



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For September 30, 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 September 30, 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	\$0.3		8.5%
Business Privilege Tax	\$50.5		101.3%
Other Local Taxes	\$13.5		102.8%
Contributions and Subsidies	\$1.8		119.2%
State-Shared Income Tax	\$16.4		98.5%
State-Shared Sales Tax	\$14.0		113.4%
State Auto Lieu Tax	\$5.9		95.3%
Licenses and Permits	\$6.9		92.5%
Charges for Current Services	\$9.3		88.3%
Miscellaneous Revenue	\$2.2		46.5%
Total:	\$120.9		95.8%

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	\$0.6		95.9%
City Manager	\$0.8		70.4%
Housing & Community Developmen	\$0.3		50.8%
Finance	\$1.8		90.9%
City Attorney	\$1.9		99.2%
Procurement	\$0.8		95.2%
City Court	\$2.1		91.3%
City Public Defender	\$0.6		95.7%
City Clerk	\$0.9		107.5%
Information Technology	\$6.5		124.5%
Human Resources	\$0.6		98.5%
Planning & Development Services	\$1.4		85.3%
General Government	\$7.3		66.0%
Police Department	\$36.7		92.0%
Fire Department	\$23.5		93.4%
General Services Department	\$4.1		89.5%
Environmental Services	\$0.4		95.4%
Transportation Department	\$0.2		61.5%
Parks & Recreation	\$5.9		76.4%
Net Transfers	\$12.5		101.3%
Total Operations:	\$109.0		92.5%
Expenditures for Capital & Debt			
Debt	\$0.2		3.2%
Capital	\$0.2		9.6%
Total Capital & Debt:	\$0.4		4.8%

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 September 30, 2017

Explanation of Revenue Variances



Primary Property Taxes are lower than budget by \$3.4 million due to timing of collections. The City is currently in between semi-annual billing cycles.



Charges for Current Services revenues are \$1.2 million lower than budgeted, due to less than expected receipts in paramedic service charges (\$0.9 million), and zoo admissions (\$0.2 million).



Miscellaneous Revenues are \$2.5 million lower than budgeted for September. Court Fees and Fines are lower than expected by \$0.4 million. Under budget are Sales of Real Property by \$0.6 million and Certificate of Participation Proceeds by \$1.0 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



The City Clerk is approximately \$62,500 over budget for September 2017 due to mass mailings and ballot materials for the upcoming general elections. Additionally, the City Clerk has made campaign matching fund contributions in September.



Information Technology expenditures year-to-date are \$1.3 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.



Transfers out of the General Fund were higher than expected in September due to a duplicate payment made to the Sun-Link Subsidy. This duplicate payment was reversed in October and transfers will be in line with budget going forward.



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 September 30, 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	1.7		46.3%
Operating Revenue - Other Agencies	0.1		2.3%
Fare Revenue	3.1		91.7%
General Fund Subsidy	10.9		100.0%
Advertising Revenue	0.0		0.0%
Miscellaneous Revenue	0.3		237.8%
Total:	\$16.1		74.2%

Revenue Performance



Rental and lease revenue has decreased due to reduction in occupancy. Budget is based on previous year revenues.



Grant Revenue is below budget by \$1.9 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 two months behind pending an approved IGA. Fare Revenue is lower than budget by \$330 thousand due to reduction in summer ridership, but was up in September due to the return of Uof A students.

Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.0		25.5%
Contractor Personnel Costs	10.1		103.4%
Outside Services	1.7		67.8%
Supplies	2.6		83.0%
Total:	\$14.5		92.6%

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	2.7		104.4%
Outside Services	0.6		65.1%
Supplies	0.2		66.4%
Total:	\$3.5		90.6%

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	0.6		29.0%
Total:	\$0.6		24.5%

Expenditure Performance



There is a new contract for SunTran personnel which increased costs approximately \$445,000 more than budget. A budget adjustment is being processed to account for this increase.



Capital Outlay is below budget by \$1.3 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 September 30, 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	0.0		0.0%
Fare Revenue	0.1		75.3%
General Fund Subsidy	\$1.0		133.3%
Advertising Revenue	0.0		0.0%
Miscellaneous Revenue	0.0		175.7%
Total:	\$1.2		89.9%



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	0.4		93.1%
Outside Services	0.3		81.8%
Supplies	0.0		13.6%
Total:	\$0.8		83.7%



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%

Revenue Performance



Revenues should grow with the start of fall classes at the University of Arizona and the tourist season.



Operating transfers due from the General Fund were updated in October to be in alignment with the budgeted amount.



This includes \$300,000 to be received from the RTA on a quarterly basis, which was not received in September.

Expenditure Performance



Payroll Expenses for Sun Link Services is less than budgeted.



A vendor refund of Fiscal Year 2017 Outside Services expenditures is recorded in 2018.

City of Tucson

Water Utility Fund

For the period July 1, 2017 through September 30, 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	\$47.3		130.3%
Other Fees Charged for Service	15.6		124.9%
Capital Contributions	0.8		110.5%
Investment Income	0.3		340.5%
Grants	0.0		0.0%
Miscellaneous Revenue	0.6		76.4%
Total:	\$64.5		127.8%

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	\$10.1		108.5%
Contractual Services	17.1		87.2%
Commodities	1.8		71.0%
Interest Expense	4.3		31.1%
Miscellaneous Expense	0.3		No Budget
Net Transfers	0.5		No Budget
Total:	\$34.1		76.8%

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	0.0	

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 water usage.



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 \$785,000 due to unbudgeted items such as permanent employees in billing office and TSRS pension contributions.



Contractual Service expenses are less than budget by \$2.5 million of which the following contributed to those reductions: \$645,000 in property and other tax payments, \$573,000 in CAP commodity charges, \$1.4 million in CAP capital charges and \$624,000 in repairs and maintenance.

CITY OF TUCSON, ARIZONA
STATEMENT OF NET POSITION
TUCSON GOLF ENTERPRISE FUND
September 30, 2017

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 1,015,279
Accounts Receivable, Net	406,293
Inventories	205,862
Total current assets	<u>1,627,434</u>
Noncurrent assets:	
Other Assets - Restricted	56,855
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	11,207,258
Total noncurrent assets	<u>13,965,978</u>
Total assets	<u>15,593,412</u>

LIABILITIES

Current liabilities:	
Accounts Payable	192,783
Accrued Payroll Liabilities	126,519
Interfund Payable	1,608,310
Due to Other Agencies	38,189
Accrued Interest Payable	4,624
Refundable Deposits	17,893
Current Portion of Contracts Payable	86,154
Advances From Customers	77,980
Total current liabilities	<u>2,152,452</u>
Noncurrent liabilities:	
Contracts Payable	81,842
Loans and Notes Payable	1,554,656
Total noncurrent liabilities	<u>1,636,498</u>
Total liabilities	<u>3,788,950</u>

NET POSITION

Net Investment in capital assets	13,741,127
Unrestricted Amounts (deficit)	(1,936,665)
Total net position	<u>\$ 11,804,462</u>

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, 2017

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
<u>COURSE OPERATIONS:</u>							
Operating revenues:							
Green Fees	\$ 230,811	\$ 55,295	\$ 85,842	\$ 63,962	\$ 435,910	\$ 8,454,280	
Cart Rentals	174,012	50,978	55,526	50,178	330,694		
Driving Range	61,635	1,398	21,940	23,894	108,867		
Clubhouse	64,478	30,906	33,490	32,000	160,874		
Other Revenue	136,794	12,064	11,758	11,408	172,024	-	
Total Operating Revenues	<u>667,730</u>	<u>150,641</u>	<u>208,556</u>	<u>181,442</u>	<u>1,208,369</u>	<u>8,454,280</u>	<u>14.3%</u>
Operating expenses:							
Salaries, Wages and Benefits	4,669	2,723	2,723	2,723	12,838	51,460	
Contractual Services	557,048	294,463	173,802	276,164	1,301,477	5,896,120	
Commodities	285,603	109,398	89,079	101,652	585,732	1,217,150	
Cost of Goods Sold	66,496	15,209	15,714	18,706	116,125	687,480	
Depreciation/Amortization	62,157	28,528	58,501	30,251	179,437		
Total Operating Expenses	<u>975,973</u>	<u>450,321</u>	<u>339,819</u>	<u>429,496</u>	<u>2,195,609</u>	<u>7,852,210</u>	<u>28%</u>
Operating Income (Loss)	<u>(308,243)</u>	<u>(299,680)</u>	<u>(131,263)</u>	<u>(248,054)</u>	<u>(987,240)</u>	<u>602,070</u>	
Nonoperating revenues (expenses):							
Interest Expense	(2,033)	(1,016)	(1,016)	(1,016)	(5,081)	15,770	
Other					-	16,340	
Total nonoperating revenues (expenses)	<u>(2,033)</u>	<u>(1,016)</u>	<u>(1,016)</u>	<u>(1,016)</u>	<u>(5,081)</u>	<u>32,110</u>	
Changes in net position	<u>(310,276)</u>	<u>(300,696)</u>	<u>(132,279)</u>	<u>(249,070)</u>	<u>(992,321)</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>\$ 3,528,759</u>	<u>\$ 3,154,435</u>	<u>\$ 2,427,078</u>	<u>\$ 2,694,190</u>	<u>\$ 11,804,462</u>		

Four stage spotlights are positioned at the top corners of the frame, casting beams of light towards the center. The spotlights have blue accents and are mounted on black stands. The background is dark, and the light from the spotlights creates a soft glow around the text.

Quarterly Spotlight

-Tucson Delivers-



City of Tucson
TUCSON DELIVERS
 Better Streets - Safer City

OVERVIEW for Fiscal Year - 2018 as of 9/30/2018

RECEIPTS	City Tax subject to 1/2 cent	1/2 Cent Tax	Streets	Public Safety
City Sales Tax	28,776,962.45	5,755,392.49	2,302,156.99	3,453,235.5
Use Tax	1,480,703.35	296,140.67	118,456.23	177,684.44
Interest	-	6,838.02	2,735.21	4,102.81
Total:	\$30,257,665.80	\$6,047,587.70	\$2,419,035.04	\$3,628,552.66
FUND BALANCE	Beginning Balance	Receipts	Expenses	Balance
Streets	0.00	2,419,035.04	0.00	2,419,035.04
Public Safety	0.00	3,628,552.66	32,708.29	3,595,844.37
Total:	\$0.00	\$6,047,587.70	\$32,708.29	\$6,080,295.99
BUDGET TO ACTUAL	Budget	Actual	Balance	
Streets	20,000,000.00	0.00	20,000,000.00	
Public Safety	30,000,000.00	32,708.29	29,967,291.71	
Total:	\$50,000,000.00	\$32,708.29	\$50,032,708.29	