



CITY OF TUCSON

ACCOUNTING
DIVISION

Monthly Financial Statements For February 28, 2018


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 February 28, 2018

Overall Evaluation of Revenues:

The overall revenue is meeting budgeted expectations.



Revenues	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Primary Property Taxes	\$8.8		87.4%
Business Privilege Tax	\$140.0		105.3%
Other Local Taxes	\$37.3		106.4%
Contributions and Subsidies	\$4.2		89.8%
State-Shared Income Tax	\$43.8		98.5%
State-Shared Sales Tax	\$35.4		107.1%
State Auto Lieu Tax	\$14.5		88.1%
Licenses and Permits	\$23.4		117.2%
Charges for Current Services	\$25.0		88.7%
Miscellaneous Revenue	\$6.1		48.8%
Total:	\$338.4		100.4%

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:

The majority of department expenditure totals are below the budgeted values; some are above. Overall, the sum of all general fund expenditures are below budgeted projections.



Expenditures by Dept for Operations	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Mayor and Council	\$1.6		96.4%
City Manager	\$2.4		76.3%
Housing & Community Developmen	\$1.3		77.1%
Finance	\$4.5		85.0%
City Attorney	\$4.6		91.7%
Procurement	\$1.9		89.1%
City Court	\$5.5		91.1%
City Public Defender	\$1.7		93.6%
City Clerk	\$2.3		104.5%
Information Technology	\$12.8		93.0%
Human Resources	\$1.5		97.5%
Planning & Development Services	\$4.0		94.4%
General Government	\$20.3		70.1%
Police Department	\$103.0		100.6%
Fire Department	\$66.5		105.3%
General Services Department	\$8.5		69.1%
Environmental Services	\$1.1		93.5%
Transportation Department	\$0.7		93.4%
Parks & Recreation	\$15.3		84.5%
Net Transfers	\$32.7		92.6%
Total Operations:	\$292.2		95.6%

Expenditures for Capital & Debt	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y- T-D) Budget
Debt	\$4.8		28.8%
Capital	\$5.6		99.1%
Total Capital & Debt:	\$10.4		46.6%

BOND



City of Tucson

General Fund

For the period July 1, 2017 through February 28, 2018

Explanation of Revenue Variances



Primary Property Taxes are lower than budget by \$1.3 million due to timing of collections. The City is currently in between semi-annual billing cycles.



Contributions and Subsidies are \$559,000 under budget due primarily to the timing of IGA Billings.



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.



Charges for Current Services are \$2.6 million lower than budget projections due mainly to Paramedic Service Charges (\$1.9 million lower than projected) and Zoo Admissions (\$0.7 million lower than projected).



Miscellaneous Revenues are lower than projected mainly due to: Court Fees and Fines are lower than expected by \$0.7 million. Sales of Real Property are under budget by \$1.25 million, a decision was made not to sell the building, so the variance will be \$2.5 million by the end of the year. Certificates of Participation Proceeds is under budget \$2.0 million, these proceeds come in at the time of the sale. Rebate revenue came in \$0.4 million lower than projected.

Explanation of Expenditure Variances



City Clerk is slightly over budget (\$100,000) in miscellaneous professional services, printing, and postage due to it being an election year.



Police expenditures are higher than the prorated budget amount, due to a one-time distribution made to employees as the result of a lawsuit filed against the Public Safety Personnel Retirement System. However, the overage is trending down.



Fire expenditures are higher than the prorated budget amount, due to a one-time distribution made to employees as the result of a lawsuit filed against the Public Safety Personnel Retirement System. However, the overage is trending down.



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 February 28, 2018

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	\$0.1		36.1%
Grant Revenue	2.2		22.6%
Operating Revenue - Other Agencies	0.2		2.2%
Fare Revenue	7.7		86.4%
General Fund Subsidy	29.1		100.0%
Advertising Revenue	0.5		220.9%
Miscellaneous Revenue	0.4		123.6%
Total:	\$40.3		69.8%

Revenue Performance



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



Grant Revenue is below budget 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 \$1.2 million due to reduction in ridership. This is not expected to recover to the level of the original budget, however, the fare increase will reduce some of the variance.

Sun Tran

Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
City Personnel Costs	\$0.2		31.5%
Contractor Personnel Costs	25.8		98.6%
Outside Services	4.6		71.0%
Supplies	7.3		87.8%
Total:	\$37.9		91.3%

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	6.8		99.0%
Outside Services	2.2		84.6%
Supplies	0.6		70.0%
Total:	\$9.6		92.2%

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		20.5%
Total:	\$1.2		17.5%

Expenditure Performance



Outside services for both Sun Tran and Sun Van include repair and maintenance supplies that may be spent later in the year.



Capital Outlay is below budget by \$4.6 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 February 28, 2018

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	0.6		75.0% 
Fare Revenue	0.4		76.0% 
General Fund Subsidy	\$2.0		100.0%
Advertising Revenue	0.2		154.4%
Miscellaneous Revenue	0.0		201.5%
Total:	\$3.2		93.3%

Revenue Performance






Other Agencies Revenue consists of payments received from the Regional Transit Authority (RTA). Receipts are on a quarterly basis and will catch up with budgeted revenue as of the third quarter of Fiscal Year 2018.





Fare Revenues are under budget due to lower than budgeted ridership. This trend is expected to continue, but with a partial offset by a fare revenue increase made effective in January.



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	1.1		94.5%
Outside Services	1.2		96.8%
Supplies	0.1		90.9%
Total:	\$2.4		95.3%

Sun Link

Non-Operating Expenditures	YTD Actuals (in millions)	YTD Actuals Graphed	% of Prorated (Y-T-D) Budget
Debt	\$0.4		36.5% 
Capital	0.0		0.0%
Total:	\$0.4		1.2%

Expenditure Performance

Budgeted debt interest expense is spread evenly over the year. There are two interest payments that will take place during the year. The first has already been paid; whereas the second payment will occur in June which will align actual expenditures with budgeted expenditures.

City of Tucson

Water Utility Fund

For the period July 1, 2017 through February 28, 2018

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	\$110.5		114.2%
Other Fees Charged for Service	36.4		109.2%
Capital Contributions	2.1		110.7%
Investment Income	1.1		421.4%
Grants	0.0		No Budget
Miscellaneous Revenue	3.9		199.8%
Total:	\$153.9		114.2%

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	\$24.7		99.5%
Contractual Services	47.3		88.0%
Commodities	5.2		71.0%
Interest Expense	11.7		31.7%
Miscellaneous Expense	0.9		No Budget
Net Transfers	1.3		No Budget
Total:	\$91.0		75.6%

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

Depreciation Expense	YTD Actuals (in millions)	YTD Actuals Graphed
Depreciation/Amortization	23.0	

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 three quarters of the year accounts for 72% of the annual 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



\$3 million in budget was transferred to Contractual Services in anticipation of a Parks irrigation project, so currently Contractual Services is below budget.



Interest expense is below budget for the period due to timing of the payments.

CITY OF TUCSON, ARIZONA
STATEMENT OF NET POSITION
TUCSON GOLF ENTERPRISE FUND
February 28, 2018

ASSETS

Current assets:	
Cash and Cash Equivalents	\$ 2,054,681
Accounts Receivable, Net	415,209
Inventories	221,990
Total current assets	<u>2,691,880</u>
Noncurrent assets:	
Other Assets - Restricted	24,002
Land and Construction in Progress	2,701,865
Other Capital Assets, Net	10,915,347
Total noncurrent assets	<u>13,641,214</u>
Total assets	<u>16,333,094</u>

LIABILITIES

Current liabilities:	
Accounts Payable	30,207
Accrued Payroll Liabilities	96,869
Interfund Payable	2,232,250
Due to Other Agencies	61,208
Accrued Interest Payable	4,133
Refundable Deposits	4,522
Current Portion of Contracts Payable	86,154
Advances From Customers	115,978
Total current liabilities	<u>2,631,321</u>
Noncurrent liabilities:	
Contracts Payable	45,809
Loans and Notes Payable	1,554,656
Total noncurrent liabilities	<u>1,600,465</u>
Total liabilities	<u>4,231,786</u>

NET POSITION

Net Investment in capital assets	13,485,249
Unrestricted Amounts (deficit)	(1,383,941)
Total net position	<u>\$ 12,101,308</u>

CITY OF TUCSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TUCSON GOLF ENTERPRISE FUND
FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2018

	Randolph	El Rio	Silverbell	Enke	Combined	Total Budget	Budget
COURSE OPERATIONS:							
Operating revenues:							
Green Fees	\$ 991,966	\$ 303,682	\$ 363,970	\$ 280,622	\$ 1,940,240	\$ 8,454,280	
Cart Rentals	480,998	182,950	158,581	163,925	986,454		
Driving Range	164,925	5,942	64,762	74,714	310,343		
Clubhouse	199,731	113,019	93,686	99,827	506,263		
Other Revenue	577,958	110,112	74,212	102,264	864,546		-
Total Operating Revenues	<u>2,415,578</u>	<u>715,705</u>	<u>755,211</u>	<u>721,352</u>	<u>4,607,846</u>	<u>8,454,280</u>	<u>54.5%</u>
Operating expenses:							
Salaries, Wages and Benefits	11,928	6,959	6,960	6,959	32,806		51,460
Contractual Services	1,348,591	680,373	448,504	618,759	3,096,227		5,896,120
Commodities	555,893	254,694	267,230	254,206	1,332,023		1,217,150
Cost of Goods Sold	193,955	58,779	45,498	58,225	356,457		687,480
Depreciation/Amortization	158,409	75,997	156,250	80,692	471,348		
Total Operating Expenses	<u>2,268,776</u>	<u>1,076,802</u>	<u>924,442</u>	<u>1,018,841</u>	<u>5,288,861</u>	<u>7,852,210</u>	<u>67%</u>
Operating Income (Loss)	<u>146,802</u>	<u>(361,097)</u>	<u>(169,231)</u>	<u>(297,489)</u>	<u>(681,015)</u>	<u>602,070</u>	
Nonoperating revenues (expenses):							
Interest Expense	(5,784)	(2,892)	(2,892)	(2,892)	(14,460)		15,770
Other					-		16,340
Total nonoperating revenues (expenses)	<u>(5,784)</u>	<u>(2,892)</u>	<u>(2,892)</u>	<u>(2,892)</u>	<u>(14,460)</u>	<u>32,110</u>	
Changes in net position	<u>141,018</u>	<u>(363,989)</u>	<u>(172,123)</u>	<u>(300,381)</u>	<u>(695,475)</u>	<u>\$ 634,180</u>	
Total net position, beginning of year	<u>3,839,035</u>	<u>3,455,131</u>	<u>2,559,357</u>	<u>2,943,260</u>	<u>12,796,783</u>		
Total net position	<u>\$ 3,980,053</u>	<u>\$ 3,091,142</u>	<u>\$ 2,387,234</u>	<u>\$ 2,642,879</u>	<u>\$ 12,101,308</u>		