



CITY OF  
TUCSON

ACCOUNTING  
DIVISION

Monthly Financial Statements  
For September 30, 2016

This financial report is presented as required by Chapter XXIX, §3(4), of the City Charter. It is prepared to meet the needs of management, citizens, investors, and numerous governmental agencies. The financial statements included present the results of the City's operations and includes financial statements for general government funds, enterprise funds and internal service funds.

The general government statements report the revenues and expenditures for the General Fund, the Mass Transit Fund, Sun Link Fund, and the Highway User Revenue Fund (HURF). 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 and SunVan services. The Sun Link Fund accounts for all financial resources related to the modern streetcar operations. The HURF Fund is used to record the state-shared gas tax revenue that can only be used for their authorized transportation purposes.

Enterprise funds include Water Utility, Environmental Services, 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 Environmental Services Fund accounts for the financing and operation of all activities necessary to provide solid waste services to residential and commercial customers in 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.

Finally, the report presents the revenues, expenses and changes in net position for the internal service funds: Fleet Services, Self-Insurance and General Services. These funds are full accrual funds that support core City functions and charge cost-recovery fees to the City departments they serve.

Significant variances between current year actual amounts vs. prior year actual amounts are indicated by a bolded number, for example: **1a**. Explanations for these variances can be found on the final page of the report. Suggestions and comments are welcome and should be directed to Shane Oman, Finance Administrator, at (520) 837-4330 or [Shane.Oman@tucsonaz.gov](mailto:Shane.Oman@tucsonaz.gov).

**STATEMENT OF REVENUES AND EXPENDITURES  
GENERAL FUND  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2017			Fiscal Year 2016		
	Actual	Total FY Budget	% Budget	Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
<b>General Fund Revenues and Other Financing Sources:</b>		Straight-line Budget	25.0%			
<b>Revenues:</b>						
Primary Property Taxes	\$ 356,096	\$ 14,494,430	2.5%	299,733	\$ 56,363	18.8%
Business Privilege Tax	46,157,651	192,539,300	24.0%	47,214,548	(1,056,897)	-2.2%
Other Local Taxes	12,045,435	50,093,750	24.0%	10,661,002	1,384,433	13.0% <b>1a</b>
Grants and Shared Taxes	2,393,493	6,170,640	38.8%	1,273,507	1,119,986	87.9% <b>1b</b>
State-Shared Income Tax Revenue	16,271,006	65,118,880	25.0%	15,655,474	615,532	3.9%
State-Shared Sales Tax	11,460,076	50,099,800	22.9%	11,978,671	(518,595)	-4.3%
State Auto Lieu Tax	5,802,356	22,790,790	25.5%	6,491,542	(689,186)	-10.6%
Licenses and Permits	7,717,623	29,074,730	26.5%	5,742,400	1,975,223	34.4% <b>1c</b>
Fines, Forfeitures, and Penalties	2,085,020	10,478,630	19.9%	2,994,506	(909,486)	-30.4%
Use of Money and Property	(14,699)	448,790	-3.3%	118,800	(133,499)	-112.4%
Charges for Current Services	9,454,893	43,327,230	21.8%	9,766,766	(311,873)	-3.2%
Miscellaneous Revenue	78,691	9,026,410	0.9%	254,849	(176,158)	-69.1%
<b>Total Revenues:</b>	<b>113,807,641</b>	<b>493,663,380</b>		<b>112,451,798</b>	<b>1,355,843</b>	
<b>Other Financing Sources</b>	<b>479,577</b>	<b>1,918,300</b>	<b>25.0%</b>	<b>400,000</b>	<b>79,577</b>	<b>19.9%</b>
<b>Total Revenues and Other Financing Sources</b>	<b>114,287,218</b>	<b>495,581,680</b>		<b>112,851,798</b>	<b>1,435,420</b>	
<b>General Fund Expenditures:</b>						
Elected and Official						
Mayor and Council	\$ 482,962	\$ 2,386,810	20.2%	564,300	\$ (81,338)	-14.4%
City Manager	734,476	4,156,670	17.7%	1,391,493	(657,017)	-47.2%
City Attorney	1,685,431	7,435,540	22.7%	1,768,695	(83,264)	-4.7%
City Clerk	423,061	3,172,710	13.3%	705,008	(281,947)	-40.0%
<b>Total Elected and Official</b>	<b>3,325,930</b>	<b>17,151,730</b>		<b>4,429,496</b>	<b>(1,103,566)</b>	
Public Safety & Justice Services						
City Court	2,018,968	9,193,940	22.0%	2,486,372	(467,404)	-18.8%
Public Defender	557,605	2,700,840	20.6%	663,248	(105,643)	-15.9%
Tucson Fire	20,044,646	90,901,700	22.1%	22,141,294	(2,096,648)	-9.5% <b>1d</b>
Tucson Police	32,285,805	146,698,520	22.0%	37,063,915	(4,778,110)	-12.9% <b>1d,</b>
<b>Total Public Safety &amp; Justice Services</b>	<b>54,907,024</b>	<b>249,495,000</b>		<b>62,354,829</b>	<b>(7,447,805)</b>	
Community Enrichment & Development						
Housing & Community Development	310,891	2,553,900	12.2%	368,804	(57,913)	-15.7%
Parks and Recreation	5,845,401	27,034,310	21.6%	9,135,850	(3,290,449)	-36.0% <b>1d</b>
Planning & Development Services	1,316,212	5,853,130	22.5%	2,322,292	(1,006,080)	-43.3% <b>1f</b>
Transportation	119,502	2,361,620	5.1%	336,978	(217,476)	-64.5%
Environmental Services	383,478	2,061,600			383,478	100.0%
<b>Total Community Enrichment &amp; Development</b>	<b>7,975,484</b>	<b>37,802,960</b>		<b>12,163,924</b>	<b>(4,188,440)</b>	
Support Services						
Finance	1,781,179	8,363,620	21.3%	4,465,202	(2,684,023)	-60.1% <b>1g</b>
General Services	7,437,145	29,076,870	25.6%	2,968,520	4,468,625	150.5% <b>1d</b>
Human Resources	430,082	2,325,420	18.5%	519,891	(89,809)	-17.3%
Information Technology	6,284,300	20,093,220	31.3%	4,451,925	1,832,375	41.2% <b>1g</b>
Procurement	753,733	3,311,340	22.8%	820,471	(66,738)	-8.1%
<b>Total Support Services</b>	<b>16,686,439</b>	<b>63,170,470</b>		<b>13,226,009</b>	<b>3,460,430</b>	
<b>Total General Government</b>	<b>3,924,386</b>	<b>34,012,990</b>	<b>11.5%</b>	<b>4,251,128</b>	<b>(326,742)</b>	<b>-7.7%</b>
<b>Capital Outlay</b>	<b>94,022</b>	<b>6,730,910</b>	<b>1.4%</b>	<b>341,215</b>	<b>(247,193)</b>	<b>-72.4%</b>
<b>Capital Projects</b>	<b>16,091</b>	<b>890,900</b>	<b>1.8%</b>	<b>66,389</b>	<b>(50,298)</b>	<b>-75.8%</b>
<b>Debt Service and Fiscal Agent Fees</b>	<b>202,854</b>	<b>24,717,140</b>	<b>0.8%</b>	<b>39,139</b>	<b>163,715</b>	<b>418.3%</b>
<b>Other Financing Uses</b>	<b>13,053,940</b>	<b>53,394,380</b>	<b>24.4%</b>	<b>13,381,428</b>	<b>(327,488)</b>	<b>-2.4%</b>
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>100,186,170</b>	<b>489,428,080</b>		<b>110,253,557</b>	<b>(10,067,387)</b>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**MASS TRANSIT FUND**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2017		% Budget	Fiscal Year 2016	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget		Actual		
<b>Mass Transit Revenues and Other Financing Sources:</b>	Straight-line Budget		25.0%			
<b>Revenues:</b>						
Federal Grants and Contributions	\$ 344,744	\$ 18,527,880	1.9%	\$ 7,597,725	\$ (7,252,981)	-95.5% <b>2a</b>
Other Agencies	68,095	13,960,980	0.5%	493,507	(425,412)	-86.2%
Use of Money and Property	100,824	414,100	24.3%	1,543	99,281	6434.3%
Charges for Current Services	3,152,112	12,821,400	24.6%	2,880,914	271,198	9.4%
Miscellaneous Revenue	124,041	650,360	19.1%	103,854	20,187	19.4%
<b>Total Revenues:</b>	<u>3,789,816</u>	<u>46,374,720</u>		<u>11,077,543</u>	<u>(7,287,727)</u>	
<b>Other Financing Sources</b>	<u>11,140,980</u>	<u>44,563,920</u>	25.0%	<u>11,370,768</u>	<u>(229,788)</u>	-2.0%
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 14,930,796</u>	<u>\$ 90,938,640</u>		<u>\$ 22,448,311</u>	<u>\$ (7,517,515)</u>	
<b>Mass Transit Expenditures:</b>						
Community Enrichment & Development						
Transportation	\$ 17,246,651	\$ 77,750,280	22.2%	\$ 16,694,791	\$ 551,860	3.3%
<b>Total Community Enrichment &amp; Development</b>	<u>17,246,651</u>	<u>77,750,280</u>		<u>16,694,791</u>	<u>551,860</u>	
<b>Capital Outlay</b>	<u>134,105</u>	<u>4,366,660</u>	3.1%	<u>8,379,583</u>	<u>(8,245,478)</u>	-98.4% <b>2a</b>
<b>Capital Projects</b>	<u>96,524</u>	<u>8,821,700</u>	1.1%	<u>330,767</u>	<u>(234,243)</u>	-70.8%
<b>Total Expenditures</b>	<u>\$ 17,477,280</u>	<u>\$ 90,938,640</u>		<u>\$ 25,405,141</u>	<u>\$ (7,927,861)</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**SUN LINK**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2017		% Budget	Fiscal Year 2016	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget		Actual		
<b>Sun Link Revenues and Other Financing Sources:</b>	Straight-line Budget		25.0%			
<b>Revenues:</b>						
Other Agencies	\$	\$ 1,207,600	0.0%	\$	\$	0.0%
Charges for Current Services	268,616	1,085,340	24.7%	140,169	128,447	91.6%
Miscellaneous Revenue	724		100.0%	568	156	27.5%
<b>Total Revenues:</b>	<u>269,340</u>	<u>2,292,940</u>		<u>140,737</u>	<u>128,603</u>	
<b>Other Financing Sources</b>	<u>793,820</u>	<u>3,175,280</u>	25.0%	<u>577,943</u>	<u>215,877</u>	37.4%
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 1,063,160</u>	<u>\$ 5,468,220</u>		<u>\$ 718,680</u>	<u>\$ 344,480</u>	
<b>Sun Link Expenditures:</b>						
Community Enrichment & Development						
Transportation	\$ 518,108	\$ 3,954,100	13.1%	\$ 899,474	\$ (381,366)	-42.4%
<b>Total Community Enrichment &amp; Development</b>	<u>518,108</u>	<u>3,954,100</u>		<u>899,474</u>	<u>(381,366)</u>	
<b>Debt Service and Fiscal Agent Fees</b>		<u>1,514,120</u>	0.0%			0.0%
<b>Total Expenditures</b>	<u>\$ 518,108</u>	<u>\$ 5,468,220</u>		<u>\$ 899,474</u>	<u>\$ (381,366)</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**HIGHWAY USER REVENUE FUND (HURF)**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2015		% Budget	Fiscal Year 2015	\$ Change CFY vs PFY	% Change CFY vs PFY
	Actual	Revised Budget		Actual		
<b>HURF Revenues:</b>		Straight-line Budget	25.0%			
<b>Revenues:</b>						
Licenses and Permits	\$ 119,959	\$ 674,800	17.8%	\$ 86,311	\$ 33,648	39.0%
Other Agencies	9,438,230	38,274,480	24.7%	9,481,850	(43,620)	-0.5%
Use of Money and Property	129,808	630,000	20.6%	145,911	(16,103)	-11.0%
Miscellaneous Revenue	501,695	600,000	83.6%	65,890	435,805	661.4%
<b>Total Revenues</b>	<u>\$ 10,189,692</u>	<u>\$ 40,179,280</u>		<u>\$ 9,779,962</u>	<u>\$ 409,730</u>	
<b>HURF Expenditures:</b>						
Community Enrichment and Development						
Transportation	\$ 6,430,169	\$ 34,804,230	18.5%	\$ 5,948,240	\$ 481,929	8.1%
<b>Total Community Enrichment and Development</b>	<u>6,430,169</u>	<u>34,804,230</u>		<u>5,948,240</u>	<u>481,929</u>	
Non-Departmental						
Outside Agencies		100,580	0.0%			0.0%
<b>Total Non-Departmental</b>		<u>100,580</u>				
<b>Capital Outlay</b>	5,179	1,396,500	0.4%	3,140	2,039	64.9%
<b>Capital Projects</b>	259,586	10,344,600	2.5%	233,936	25,650	11.0%
<b>Other Financing Uses (Sources)</b>		<u>(9,939,640)</u>	0.0%			0.0%
<b>Total Expenditures &amp; Other Financing Uses</b>	<u>\$ 6,694,934</u>	<u>\$ 36,706,270</u>		<u>\$ 6,185,316</u>	<u>\$ 509,618</u>	

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**September 30, 2016**

	Water Utility Fund	Environmental Services	Tucson Golf Enterprise Fund
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 68,742,268	\$ 33,192,544	\$ 1,608,575
Cash and Investments - Restricted			
Cash and Investments with Fiscal Agent - Restricted	11,395,291		
Accounts Receivable, Net	27,088,405	3,441,660	410,946
Due from Other Agencies		1,147	
Interest Receivable	145,386	62,425	
Inventories	5,693,101		233,120
Other Assets	7,817,881		
Total current assets	120,882,332	36,697,776	2,252,641
Noncurrent assets:			
Long Term Accounts Receivable	176,022		
Other Assets - Restricted			113,316
Land and Construction in Progress	182,368,652	14,532,434	2,701,865
Other Capital Assets, Net	1,058,753,225	27,043,576	11,919,723
Water Rights	52,126,968		
Total noncurrent assets	1,293,424,867	41,576,010	14,734,904
<b>Total assets</b>	1,414,307,199	78,273,786	16,987,545
<b>DEFERRED OUTFLOWS</b>			
Loss on Refunding of Debt	15,899,579	1,225,522	
Pension Plans	3,162,060	1,205,606	
<b>Total deferred outflows</b>	19,061,639	2,431,128	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	1,613,589	354,337	183,869
Accrued Payroll Liabilities	80,386	34,334	115,864
Interfund Payable			2,308,961
Due to Other Agencies	286,776	249	29,520
Accrued Interest Payable			5,267
Refundable Deposits	2,415,894	92,991	2,894
Current Portion of Bonds Payable	35,156,143		
Current Portion of Contracts Payable		192,600	84,026
Current Portion of Compensated Absences	1,769,251	514,889	
Liabilities Payable from Restricted Assets	19,312		
Advances From Customers			71,214
Current Portion of Long Term Liabilities		758,158	
Total current liabilities	41,341,351	1,947,558	2,801,615
Noncurrent liabilities:			
Bonds Payable	505,214,241		
Contracts Payable		11,532,420	168,627
Compensated Absences	1,835,388	608,388	1,626,413
Other Postemployment Benefits	1,485,509	584,846	
Pension Liability	51,601,140	19,674,093	
Loans and Notes Payable			
Long Term Liabilities		57,350,501	
Total noncurrent liabilities	560,136,278	89,750,248	1,795,040
<b>Total liabilities</b>	601,477,629	91,697,806	4,596,655
<b>DEFERRED INFLOWS</b>			
Deferred Revenue	92,902		
Pension Plans	5,461,526	2,082,329	
<b>Total deferred inflows</b>	5,554,428	2,082,329	
<b>NET POSITION</b>			
Net Investment in capital assets	771,920,787	29,850,990	14,368,935
Amounts Restricted for:			
Debt Service	11,395,291		
Capital			
Unrestricted Amounts (deficit)	43,020,703	(60,967,924)	(1,978,045)
Closure/Post Closure Liability		6,145,628	
New Landfill Cell Construction		11,896,085	
<b>Total net position</b>	\$ 826,336,781	\$ (13,075,221)	\$ 12,390,890

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**WATER UTILITY FUND**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2017 Actual	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
<b>Operating revenues:</b>				
Charges for Services	\$ 56,842,555	\$ 57,907,762	\$ (1,065,207)	-1.8%
<b>Total operating revenues</b>	<u>56,842,555</u>	<u>57,907,762</u>	<u>(1,065,207)</u>	
<b>Operating expenses:</b>				
Salaries, Wages and Benefits	7,875,727	8,169,146	(293,419)	-3.6%
Contractual Services	16,608,691	13,757,256	2,851,435	20.7%
Commodities	2,438,414	1,774,933	663,481	37.4%
Depreciation/Amortization	8,551,065	8,799,000	(247,935)	-2.8%
<b>Total operating expenses</b>	<u>35,473,897</u>	<u>32,500,335</u>	<u>2,973,562</u>	
<b>Operating Income (Loss)</b>	<u>21,368,658</u>	<u>25,407,427</u>	<u>(4,038,769)</u>	
<b>Nonoperating revenues (expenses):</b>				
Investment Income	250,195	258,149	(7,954)	-3.1%
Gain (Loss) on Sale of Property/Equipment	33,339	51,320	(17,981)	-35.0%
Interest Expense	(5,082,662)	(4,643,674)	(438,988)	9.5%
Other Nonoperating Income (Expenses)	(29,861)	(1,205,394)	1,175,533	-97.5%
<b>Total nonoperating revenues (expenses)</b>	<u>(4,828,989)</u>	<u>(5,539,599)</u>	<u>710,610</u>	
<b>Income (loss) before transfers</b>	<u>16,539,669</u>	<u>19,867,828</u>	<u>(3,328,159)</u>	
<b>Transfers In</b>	842,081	729,386	112,695	15.5%
<b>Transfers Out</b>	<u>(479,577)</u>	<u>(400,000)</u>	<u>(79,577)</u>	19.9%
<b>Changes in net position</b>	<u>16,902,173</u>	<u>20,197,214</u>	<u>(3,295,041)</u>	
<b>Total net position, beginning of year *</b>	809,434,608	780,994,245	28,440,363	
<b>Total net position</b>	<u>\$ 826,336,781</u>	<u>\$ 801,191,459</u>	<u>\$ 25,145,322</u>	

\*Beginning of year net position is subject to change until final audit of the fiscal year 2016 Comprehensive Annual Financial Report.

**CITY OF TUCSON, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**ENVIRONMENTAL SERVICES FUND**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016**

	Fiscal Year 2017 Actual	Fiscal Year 2016 Actual	\$ Change CFY vs PFY	% Change CFY vs PFY
<b>Operating revenues:</b>				
Charges for Services	\$ 12,486,526	\$ 12,685,026	\$ (198,500)	-1.6%
Miscellaneous	233,651	174,418	59,233	34.0%
<b>Total operating revenues</b>	<u>12,720,177</u>	<u>12,859,444</u>	<u>(139,267)</u>	
<b>Operating expenses:</b>				
Salaries, Wages and Benefits	3,272,093	3,311,205	(39,112)	-1.2%
Contractual Services	3,300,420	4,655,379	(1,354,959)	-29.1%
Commodities	748,091	843,645	(95,554)	-11.3%
Depreciation/Amortization	1,580,177	1,030,818	549,359	53.3%
<b>Total operating expenses</b>	<u>8,900,781</u>	<u>9,841,047</u>	<u>(940,266)</u>	
<b>Operating Income (Loss)</b>	<u>3,819,396</u>	<u>3,018,397</u>	<u>800,999</u>	
<b>Nonoperating revenues (expenses):</b>				
Investment Income	24,136	88,289	(64,153)	-72.7%
Gain (Loss) on Sale of Property/Equipment	331,125	14,072	317,053	2253.1%
Other Agencies	1,147	2,975	(1,828)	-61.4%
Interest Expense	4,705	4,705	4,705	100.0%
<b>Total nonoperating revenues (expenses)</b>	<u>361,113</u>	<u>105,336</u>	<u>255,777</u>	
<b>Changes in net position</b>	<u>4,180,509</u>	<u>3,123,733</u>	<u>1,056,776</u>	
<b>Total net position, beginning of year *</b>	<u>(17,255,730)</u>	<u>(16,984,080)</u>	<u>(271,650)</u>	
<b>Total net position</b>	<u>\$ (13,075,221)</u>	<u>\$ (13,860,347)</u>	<u>\$ 785,126</u>	

\*Beginning of year net position is subject to change until final audit of the fiscal year 2016 Comprehensive Annual Financial Report.

CITY OF TUCSON, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
TUCSON GOLF ENTERPRISE FUND  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

	Randolph	El Rio	Silverbell	Enke	Fiscal Year 2017		%
					Combined Actual	Revised Budget	Budget
<b>COURSE OPERATIONS:</b>							
<b>Operating revenues:</b>							
Green Fees	\$ 185,783	\$ 50,841	\$ 69,537	\$ 52,804	\$ 358,965	\$ 8,130,370	
Cart Rentals	182,461	52,274	43,309	48,550	326,594		
Driving Range	71,646	1,370	21,540	29,007	123,563		
Clubhouse	68,778	35,979	31,702	37,998	174,457		
Other Revenue	144,587	16,187	12,136	23,210	196,120	13,730	
<b>Total Operating Revenues</b>	<b>653,255</b>	<b>156,651</b>	<b>178,224</b>	<b>191,569</b>	<b>1,179,699</b>	<b>8,144,100</b>	<b>14.5%</b>
<b>Operating expenses:</b>							
Salaries, Wages and Benefits	4,035	2,353	2,353	2,353	11,094	50,530	
Contractual Services	472,034	287,005	183,564	264,498	1,207,101	5,843,450	
Commodities	251,994	108,345	110,014	98,043	568,396	1,238,580	
Cost of Goods Sold	69,711	21,526	19,458	24,853	135,548	669,710	
Depreciation/Amortization	72,152	36,077	36,077	36,077	180,383		
<b>Total Operating Expenses</b>	<b>869,926</b>	<b>455,306</b>	<b>351,466</b>	<b>425,824</b>	<b>2,102,522</b>	<b>7,802,270</b>	<b>27%</b>
<b>Operating Income (Loss)</b>	<b>(216,671)</b>	<b>(298,655)</b>	<b>(173,242)</b>	<b>(234,255)</b>	<b>(922,823)</b>	<b>341,830</b>	
<b>Nonoperating revenues (expenses):</b>							
Interest Expense	(2,766)	(1,382)	(1,382)	(1,382)	(6,912)	6,740	
Other	1,000				1,000	93,400	
<b>Total nonoperating revenues (expenses)</b>	<b>(1,766)</b>	<b>(1,382)</b>	<b>(1,382)</b>	<b>(1,382)</b>	<b>(5,912)</b>	<b>100,140</b>	
<b>Changes in net position</b>	<b>(218,437)</b>	<b>(300,037)</b>	<b>(174,624)</b>	<b>(235,637)</b>	<b>(928,735)</b>	<b>\$ 441,970</b>	
<b>Total net position, beginning of year *</b>	<b>3,995,887</b>	<b>3,596,299</b>	<b>2,663,925</b>	<b>3,063,514</b>	<b>13,319,625</b>		
<b>Total net position</b>	<b>\$ 3,777,450</b>	<b>\$ 3,296,262</b>	<b>\$ 2,489,301</b>	<b>\$ 2,827,877</b>	<b>\$ 12,390,890</b>		

\*Beginning of year net position is subject to change until final audit of the fiscal year 2016 Comprehensive Annual Financial Report.

**CITY OF TUCSON, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30,2016**

	Fleet Services	Self Insurance	General Services
<b>Operating revenues:</b>			
Charges for Services	\$ 5,111,523	\$ 3,041,976	\$ 4,309,428
Miscellaneous	23,230	10,000	6,871
<b>Total operating revenues</b>	<u>5,134,753</u>	<u>3,051,976</u>	<u>4,316,299</u>
<b>Operating expenses:</b>			
Salaries, Wages and Benefits	1,276,107	266,811	1,718,951
Contractual Services	1,396,905	1,024,508	1,572,923
Commodities	2,472,295	23,867	446,873
Benefits and Claims		1,428,008	
Depreciation	482,798	2,977	15,531
<b>Total operating expenses</b>	<u>5,628,105</u>	<u>2,746,171</u>	<u>3,754,278</u>
<b>Operating income (loss)</b>	<u>(493,352)</u>	<u>305,805</u>	<u>562,021</u>
<b>Nonoperating revenues (expenses):</b>			
Property Taxes		64,094	
Investment Income	1,307	23,326	2,377
Gain (loss) on Sale of Property/Equipment	25,710		
<b>Total nonoperating revenues (expenses)</b>	<u>27,017</u>	<u>87,420</u>	<u>2,377</u>
<b>Changes in net position</b>	<u>(466,335)</u>	<u>393,225</u>	<u>564,398</u>
<b>Total net position, beginning of year *</b>	<u>10,283,998</u>	<u>8,621,967</u>	<u>(8,826,287)</u>
<b>Total net position</b>	<u>\$ 9,817,663</u>	<u>\$ 9,015,192</u>	<u>\$ (8,261,889)</u>

\*Beginning of year net position is subject to change until final audit of the fiscal year 2016 Comprehensive Annual Financial Report.

City of Tucson, Arizona  
Variance Explanations  
For September, 2016

**General Fund:**

- (1a) Public utility tax rate increased a half percent in fiscal year 2017 and the hotel bed surcharge increased from \$2 to \$4 per night.
- (1b) The June 2016 IRS interest subsidies for bonds were delayed and not received until September 2016.
- (1c) Permits and inspection fees revenue increased \$1.4 million over fiscal year 2016.
- (1d) Water, electric and vehicle maintenance expenditures related to non-internal service areas are recorded in the General Services department for fiscal year 2017 instead of being allocated to various departments as done in fiscal year 2016.
- (1e) \$3 million pension contribution for Tucson Police made in fiscal year 2016 from car impound proceeds; was not repeated in fiscal year 2017.
- (1f) The code enforcement program was moved from Planning & Development Services to Environmental Services for fiscal year 2017. Additional position reduction resulted in fewer expenditures in fiscal year 2017.
- (1g) ERP software maintenance of \$ 2,018,975 paid in Finance department in fiscal year 2016 but was paid by the Information Technology department in fiscal year 2017.

**Mass Transit:**

- (2a) Capital outlay and the related federal grants and contributions were higher in fiscal year 2016 due to \$5.8 million in replacement buses and vans, the construction of the compressed natural gas plant of \$498,783, the Regional Paratransit Expansion of \$250,288 and the Greyhound Transit Center of \$114,319.