



Quarterly Financial Status Report FY 2020/2021 Fiscal Year End Close

Executive Summary:

The City of Mesa has closed the 2020/2021 fiscal year. This report shows the financial actuals for the fiscal year compared to the most recent fiscal year end estimate.

The General Governmental Funds year end actuals for revenues finished above both budget and year end estimate due to stronger than anticipated revenue growth in City and State sales taxes 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, license, fees, and permits actual revenues were above budget as result of increased commercial construction activities.

The General Governmental Funds actuals for expenditures finished slightly above year end estimate but below budget. The reduced expenditures from budget was primarily due to the shift of personnel expenses from the General Governmental Funds to the federal CARES funding for duties performed by public safety personnel throughout the COVID-19 pandemic. Additionally, citywide vacancy savings as a result of a hiring freeze through December 2020 reduced actual expenditures below budget. Lastly, the transfers out actuals were above budget and year end estimate due to a transfer from the General Fund to the CARES Relief fund to cover pandemic related expenses not subsidized by federal funding.

Overall, the Utility Fund net sources and uses actuals were better than the year end estimate and budget. Water revenues from residential and non-residential customers were above budget due to increased consumption as a result of the lack of rainfall. However, uses actuals for both the natural gas and electric utilities were above budget due to unanticipated weather events and supply conditions that increased commodity prices. Lastly, savings from a refinancing of utility system debt service reduced expenses for the Utility Fund.

For additional detail on the City's budget and expenditure data, please visit the City Mesa Open Data Portal at data.mesaaz.gov.

FY 2020/21 Fiscal Year End: 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	\$ (11,100)
Year End Actuals	\$ 532,258	\$ 466,264	\$ 65,995
Year End Estimate	\$ 528,244	\$ 461,669	\$ 66,574

(In Thousands)

Utility Fund			Net
	Sources	Uses	
Adopted Budget	\$ 383,132	\$398,734	\$ (15,602)
Year End Actuals	\$ 402,749	\$392,680	\$ 10,069
Year End Estimate	\$ 402,093	\$395,188	\$ 6,905

(In Thousands)

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General Fund and Quality of Life - FY 2020/21 Fiscal Year End Revenues

Revenue Categories	Adopted Budget	Year End Estimate	Year End Actuals
Taxes	\$ 148,564	\$ 182,840	\$ 184,243
Intergovernmental	\$ 153,030	\$ 166,221	\$ 165,760
Sales and Charges for Services	\$ 23,999	\$ 24,781	\$ 24,706
Licenses, Fees, and Permits	\$ 20,804	\$ 23,828	\$ 24,399
Fines and Forfeitures	\$ 4,607	\$ 4,103	\$ 4,104
Other Revenues	\$ 1,926	\$ 4,634	\$ 5,382
Transfers In	\$ 119,793	\$ 121,836	\$ 123,666
Total	\$ 472,722	\$ 528,244	\$ 532,258

(In Thousands)

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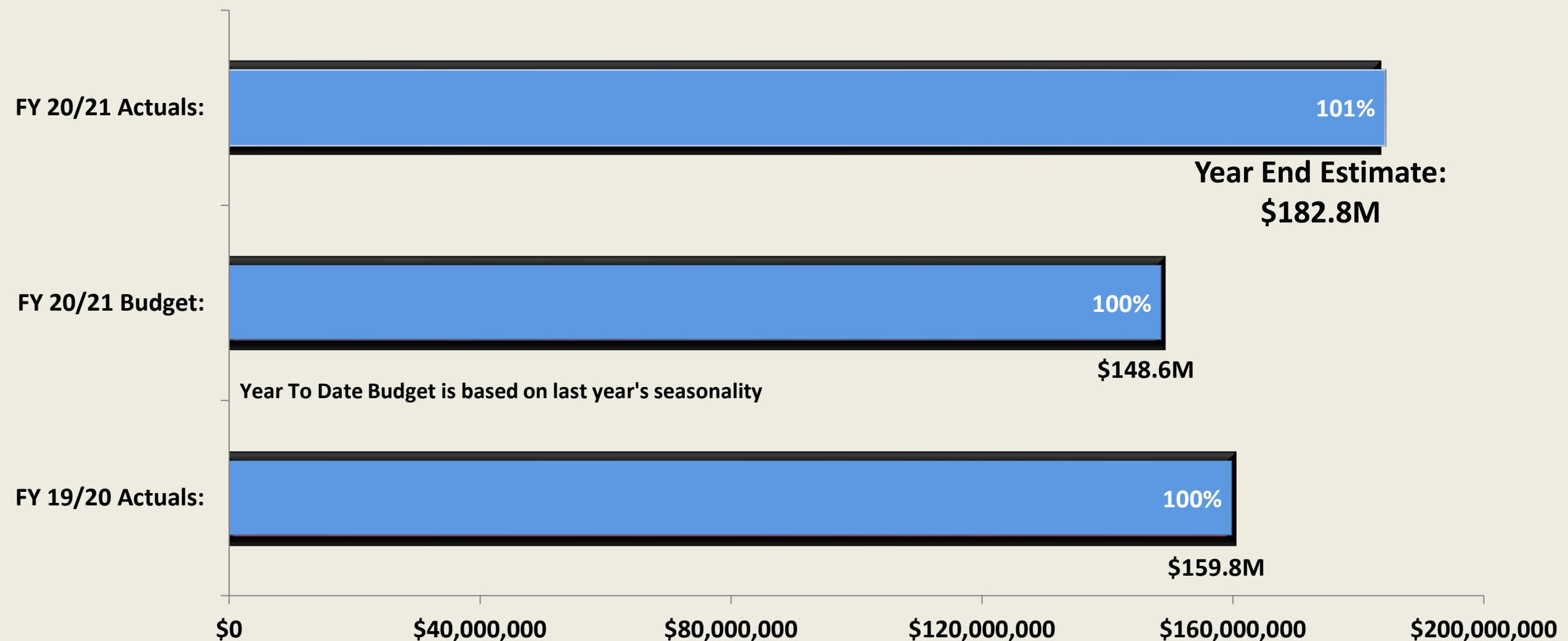
FY 2020/21 Fiscal Year End Revenues: Taxes Summary

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

	Adopted Budget	Year End Estimate	Year End Actuals
General Fund	\$ 122,959	\$ 151,322	\$ 152,592
Quality of Life Fund	\$ 25,605	\$ 31,518	\$ 31,651
Total Tax Revenue	\$ 148,564	\$ 182,840	\$ 184,243

(In Thousands)

Taxes - Revenues



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

FY 2020/21 Fiscal Year End 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 End Estimate	Year End Actuals
Urban Revenue Sharing	\$ 73,778	\$ 74,031	\$ 74,031
State Shared Sales Tax	\$ 51,340	\$ 61,453	\$ 61,454
Vehicle License Tax	\$ 21,754	\$ 24,581	\$ 24,581
Other	\$ 6,159	\$ 6,155	\$ 5,693
Total Intergovt Revenue	\$ 153,030	\$ 166,221	\$ 165,760

(In Thousands)

Intergovernmental - Revenues



State shared revenues are received based on the City's share of the State's population. The Intergovernmental revenues year end actual was above budget largely due 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.

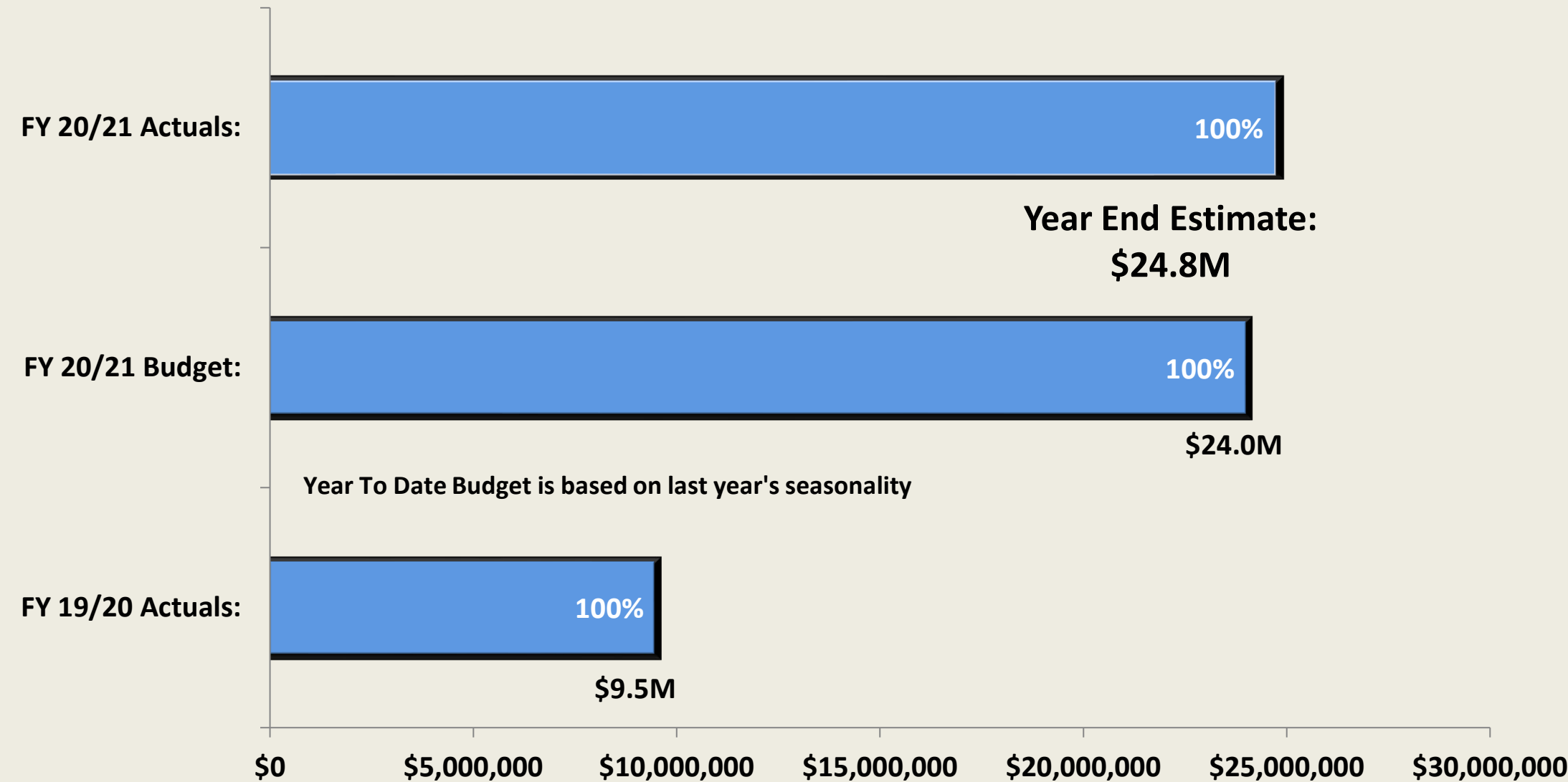
FY 2020/21 Fiscal Year End Revenues: Sales and Charges for Services Summary

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 End Estimate	Year End Actuals
\$ 23,999	\$ 24,781	\$24,706

(In Thousands)

Sales and Charges for Services - Revenues



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

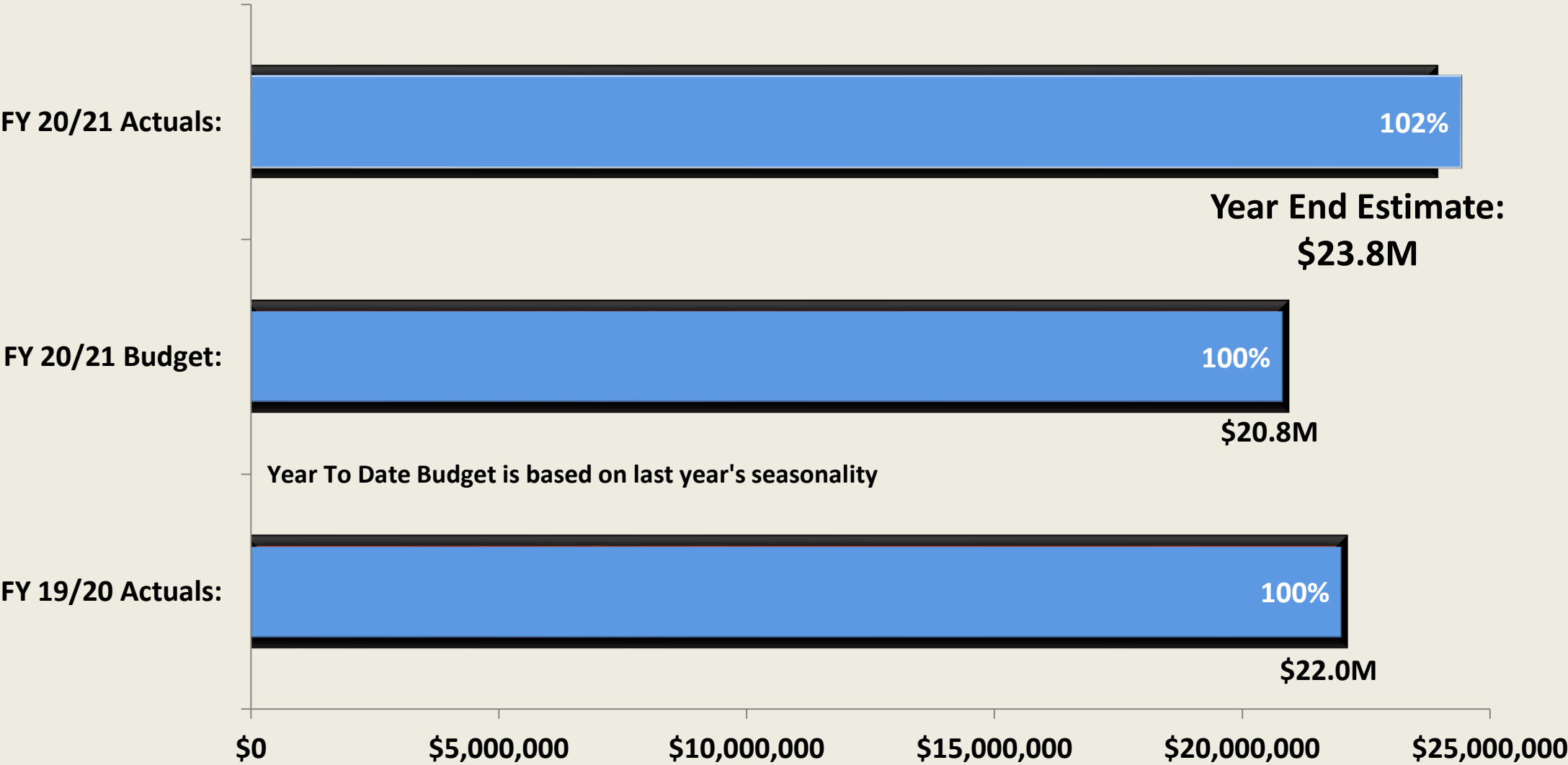
FY 2020/21 Fiscal Year End Revenues: Licenses, Fees, and Permits Summary

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 End Estimate	Year End Actuals
\$ 20,804	\$ 23,828	\$ 24,399

(In Thousands)

Licenses, Fees, and Permits - Revenues



The year end actuals for License, Fees and Permits revenues was above both year end estimate and budget 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 2020/21.

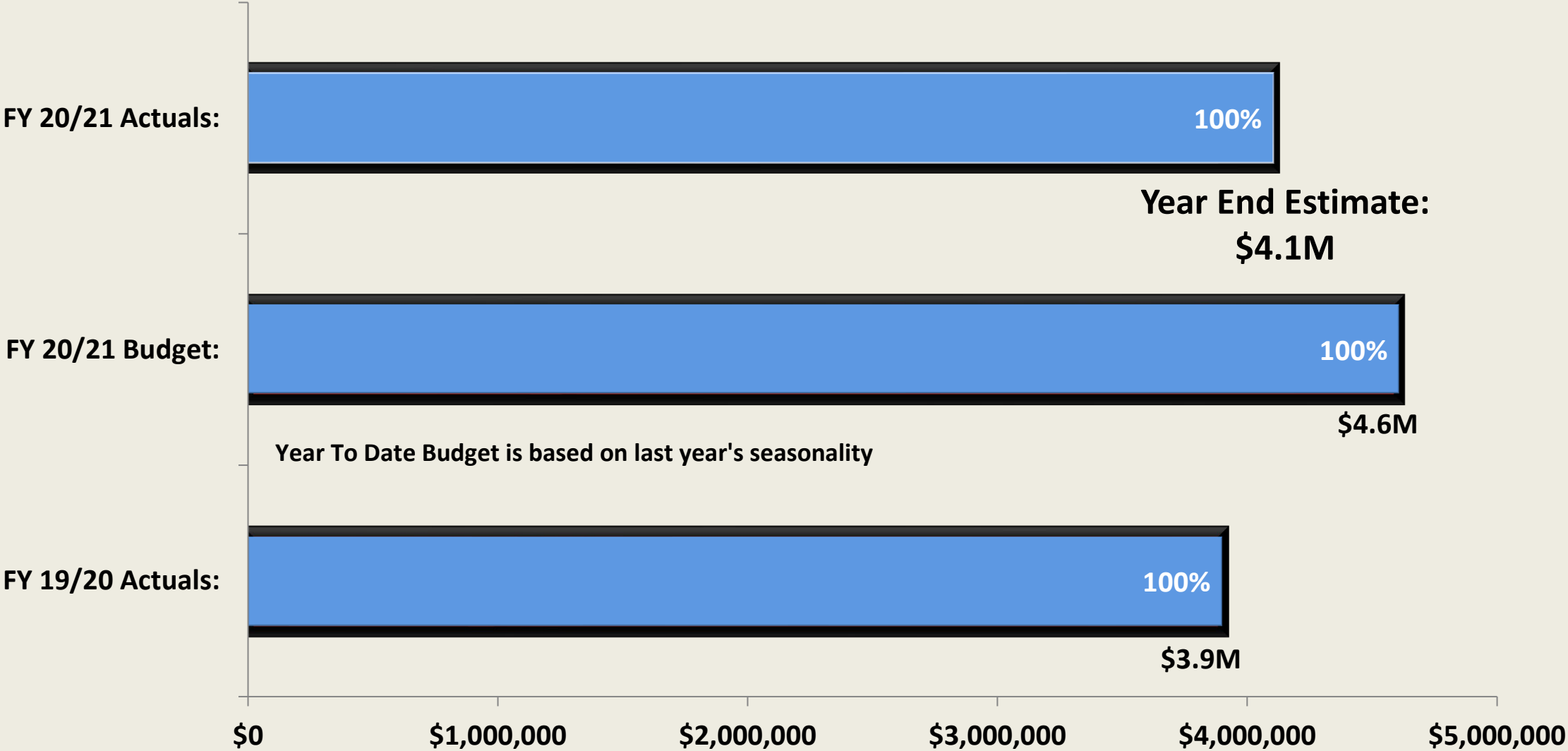
FY 2020/21 Fiscal Year End Revenues: Fines and Forfeitures Summary

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

Adopted Budget	Year End Estimate	Year End Actuals
\$ 4,607	\$ 4,103	\$ 4,104

(In Thousands)

Fines and Forfeitures - Revenues



The year end actuals for Fines and Forfeiture revenue was 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 revenue was the result of the COVID-19 pandemic, Court filings have also been trending down in recent years.

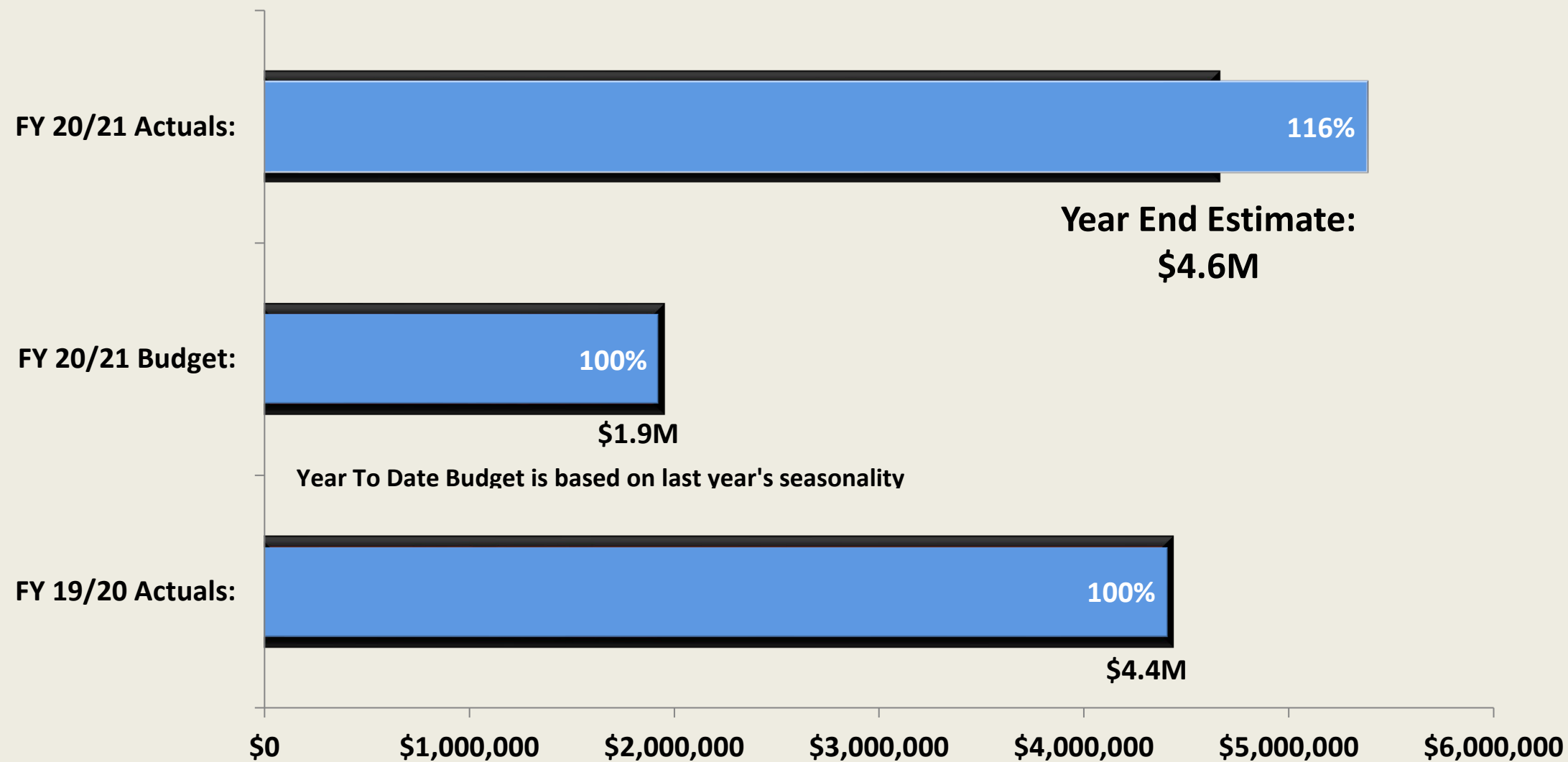
FY 2020/21 Fiscal Year End Revenues: Other Revenues Summary

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 End Estimate	Year End Actuals
\$ 1,926	\$ 4,634	\$ 5,382

(In Thousands)

Other Revenues - Revenues



The Other Revenues year end actuals were greater than budget and year end estimate due to higher than anticipated interest on Investments and purchasing rebates.

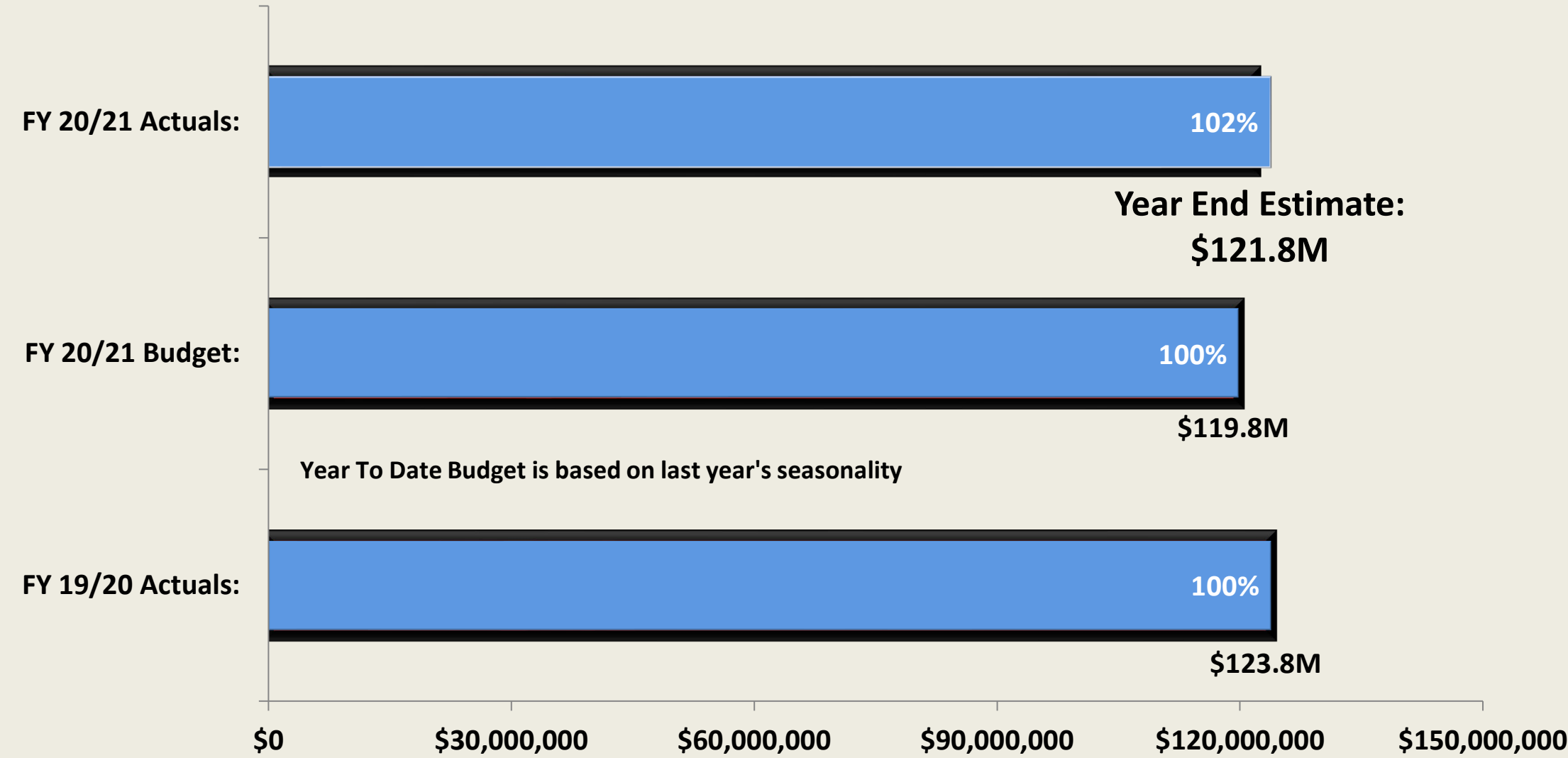
FY 2020/21 Fiscal Year End Revenues: Transfers In Summary

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

Adopted Budget	Year End Estimate	Year End Actuals
\$ 119,793	\$ 121,836	\$ 123,666

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund were mainly comprised of the quarterly contribution from the Utility Fund in the amount of 30% operating revenues per the City ordinance. The year end actual is above budget and the year end estimate due to increased utility revenues due to increased water consumption.

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General Fund and Quality of Life - FY 2020/21 Fiscal Year End Expenditures

Expenditures	Adopted Budget	Year End Estimate	Year End Actuals
Community Development and Services	\$ 12,485	\$ 11,778	\$ 11,829
Parks and Library	\$ 27,463	\$ 23,733	\$ 23,458
Law Enforcement	\$ 196,025	\$ 167,859	\$ 168,232
Fire and Medical	\$ 84,100	\$ 57,003	\$ 57,558
Other Departments	\$ 97,580	\$ 91,978	\$ 92,792
Transfers Out	\$ 66,168	\$ 109,318	\$ 112,396
Total	\$ 483,822	\$ 461,669	\$ 466,264

(In Thousands)

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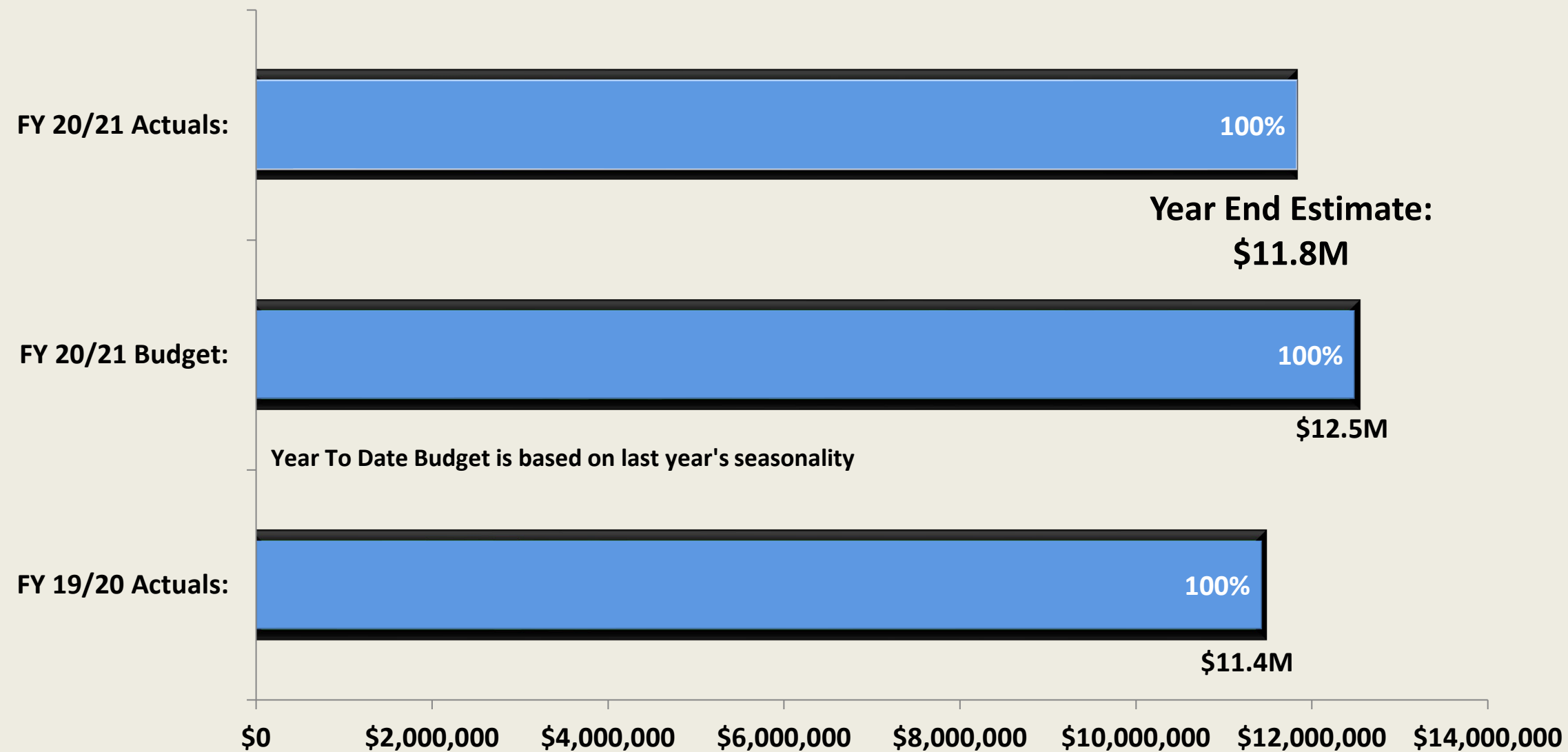
FY 2020/21 Fiscal Year End Expenditures: Community Development and Services Summary

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 End Estimate	Year End Actuals
\$ 12,485	\$ 11,778	\$ 11,829

(In Thousands)

Community Development and Services - Expenditures



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

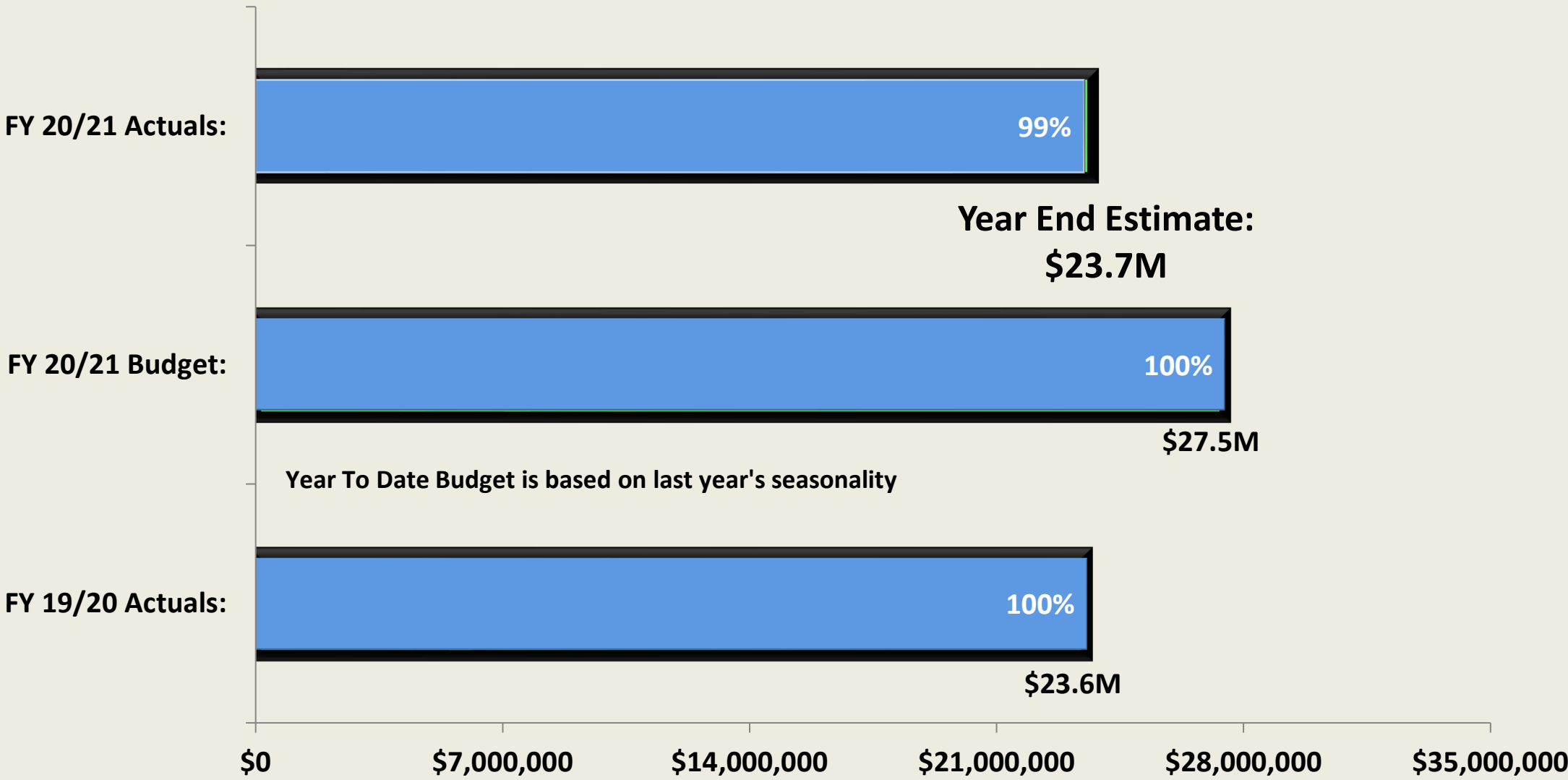
FY 2020/21 Fiscal Year End Expenditures: Parks and Library Summary

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 End Estimate	Year End Actuals
\$ 27,463	\$ 23,733	\$ 23,458

(In Thousands)

Parks and Library - Expenditures



Year end actuals were below budget largely due to reduced expenditures as a result of various facility and program closures throughout the year due to the COVID-19 pandemic.

\$227K of carryover expenses are included in the year end actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

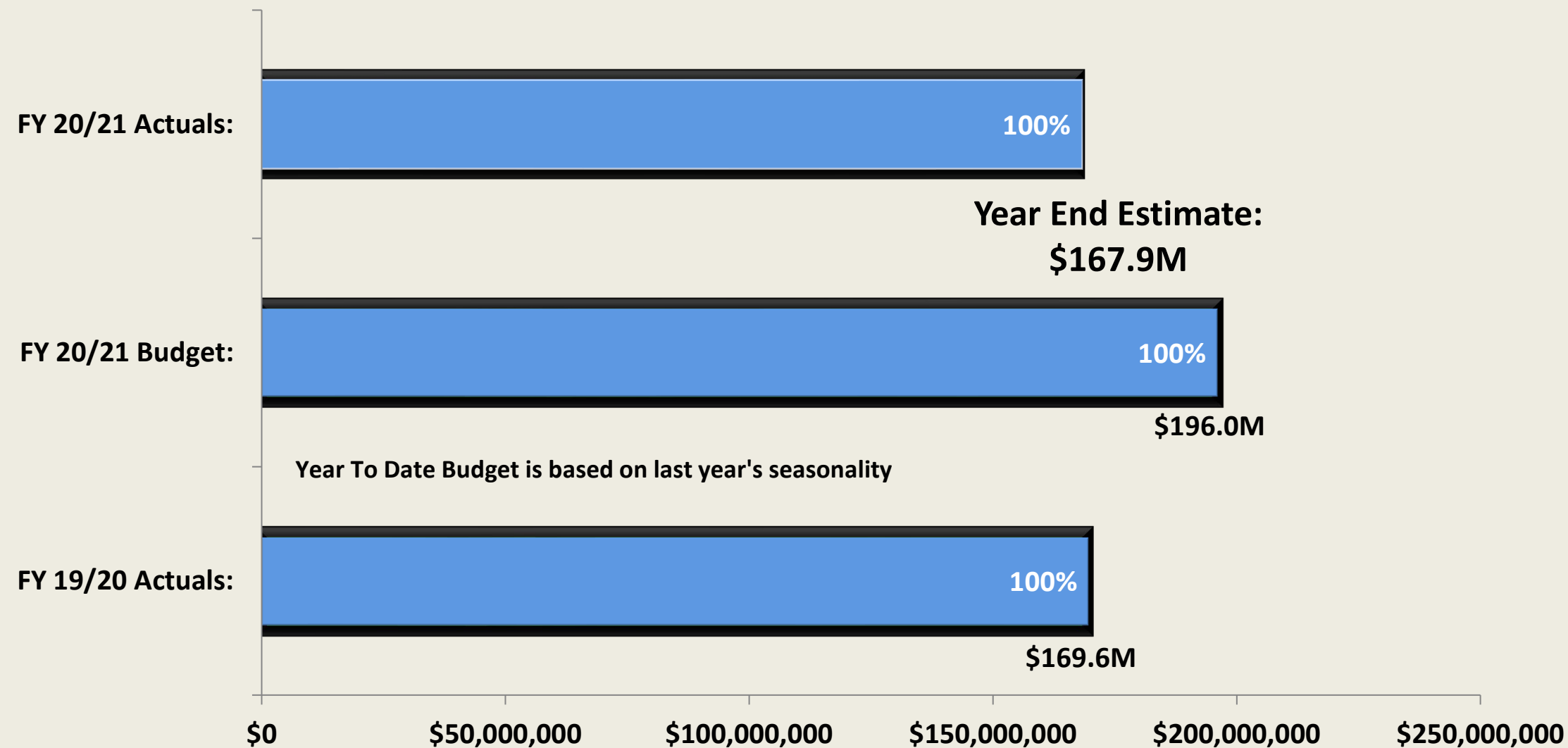
FY 2020/21 Fiscal Year End Expenditures: Law Enforcement Summary

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 End Estimate	Year End Actuals
\$ 196,025	\$ 167,859	\$ 168,232

(In Thousands)

Law Enforcement - Expenditures



Law Enforcement actuals were below budget primarily due to the shifting of personnel expenses (\$29.4M) from the General Fund to federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic. Additionally, a reduced number of bookings led to jail cost savings (\$2.4M). Lastly, increased personnel costs relating to a salary range and pay adjustment increases in January 2021 (\$7.2M) offset some of the savings as these increases were not included in the Adopted Budget.

\$1.8M of carryover expenses are included in the year end actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

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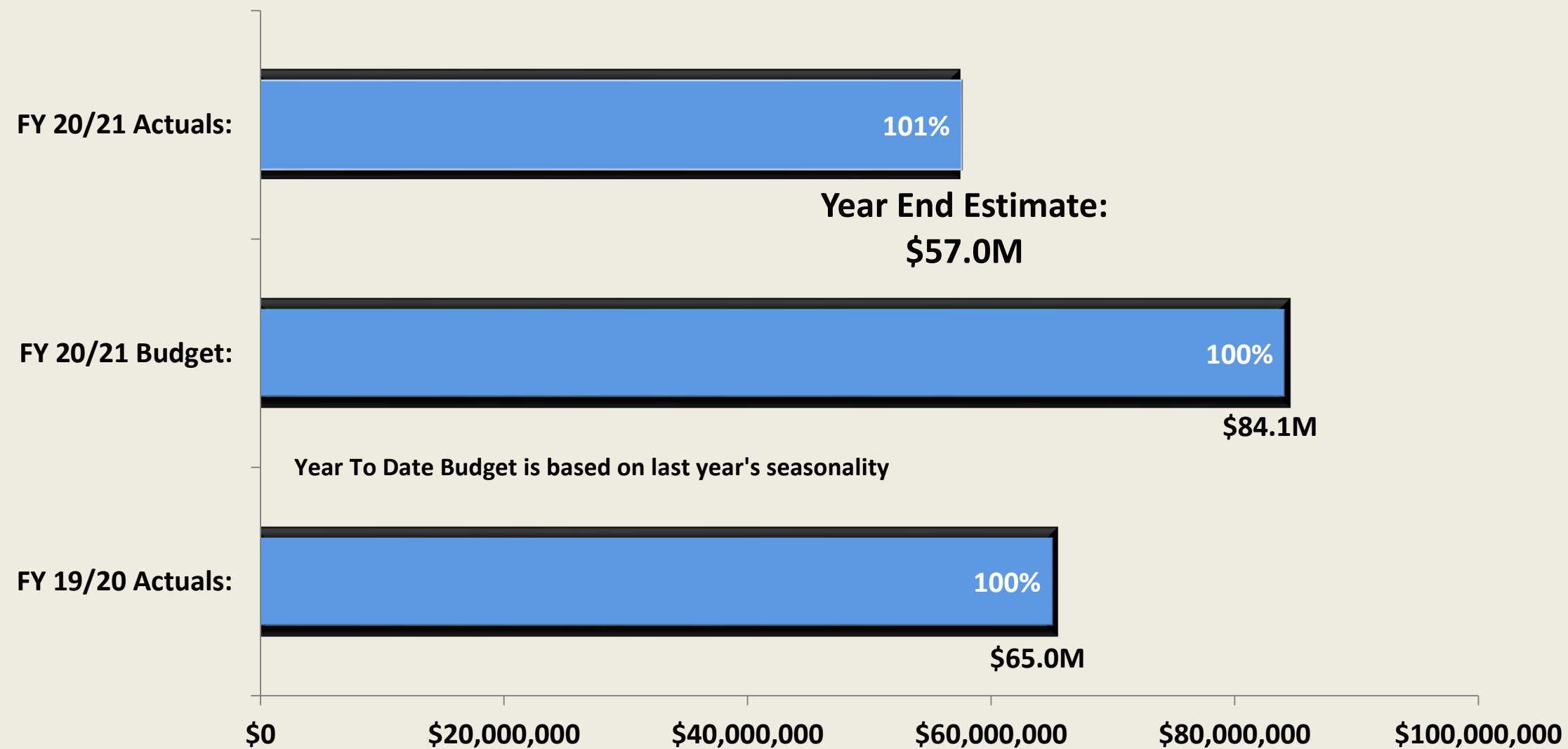
FY 2020/21 Fiscal Year End Expenditures: Fire and Medical Summary

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

Adopted Budget	Year End Estimate	Year End Actuals
\$ 84,100	\$ 57,003	\$ 57,558

(In Thousands)

Fire and Medical - Expenditures



The Fire and Medical year end actuals were below budget as a result of shifting of personnel expenses (\$27.4M) from the General Fund to Federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic.

\$949K of carryover expenses are included in the year to date actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

FY 2020/21 Fiscal Year End Expenditures: Other Departments Summary

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

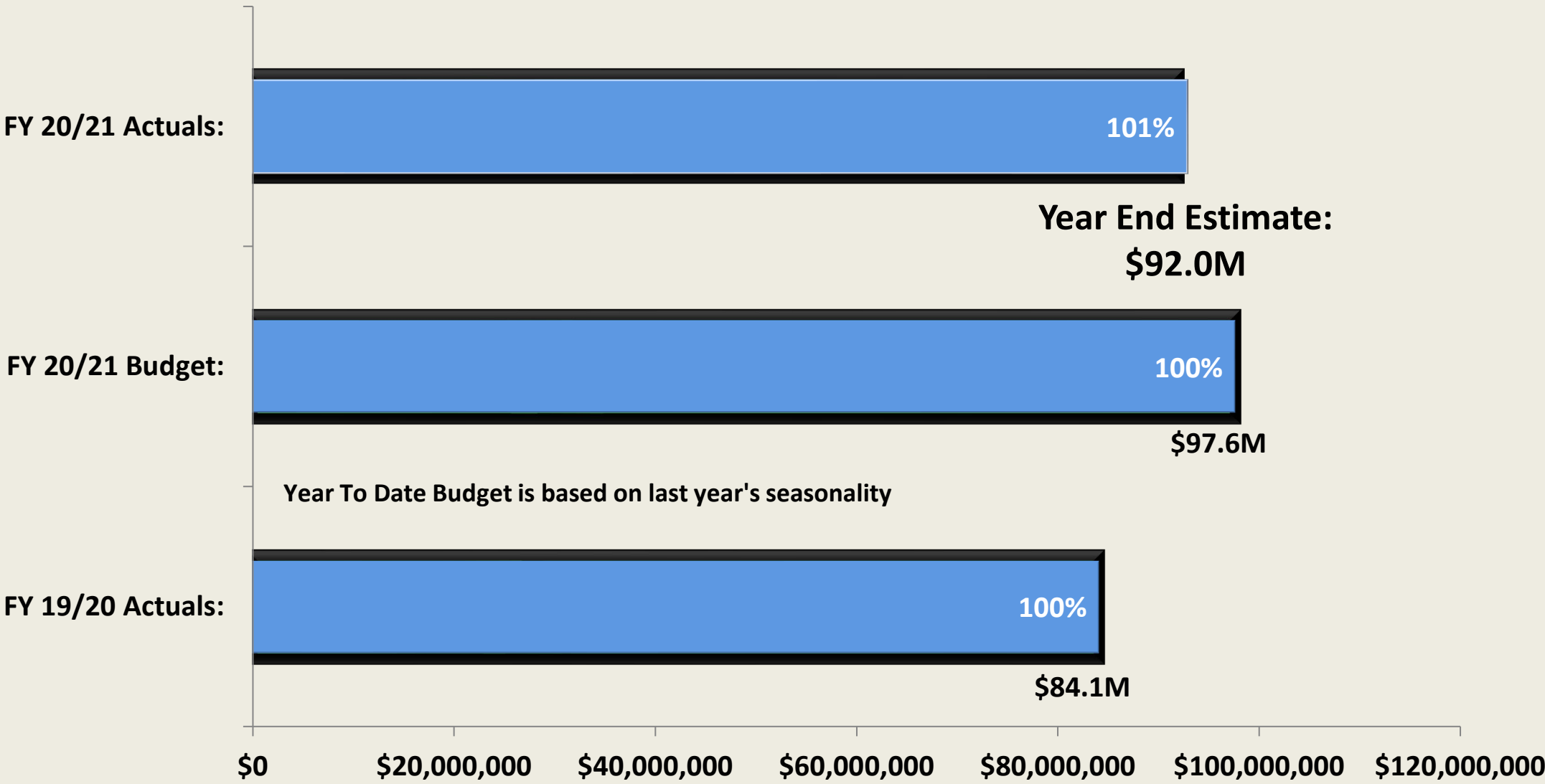
Business Services	Communications	Financial Services	Office of Management and Budget
Centralized Appropriations	Economic Development	Fleet Services	Public Information and Communications
City Attorney	Energy Resources	Human Resources	Environmental Mgmt and Sustainability
City Auditor	Engineering	Information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

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

Adopted Budget	Year End Estimate	Year End Actuals
\$ 97,580	\$ 91,978	\$ 92,792

(In Thousands)

Other Departments - Expenditures



The Other Departments expenditure actuals were slightly above year end estimate but below budget. The actuals were higher than year end estimate due to greater than anticipated spending by Facilities Maintenance for infrastructure maintenance at various City facilities. Actuals were below budget due to the shifting of Facilities Maintenance projects expenditures to capital funds as well as savings from citywide vacancies. The shift in Facilities Maintenance project expenses can be seen in the Transfers Out Summary.

\$7.6M carryover expenses are included in the year to date actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

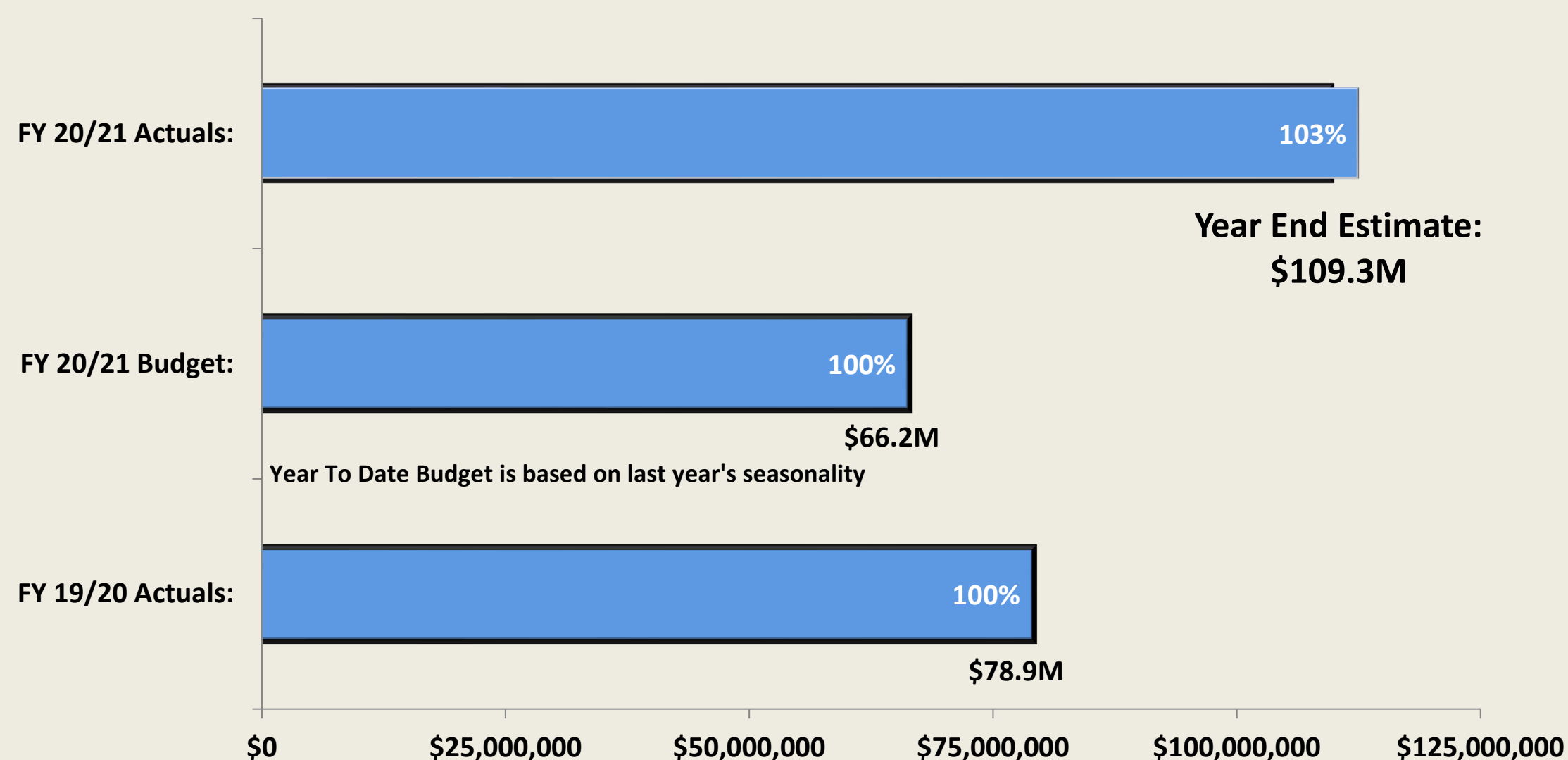
FY 2020/21 Fiscal Year End Expenditures: Transfers Out Summary

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 End Estimate	Year End Actuals
\$ 66,168	\$ 109,318	\$ 112,396

(In Thousands)

Transfers Out - Expenditures



The Transfers Out year end estimate was above budget primarily due to the \$40.7M transfer to the CARES Relief Fund for additional COVID-19 response related expenses that were not subsidized by the federal government. Additionally, the year end estimate includes a \$10M transfer above budget to the Stabilization of Services set aside due to greater than anticipated income tax revenues. Also, \$11.9M of Transift Services expenditures billed by Valley Metro was offset by federal CARES Act funding, which reduced the General Fund transfer out to the Transit Fund. Lastly, the General Capital transfer was \$1.4M above budget due to shifting of funding from the General Fund to the General Capital Fund for various facilities maintenance improvement projects Citywide. This is also seen on the Other Departments Summary page.

The transfers actuals are above the year end estimate due to an additional transfer to the CARES Relief Fund to cover expenses related to the response to the pandemic.

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FY 2020/21 Fiscal Year End Net Sources and Uses - Utility Fund

Utility Net Sources and Uses	Adopted Budget	Year End Estimate	Year End Actuals
District Cooling	\$ (252)	\$ (301)	\$ (190)
Electric	\$ 1,433	\$ 1,039	\$ 671
Natural Gas	\$ 446	\$ (2,517)	\$ (2,595)
Solid Waste	\$ 3,404	\$ 4,947	\$ 4,786
Wastewater	\$ (18,327)	\$ (12,285)	\$ (9,147)
Water	\$ (2,306)	\$ 16,020	\$ 16,544
Total Utility Fund	\$ (15,350)	\$ 7,206	\$ 10,259

(In Thousands)

Exceeding
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Caution
Monitoring

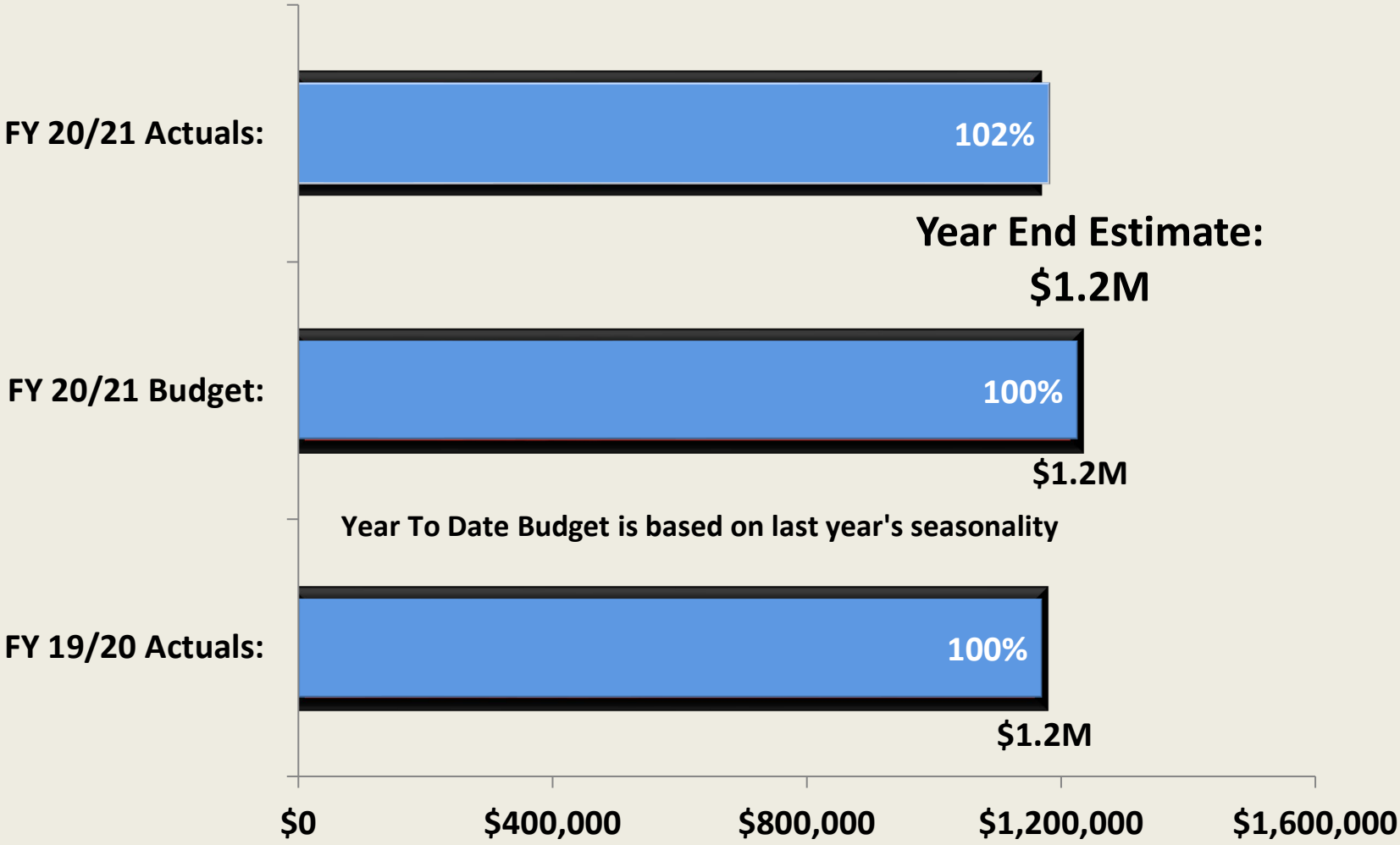
FY 2020/21 Fiscal Year End District Cooling Summary

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.

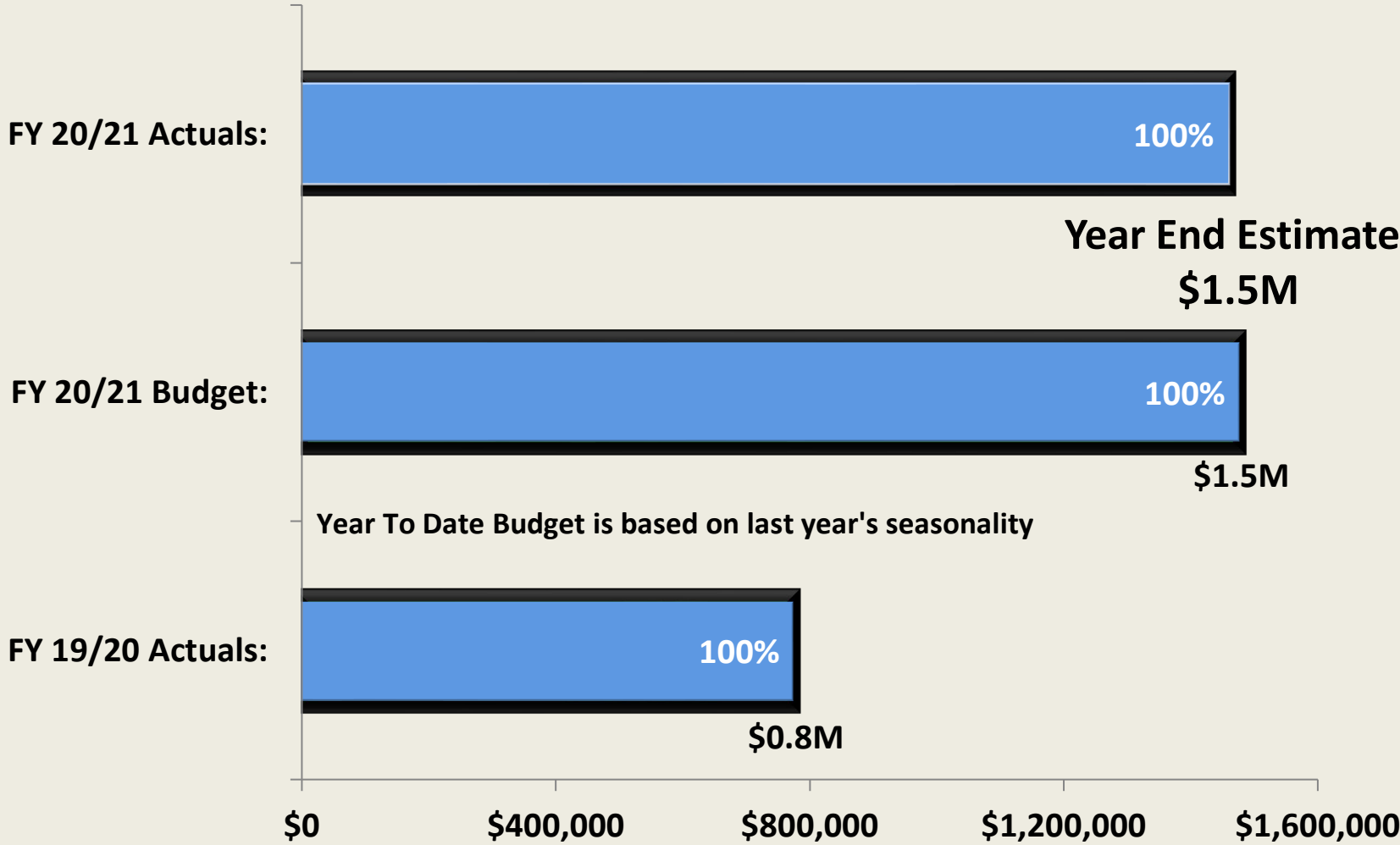
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 1,225	\$ 1,159	\$ 1,180
Uses	\$ 1,108	\$ 1,067	\$ 952
Debt/Capital Transfers Out	\$ 1	\$ 45	\$ 64
General Fund Transfers Out	\$ 368	\$ 348	\$ 354
Net Sources and Uses	\$ (252)	\$ (301)	\$ (190)

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



District Cooling sources actuals were on track with budget. The Capital Transfers Out actuals were above budget due to the shifting of funding from the operating budget in the Uses section for additional equipment repairs.

\$122K of carryover expenses are included in the year to date actuals. These are funds not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

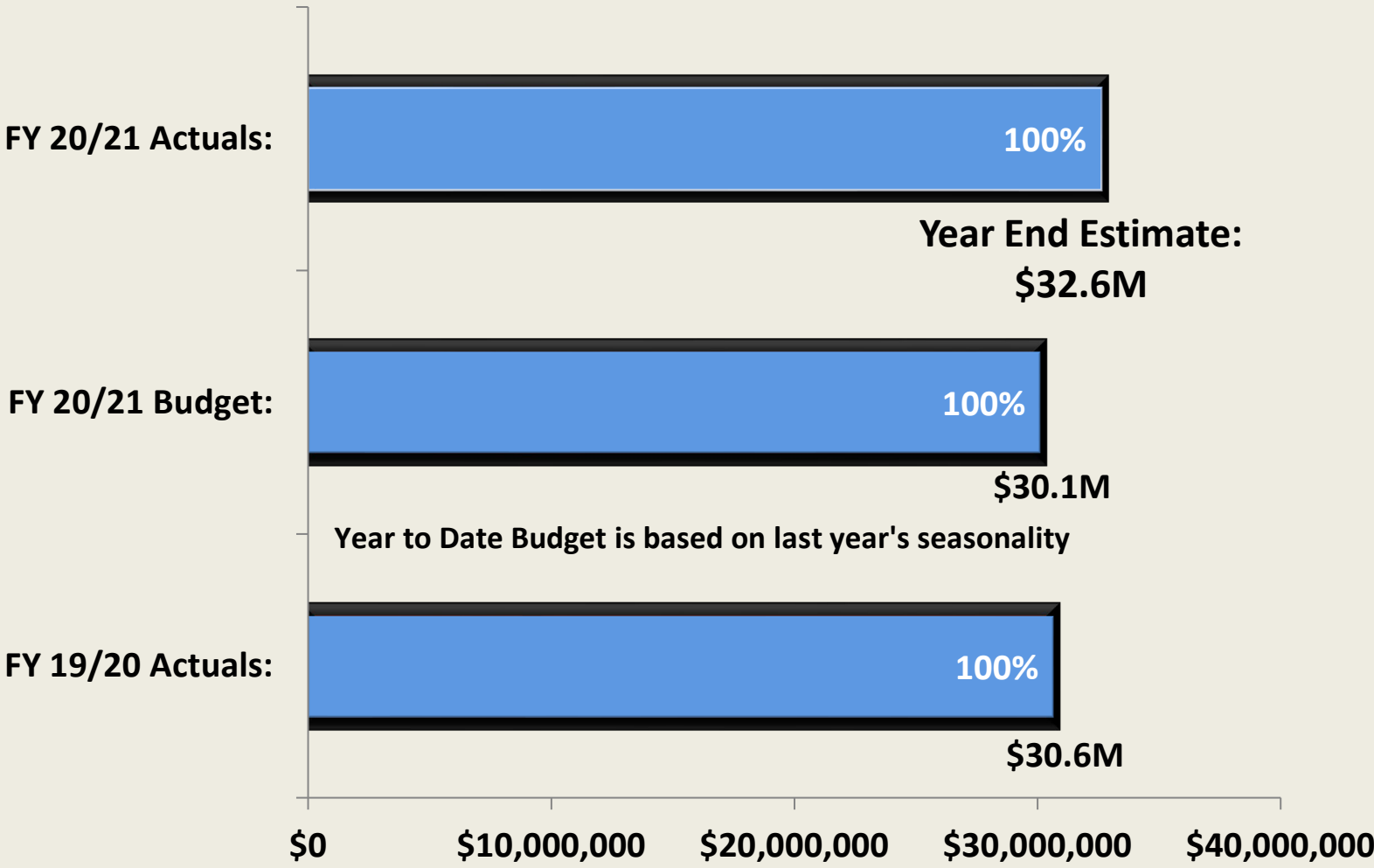
FY 2020/21 Fiscal Year End Electric Summary

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.

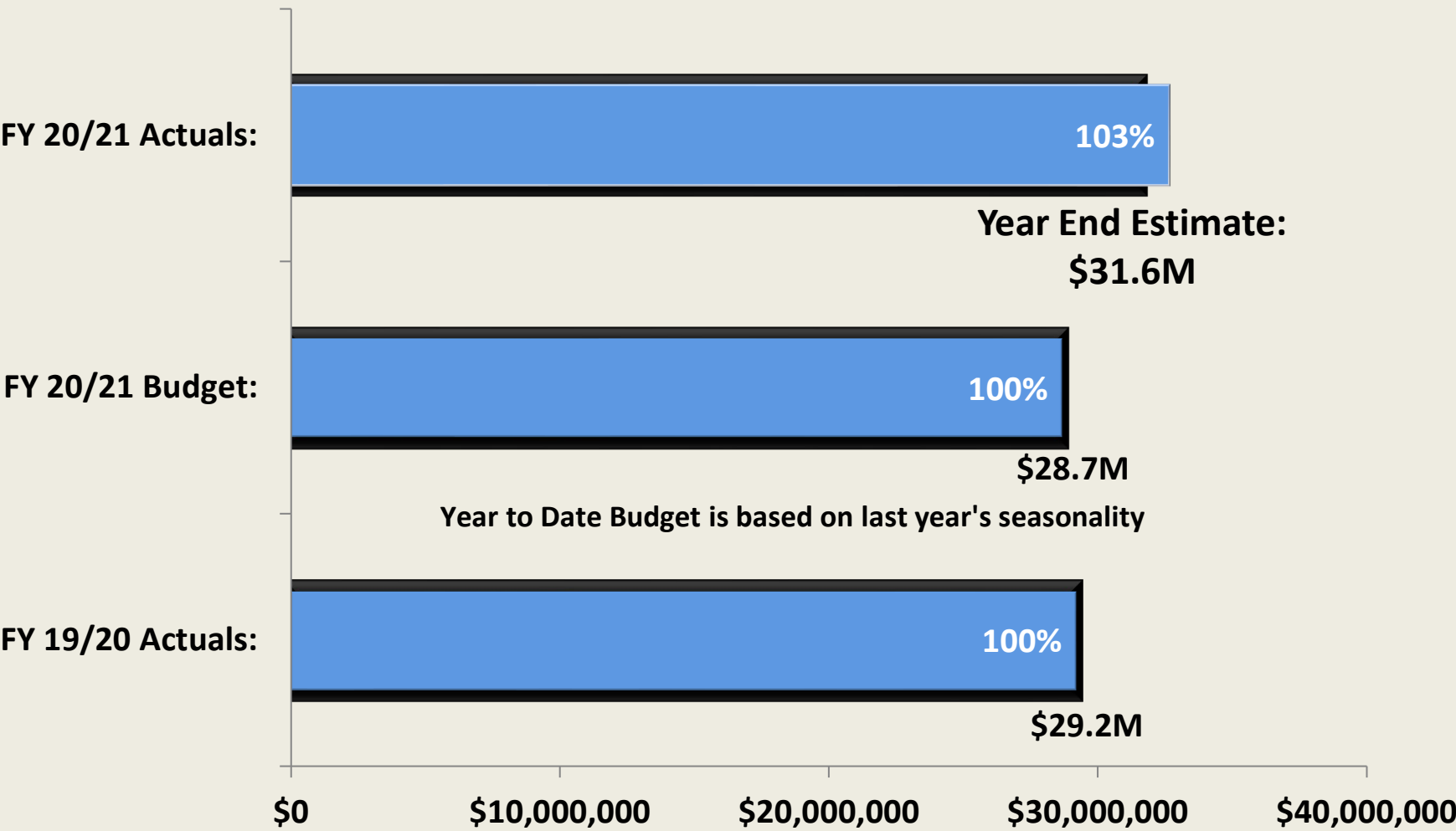
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 30,089	\$ 32,619	\$ 32,600
Uses	\$ 19,797	\$ 22,887	\$ 23,245
Debt/Capital Transfers Out	\$ 3,316	\$ 3,041	\$ 3,040
General Fund Transfers Out	\$ 5,543	\$ 5,652	\$ 5,643
Net Sources and Uses	\$ 1,433	\$ 1,039	\$ 671

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



The cost of the electric commodity is passed through to the customer. Both sources and uses actuals were above budget due to increased electric commodity costs. Electric commodity cost increases occurred in FY 2020/21 as a result of decreased electric generation capacity as well as adverse weather events. Additionally, the uses actuals are above year end estimate due to greater than anticipated charges for electricity.

\$120K of carryover expenses are included in the year to date actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY 2021/22.

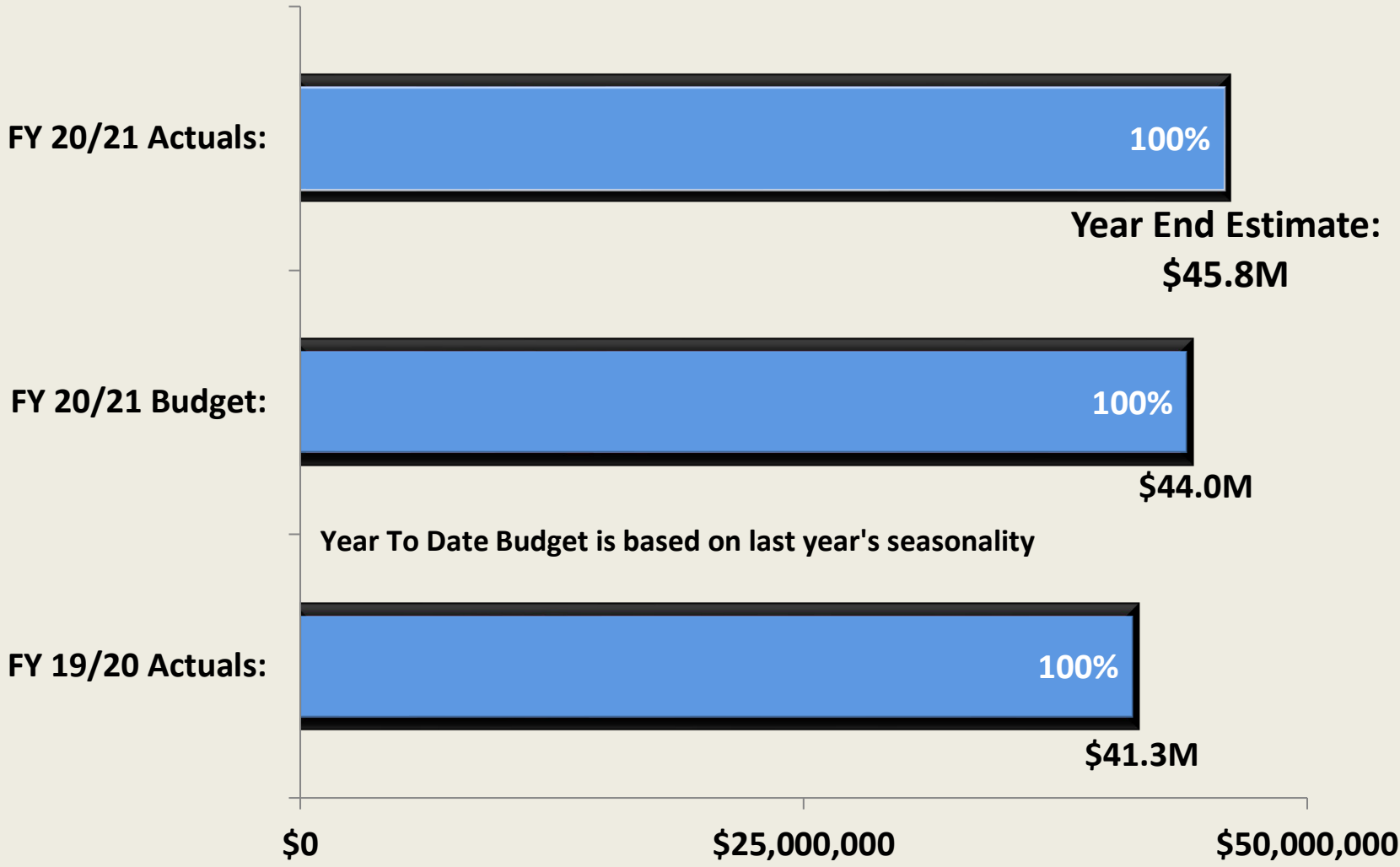
FY 2020/21 Fiscal Year End Natural Gas Summary

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.

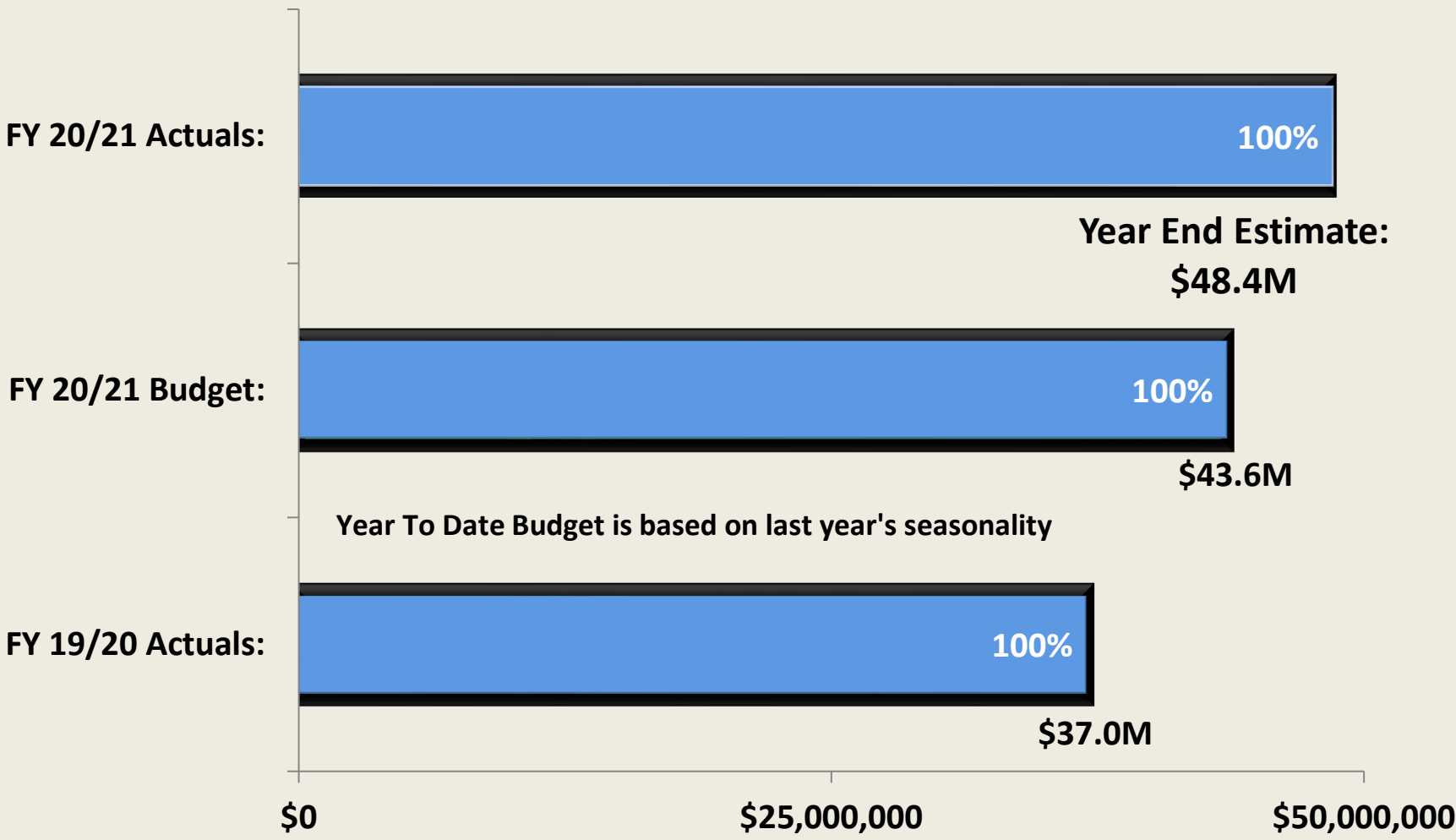
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 44,006	\$ 45,846	\$ 45,863
Uses	\$ 25,537	\$ 30,013	\$ 30,145
Debt/Capital Transfers Out	\$ 7,901	\$ 7,169	\$ 7,167
General Fund Transfers Out	\$ 10,123	\$ 11,180	\$ 11,146
Net Sources and Uses	\$ 446	\$ (2,517)	\$ (2,595)

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



The cost of the natural gas commodity is passed through to the customer. The year end estimate for both sources and uses were above budget as a result of the increased cost of the natural gas commodity. This is due to severe supply shortages that resulted from the Texas weather event in February 2020. Additionally, greater than anticipated residential growth, particularly in the Magma service area, increased sources further above budget. The Debt Transfers Out is below budget due to savings from a utility systems debt refinancing. Lastly, Transfers Out to the General Fund is above budget due to higher than anticipated residential account and consumption growth of the gas utility.

\$210K of carryover expenses are included in the year to date actuals. These funds were not expended in FY2020/21 but are obligated and expected to be expended in FY2021/22.

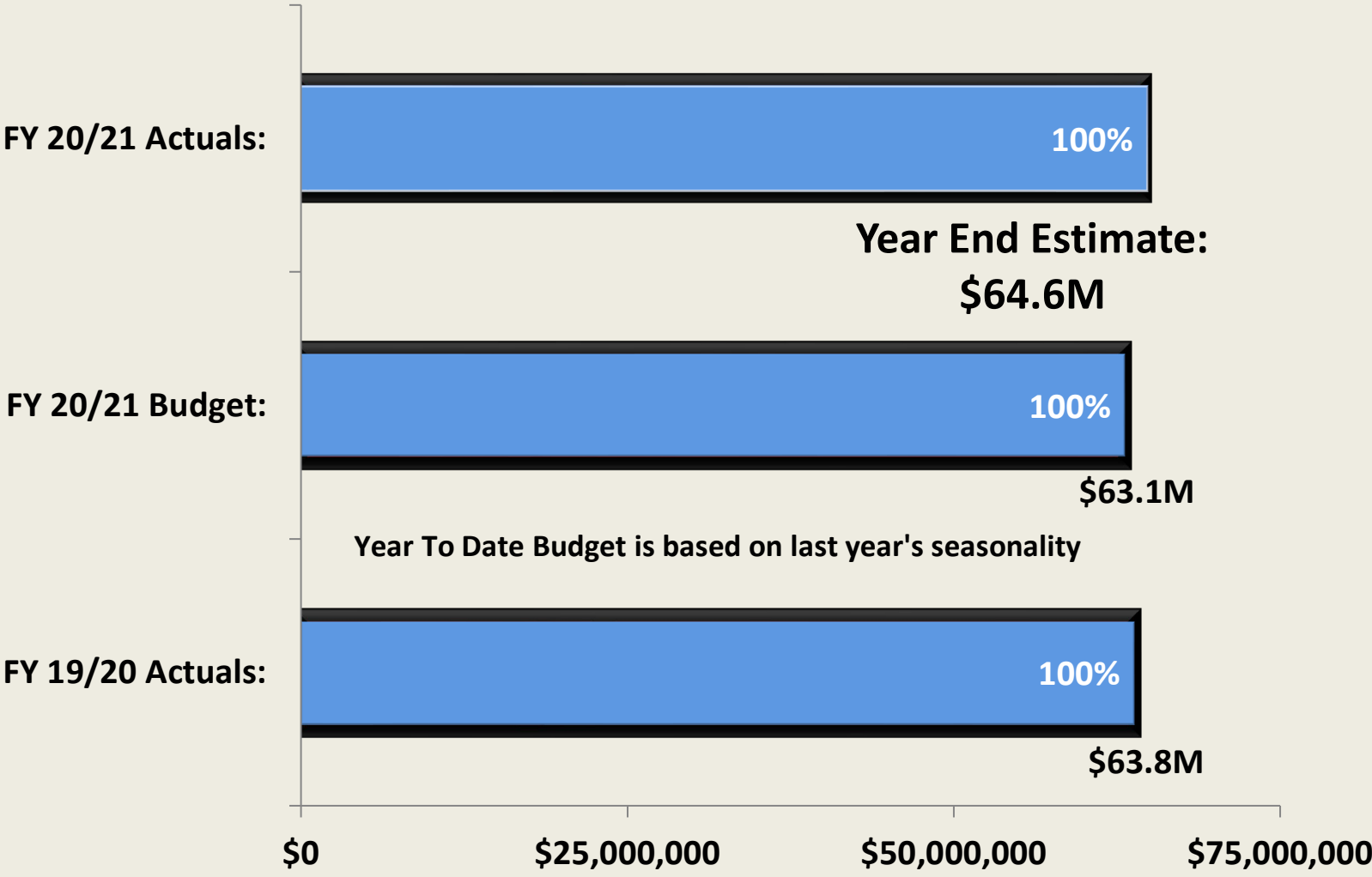
FY 2020/21 Fiscal Year End Solid Waste Summary

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.

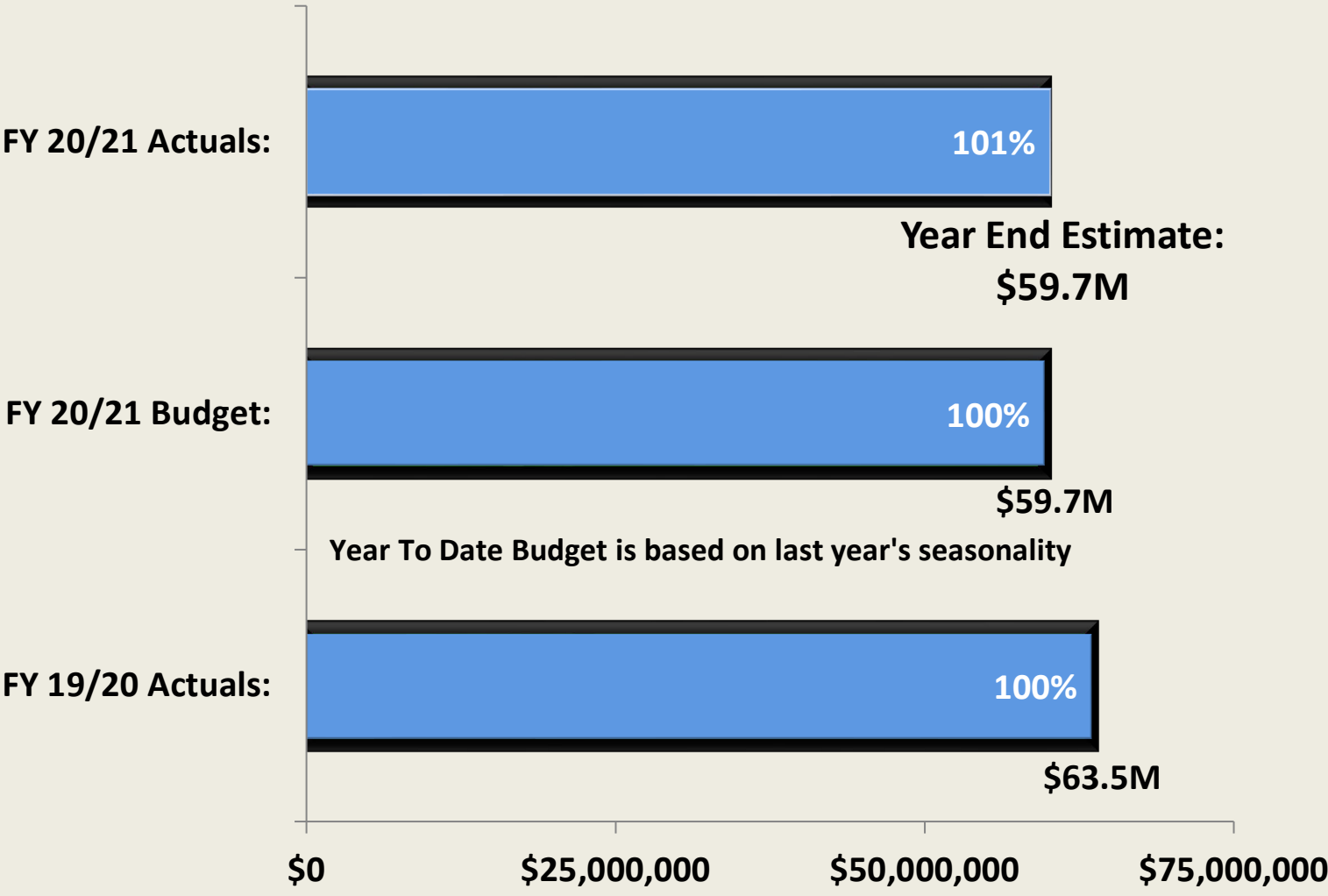
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 63,095	\$ 64,638	\$ 64,788
Uses	\$ 38,728	\$ 38,325	\$ 38,613
Debt/Capital Transfers Out	\$ 2,035	\$ 1,974	\$ 1,976
General Fund Transfers Out	\$ 18,929	\$ 19,391	\$ 19,414
Net Sources and Uses	\$ 3,404	\$ 4,947	\$ 4,786

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



Solid Waste uses actuals finished on track with budget. The sources actuals were above budget due to increased residential and commercial services revenues.

\$169K of carryover expenses are included in the year end actuals. These funds were not expended in FY 2020/21, but are obligated and expected to be expended in FY2021/22.

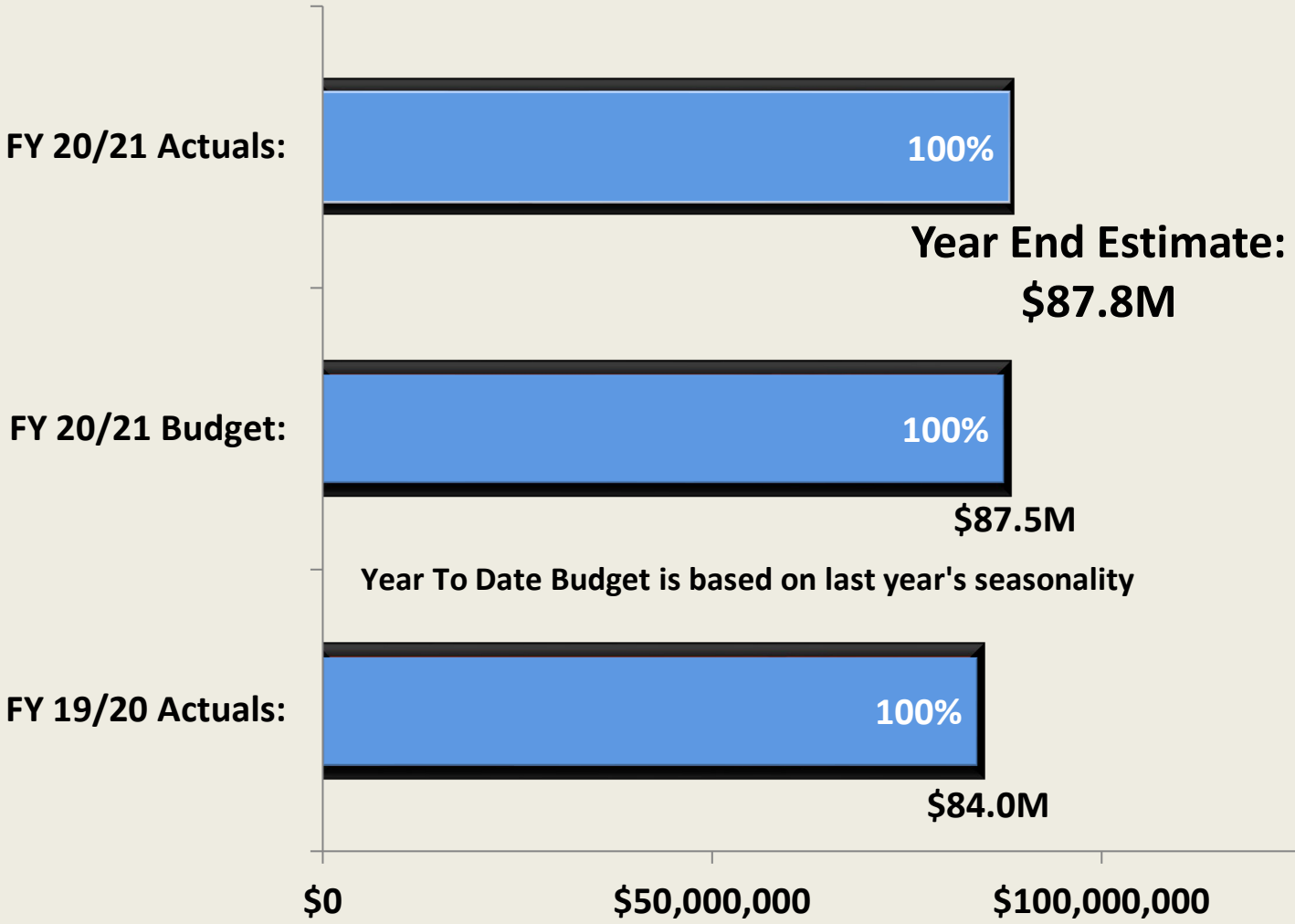
FY 2020/21 Fiscal Year End Wastewater Summary

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.

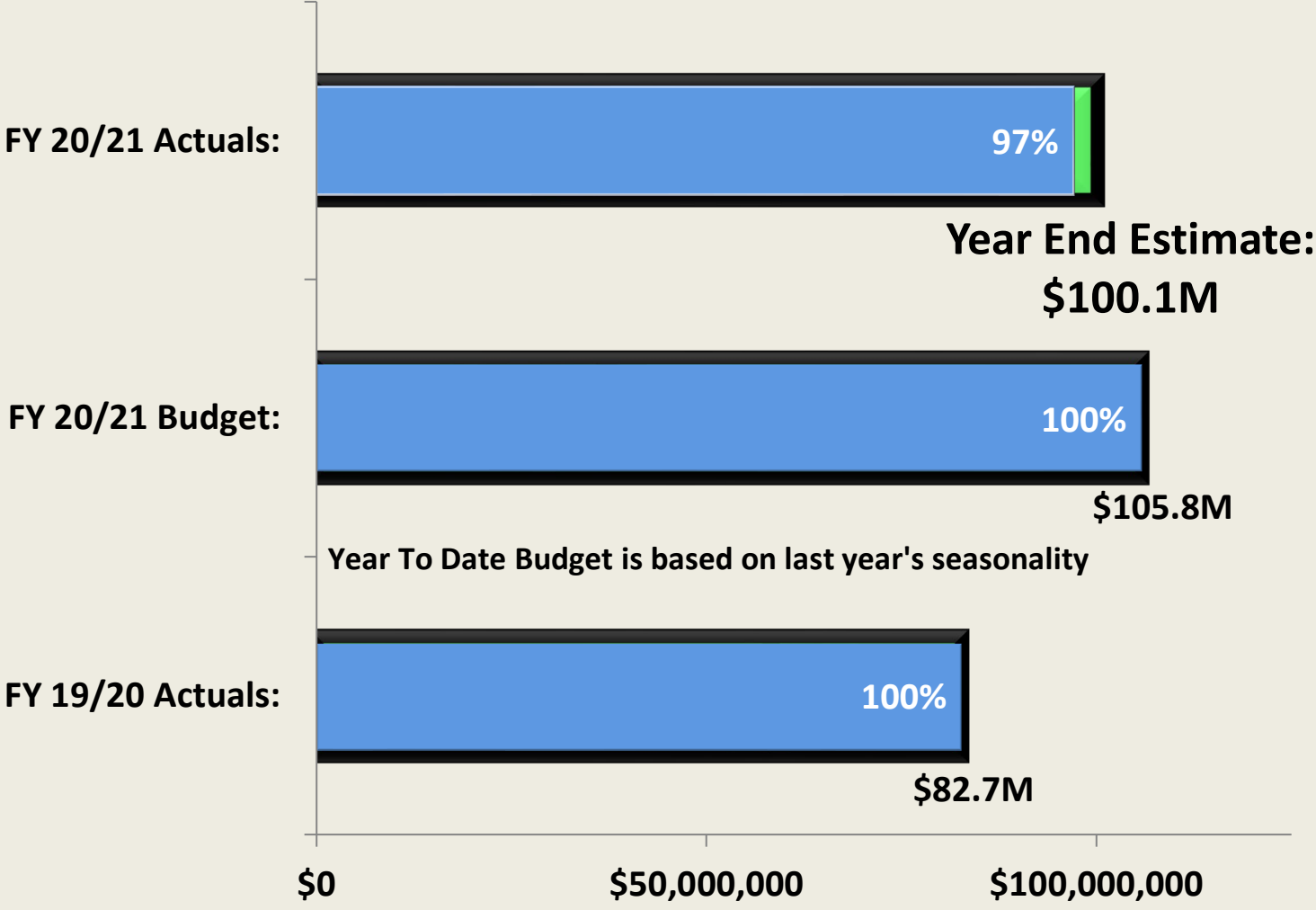
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 87,462	\$ 87,773	\$ 88,119
Uses	\$ 32,138	\$ 30,457	\$ 27,579
Debt/Capital Transfers Out	\$ 47,413	\$ 43,269	\$ 43,251
General Fund Transfers Out	\$ 26,239	\$ 26,332	\$ 26,436
Net Sources and Uses	\$ (18,327)	\$ (12,285)	\$ (9,147)

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



The Wastewater utility sources actuals were on track with both the year end estimate and budget. The uses year end estimate is below budget due largely to operational efficiencies that reduced power costs at water reclamation plants and lower than anticipated payments to the Greenfield Water Reclamation Plant. Uses actuals are below the year end estimate as result of a larger than anticipated credit received from the 91st Avenue Wastewater Treatment Plant for treated wastewater sold to the Palo Verde Nuclear Generating Station.

\$269K of carryover expenses are included in the year to date actuals. These funds were not expended in FY2020/21, but are obligated and expected to be expended in FY2021/22.

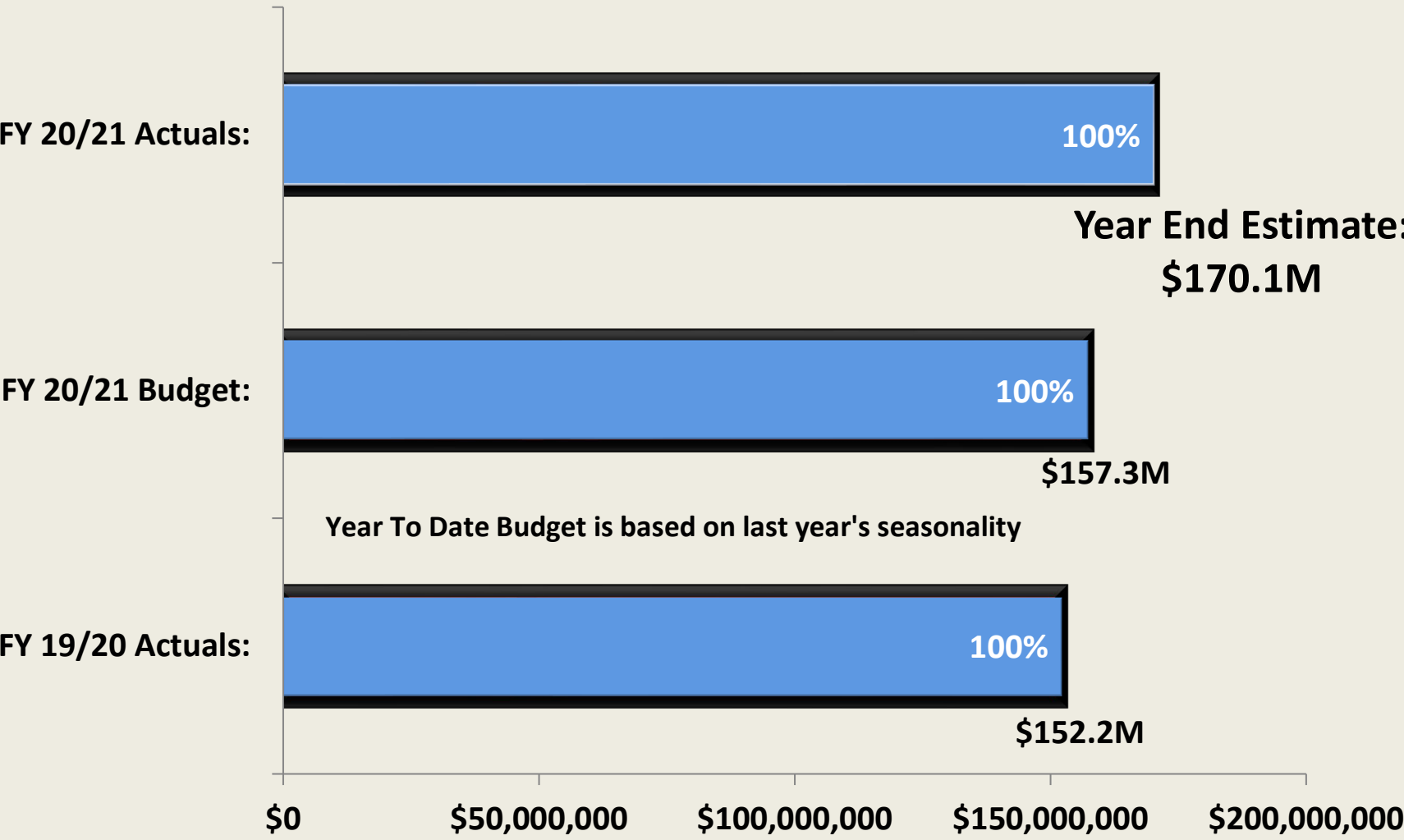
FY 2020/21 Fiscal Year End Water Summary

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.

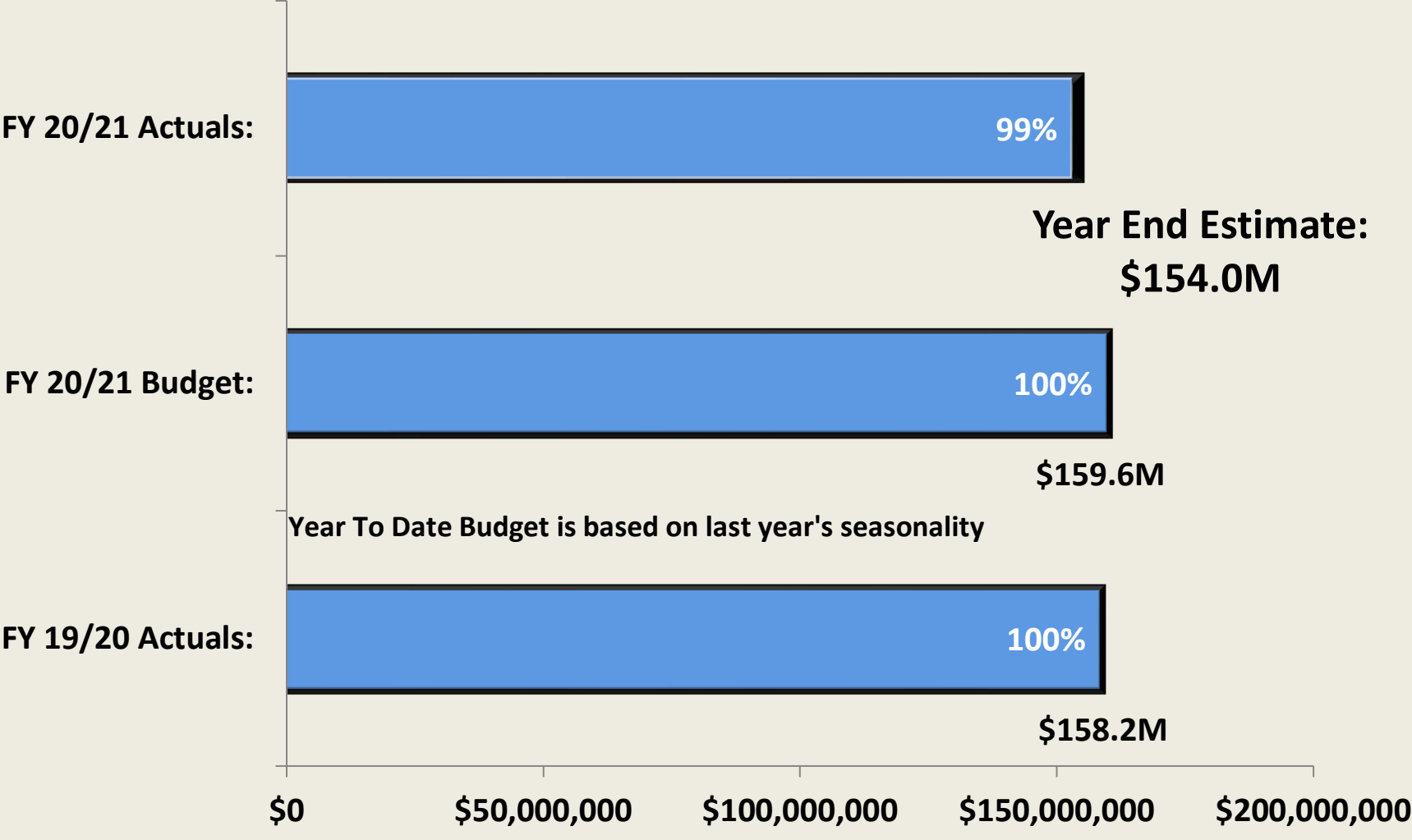
	Adopted Budget	Year End Estimate	Year End Actuals
Sources	\$ 157,254	\$ 170,058	\$ 170,199
Uses	\$ 64,636	\$ 60,034	\$ 58,642
Debt/Capital Transfers Out	\$ 47,747	\$ 42,986	\$ 44,024
General Fund Transfers Out	\$ 47,176	\$ 51,017	\$ 50,989
Net Sources and Uses	\$ (2,306)	\$ 16,020	\$ 16,544

(In Thousands)

Water - Sources



Water - Uses and Transfers



The sources actuals were above budget due to elevated water consumption from both residential and non-residential accounts. The increase in consumption is attributed to the lack of rainfall during the fiscal year. The uses actuals were below budget due to lower than anticipated water commodity costs from the Central Arizona Project (CAP). The Debt/Capital Transfers Out is below budget due to savings from a utility system debt refinancing. Lastly, General Fund Transfer Out is above budget because the transferred amount is based on 30% of the utility's operational revenues, which were above budget.

\$958K of carryover expenses are included in the year end actuals. These funds were not expended in FY2020/21, but are obligated and expected to be expended in FY2021/22.