,460	
Contractual Services	677,247	390,079	235,408	381,170	1,683,904	5,896,120	
Commodities	351,289	138,248	168,498	157,438	815,473	1,217,150	
Cost of Goods Sold	89,125	24,216	19,780	26,454	159,575	687,480	
Depreciation/Amortization	81,557	38,467	79,090	40,844	239,958		
Total Operating Expenses	<u>1,205,311</u>	<u>594,564</u>	<u>506,331</u>	<u>609,460</u>	<u>2,915,666</u>	<u>7,852,210</u>	<u>37%</u>
Operating Income (Loss)	<u>(233,964)</u>	<u>(330,515)</u>	<u>(238,128)</u>	<u>(324,489)</u>	<u>(1,127,096)</u>	<u>602,070</u>	
Nonoperating revenues (expenses):							
Interest Expense	(2,784)	(1,393)	(1,393)	(1,393)	(6,963)	15,770	
Other					-	16,340	
Total nonoperating revenues (expenses)	<u>(2,784)</u>	<u>(1,393)</u>	<u>(1,393)</u>	<u>(1,393)</u>	<u>(6,963)</u>	<u>32,110</u>	
Changes in net position	<u>(236,748)</u>	<u>(331,908)</u>	<u>(239,521)</u>	<u>(325,882)</u>	<u>(1,134,059)</u>	<u>\$ 634,180</u>	
Total net position, beginning of year	3,839,035	3,455,131	2,559,357	2,943,260	12,796,783		
Total net position	<u>\$ 3,602,287</u>	<u>\$ 3,123,223</u>	<u>\$ 2,319,836</u>	<u>\$ 2,617,378</u>	<u>\$ 11,662,724</u>		