

Quarterly Financial Status Report

FY 2020/2021

4th Quarter

Executive Summary:

The City of Mesa has closed the fourth quarter of the 2020/21 fiscal year, July through June. This snapshot shows the financial projections for the fiscal year compared to the adopted budget. Adjustments are still being made as part of the fiscal year end process, meaning revenues and expenditures may change before the official close of the fiscal year. For example, general governmental taxes and intergovernmental revenues are received at least a month in arrears, therefore June revenues will not be received until July. Departments also received goods and services in June but may have paid for them in July.

Overall, the General Governmental Funds revenue year end estimates are above budget. Sales tax revenue growth continues to be strong, despite economic disruptions from the COVID-19 pandemic. The combination of increases in local spending, federal stimulus, and enhanced unemployment benefits contributed to the strong sales tax growth. Additionally, commercial building permits increased licenses, fees, and permits revenues above budget due to increased commercial construction activity. However, fines and forfeiture revenues are below budget due primarily to the Court closures and a continued trend of decreased Court filings.

The General Governmental Funds expenditure year end estimates are below budget. This is primarily due to the shift of personnel expenses from the General Governmental Fund to the federal CARES funding for duties performed by public safety personnel throughout the COVID-19 pandemic. The transfers out year end estimate is above budget due to the transfer from the General Fund back to the CARES Relief fund to cover pandemic related expenses not subsidized by federal funding. Additionally, there were vacancy savings for many departments as a result of a hiring freeze through December 2020.

Lastly, the projected net sources and uses of the Utility Fund is above budget. Water revenues from residential and commercial customers were above budget due to increased consumption as result of the lack of rainfall. However, uses of both natural gas and electric are above budget due to unanticipated weather events that increased commodity prices. Lastly, savings from recent refinancing of the utility system debt contributed improved the overall net sources and uses of the Utility Fund.

For any additional details on the City's budget and expenditure data, please visit the City of Mesa Open Data portal at data.mesaaz.gov.

FY 2020/21 4th Quarter: Financial Status Summary

The data below represents the financial status of the General Governmental Funds and the Enterprise Fund.

Legend

Exceeding
On Track
Caution
Monitoring

General Government Funds		Utility Fund
Revenues	Expenditures	Net Sources and Uses
Taxes	Community Development and Services	District Cooling
Intergovernmental	Parks and Library	Electric
Sales and Charges for Services	Law Enforcement	Natural Gas
Licenses, Fees, and Permits	Fire and Medical	Solid Waste
Fines and Forfeitures	Other Departments	Wastewater
Other Revenues	Transfers Out	Water
Transfer In		

	General Government Funds		Net
	Revenues	Expenditures	
	Adopted Budget	\$ 472,722	\$ 483,822
	Year to Date Actuals	\$ 508,810	\$ 440,850
Year End Estimate	\$ 528,244	\$ 461,669	\$ 66,574
(In Thousands)			
	Utility Fund		Net
	Sources	Uses	
	Adopted Budget	\$ 383,132	\$398,734
	Year to Date Actuals	\$ 401,557	\$381,286
Year End Estimate	\$ 402,093	\$395,188	\$ 6,905
(In Thousands)			

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General Fund and Quality of Life - FY 2020/21 4th Quarter Revenues

Revenue Categories	Adopted Budget	Year to Date Actuals	Year End Estimate
Taxes	\$ 148,564	\$ 167,649	\$ 182,840
Intergovernmental	\$ 153,030	\$ 161,567	\$ 166,221
Sales and Charges for Services	\$ 23,999	\$ 24,402	\$ 24,781
Licenses, Fees, and Permits	\$ 20,804	\$ 23,511	\$ 23,828
Fines and Forfeitures	\$ 4,607	\$ 4,102	\$ 4,103
Other Revenues	\$ 1,926	\$ 5,321	\$ 4,634
Transfers In	\$ 119,793	\$ 122,257	\$ 121,836
Total	\$ 472,722	\$ 508,810	\$ 528,244

(In Thousands)

Exceeding
On Track
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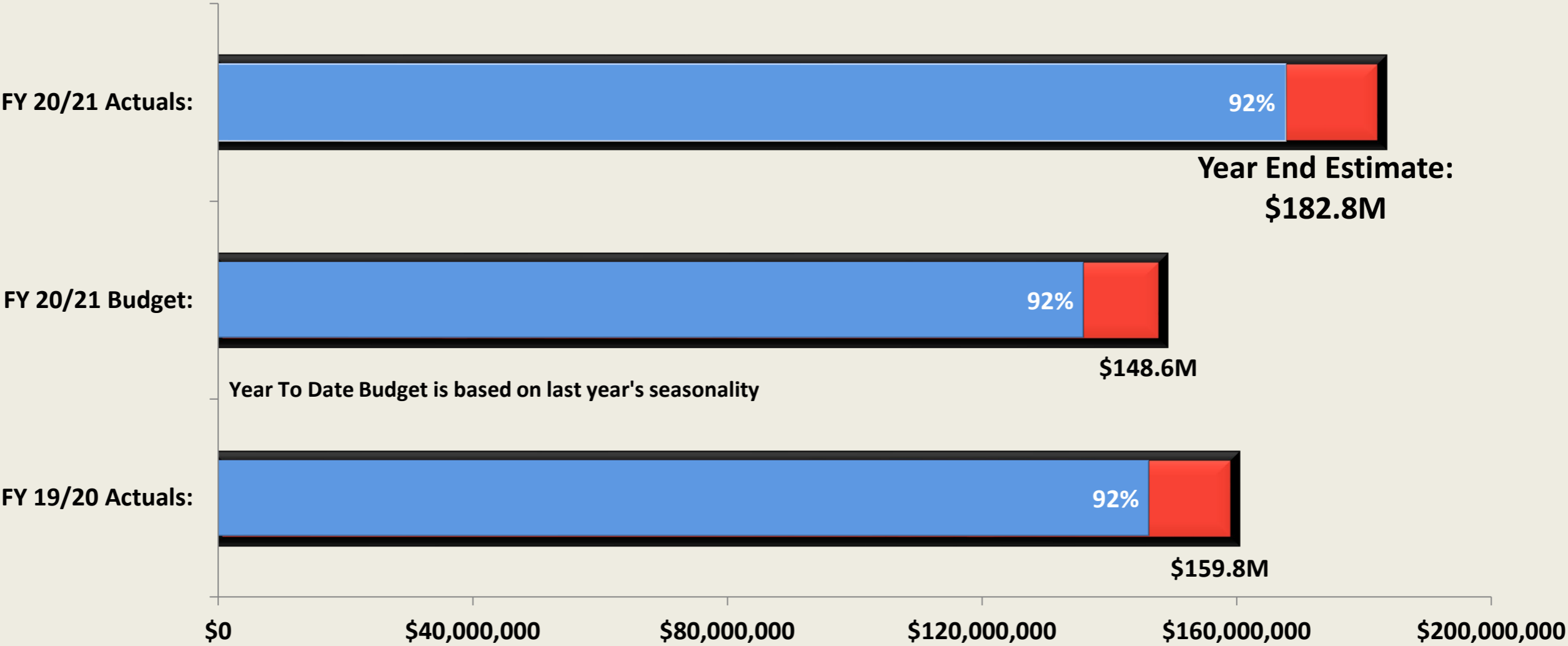
FY 2020/21 4th Quarter Revenues: Taxes Summary

The data below represents revenue collections from sales and use taxes in the General Fund and Quality of Life Fund.

	Adopted Budget	Year to Date Actuals	Year End Estimate
General Fund	\$ 122,959	\$ 141,716	\$ 151,322
Quality of Life Fund	\$ 25,605	\$ 25,933	\$ 31,518
Total Tax Revenue	\$ 148,564	\$ 167,649	\$ 182,840

(In Thousands)

Taxes - Revenues



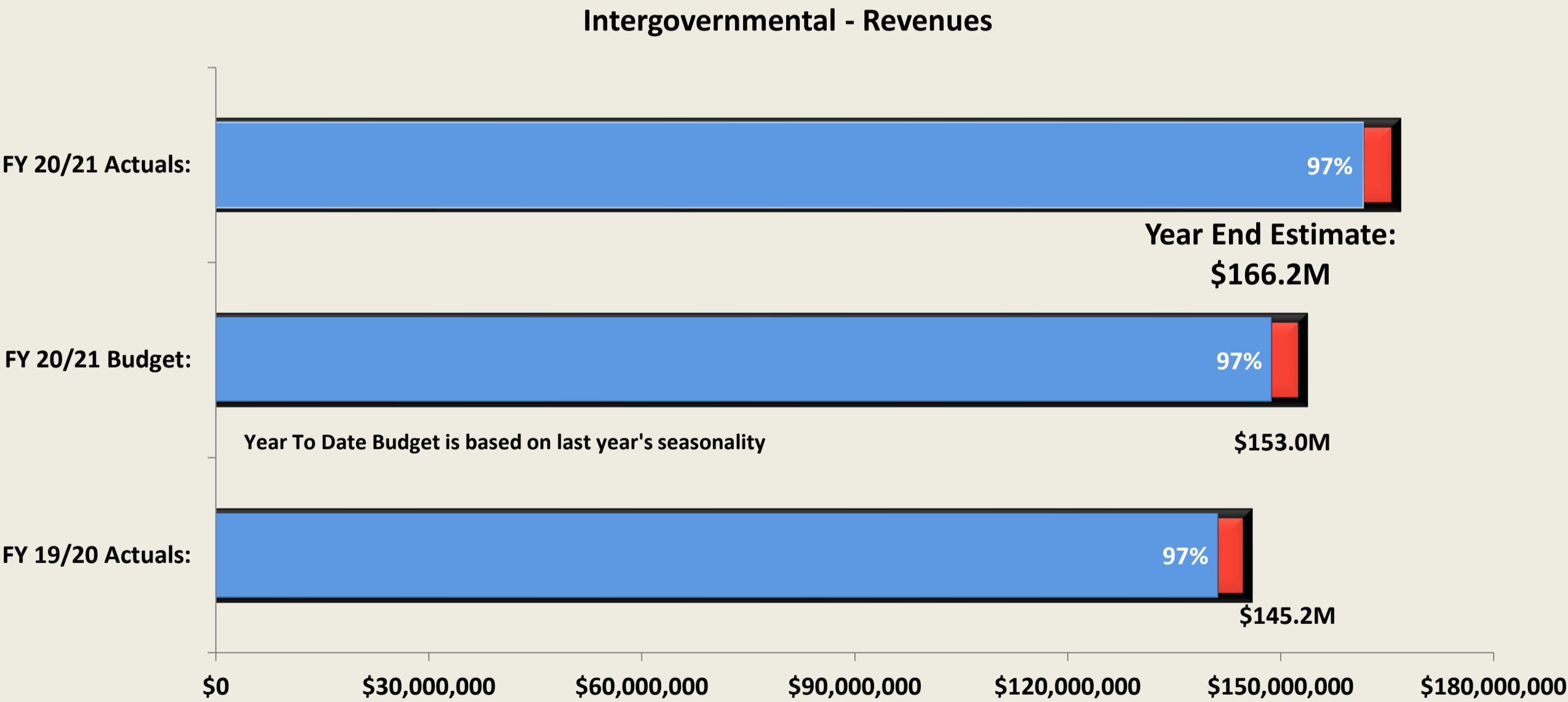
The year end estimate for Taxes is above budget primarily due to strong growth in the retail and construction sales tax categories. Growth in retail sales tax is attributed to federal stimulus packages, the growth of online sales, and increased local spending throughout the COVID-19 pandemic.

FY 2020/21 4thQuarter Revenues: Intergovernmental Summary

The data below represents revenue collections from federal grants and reimbursements, urban revenue sharing (state income tax), state shared sales tax, vehicle license tax, state grants and reimbursements, and county and other government revenues in the General Fund and Quality of Life Fund.

	Adopted Budget	Year to Date Actuals	Year End Estimate
Urban Revenue Sharing	\$ 73,778	\$ 74,031	\$ 74,031
State Shared Sales Tax	\$ 51,340	\$ 58,428	\$ 61,453
Vehicle License Tax	\$ 21,754	\$ 23,551	\$ 24,581
Other	\$ 6,159	\$ 5,557	\$ 6,155
Total Intergovt Revenue	\$ 153,030	\$ 161,567	\$ 166,221

(In Thousands)



State shared revenues are received based on the City's share of the State's population. The Intergovernmental revenues year end estimate is above budget largely to greater than anticipated growth in State Shared Sales Tax and Vehicle License Tax. Similar to City Sales Tax, State Sales Tax has increased due to increased activity in the retail category.

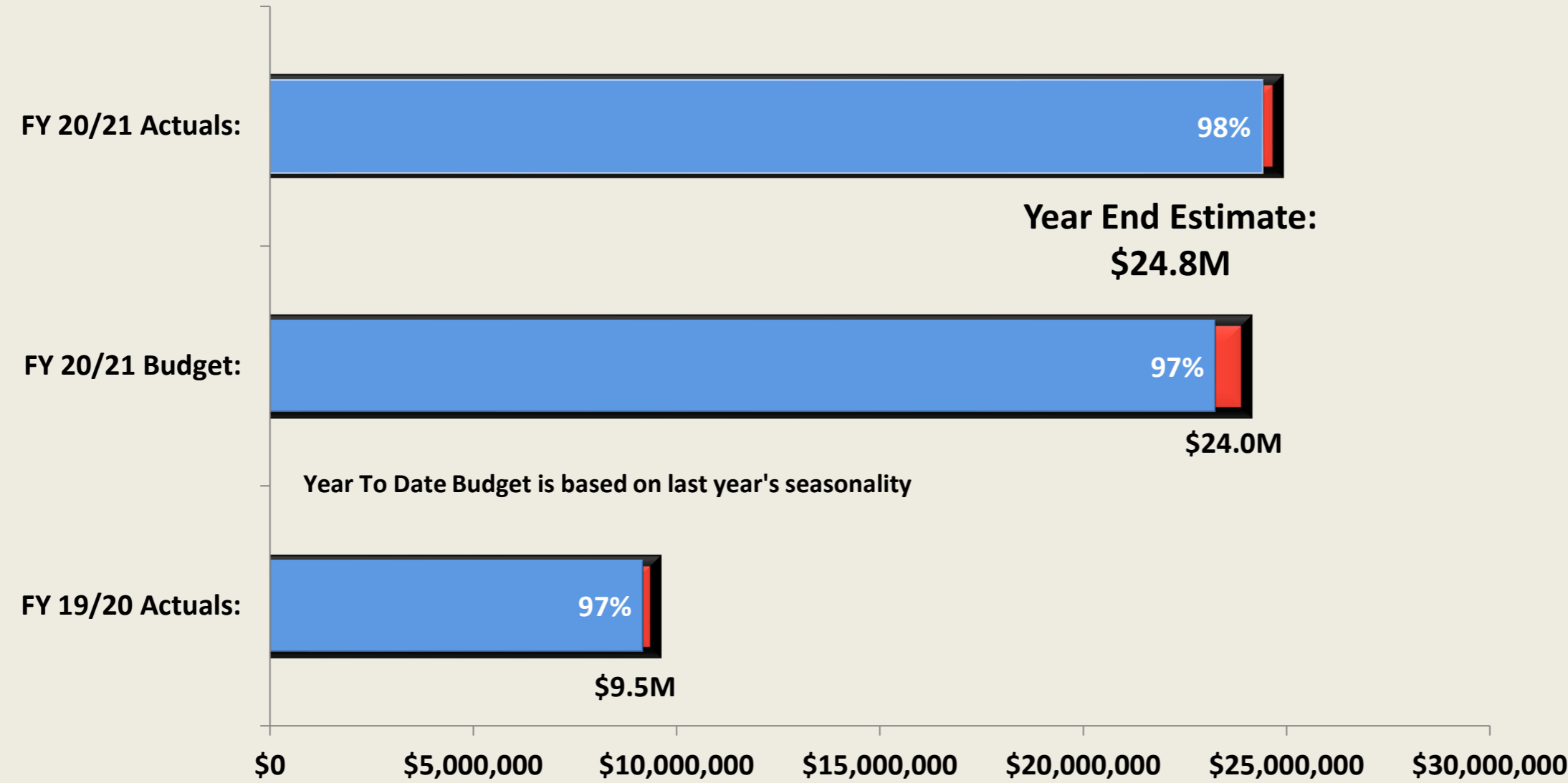
FY 2020/21 4th Quarter Revenues: Sales and Charges for Services Summary

The data below represents revenue collections from general services, recreation services, and enterprise services in the General Fund and Quality of Life Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 23,999	\$ 24,402	\$24,781

(In Thousands)

Sales and Charges for Services - Revenues



The year end estimate for Sales and Charges for Services is on track with budget. FY 2020/21 revenues are higher than FY 2019/20 due to payments in lieu of franchise fees from City owned utilities.

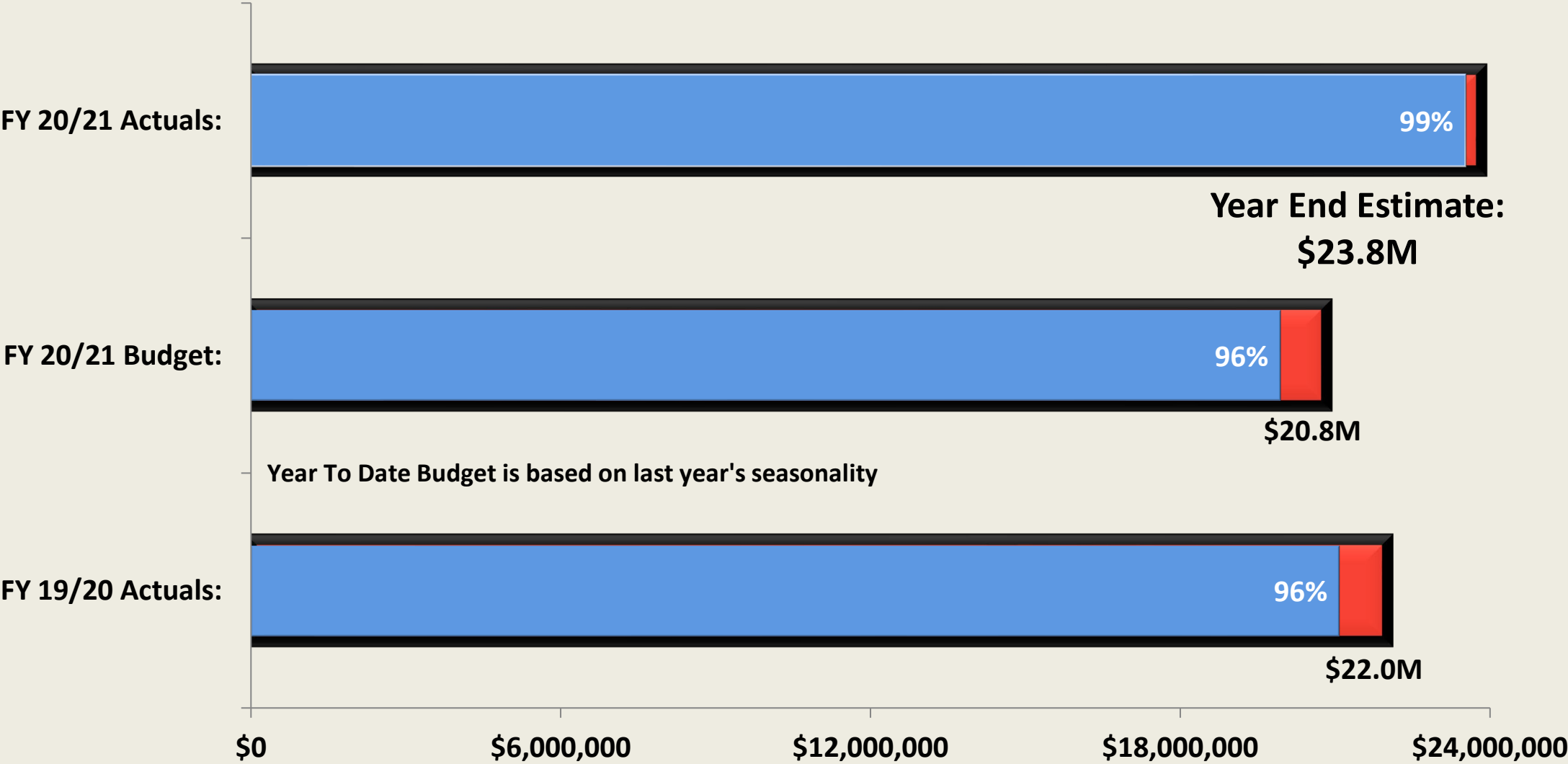
FY 2020/21 4th Quarter Revenues: Licenses, Fees, and Permits Summary

The data below represents revenue collections from business licenses, permits, fees, court fees, and culture and recreation fees in the General Fund and Quality of Life Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 20,804	\$ 23,511	\$ 23,828

(In Thousands)

Licenses, Fees, and Permits - Revenues



The year end estimate for License, Fees and Permits revenues is above budget primarily due to higher than anticipated revenues in commercial building permit fees. Commercial building permit revenues have been high due to increased construction activity in FY 20/21.

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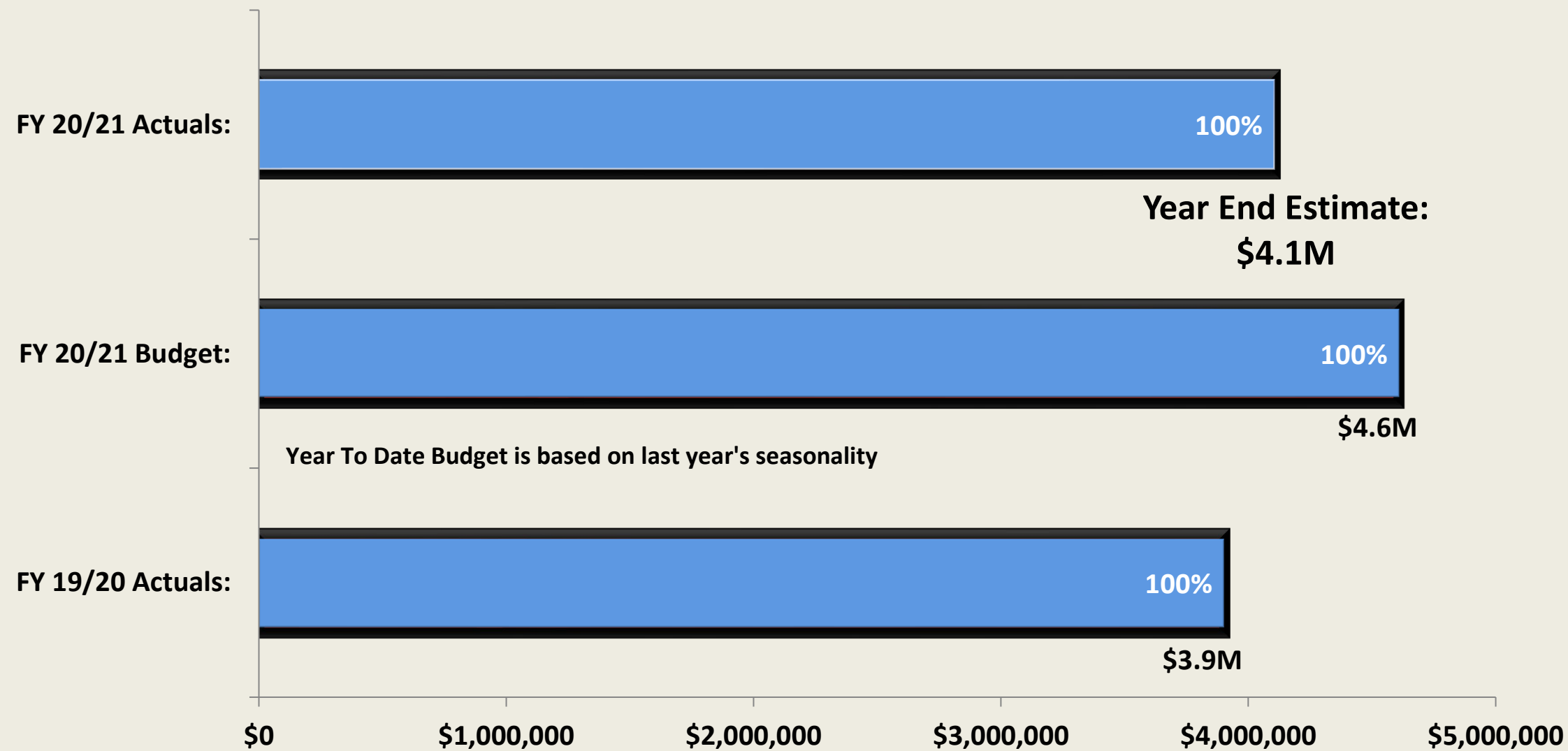
FY 2020/21 4th Quarter Revenues: Fines and Forfeitures Summary

The data below represents revenue collections from court and other fines in the General Fund and Quality of Life Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 4,607	\$ 4,102	\$ 4,103

(In Thousands)

Fines and Forfeitures - Revenues



The year end estimate for Fines and Forfeiture revenue is below budget due to decreases in the number of Court filings of both criminal and civil cases, which has reduced fines revenues. While some of the reduction in fines revenues are results of the COVID-19 pandemic, Court filings have also been trending down in recent years.

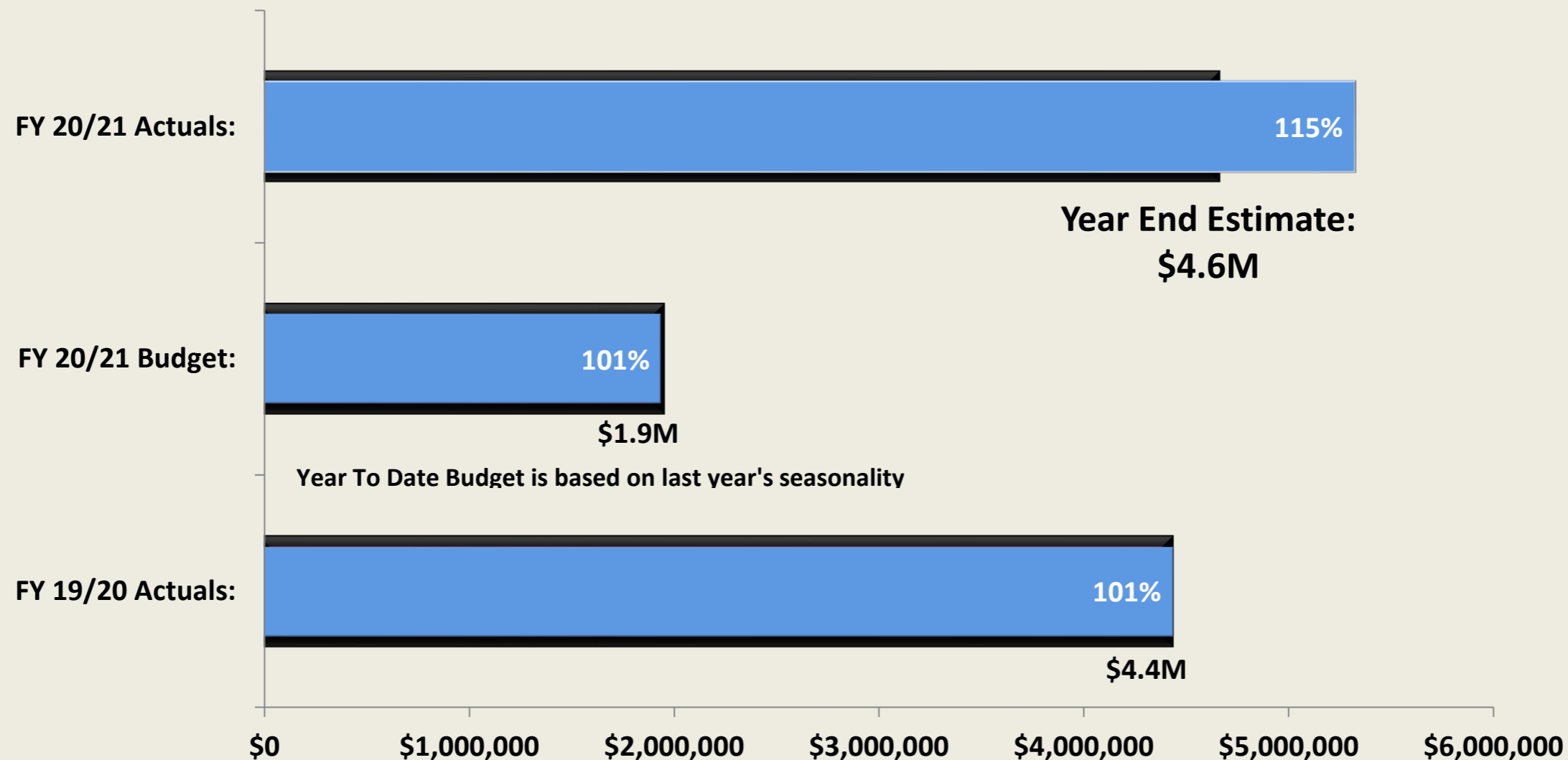
FY 2020/21 4th Quarter Revenues: Other Revenues Summary

The data below represents revenue collections from interest, contributions and donations, other financing sources, sale of property, self insurance contributions, and other revenues in the General Fund and Quality of Life Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 1,926	\$ 5,321	\$ 4,634

(In Thousands)

Other Revenues - Revenues



The Other Revenues year end estimate is above budget due to greater than anticipated rebate revenues from the City's participation of various purchasing agreements and interest on investment revenues.

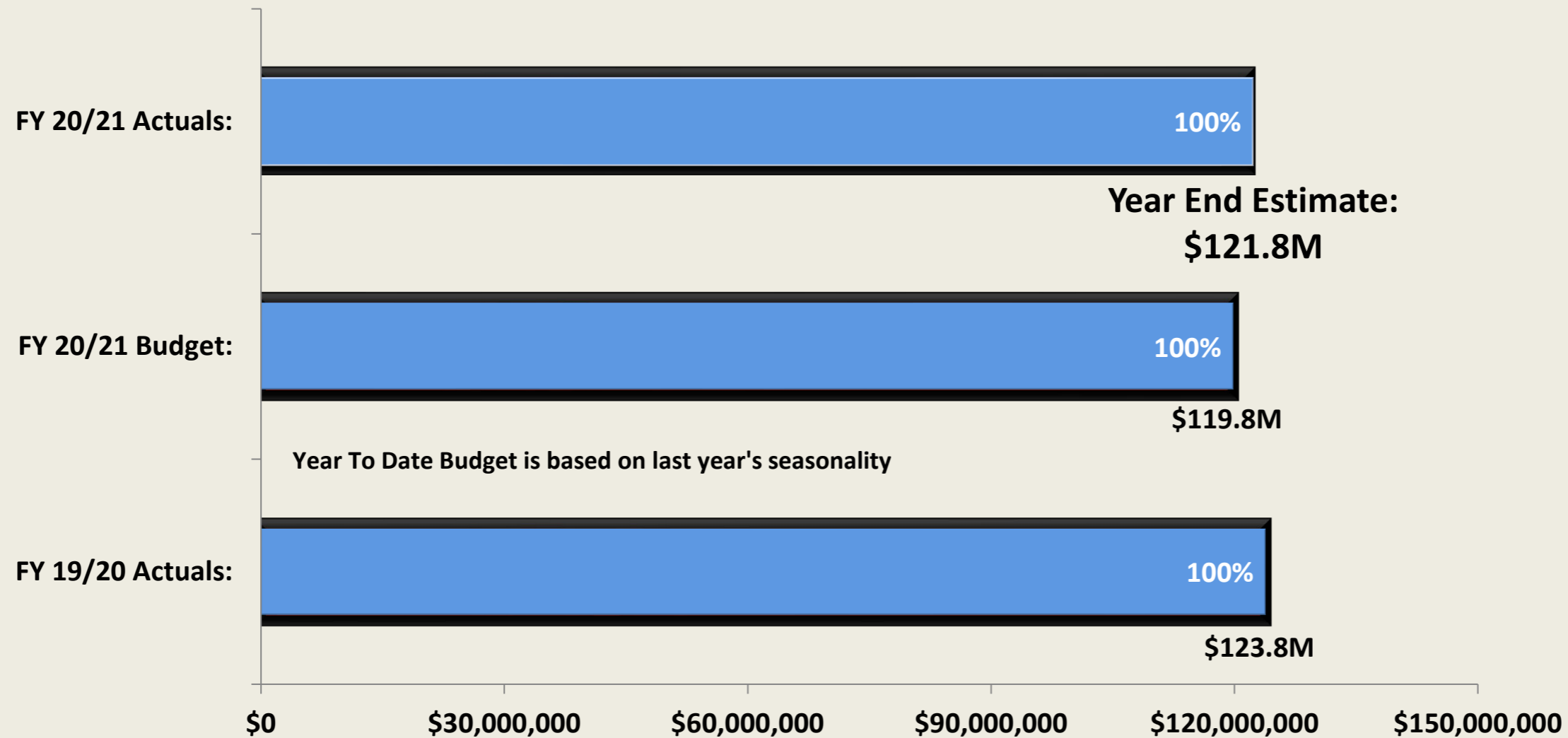
FY 2020/21 4th Quarter Revenues: Transfers In Summary

The data below represents transfers into the General Fund and Quality of Life Fund from other funds within the City.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 119,793	\$ 122,257	\$ 121,836

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund mainly comprised of quarterly contributions of 30% operating revenues from the Utility Fund. The year end estimate is above budget due to increased utility revenues from increased consumption.

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General Fund and Quality of Life - FY 2020/21 4th Quarter Expenditures

Expenditures	Adopted Budget	Year to Date Actuals	Year End Estimate
Community Development and Services	\$ 12,485	\$ 11,369	\$ 11,778
Parks and Library	\$ 27,463	\$ 22,542	\$ 23,733
Law Enforcement	\$ 196,025	\$ 164,630	\$ 167,859
Fire and Medical	\$ 84,100	\$ 56,540	\$ 57,003
Other Departments	\$ 97,580	\$ 81,975	\$ 91,978
Transfers Out	\$ 66,168	\$ 103,793	\$ 109,318
Total	\$ 483,822	\$ 440,850	\$ 461,669

(In Thousands)

Exceeding
On Track
Caution
Monitoring

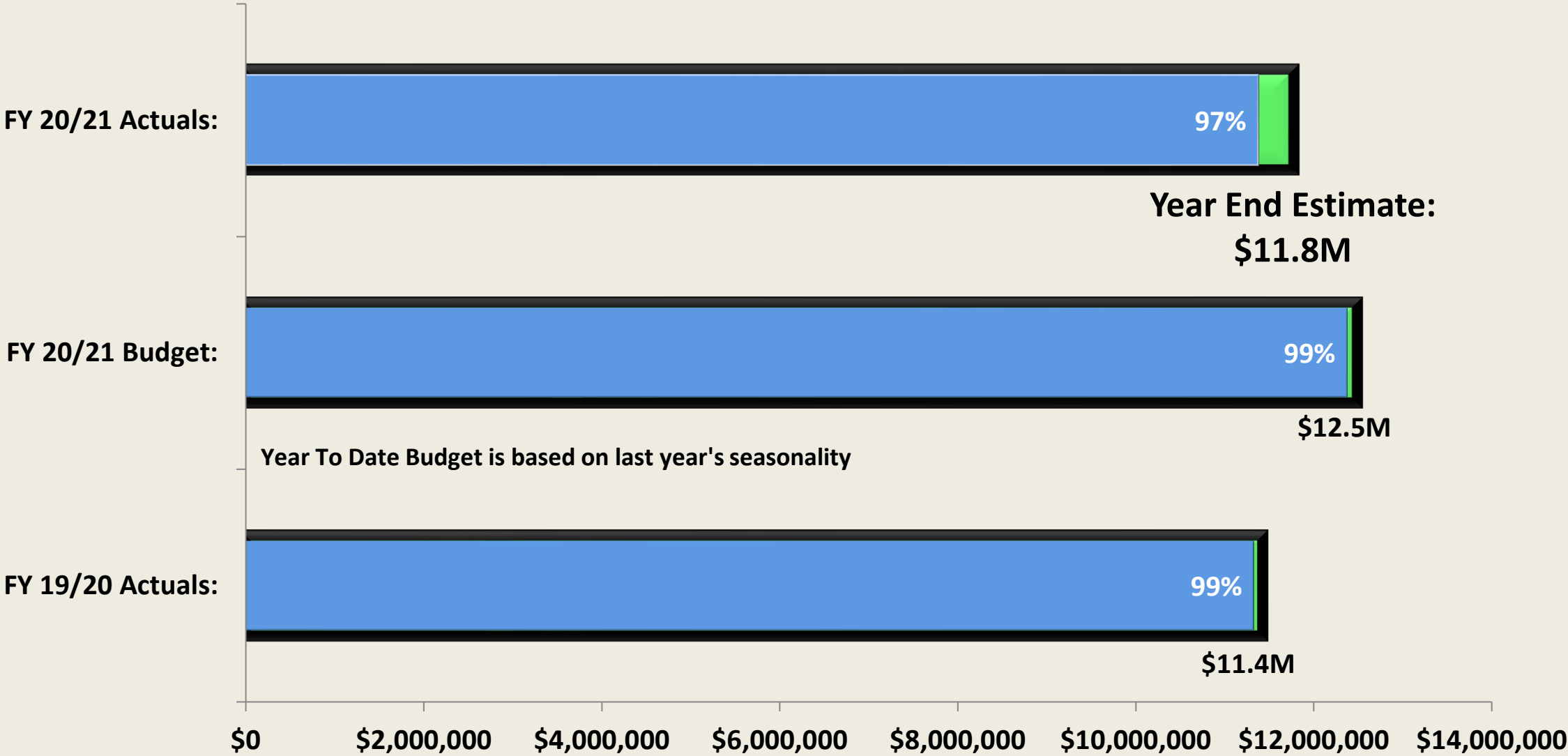
FY 2020/21 4th Quarter Expenditures: Community Development and Services Summary

The data below represents posted expenditures in the General Fund and Quality of Life Fund from the Development Services Department and the Community Services Department.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 12,485	\$ 11,369	\$ 11,778

(In Thousands)

Community Development and Services - Expenditures



The Community Development and Services expenditure year end estimate is below budget due largely to vacancy savings.

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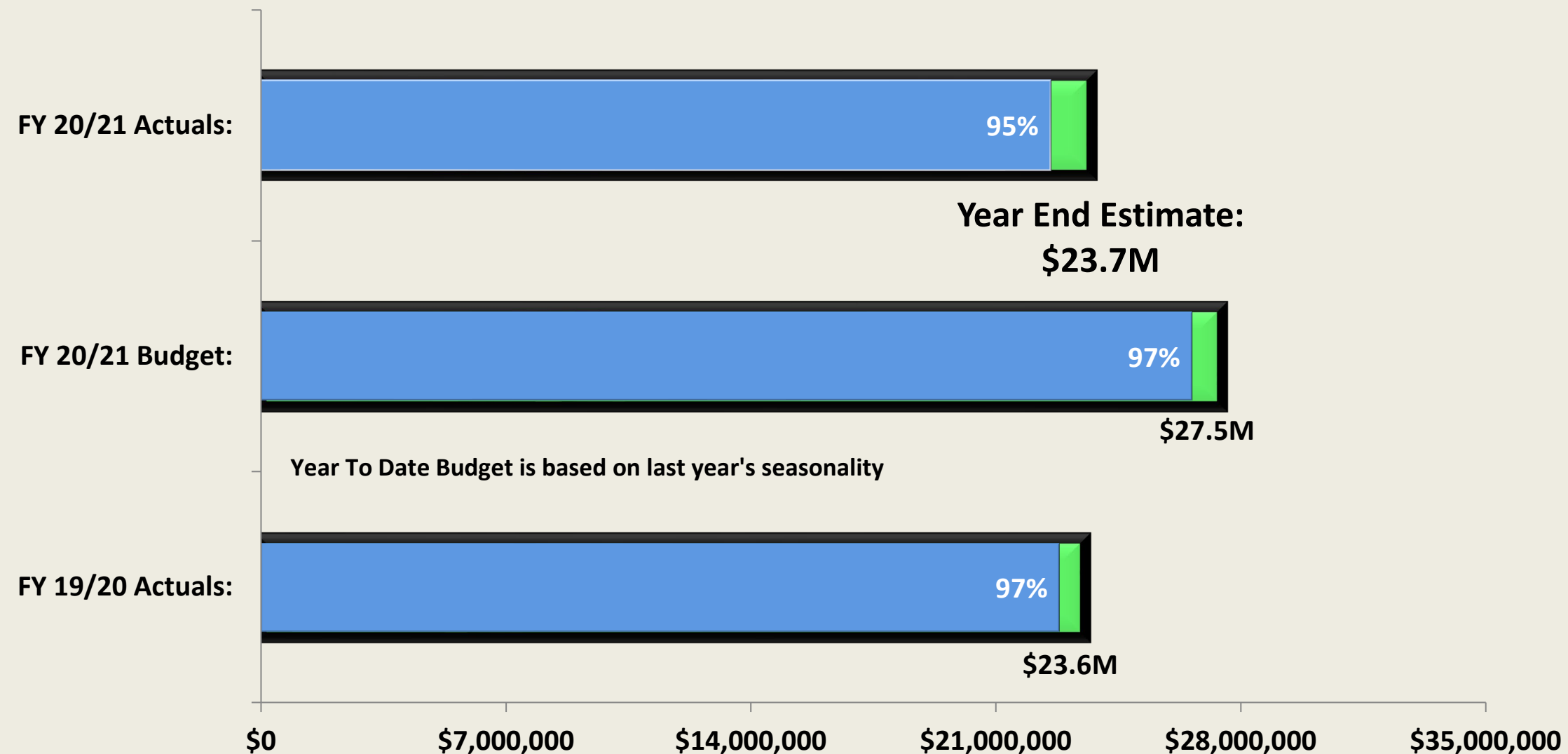
FY 2020/21 4th Quarter Expenditures: Parks and Library Summary

The data below represents posted expenditures in the General Fund and Quality of Life Fund from the Library Department and the Parks, Recreation and Community Facilities Department.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 27,463	\$ 22,542	\$ 23,733

(In Thousands)

Parks and Library - Expenditures



The Parks and Library year end estimate for expenditure is below budget due primarily to vacancy savings as result of various facility and program closures throughout the year due to the COVID-19 pademic.

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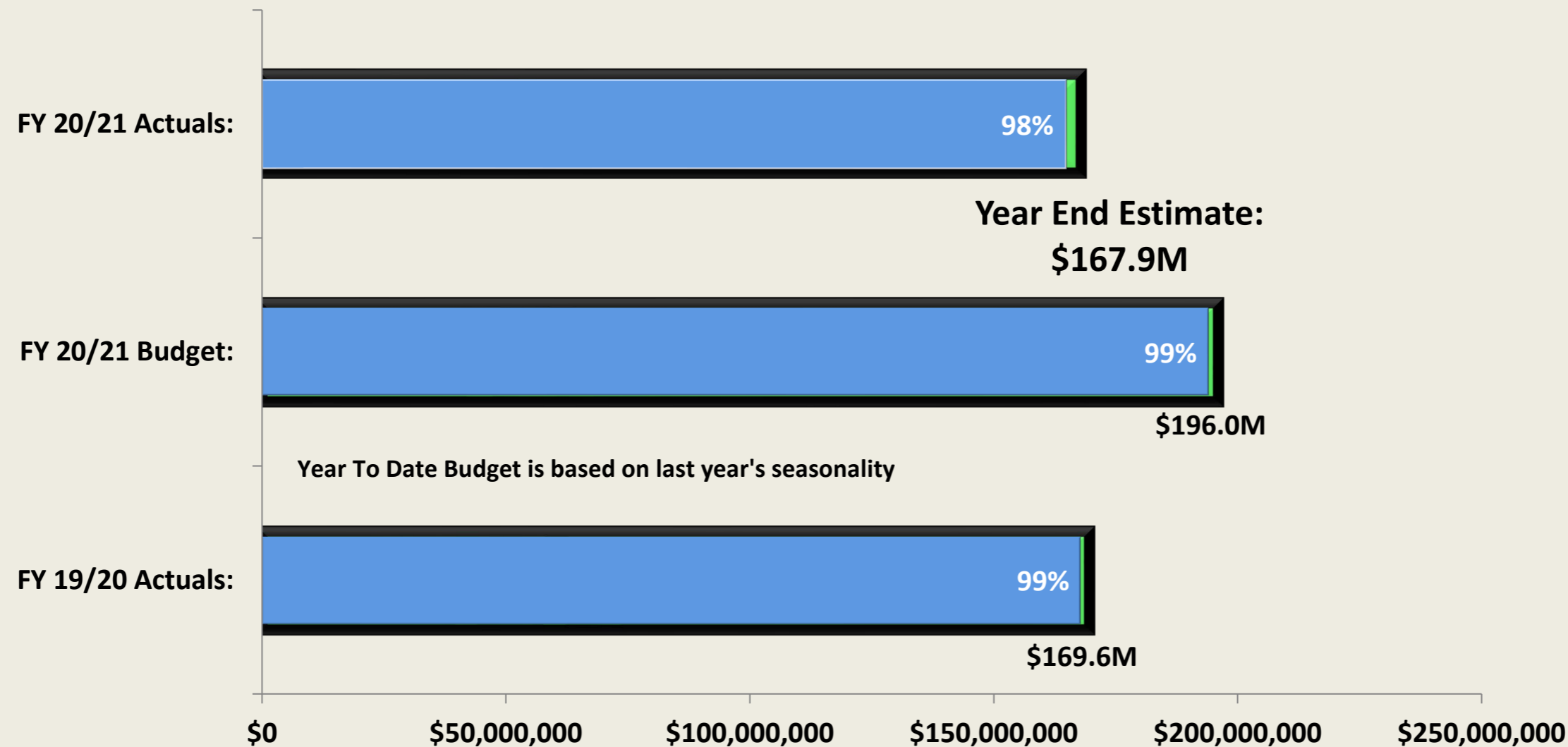
FY 2020/21 4th Quarter Expenditures: Law Enforcement Summary

The data below represents posted expenditures in the General Fund and Quality of Life Fund from the Police Department and the Municipal Court Department.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 196,025	\$ 164,630	\$ 167,859

(In Thousands)

Law Enforcement - Expenditures



The year end estimate of Law Enforcement General Fund expenditures is below budget. The decrease is due largely to the shifting of personnel expenses (\$29.4M) from the General Fund to the Federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic. Additionally, personnel costs relating to the pay increase in January 2021 (\$7.2M), which was not included in the Adopted Budget, are included in the year end estimate and actuals increased expense year end estimates in the General Fund. Lastly, there were jail cost savings in FY 20/21 largely due to reduced number of bookings (\$2.4M).

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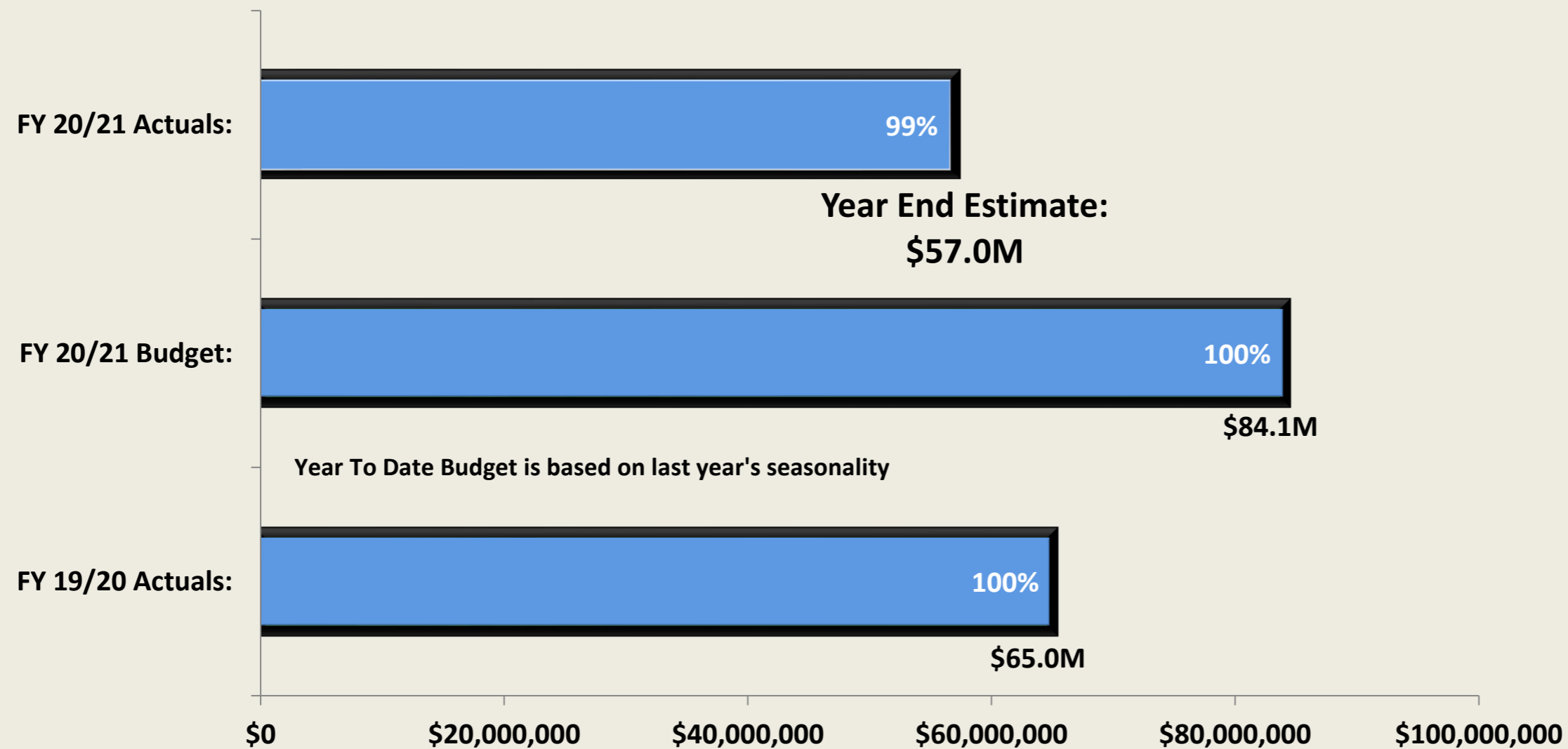
FY 2020/21 4th Quarter Expenditures: Fire and Medical Summary

The data below represents posted expenditures in the General Fund and Quality of Life Fund from the Fire and Medical Department.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 84,100	\$ 56,540	\$ 57,003

(In Thousands)

Fire and Medical - Expenditures



The year end estimate of Fire and Medical expenditures is below budget. The decrease is largely due to the shifting of personnel expenses (\$27.4M) from the General Fund to the Federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic.

FY 2020/21 4th Quarter Expenditures: Other Departments Summary

The data below represents posted expenditures in the General Fund and Quality of Life Fund from the departments of:

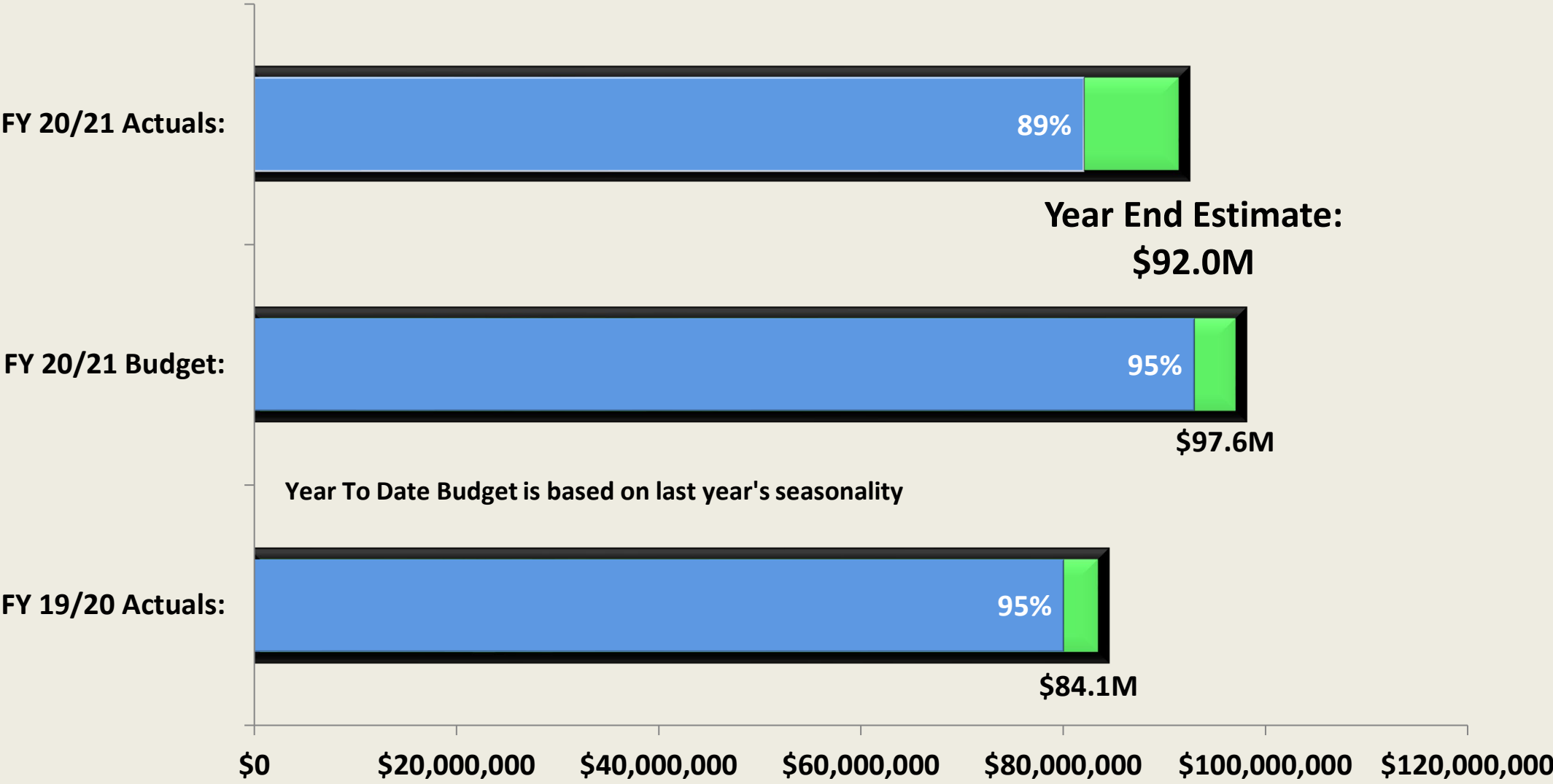
- Business Services
Centralized Appropriations
City Attorney
City Auditor
City Clerk
City Manager
- Communications
Economic Development
Energy Resources
Engineering
Facilities Maintenance
Falcon Field Airport
- Financial Services
Fleet Services
Human Resources
Information Technology
Mayor and Council
Office of ERP Management
- Office of Management and Budget
Public Information and Communications
Environmental Mgmt and Sustainability
Transit Services
Transportation
Water Resources

Includes all departments not identified elsewhere. Some departments may not have expenditures in these funds.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 97,580	\$ 81,975	\$ 91,978

(In Thousands)

Other Departments - Expenditures



The Other Departments expenditure year end estimate is below budget due to \$4.9M reduction in Facilities Maintenance projects expenditures shifting to the General Capital Funds and vacancy savings across the City due a hiring freeze through December 2020. The shift in Facilities Maintenance project expense can be seen in the Transfers Out Summary.

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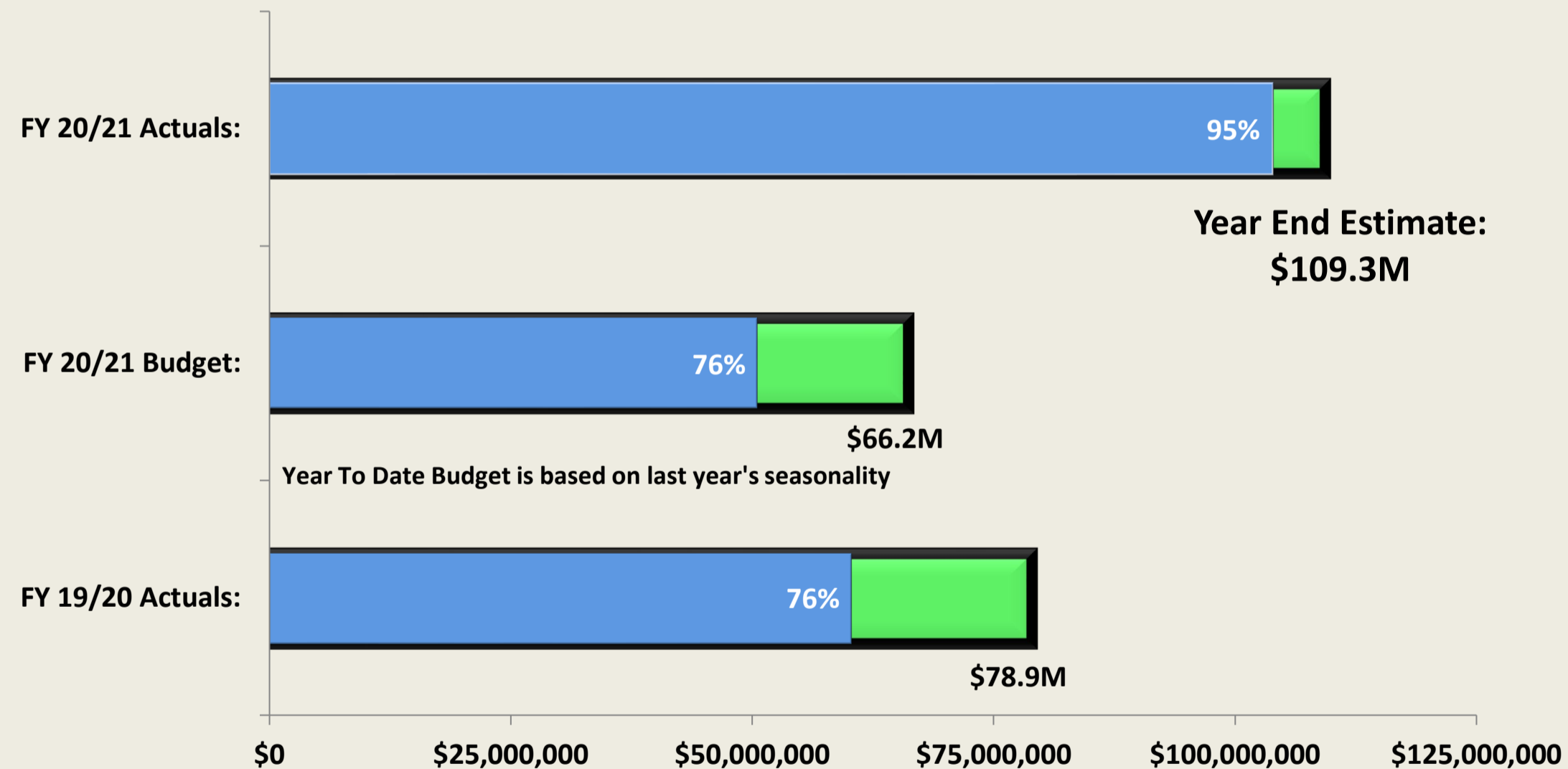
FY 2020/21 4th Quarter Expenditures: Transfers Out Summary

The data below represents transfers out of the General Fund and Quality of Life Fund to the Vehicle Replacement Fund, Capital - General Fund, Impact Fees Funds, General Obligation Debt and Transit Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 66,168	\$ 103,793	\$ 109,318

(In Thousands)

Transfers Out - Expenditures



Except quarterly vehicle replacement and Arts & Culture transfers, all other transfers from the General fund occur at the end of the fiscal year. The transfers out year end estimate is above budget due to the \$40.7M transfer to the CARES Relief Fund for additional COVID response related expenses that are no longer subsidized by the federal government. Additionally, the General Capital transfer is \$1.1M above budget due to a shift of funding from the General Fund to the General Capital Fund for various Facilities Maintenance improvement projects, which can be seen on the Other Departments Summary page. Also, the year end estimate includes a \$10M transfer above budget to the Stabilization of Services set aside as income tax revenues were higher than anticipated. Lastly, \$11.9M of Transit Services expenditures billed by Valley Metro was offset by federal CARES Act, reducing General Fund transfers to the Transit Fund.

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FY 2020/21 4th Quarter Net Sources and Uses - Utility Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
District Cooling	\$ (252)	\$ 47	\$ (301)
Electric	\$ 1,433	\$ 2,143	\$ 1,039
Natural Gas	\$ 446	\$ (364)	\$ (2,517)
Solid Waste	\$ 3,404	\$ 7,717	\$ 4,947
Wastewater	\$ (18,327)	\$ (9,298)	\$ (12,285)
Water	\$ (2,306)	\$ 20,025	\$ 16,020
Total Utility Fund	\$ (15,350)	\$ 20,224	\$ 7,206

(In Thousands)

Exceeding
On Track
Caution
Monitoring

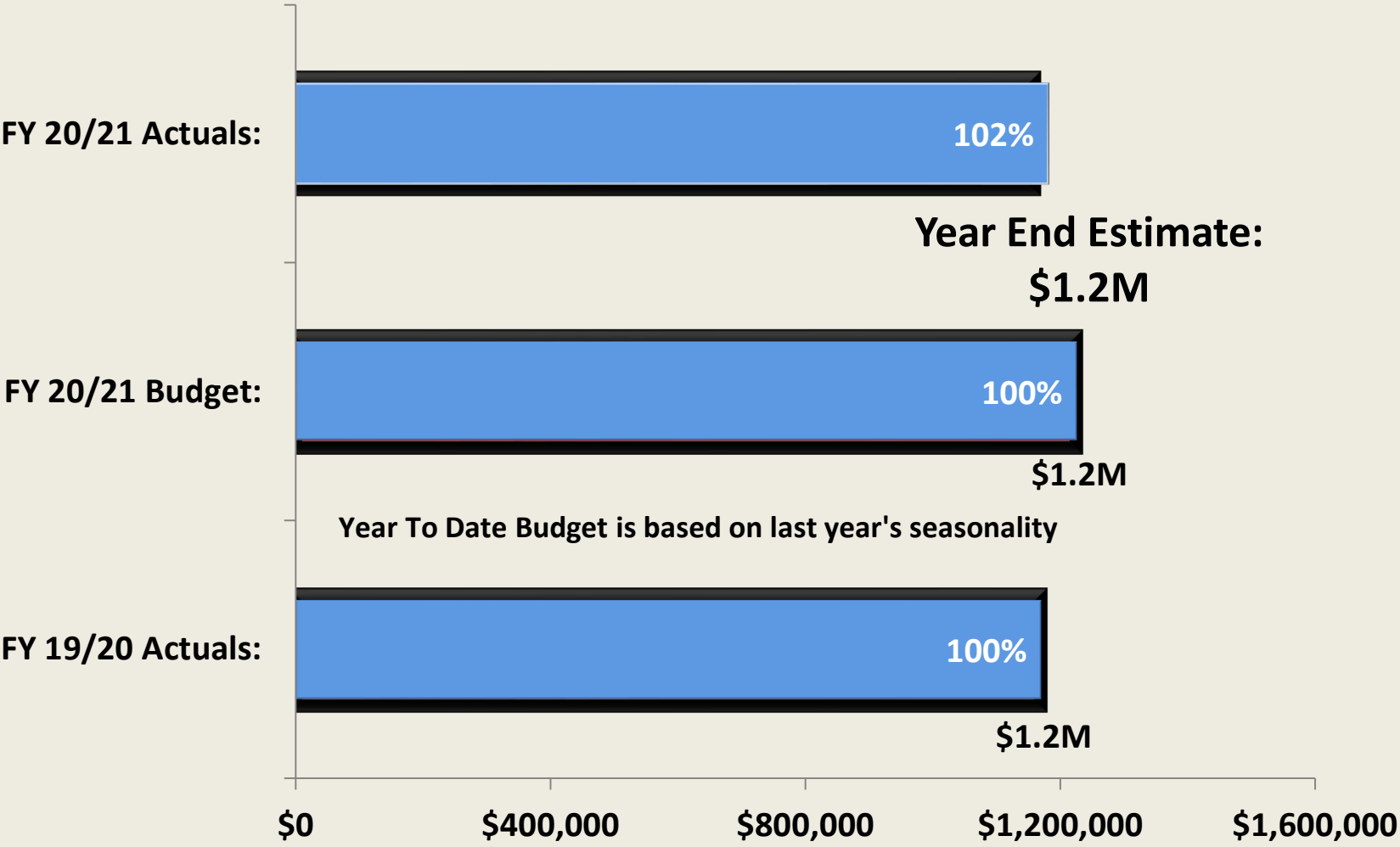
FY 2020/21 4th Quarter District Cooling Summary

The data below represents financial information from the Utility Fund for District Cooling sub-fund.
Both direct (Facilities Maintenance Department) and indirect (citywide) expenses are included.

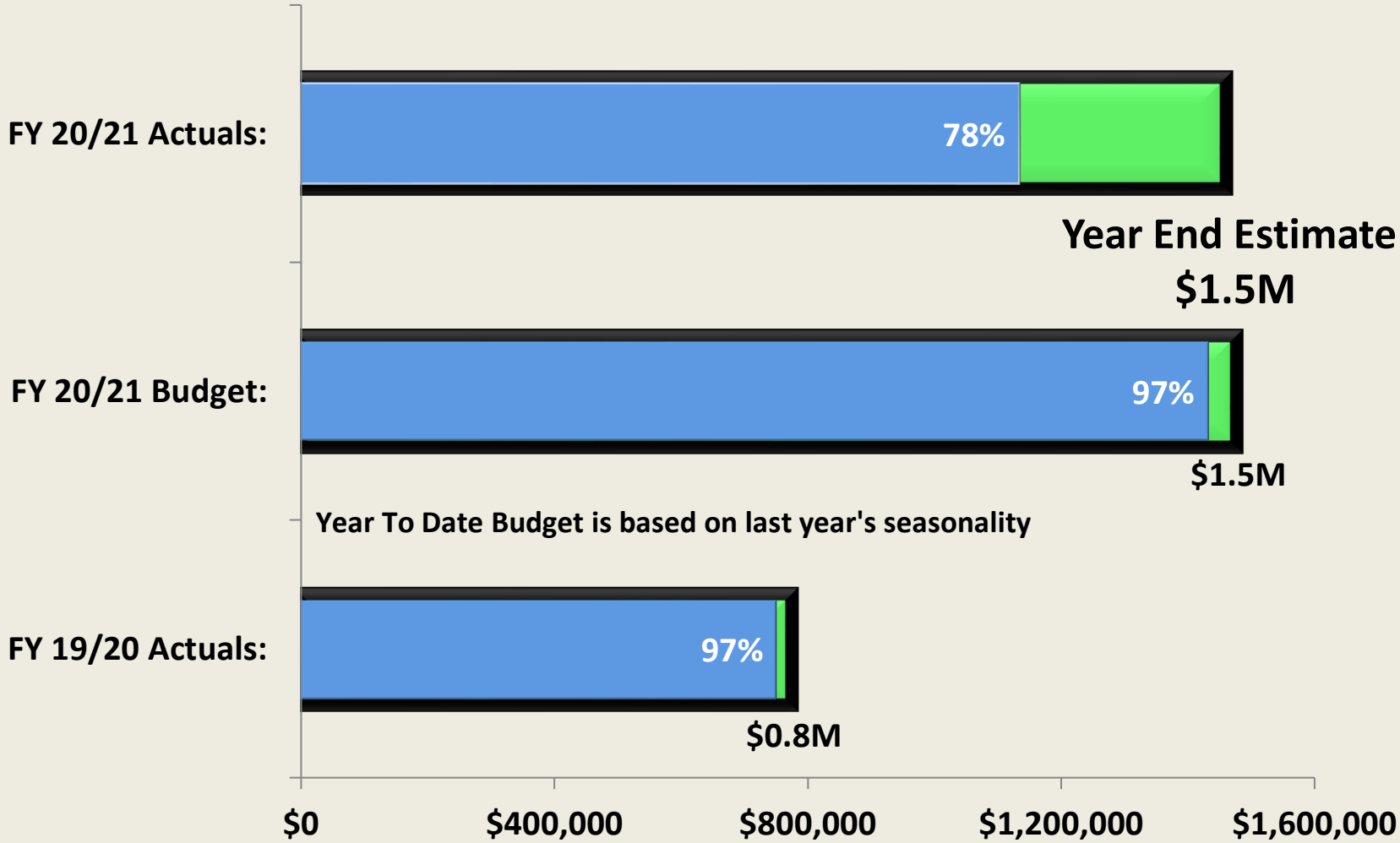
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,225	\$ 1,180	\$ 1,159
Uses	\$ 1,108	\$ 736	\$ 1,067
Debt/Capital Transfers Out	\$ 1	\$ 44	\$ 45
General Fund Transfers Out	\$ 368	\$ 353	\$ 348
Net Sources and Uses	\$ (252)	\$ 47	\$ (301)

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



The year end estimates for sources are on track with budget. The Capital Transfers Out is above budget due to a shift of funding from the operating budget in the Uses section for additional equipment repairs.

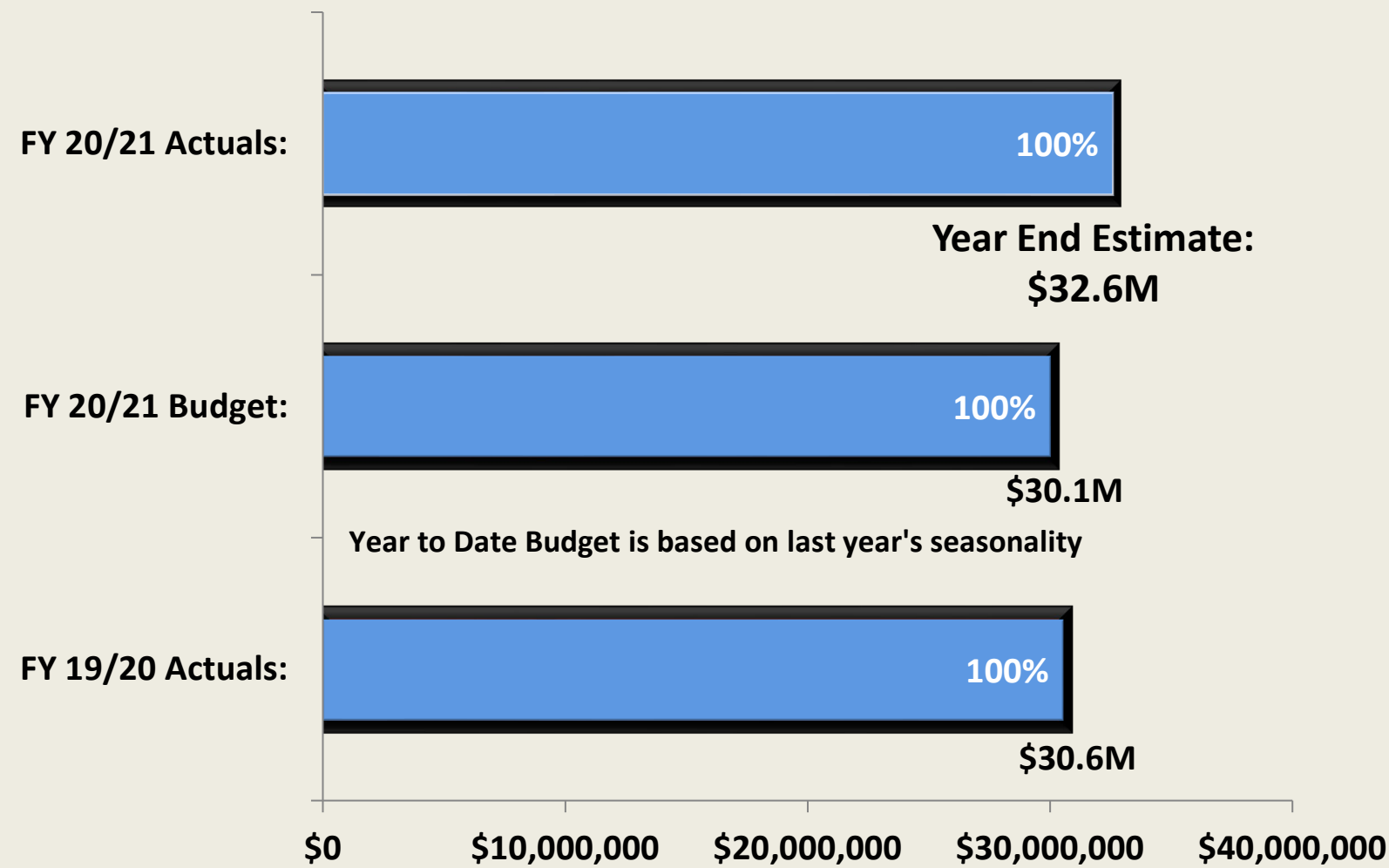
FY 2020/21 4th Quarter Electric Summary

The data below represents financial information for the Utility Fund for the Electric sub-fund.
Both direct (Energy Resources Department) and indirect (citywide) expenses are included.

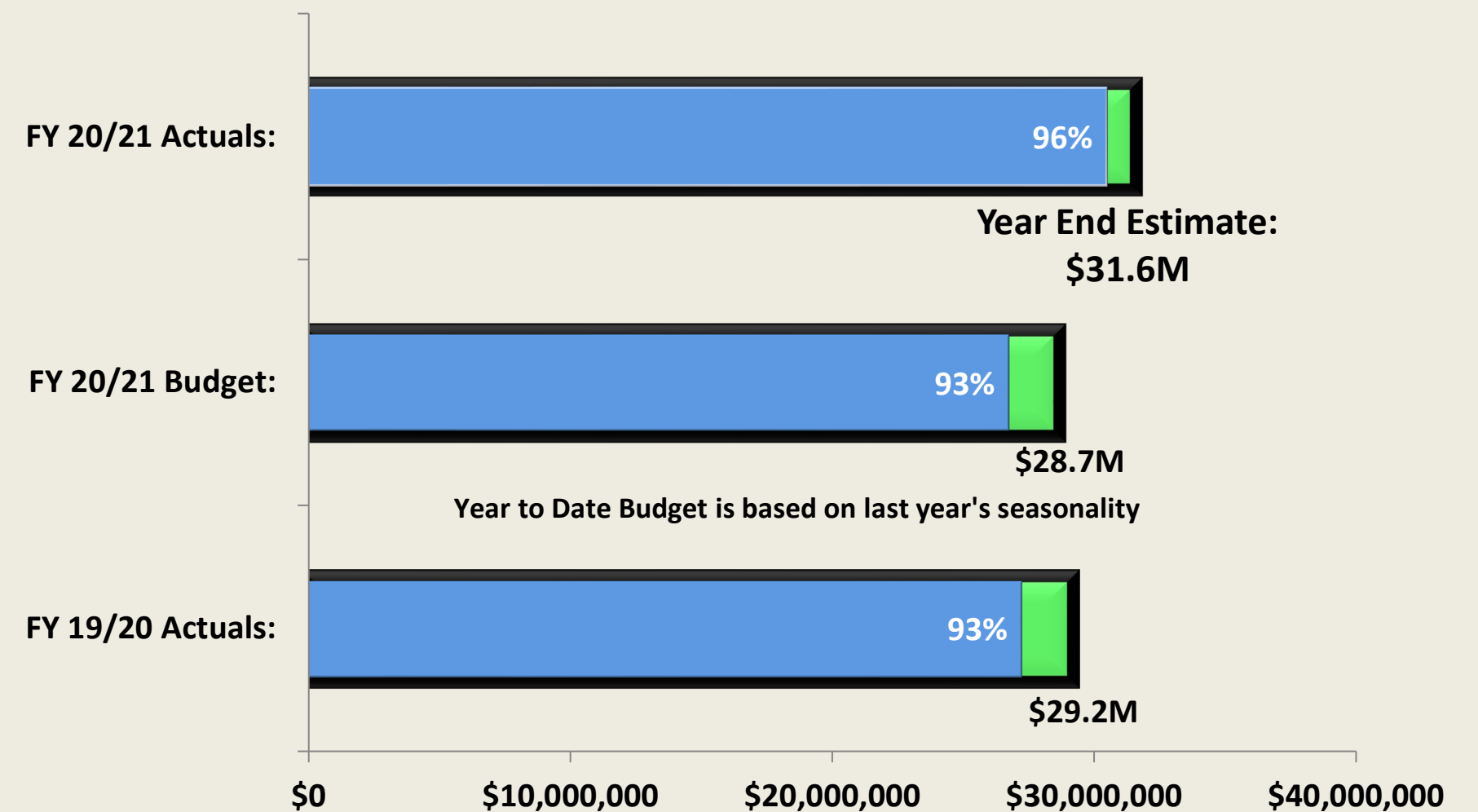
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 30,089	\$ 32,588	\$ 32,619
Uses	\$ 19,797	\$ 21,765	\$ 22,887
Debt/Capital Transfers Out	\$ 3,316	\$ 3,040	\$ 3,041
General Fund Transfers Out	\$ 5,543	\$ 5,640	\$ 5,652
Net Sources and Uses	\$ 1,433	\$ 2,143	\$ 1,039

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



The year end estimates for sources and uses are above budget due to the electric energy cost adjustment factor, which is the cost of electricity that is passed through to the customer. Electric energy costs increased in FY 20/21 due to unanticipated supply disruptions as a result of California wildfires, the Texas weather event in February 2021, as well as increased demand in the hot summer months. Electric Debt Transfers Out are below budget due to savings from utility systems debt refinancing.

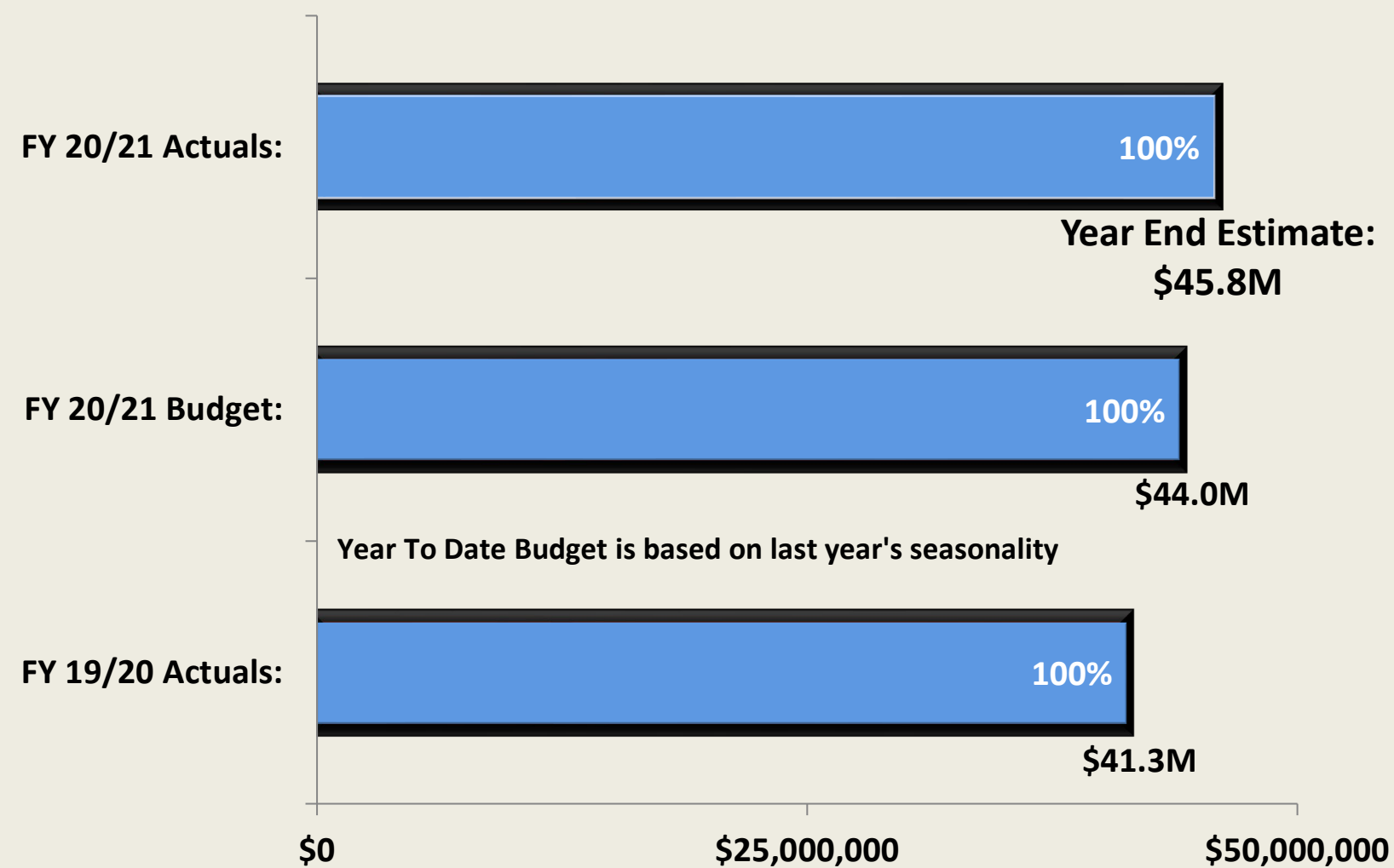
FY 2020/21 4th Quarter Natural Gas Summary

The data below represents financial information for the Utility Fund for the Natural Gas sub-fund.
Both direct (Energy Resources Department) and indirect (citywide) expenses are included.

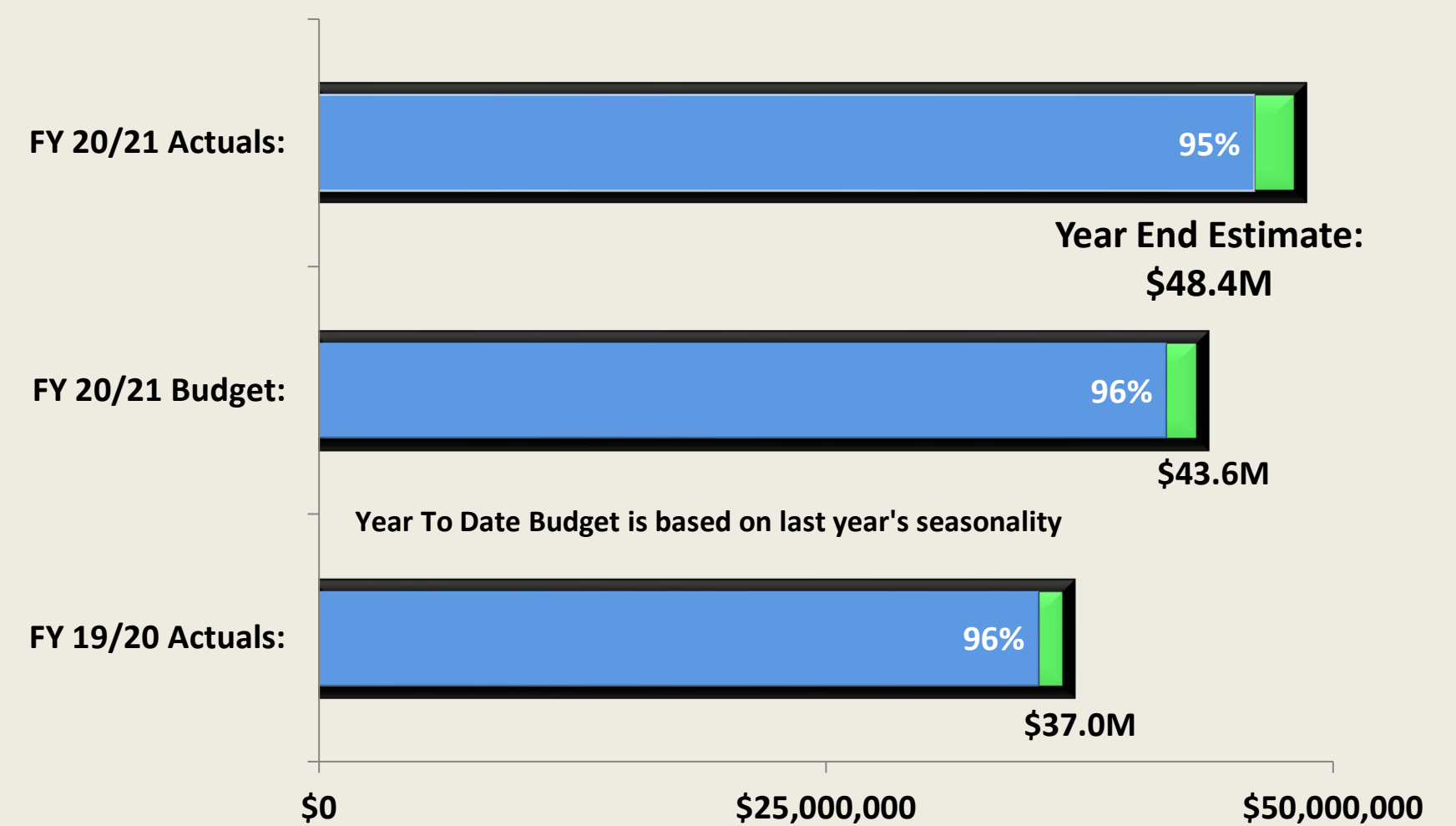
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 44,006	\$ 45,733	\$ 45,846
Uses	\$ 25,537	\$ 28,276	\$ 30,013
Debt/Capital Transfers Out	\$ 7,901	\$ 7,135	\$ 7,169
General Fund Transfers Out	\$ 10,123	\$ 10,686	\$ 11,180
Net Sources and Uses	\$ 446	\$ (364)	\$ (2,517)

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



The year end estimates for sources and uses are above budget due to the purchased natural gas cost adjustment factor, which is the cost of natural gas that is passed through to the customer. The year end estimate for the natural gas cost adjustment factor uses increased \$7.1M above budget due to the Texas weather event in February 2021, which increased prices as a result of severely reduced natural gas supplies. The year end estimate for sources is slightly above budget due to cost recovery of the increased natural gas commodity costs as well as higher than anticipated residential growth, particularly in the Magma service area. The Debt Transfers Out are below budget due to savings from a utility systems debt refinancing. Lastly, Transfers Out to the General Fund year end estimate is above budget due to higher than anticipated residential account and consumption growth of the gas utility.

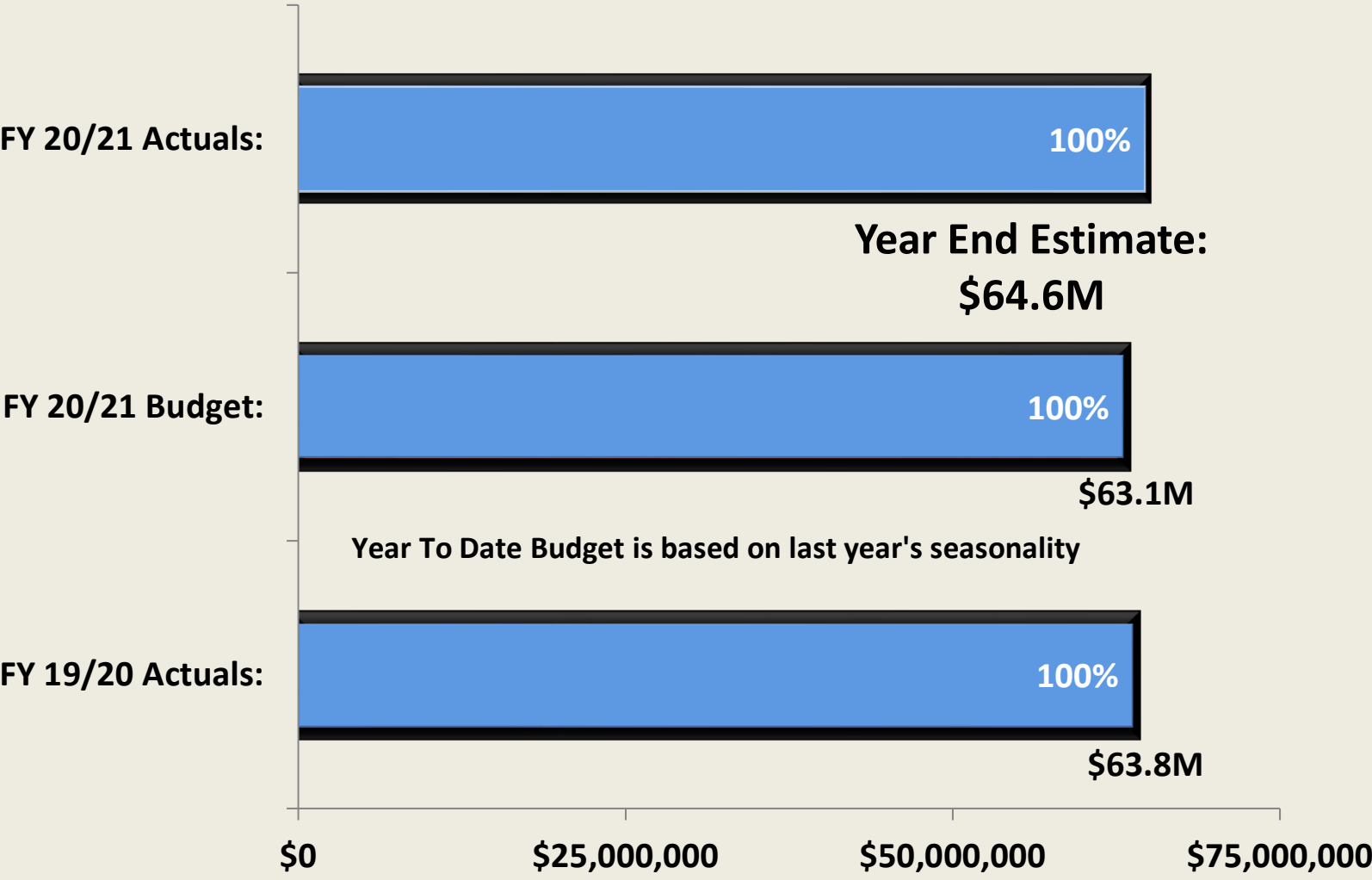
FY 2020/21 4th Quarter Solid Waste Summary

The data below represents financial information from the Utility Fund for the Solid Waste sub fund.
Both direct (Environmental Management and Sustainability Department) and indirect (citywide) expenses are included.

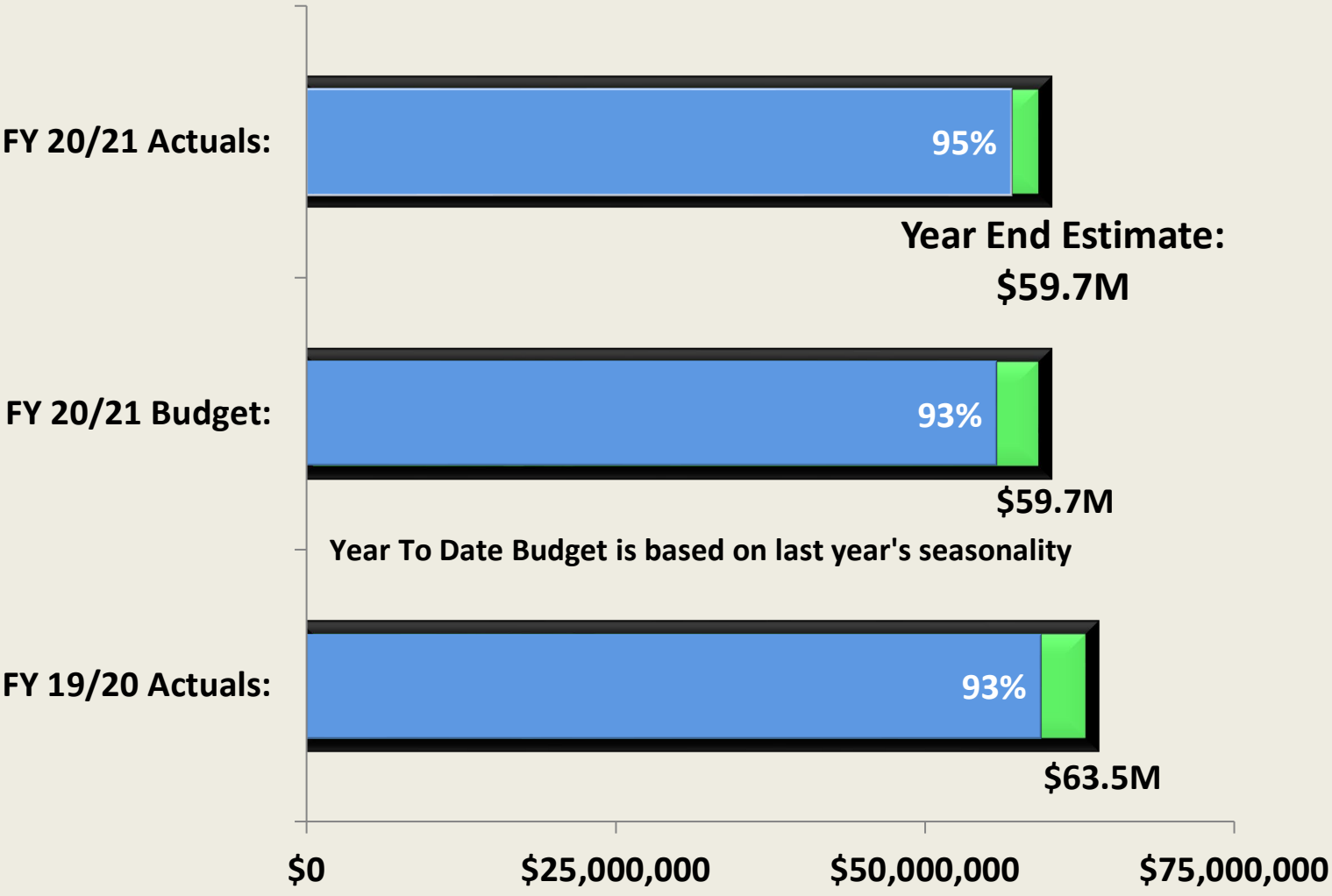
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 63,095	\$ 64,676	\$ 64,638
Uses	\$ 38,728	\$ 35,699	\$ 38,325
Debt/Capital Transfers Out	\$ 2,035	\$ 1,968	\$ 1,974
General Fund Transfers Out	\$ 18,929	\$ 19,292	\$ 19,391
Net Sources and Uses	\$ 3,404	\$ 7,717	\$ 4,947

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



The Solid Waste sources year end estimate is slightly above due to increase in both residential and commercial service revenues. The uses year end estimate is on track with budget.

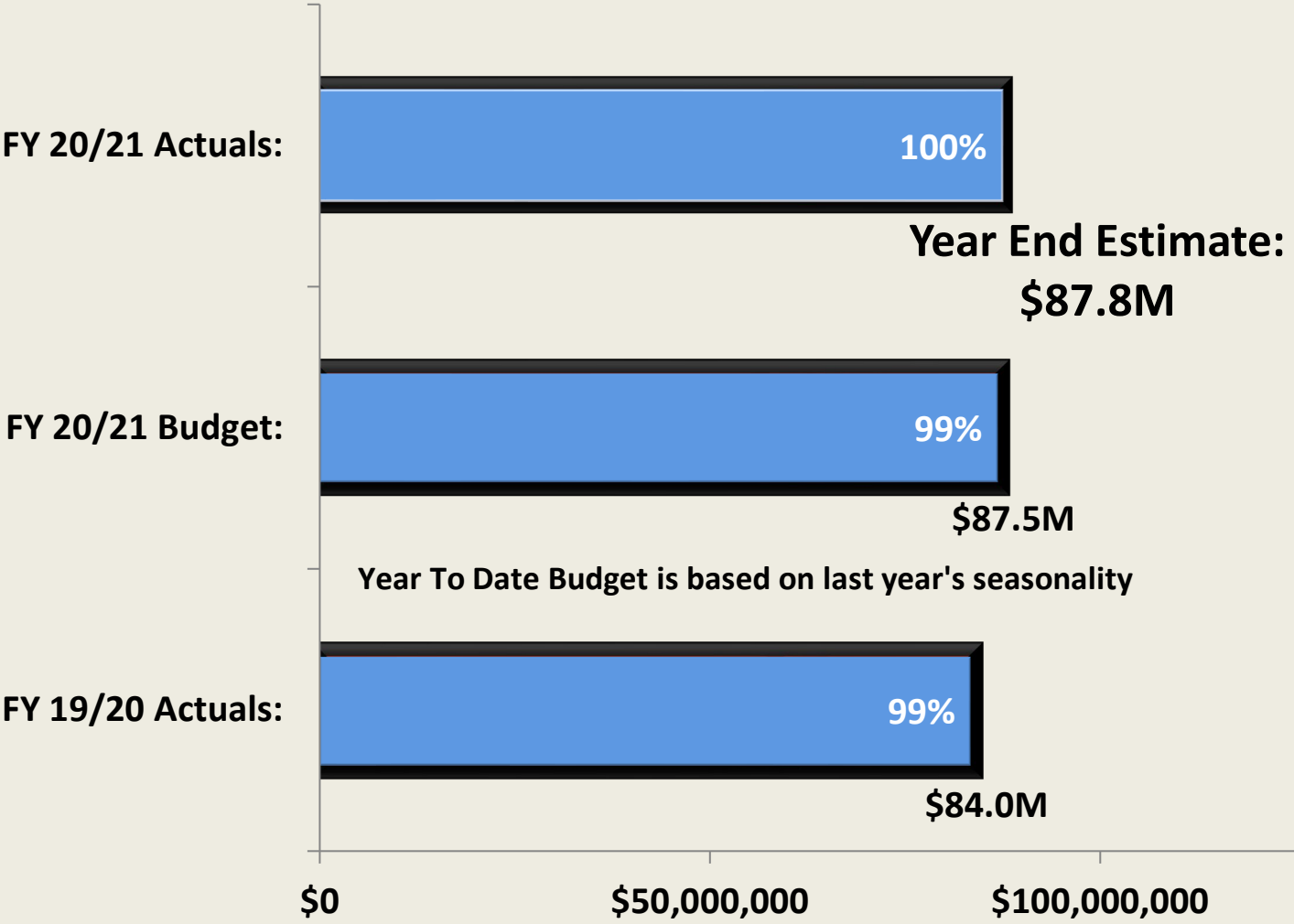
FY 2020/21 4th Quarter Wastewater Summary

The data below represents financial information from the Utility Fund for the Wastewater Sub-fund.
Both direct (Water Resources Department) and indirect (citywide) expenses are included.

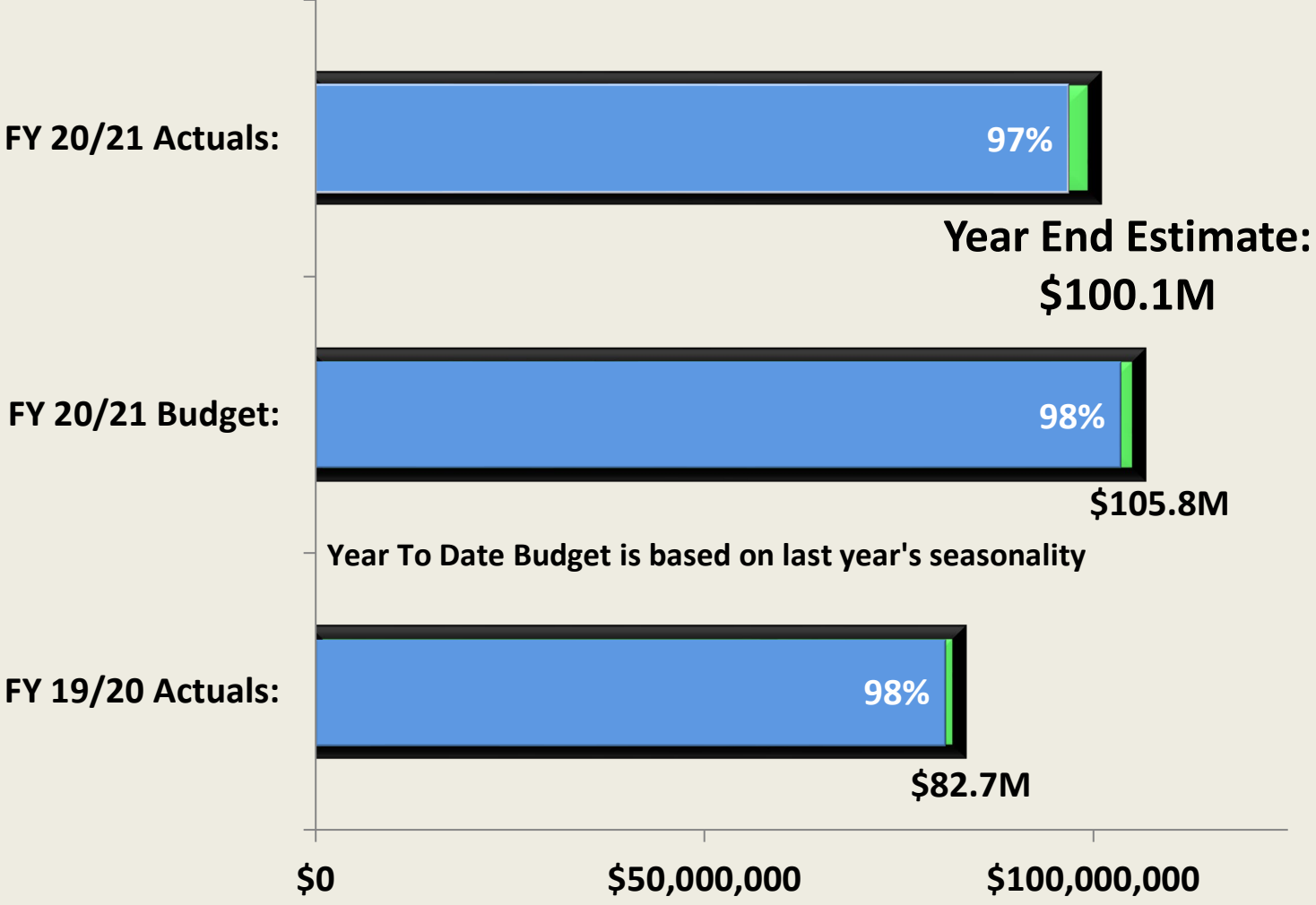
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 87,462	\$ 87,375	\$ 87,773
Uses	\$ 32,138	\$ 27,415	\$ 30,457
Debt/Capital Transfers Out	\$ 47,413	\$ 43,207	\$ 43,269
General Fund Transfers Out	\$ 26,239	\$ 26,051	\$ 26,332
Net Sources and Uses	\$ (18,327)	\$ (9,298)	\$ (12,285)

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



The sources year end estimate is on track with budget. The year end estimate of uses is below budget largely due to operational efficiencies that reduced anticipated power costs at water reclamation plants as well as lower than anticipated payments for the Greenfield Water Reclamation Plant. The Debt Transfers Out is also below budget due to savings from a utility systems debt refinancing.

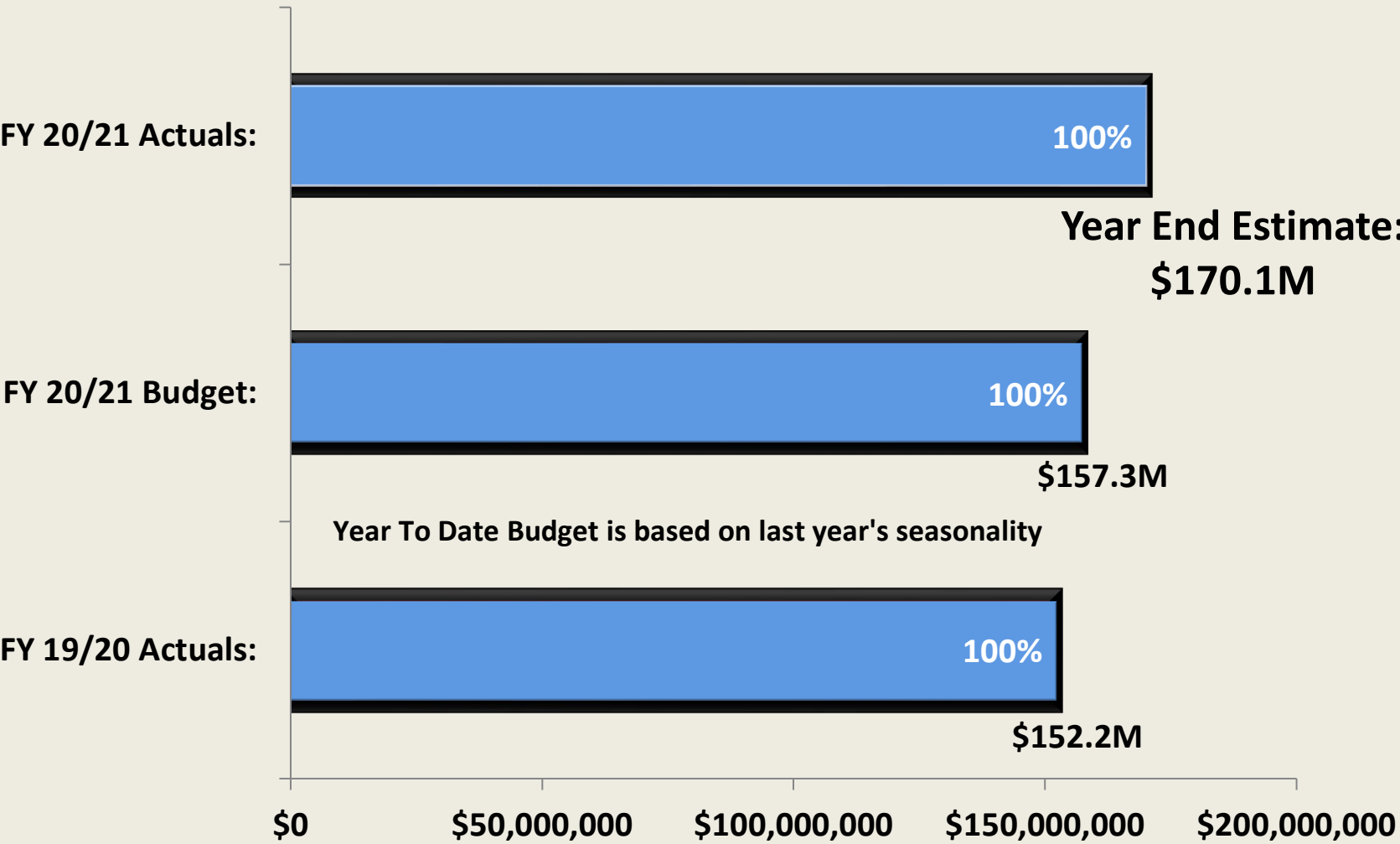
FY 2020/21 4th Quarter Water Summary

The data below represents financial information from the Utility Fund for the Water Sub-fund.
Both direct (Water Resources Department) and indirect (citywide) expenses are included.

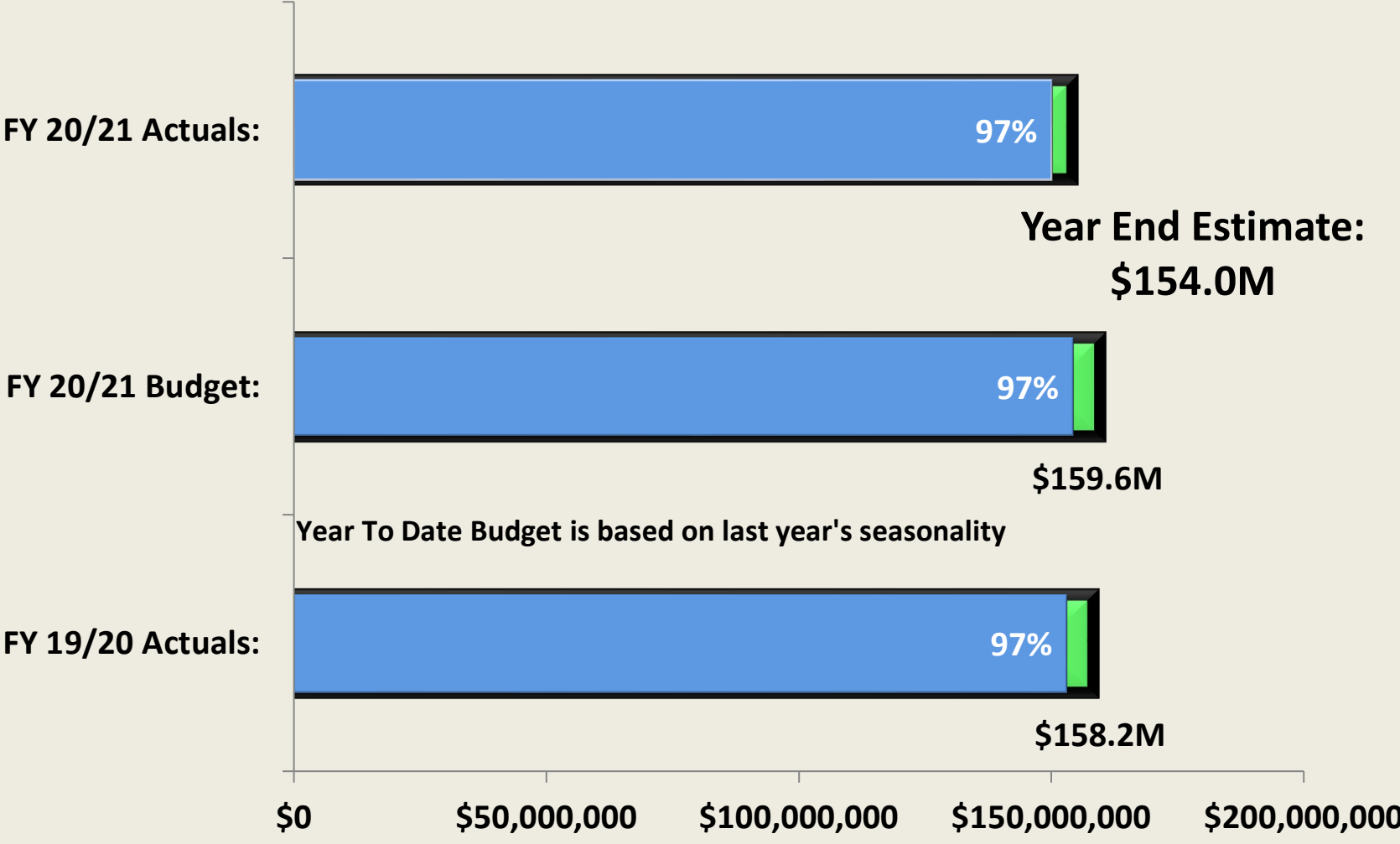
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 157,254	\$ 170,005	\$ 170,058
Uses	\$ 64,636	\$ 56,483	\$ 60,034
Debt/Capital Transfers Out	\$ 47,747	\$ 42,944	\$ 42,986
General Fund Transfers Out	\$ 47,176	\$ 50,553	\$ 51,017
Net Sources and Uses	\$ (2,306)	\$ 20,025	\$ 16,020

(In Thousands)

Water - Sources



Water - Uses and Transfers



The sources year end estimate for Water is \$12M above budget due to elevated water consumption from both residential and non-residential accounts. The elevated consumption is primarily due to a lack of rainfall during the fiscal year. The uses year end estimate is below budget largely due to lower than anticipated water commodity costs from the Central Arizona Project (CAP). The Debt transfers Out estimate is below the adopted budget due to savings from a utility systems debt refinancing. Lastly, the Transfer Out to the General Fund is above budget because the transfer is based on 30% of the utility's operational revenues, which increased due to increased water consumption.