

Quarterly Financial Status Report FY 2023/24 2nd Quarter

Executive Summary:

The City of Mesa has closed the second quarter of the 2023/24 fiscal year, October through December. This snapshot shows the financial projections compared to the Adopted Budget.

Overall, the General Governmental Funds revenue year end estimate is above the Adopted Budget. The increased year end estimate is primarily due to increased Local Sales Tax from construction activity in the Contracting category. Increased construction activity has also increased the year end estimate for Sales and Charges for Services from Engineering inspection fees as well as the Licenses, Fees, and Permits from commercial building permit revenues. The Fines and Forfeitures category year end estimates are below budget due to reduced defensive driving fees and court filings.

The General Governmental Funds expenditure year end estimate is slightly above the Adopted Budget. The increased estimate is due to greater than anticipated personnel costs relating to overtime expenses within the Police Department and Fire & Medical Department.

The Utility Fund estimated net sources and uses is slightly below budget. The decrease is primarily due to reduced residential Wastewater revenue from a lower than anticipated winter water average, as well as a reduction of the natural gas cost adjustment factor, which passes the cost of the natural gas commodity to the customer. The natural gas cost adjustment factor ended FY 2022/23 with a positive balance, therefore the factor will be reduced in FY 2023/24 to maintain a zero balance. Additionally, Solid Waste capital costs have also increased above budget due to the replacement of two totaled vehicles as well as increased vehicle purchase costs.

For any additional information on the City's budget, revenue, and expenditure data, please visit the City of Mesa Open Data Financial Transparency Page at data.mesaaz.gov.

FY 2023/24 2nd Quarter: Financial Status Summary

The data below represents the financial status of the General Governmental Funds and the Utility 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	\$ 637,542	\$ 663,306	\$ (25,764)
Year to Date Actuals	\$ 320,683	\$ 273,246	\$ 47,437
Year End Estimate	\$ 688,295	\$ 677,701	\$ 10,594

(In Thousands)

	Utility Fund*		Net
	Sources	Uses	
Adopted Budget	\$ 467,375	\$498,563	\$ (31,188)
Year to Date Actuals	\$ 242,673	\$227,594	\$ 15,079
Year End Estimate	\$ 463,323	\$499,973	\$ (36,650)

(In Thousands)

Return to Executive Summary

General Fund and Quality of Life - FY 2023/24 2nd Quarter Revenues

Revenue Categories	Adopted Budget	Year to Date Actuals	Year End Estimate
Taxes	\$ 205,781	\$ 97,811	\$ 240,409
Intergovernmental	\$ 237,785	\$ 119,536	\$ 247,373
Sales and Charges for Services	\$ 26,808	\$ 13,922	\$ 29,757
Licenses, Fees, and Permits	\$ 17,030	\$ 11,082	\$ 18,955
Fines and Forfeitures	\$ 4,642	\$ 1,396	\$ 3,315
Other Revenues	\$ 4,281	\$ 5,462	\$ 7,270
Transfers In	\$ 141,215	\$ 71,474	\$ 141,215
Total	\$ 637,542	\$ 320,683	\$ 688,295

(In Thousands)

Exceeding
On Track
Caution
Monitoring

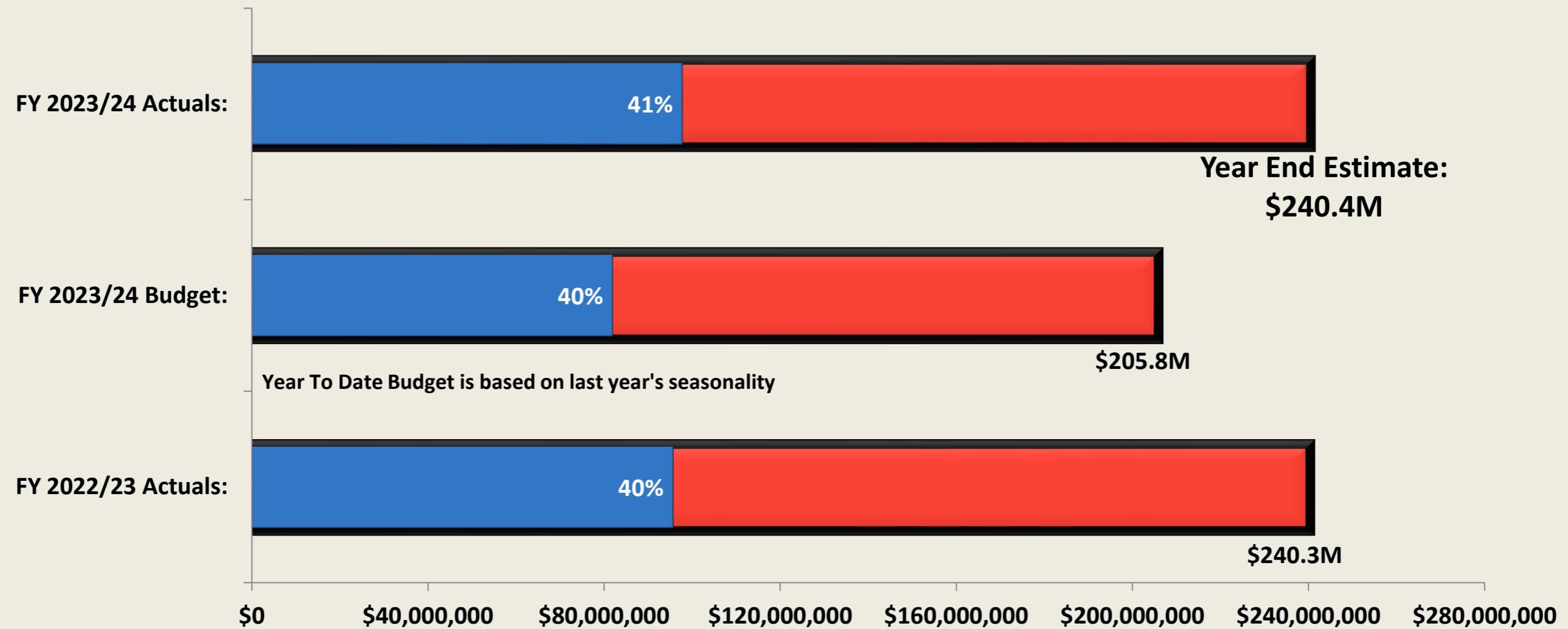
FY 2023/24 2nd Quarter Revenues: Taxes Summary

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	\$ 170,308	\$ 84,357	\$ 198,965
Quality of Life Fund	\$ 35,473	\$ 13,453	\$ 41,444
Total Tax Revenue	\$ 205,781	\$ 97,811	\$ 240,409

(In Thousands)

Taxes - Revenues



The Taxes year end estimate is above budget due to increased construction category activity. The budgeted amount anticipated a slowdown in economic activity due to the impact of inflation and increased interest rates.

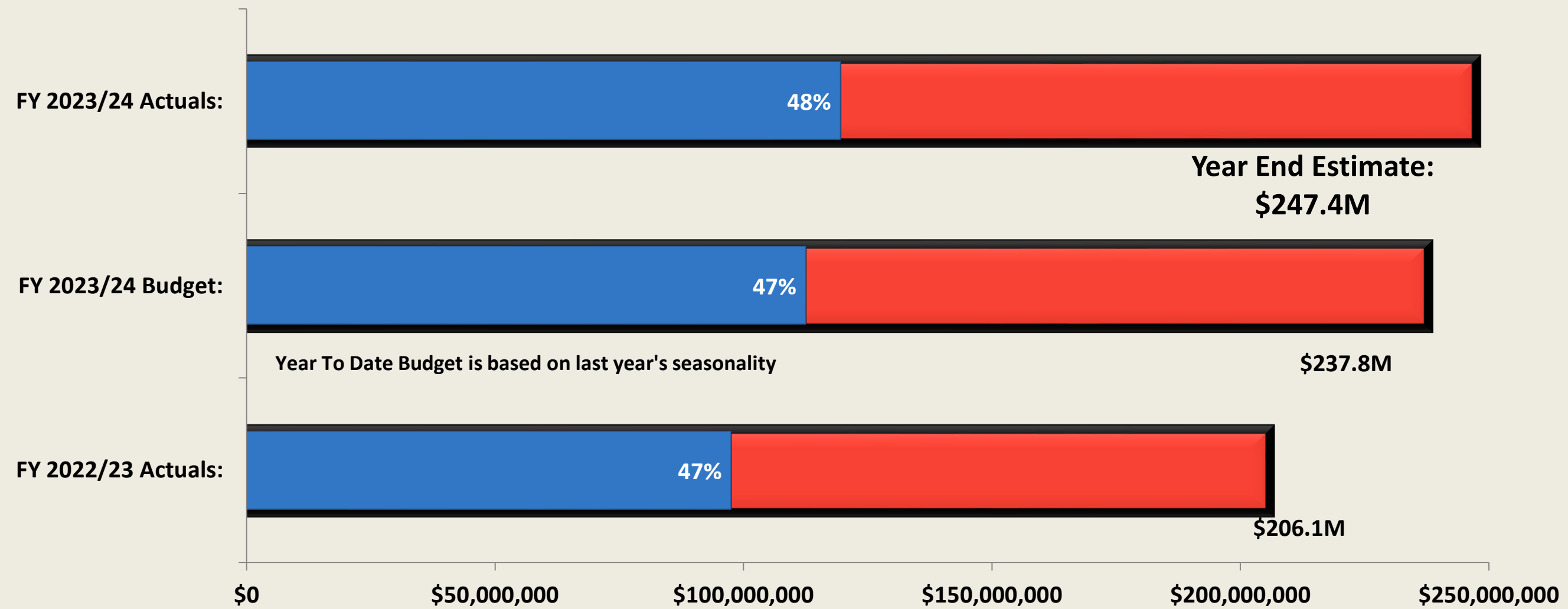
FY 2023/24 2nd Quarter Revenues: Intergovernmental Summary

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	\$ 137,548	\$ 67,904	\$ 135,808
State Shared Sales Tax	\$ 65,515	\$ 35,223	\$ 75,876
Vehicle License Tax	\$ 24,789	\$ 11,370	\$ 25,537
Other	\$ 9,934	\$ 5,040	\$ 10,153
Total Intergovt Revenue	\$ 237,785	\$ 119,536	\$ 247,373

(In Thousands)

Intergovernmental - Revenues



Similar to the City Sales Tax, Intergovernmental revenues are slightly above the adopted budget due to increased State Sales Tax revenues from increased construction activity.

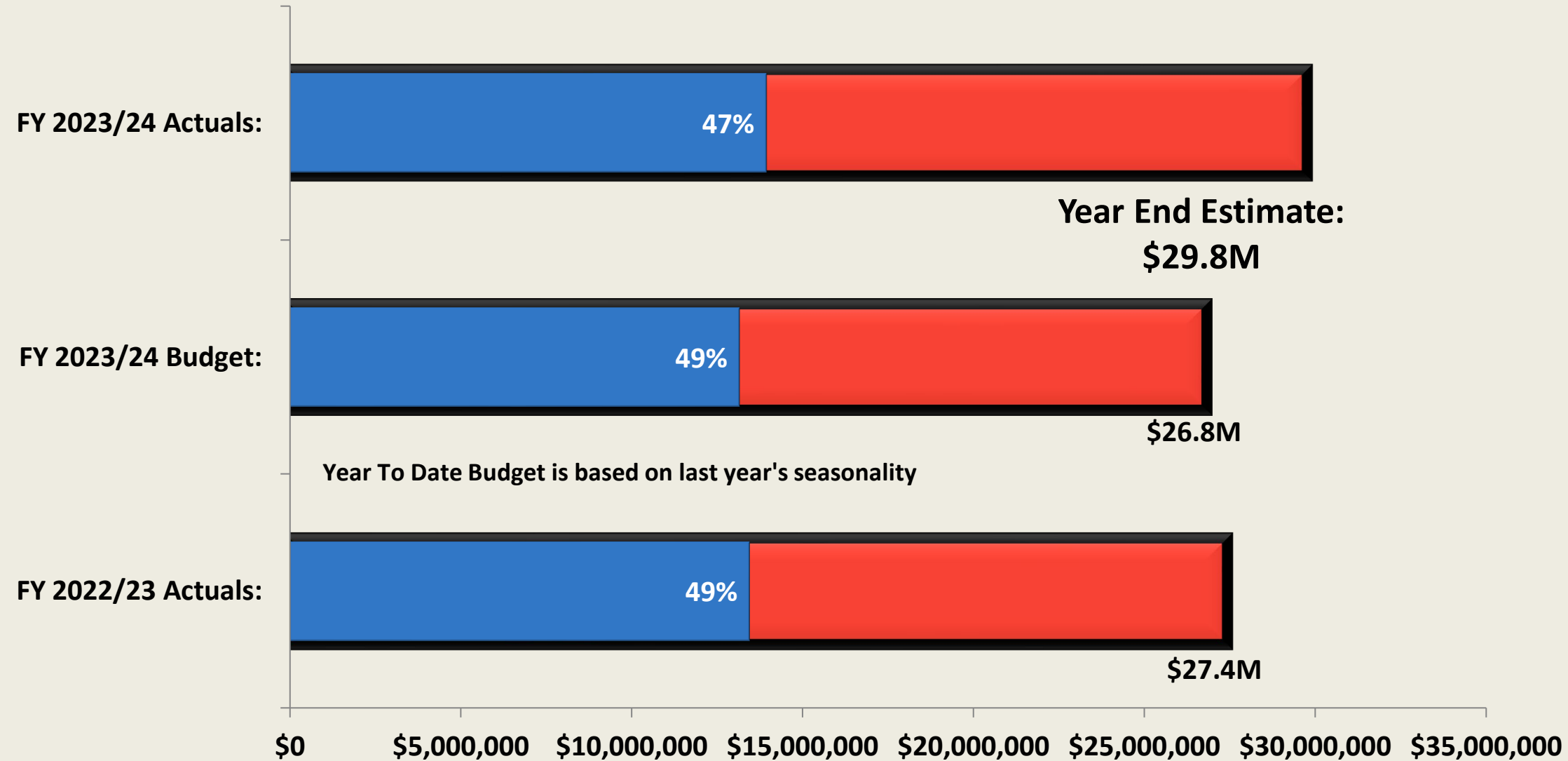
FY 2023/24 2nd Quarter Revenues: Sales and Charges for Services Summary

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
\$ 26,808	\$ 13,922	\$29,757

(In Thousands)

Sales and Charges for Services - Revenues



The Sales and Charges for Services year end estimate is slightly above budget. The increase is primarily due to greater than anticipated revenue from Engineering inspections and charges related to increased construction activity and revenue from leases of City owned communication sites.

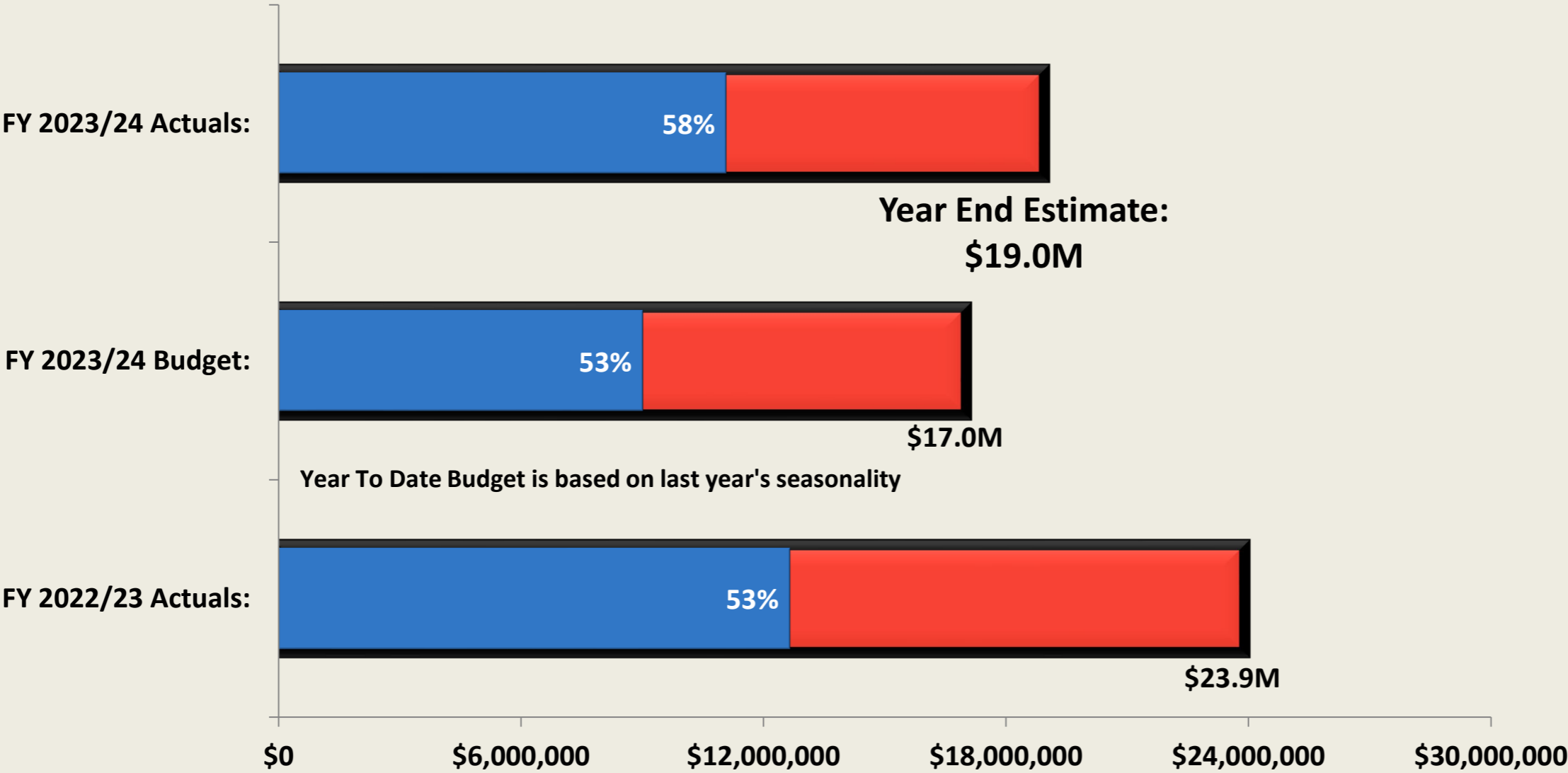
FY 2023/24 2nd Quarter Revenues: Licenses, Fees, and Permits Summary

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
\$ 17,030	\$ 11,082	\$ 18,955

(In Thousands)

Licenses, Fees, and Permits - Revenues



The License, Fees, and Permits revenue year end estimate is above budget due to increased collections from commercial building permits.

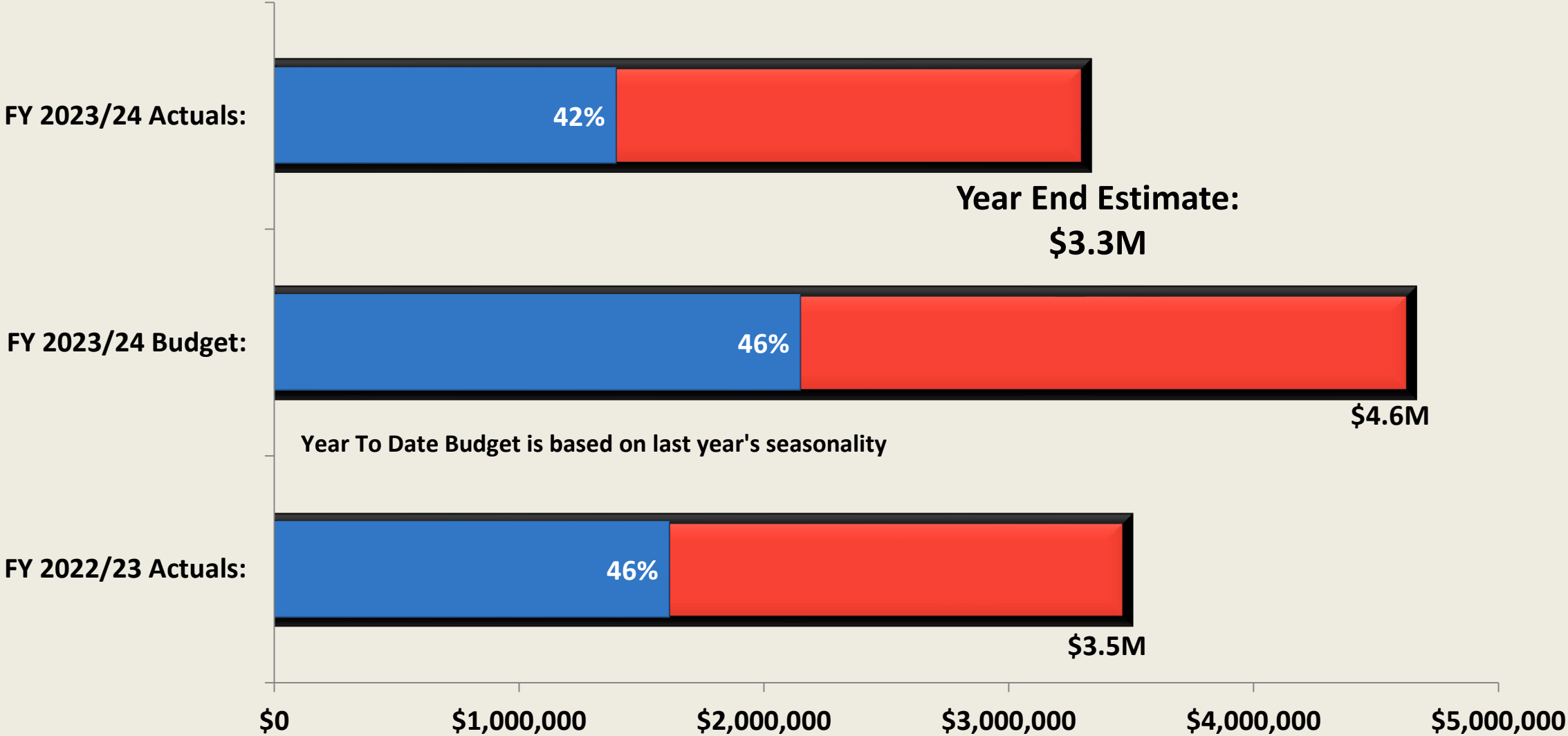
FY 2023/24 2nd Quarter Revenues: Fines and Forfeitures Summary

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
\$ 4,642	\$ 1,396	\$ 3,315

(In Thousands)

Fines and Forfeitures - Revenues



The Fines and Forfeitures revenue year end estimate is below budget. This is primarily due to a reduction in court filings and related fines, as well as the temporary suspension of the Fines/Fees and Restitution Enforcement (FARE) program, which allows for more efficient collection of Court fines that are in arrears.

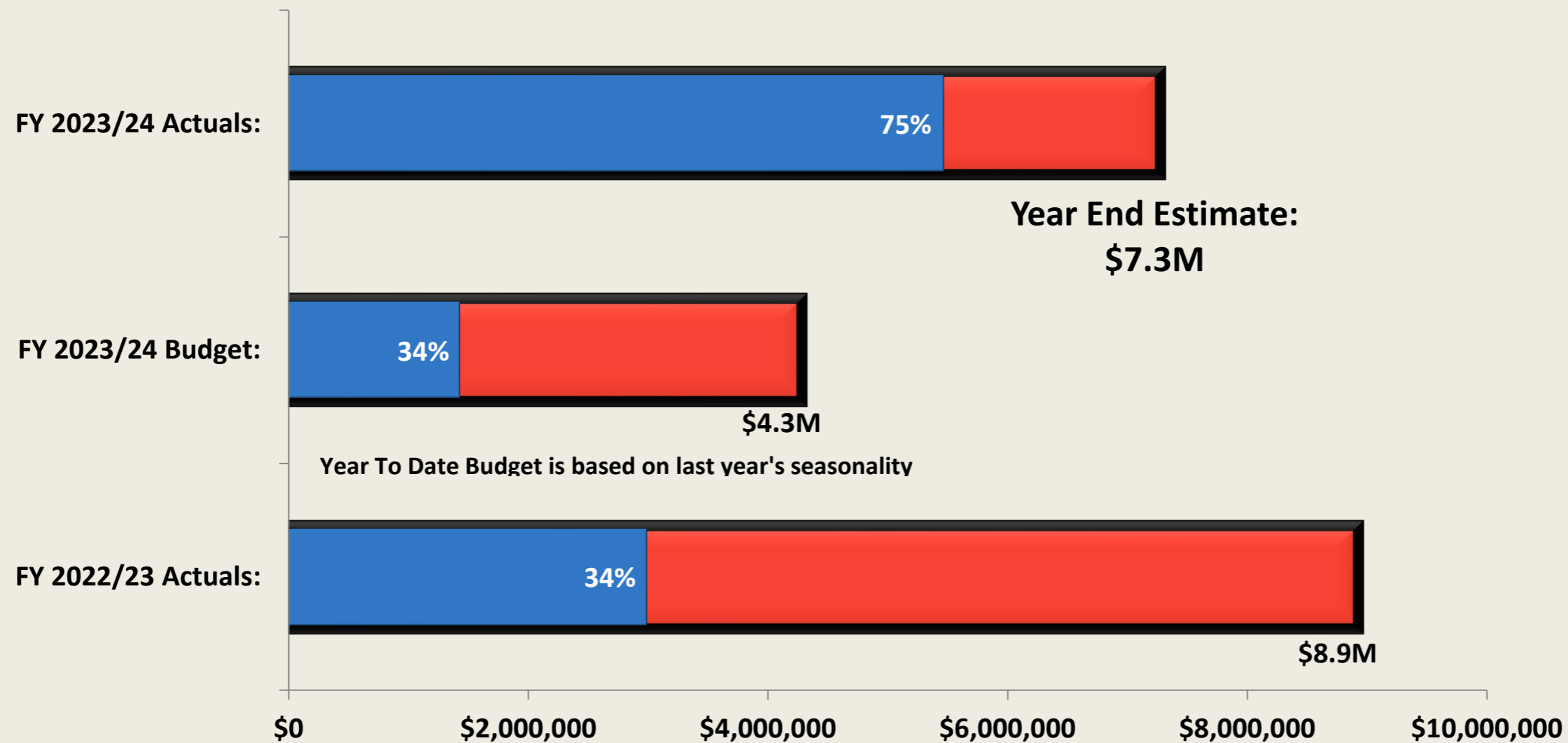
FY 2023/24 2nd Quarter Revenues: Other Revenues Summary

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
\$ 4,281	\$ 5,462	\$ 7,270

(In Thousands)

Other Revenues - Revenues



The Other Revenues year end estimate is above budget due to increased interest on investments revenues. Interest on investments revenues fluctuate with short-term interest rates. As interest rates have risen, interest on investments revenues have also increased.

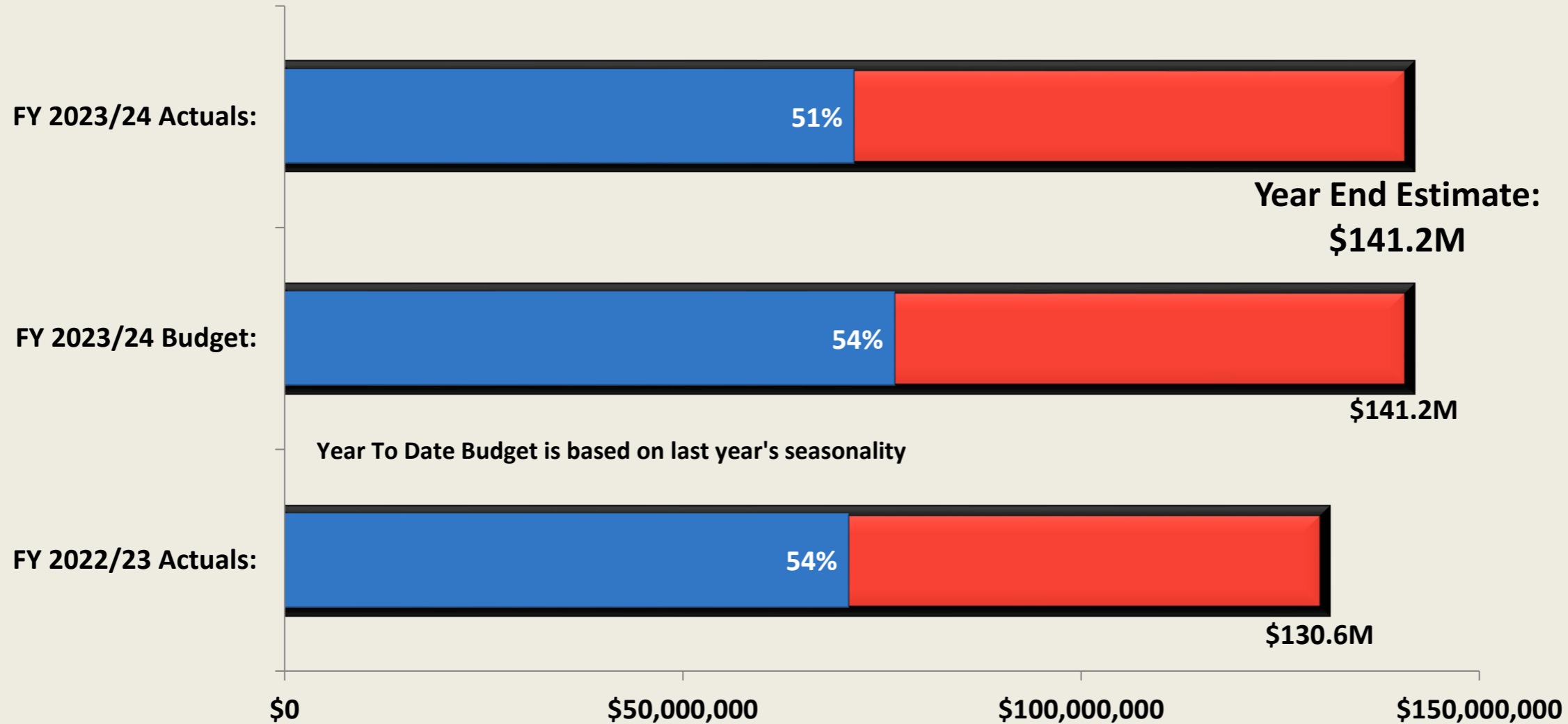
FY 2023/24 2nd Quarter Revenues: Transfers In Summary

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
\$ 141,215	\$ 71,474	\$ 141,215

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund are mainly comprised of quarterly contributions from the Utility Fund. The amount of the contribution is 30% of gross operating revenues. The General Fund and Quality of Life Fund Transfers In are on track with the adopted budget.

Return to Executive Summary

General Fund and Quality of Life - FY 2023/24 2nd Quarter Expenditures

Expenditures	Adopted Budget	Year to Date Actuals	Year End Estimate
Community Development and Services	\$ 17,487	\$ 7,437	\$ 16,704
Parks and Library	\$ 41,630	\$ 17,311	\$ 40,333
Law Enforcement	\$ 245,507	\$ 131,418	\$ 266,762
Fire and Medical	\$ 111,071	\$ 55,991	\$ 112,651
Other Departments	\$ 132,283	\$ 52,599	\$ 127,898
Transfers Out	\$ 115,328	\$ 8,491	\$ 113,353
Total	\$ 663,306	\$ 273,246	\$ 677,701

(In Thousands)

Exceeding
On Track
Caution
Monitoring

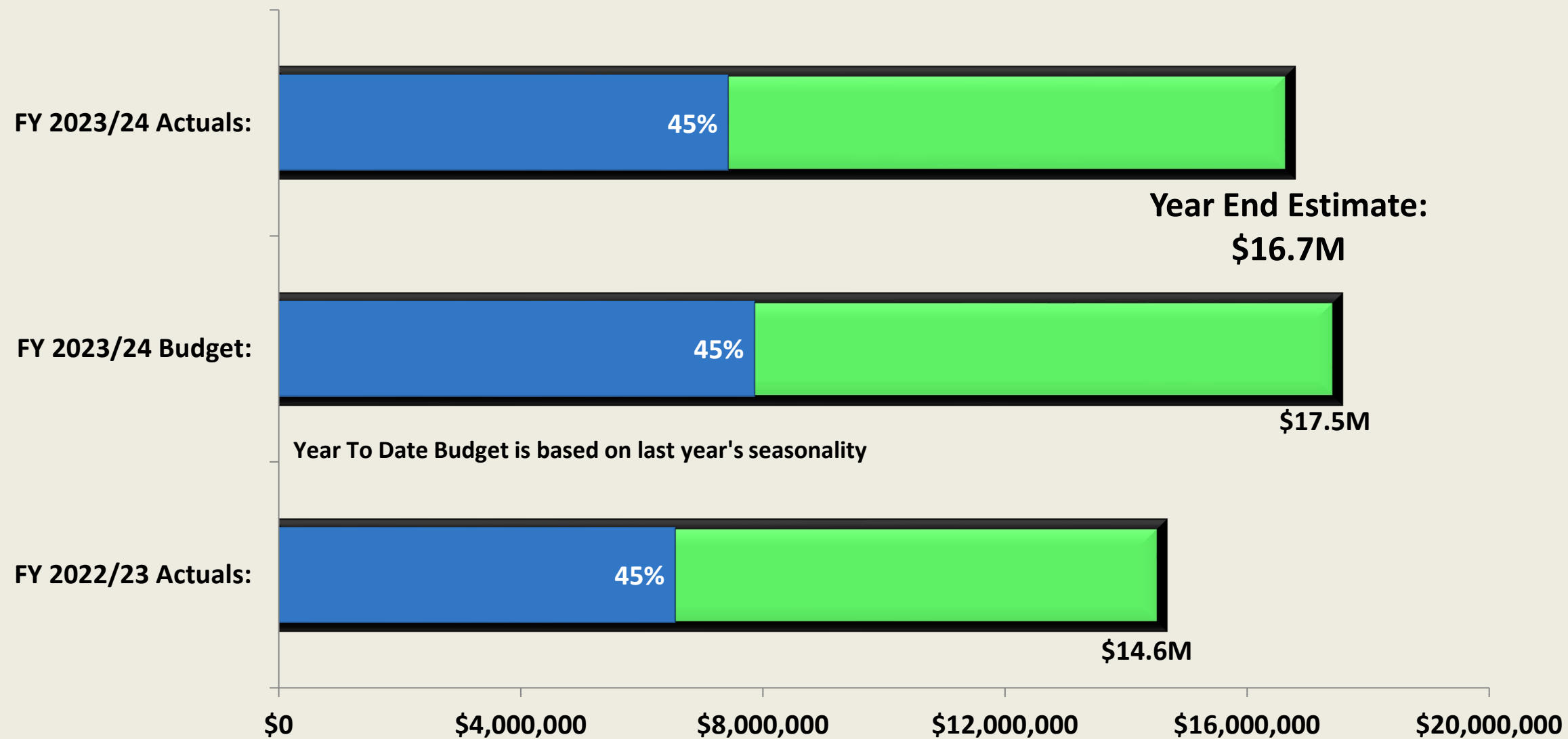
FY 2023/24 2nd Quarter Expenditures: Community Development and Services Summary

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

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 17,487	\$ 7,437	\$ 16,704

(In Thousands)

Community Development and Services - Expenditures



The Community Development and Services expenditure year end estimate is slightly below the adopted budget. The decrease is largely due to anticipated personnel savings across these departments as well as shifting budget capacity for the Mesa Promise and Mesa K-Ready to the Other Departments section.

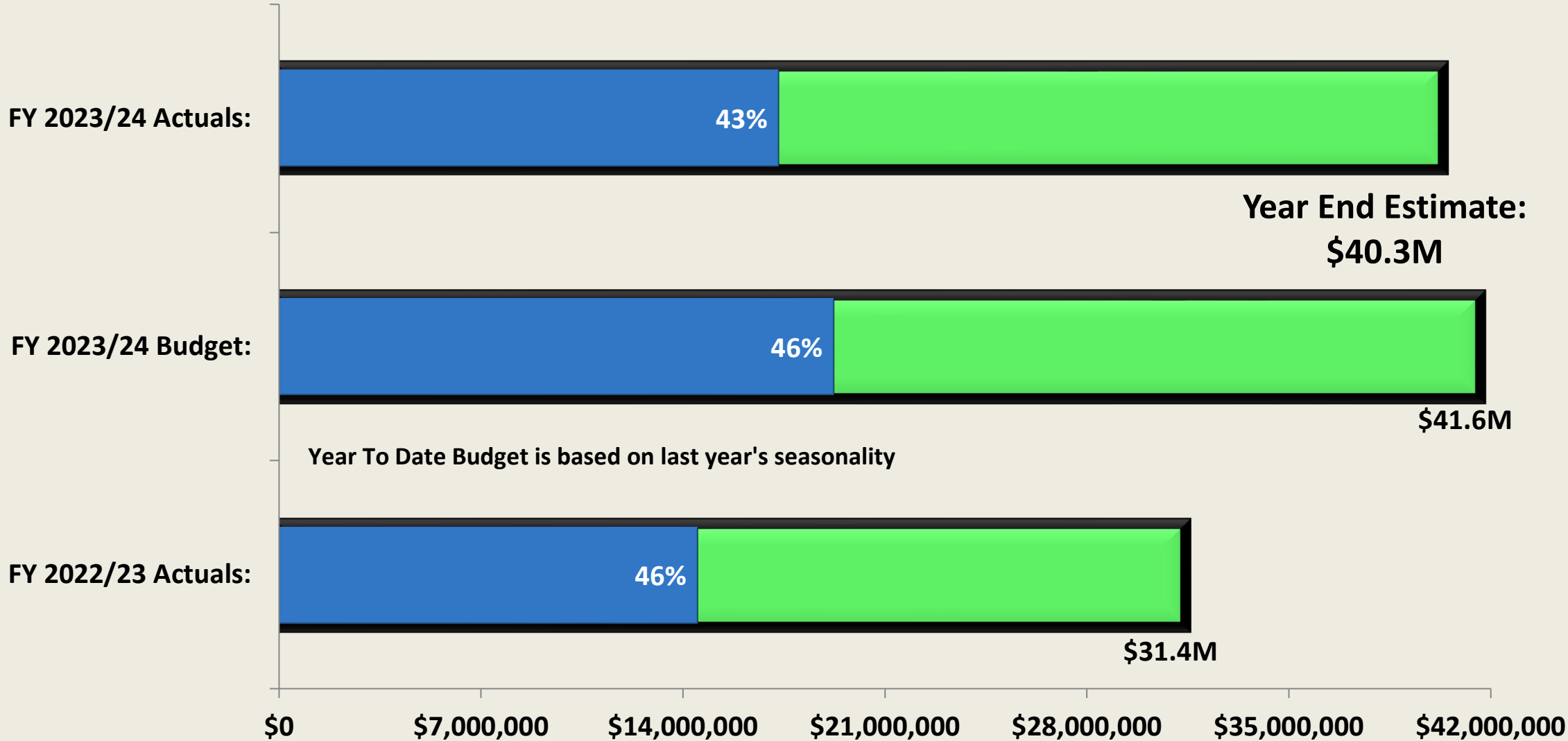
FY 2023/24 2nd Quarter Expenditures: Parks and Library Summary

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
\$ 41,630	\$ 17,311	\$ 40,333

(In Thousands)

Parks and Library - Expenditures



The Parks and Library year end estimate for expenditures is slightly below budget. The adopted budget included full funding for the operations and maintenance of the Gateway Library. Due to timing of the construction of the Gateway Library, not all positions will be filled in FY 2023/24, resulting in vacancy savings.

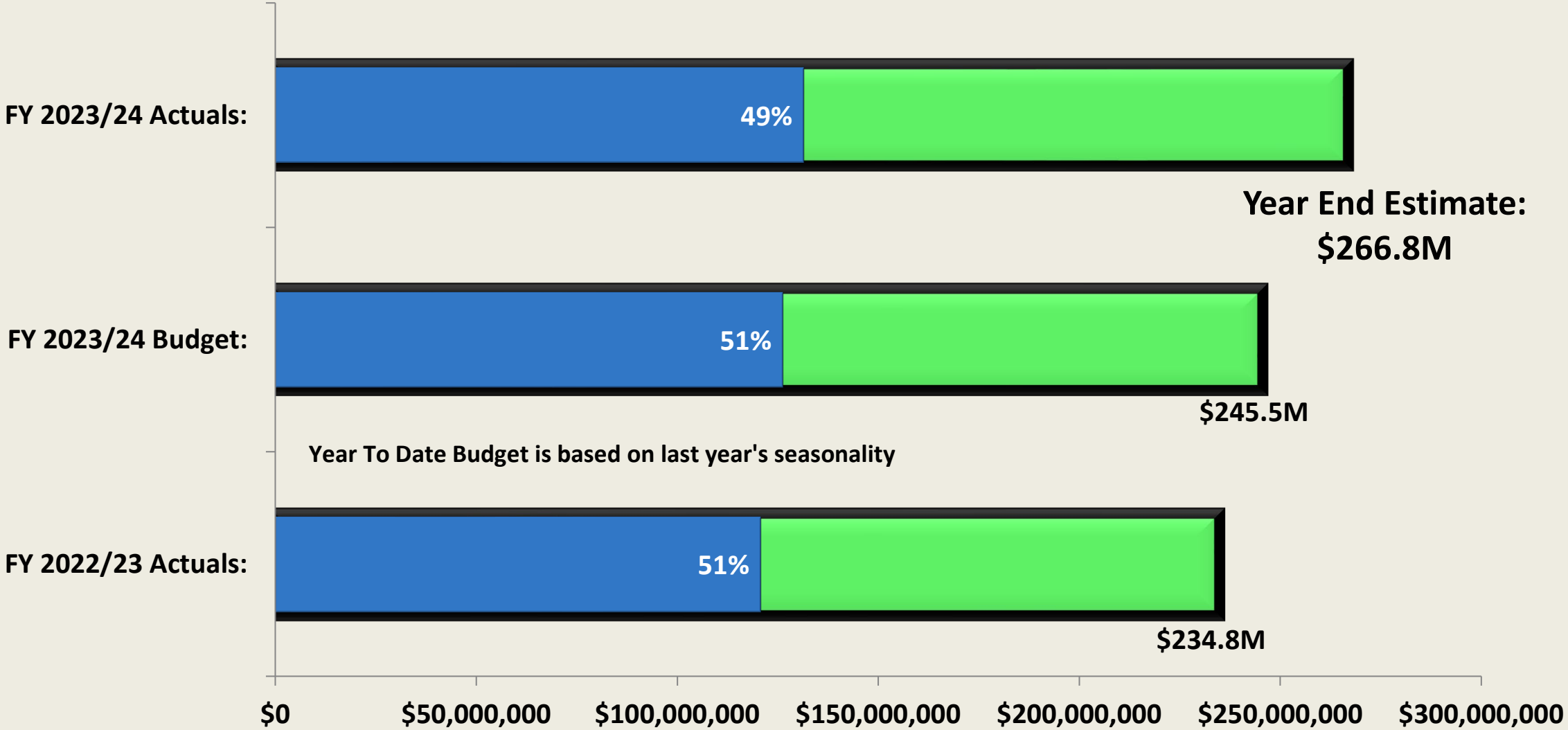
FY 2023/24 2nd Quarter Expenditures: Law Enforcement Summary

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
\$ 245,507	\$ 131,418	\$ 266,762

(In Thousands)

Law Enforcement - Expenditures



The Law Enforcement expenditure year end estimate is above budget due to greater than anticipated personnel expenses primarily for overtime.

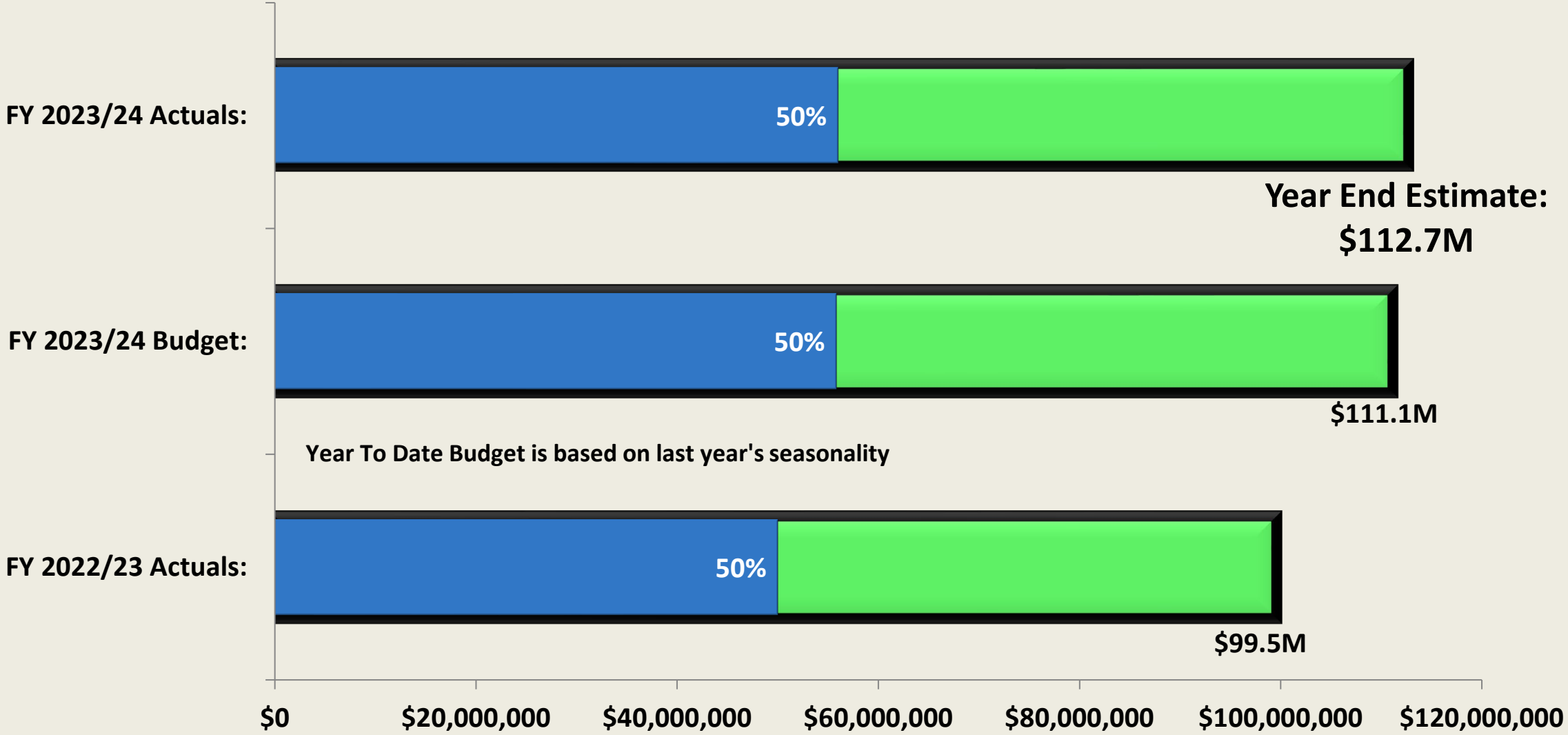
FY 2023/24 2nd Quarter Expenditures: Fire and Medical Summary

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
\$ 111,071	\$ 55,991	\$ 112,651

(In Thousands)

Fire and Medical - Expenditures



The Fire and Medical expenditure year end estimate is slightly above the adopted budget due to personnel overtime costs.

FY 2023/24 2nd Quarter Expenditures: Other Departments Summary

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

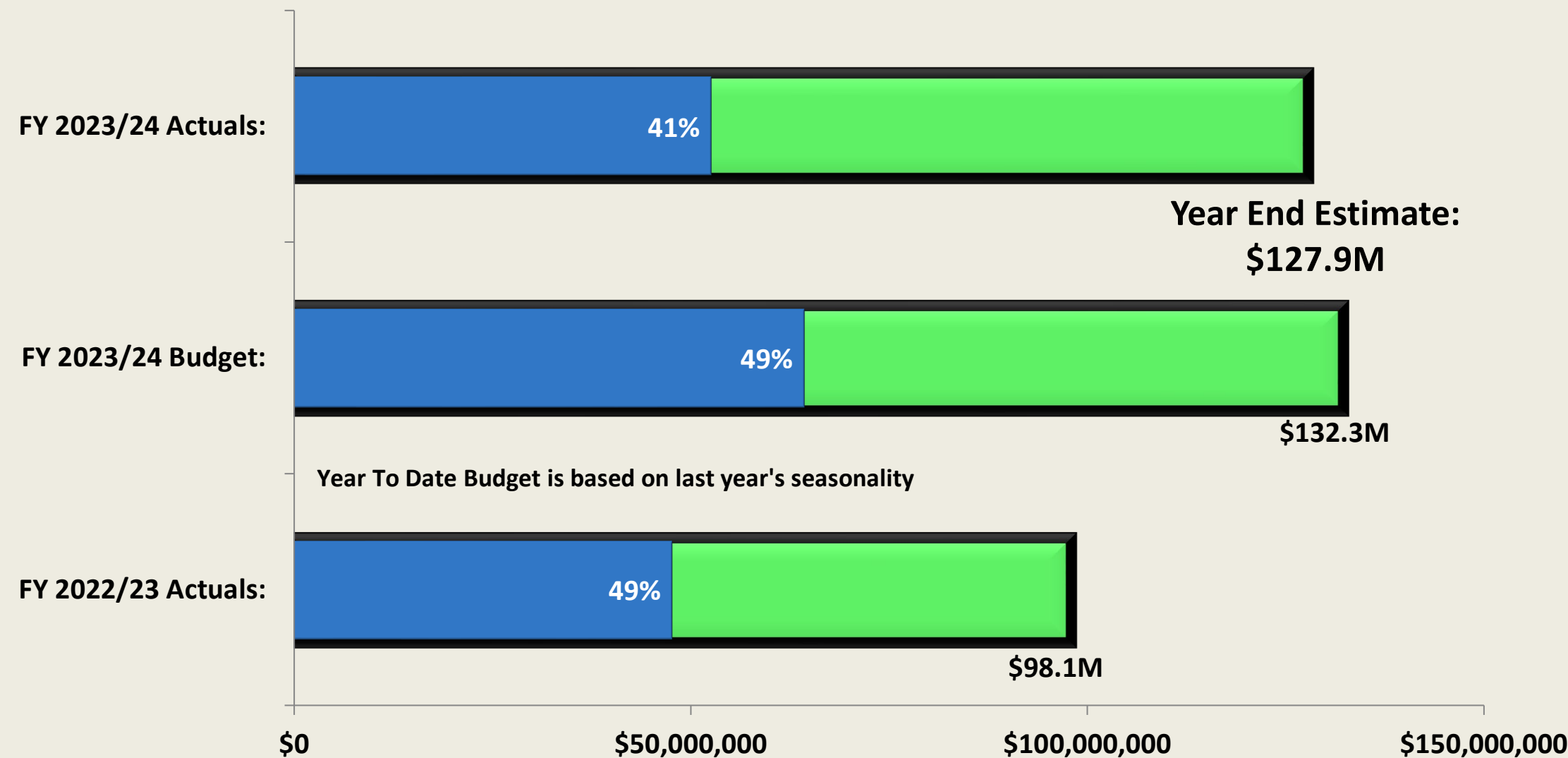
- | | | | |
|----------------------------|------------------------|--------------------------|---------------------------------------|
| Business Services | Communications | Financial Services | Office of Management and Budget |
| Centralized Appropriations | Economic Development | Fleet Services | Public Information and Communications |
| City Attorney | Energy Resources | Human Resources | Environmental Mgmt and Sustainability |
| City Auditor | Engineering | Innovation & 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 to Date Actuals	Year End Estimate
\$ 132,283	\$ 52,599	\$ 127,898

(In Thousands)

Other Departments - Expenditures



The Other Departments expenditure year end estimate is below budget due to the removal of placeholders for personal services and other services adjustments. The City continues to benchmark employee compensation to other employers. The adjustments due to the benchmark are now included in the department year end estimates and came in lower than the placeholder. The placeholder has been removed. Similarly, placeholder amounts for increased utility and fleet expenses are also now recorded in the department year end estimates.

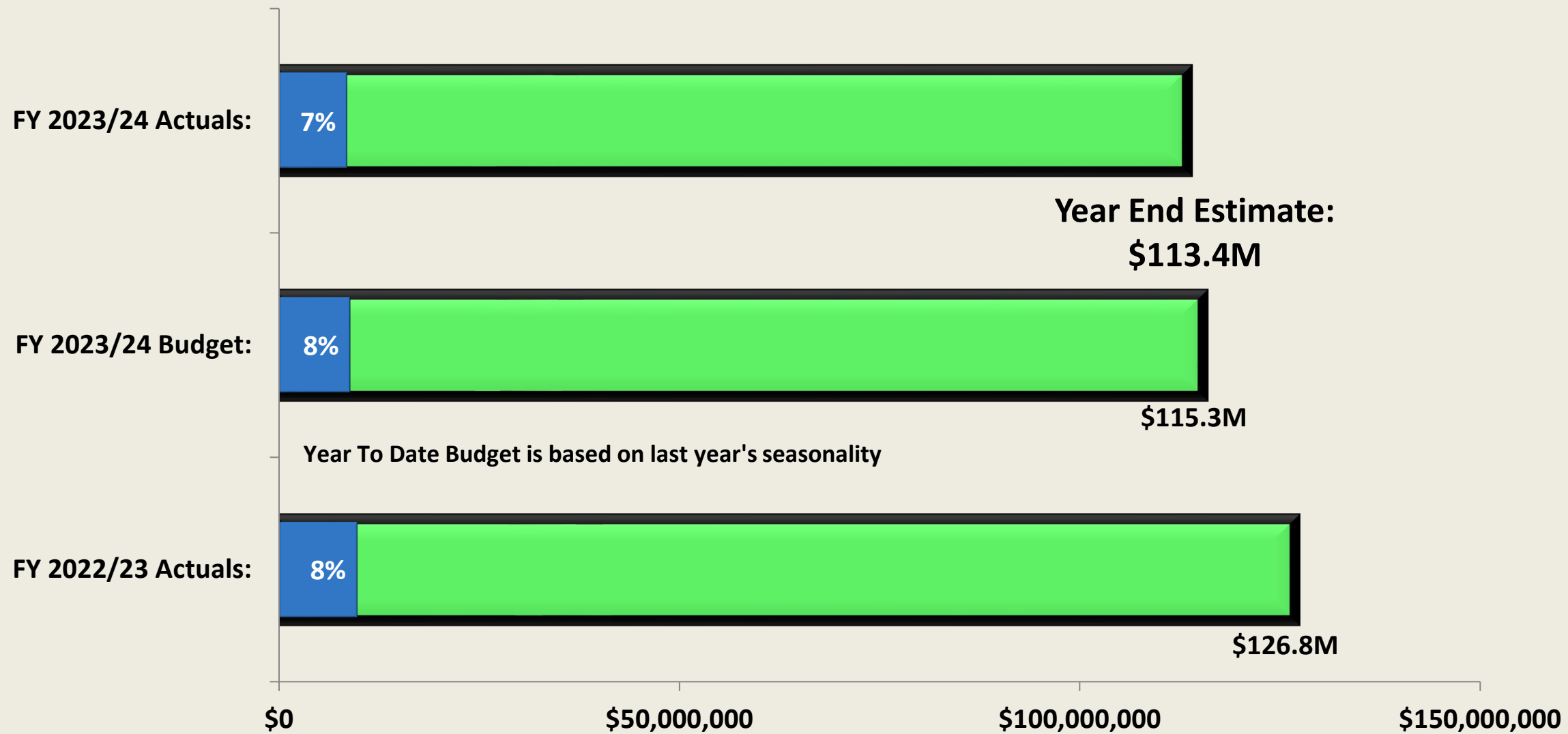
FY 2023/24 2nd Quarter Expenditures: Transfers Out Summary

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, Transit Fund, and other funds.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 115,328	\$ 8,491	\$ 113,353

(In Thousands)

Transfers Out - Expenditures



The vehicle replacement and Arts & Culture transfers occur on a quarterly basis, all other transfers from the General Fund occur at the end of the fiscal year. The Transfers Out year end estimate is on track with budget.

[Return to Executive Summary](#)

FY 2023/24 2nd Quarter Net Sources and Uses - Utility Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
District Cooling	\$ (298)	\$ (19)	\$ (292)
Electric	\$ (2,130)	\$ 1,074	\$ 1,521
Natural Gas	\$ (6,580)	\$ (1,380)	\$ (8,505)
Solid Waste	\$ (7,525)	\$ 3,545	\$ (6,468)
Wastewater	\$ (13,901)	\$ 1,078	\$ (17,442)
Water	\$ (753)	\$ 10,782	\$ (5,464)
Total Utility Fund	\$ (30,889)	\$ 15,098	\$ (36,650)

(In Thousands)

Exceeding
On Track
Caution
Monitoring

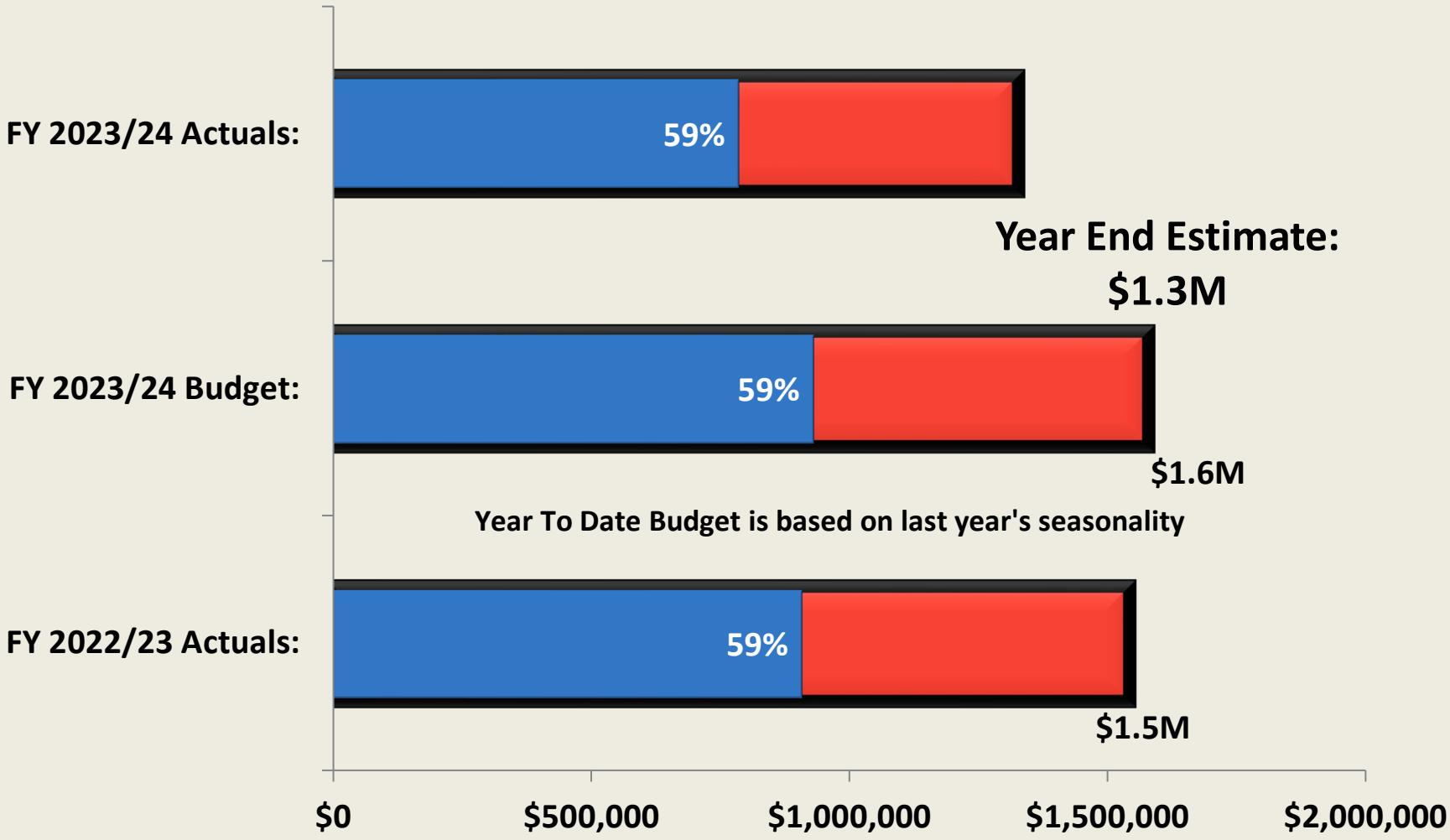
FY 2023/24 2nd Quarter District Cooling Summary

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.

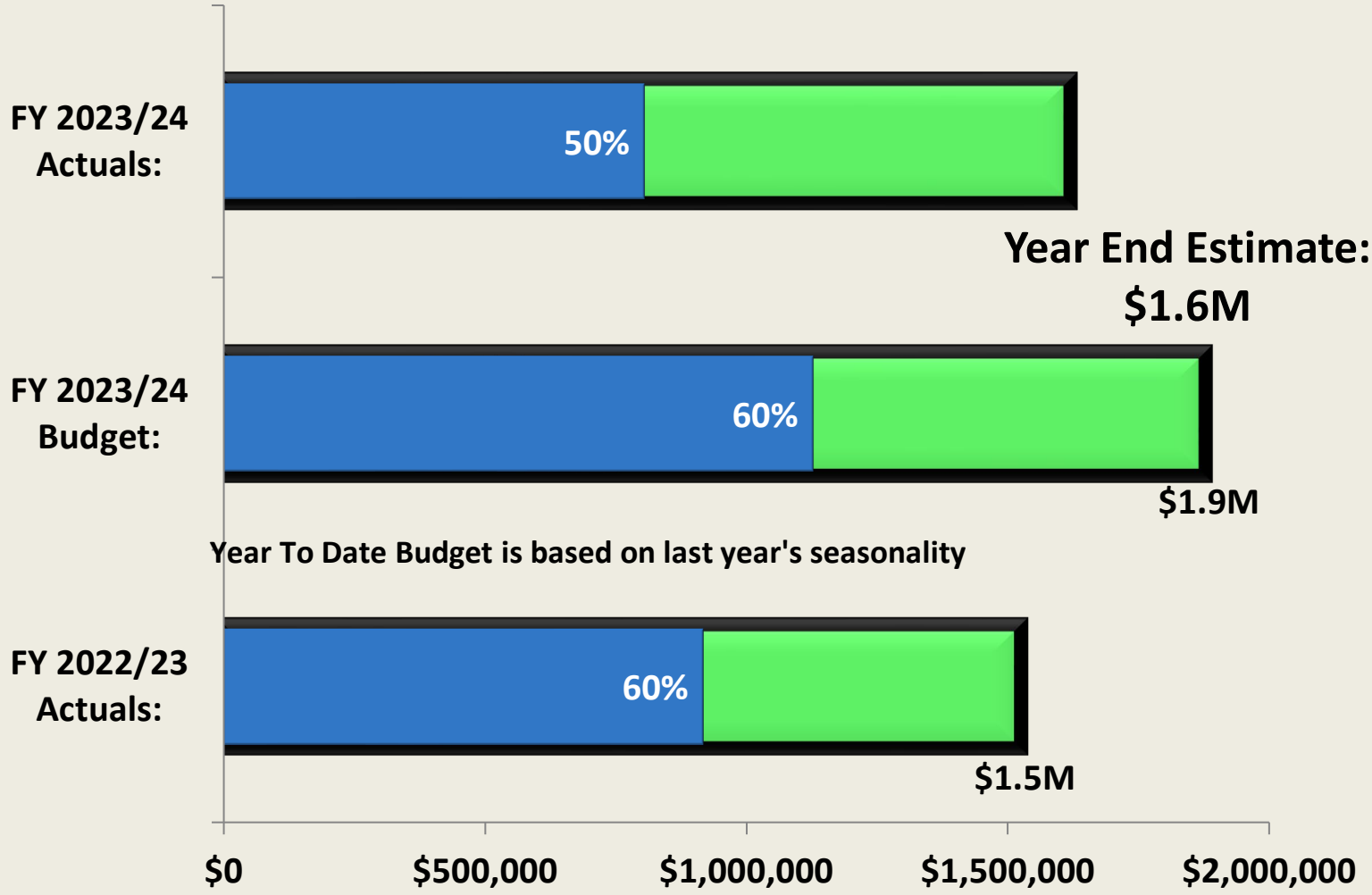
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,579	\$ 785	\$ 1,326
Uses	\$ 1,402	\$ 585	\$ 1,134
Debt/Capital Transfers Out	\$ 1	\$	\$ 86
General Fund Transfers Out	\$ 474	\$ 219	\$ 398
Net Sources and Uses	\$ (298)	\$ (19)	\$ (292)

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



The sources and uses year end estimates are both below budget. The decrease in the sources and uses is due to lower than anticipated expenses for the chilled water cost adjustment factor. The chilled water cost adjustment factor passes on the cost of the producing the chilled water to the customer.

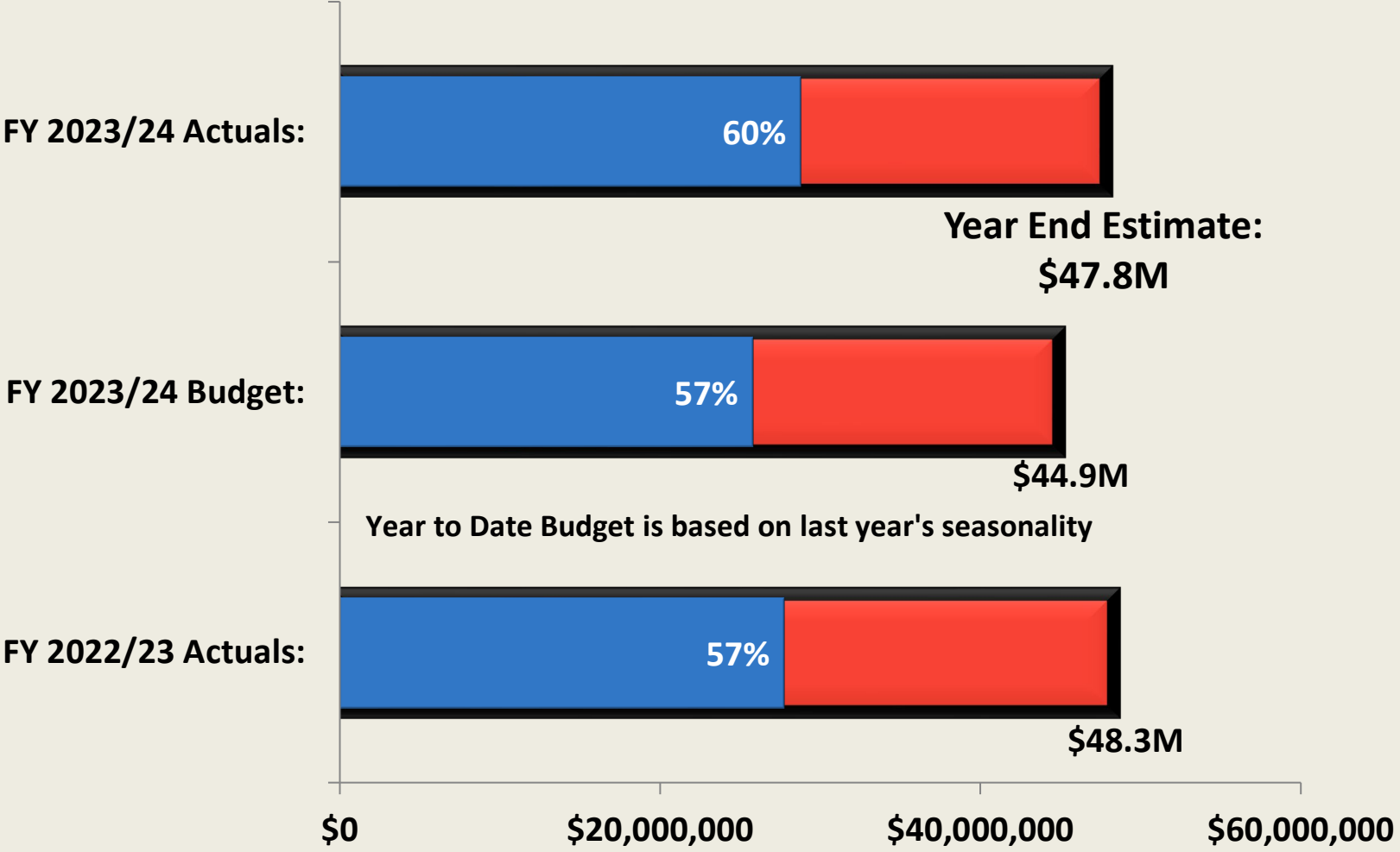
FY 2023/24 2nd Quarter Electric Summary

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.

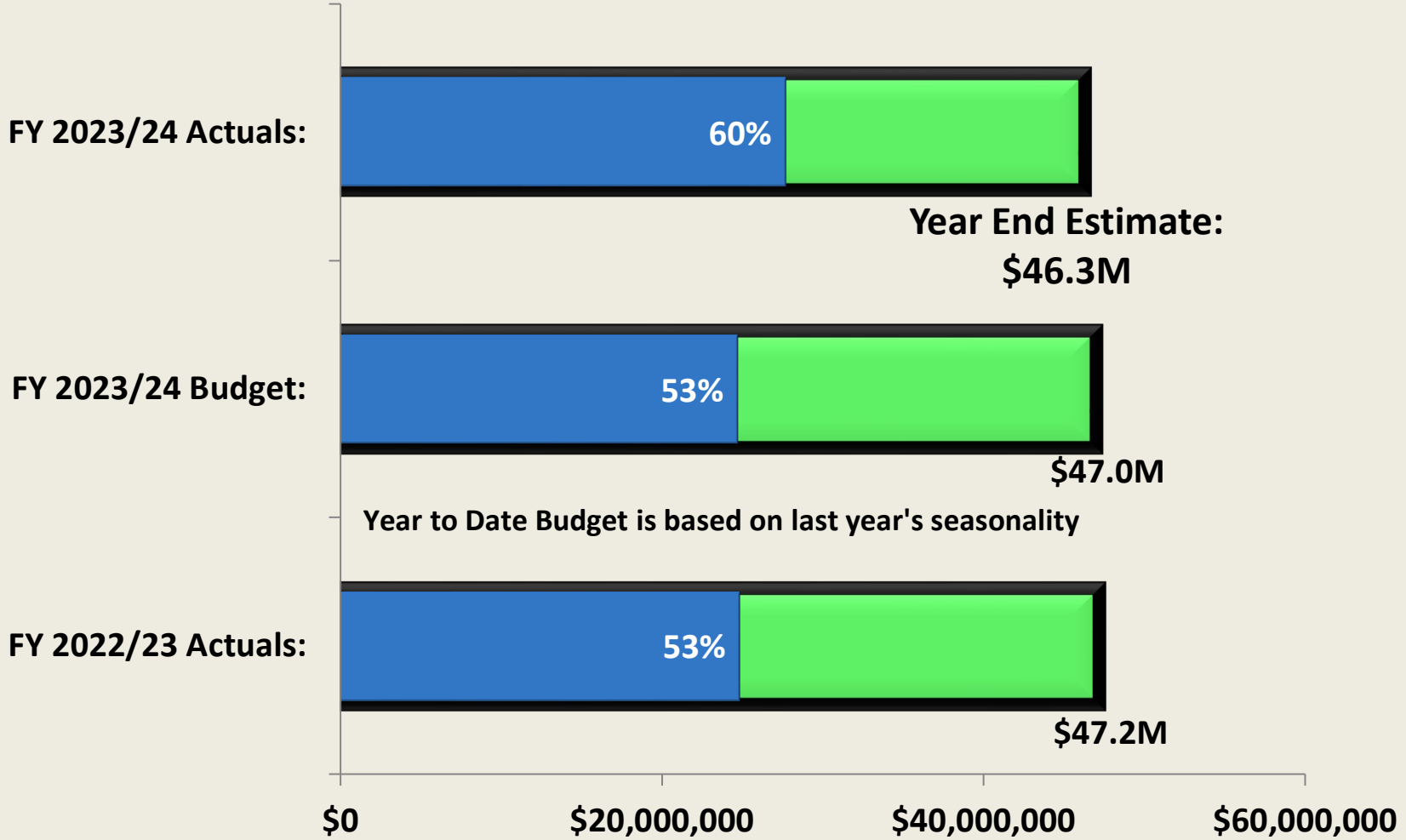
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 44,878	\$ 28,754	\$ 47,824
Uses	\$ 35,360	\$ 21,427	\$ 34,515
Debt/Capital Transfers Out	\$ 5,807	\$ 2,976	\$ 5,896
General Fund Transfers Out	\$ 5,842	\$ 3,276	\$ 5,892
Net Sources and Uses	\$ (2,130)	\$ 1,074	\$ 1,521

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



The sources year end estimate is above budget due to increased consumption of electricity. The uses year end estimate is on track with budget.

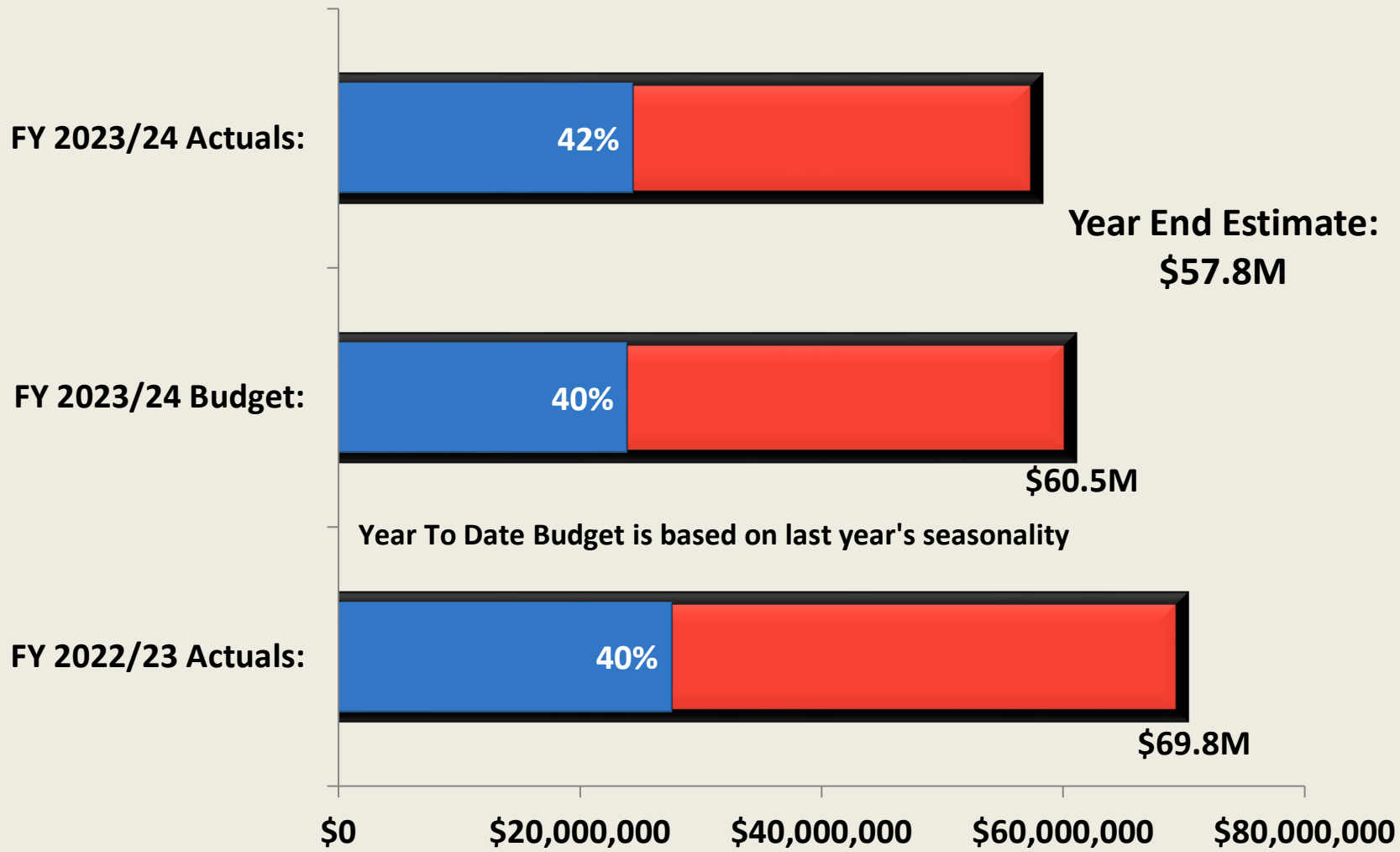
FY 2023/24 2nd Quarter Natural Gas Summary

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.

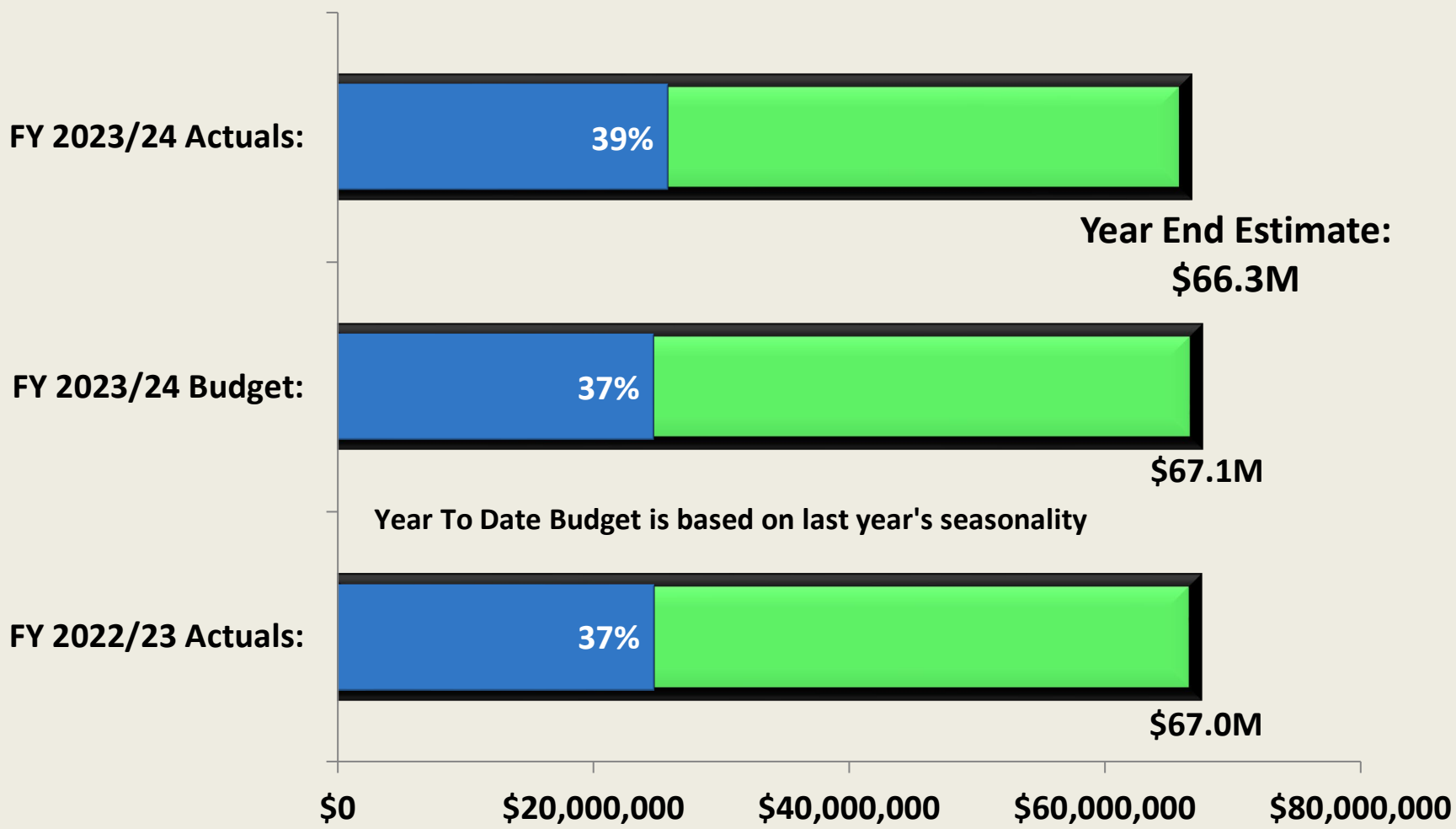
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 60,541	\$ 24,398	\$ 57,768
Uses	\$ 38,669	\$ 13,475	\$ 37,312
Debt/Capital Transfers Out	\$ 16,015	\$ 7,851	\$ 16,050
General Fund Transfers Out	\$ 12,436	\$ 4,453	\$ 12,911
Net Sources and Uses	\$ (6,580)	\$ (1,380)	\$ (8,505)

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



The Natural Gas sources and uses are slightly below budget due to lower than anticipated expenses for the natural gas commodity, which is passed through to the customer. Additionally, the year end estimate for the General Fund Transfer is projected to be slightly above budget due to increased operating revenues. The General Fund Transfer is 30% of the Natural Gas operating revenues, excluding pass-throughs. The year end estimate for operating revenues is above budget by \$1.7M, while pass-through revenue is \$4.4M below budget.

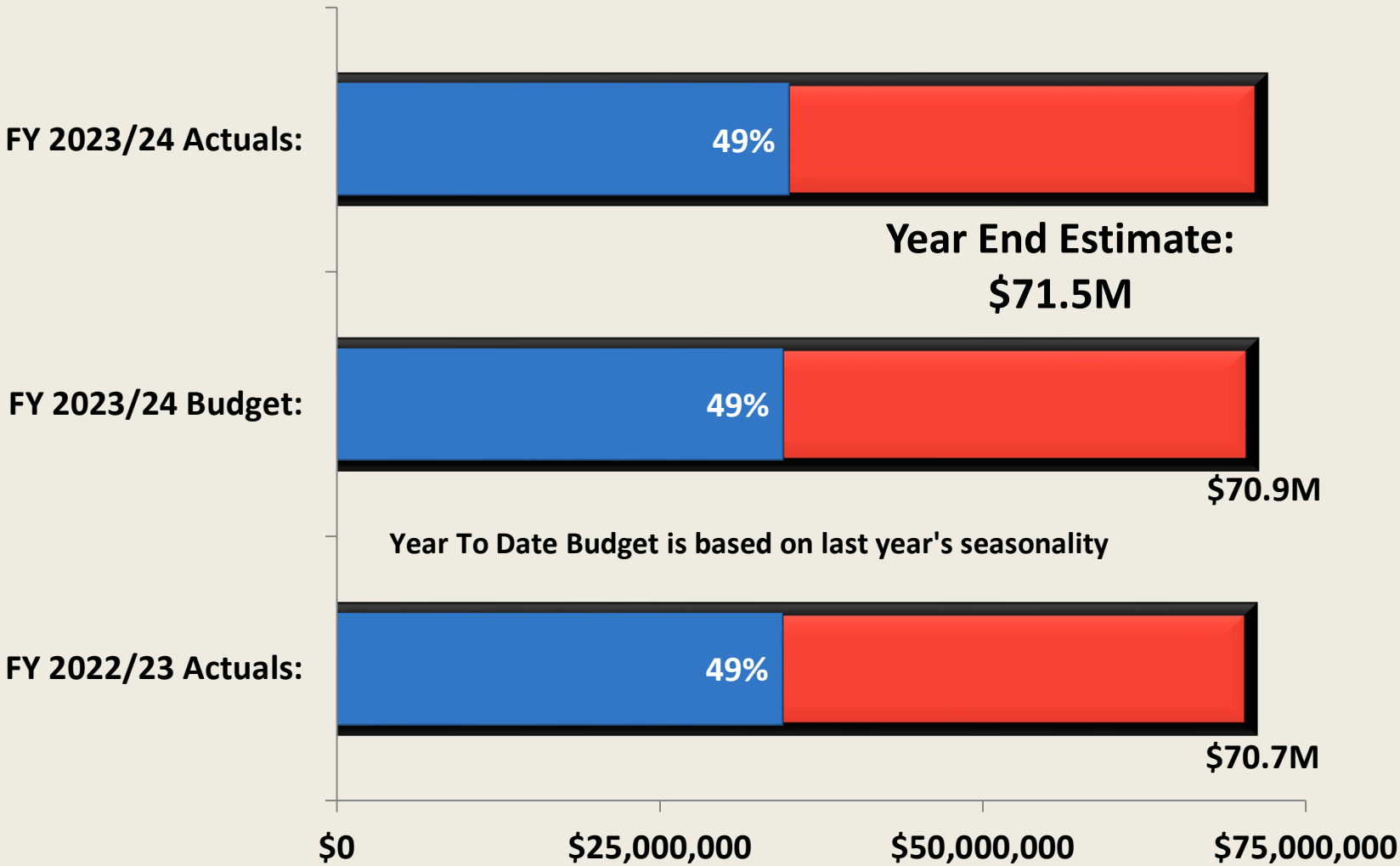
FY 2023/24 2nd Quarter Solid Waste Summary

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.

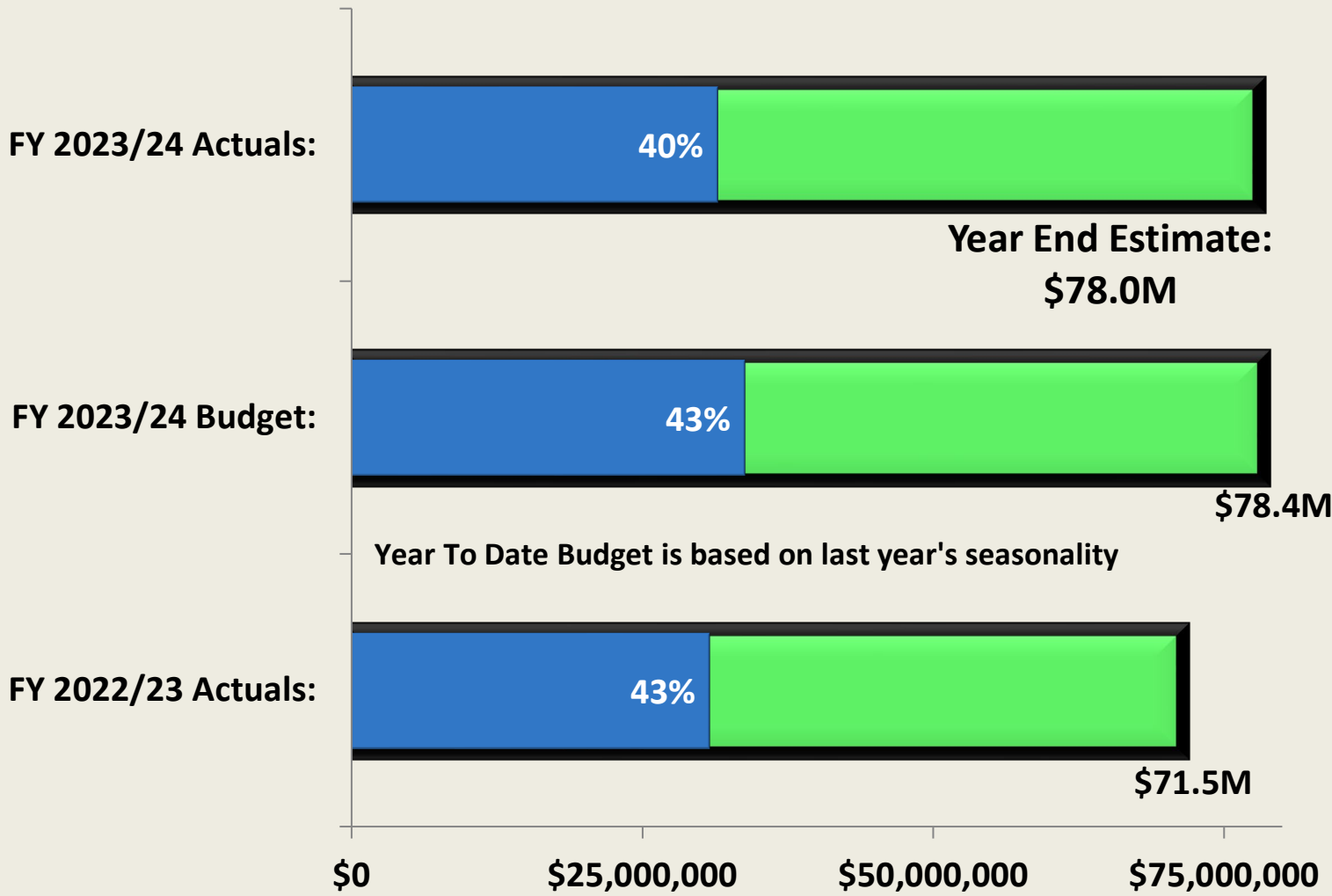
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 70,862	\$ 35,020	\$ 71,549
Uses	\$ 51,620	\$ 21,053	\$ 49,193
Debt/Capital Transfers Out	\$ 5,508	\$ 1,007	\$ 7,359
General Fund Transfers Out	\$ 21,259	\$ 9,415	\$ 21,465
Net Sources and Uses	\$ (7,525)	\$ 3,545	\$ (6,468)

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



The year end estimate for sources is on track with budget. The year end estimate for Debt/Capital Transfers Out is above budget due to unanticipated vehicle expenses. The estimate is increased above budget due to the purchase of two replacement vehicles that were totaled as well as additional funding to cover increased costs for ordered vehicles.

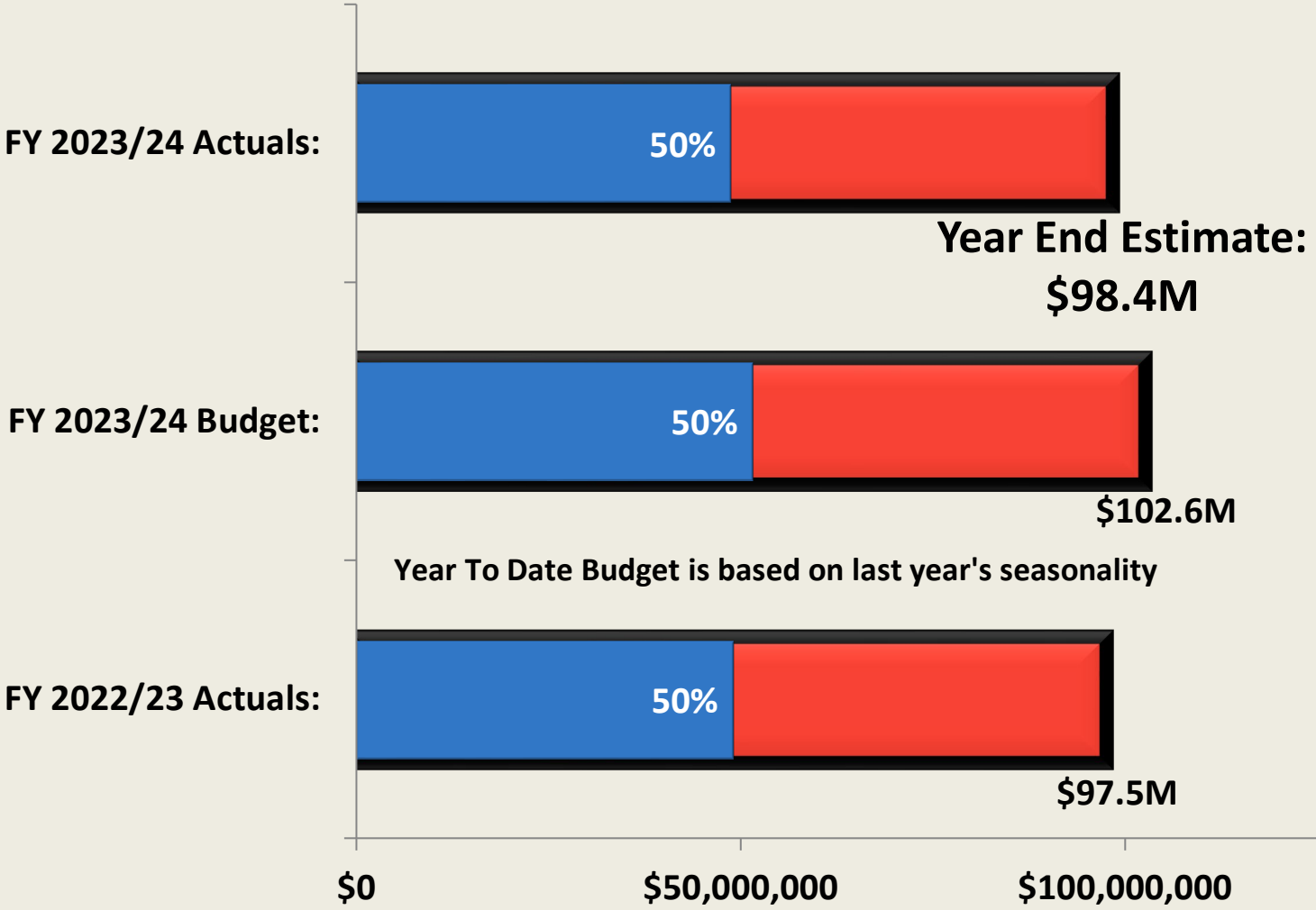
FY 2023/24 2nd Quarter Wastewater Summary

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.

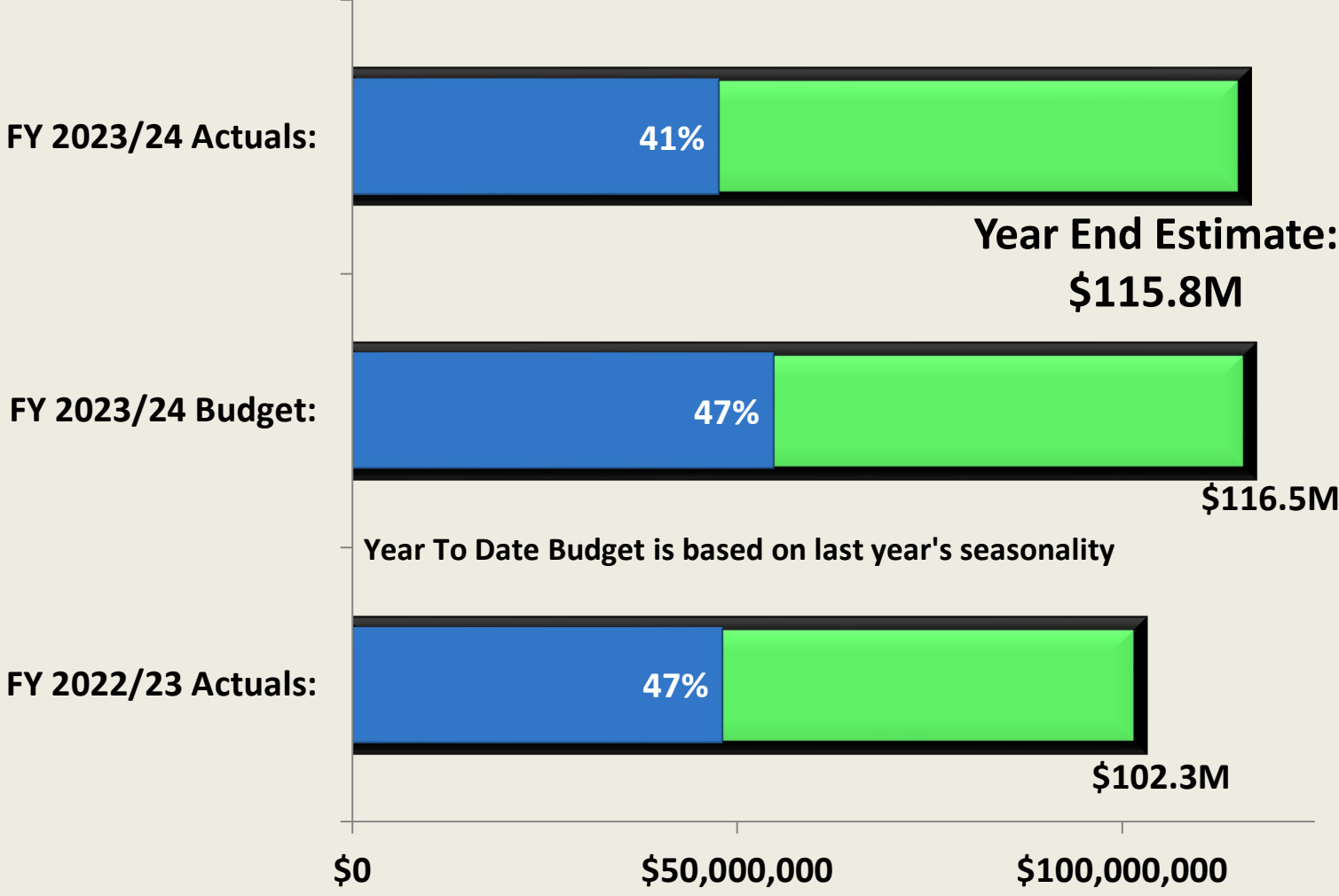
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 102,612	\$ 48,732	\$ 98,389
Uses	\$ 40,708	\$ 12,647	\$ 40,736
Debt/Capital Transfers Out	\$ 45,021	\$ 21,666	\$ 45,000
General Fund Transfers Out	\$ 30,784	\$ 13,341	\$ 30,094
Net Sources and Uses	\$ (13,901)	\$ 1,078	\$ (17,442)

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



The Wastewater uses year end estimate is on track with budget. The sources year end estimate is slightly below budget due to reduced residential revenues, which are determined by the customer's winter water average.

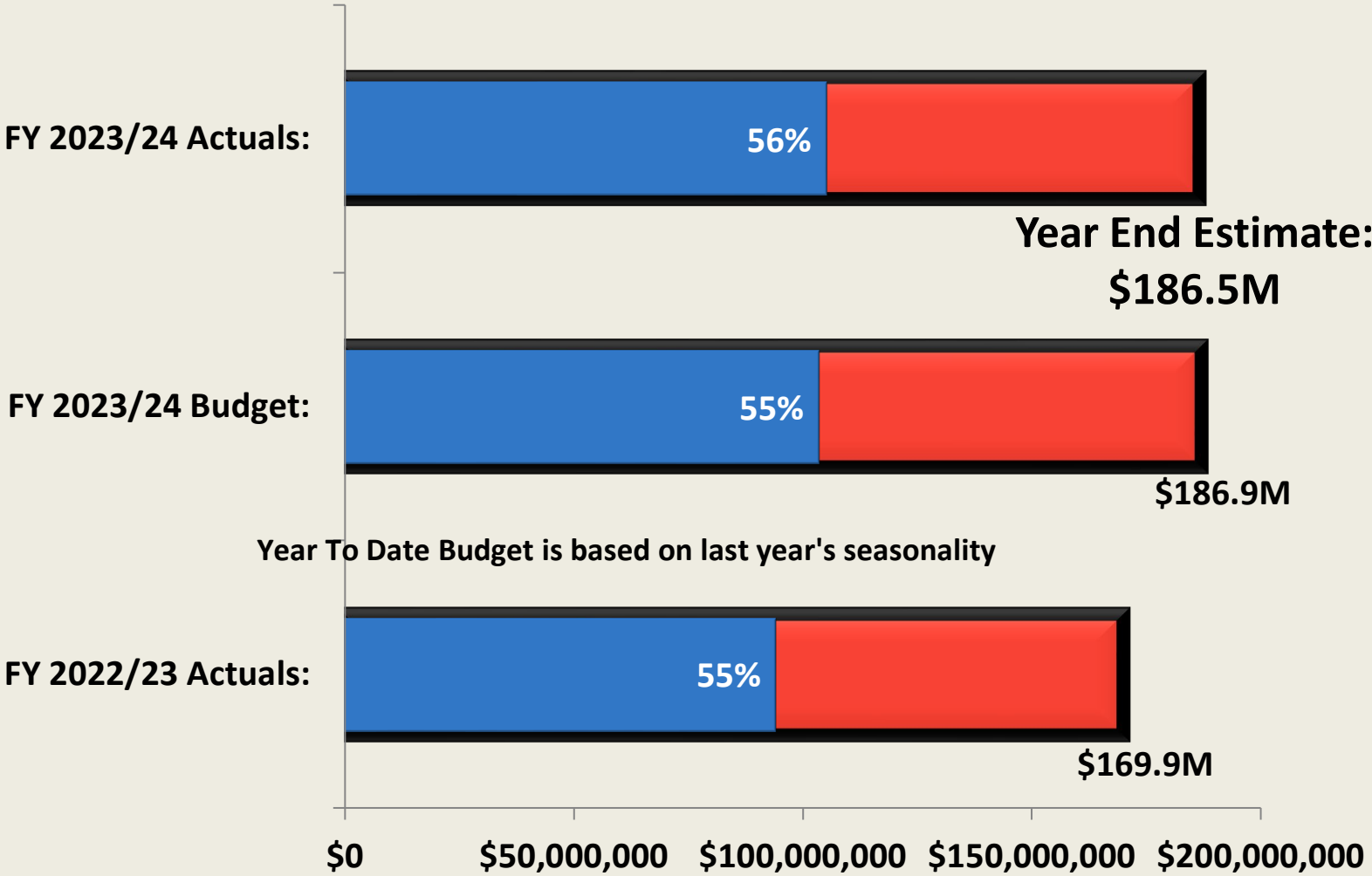
FY 2023/24 2nd Quarter Water Summary

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.

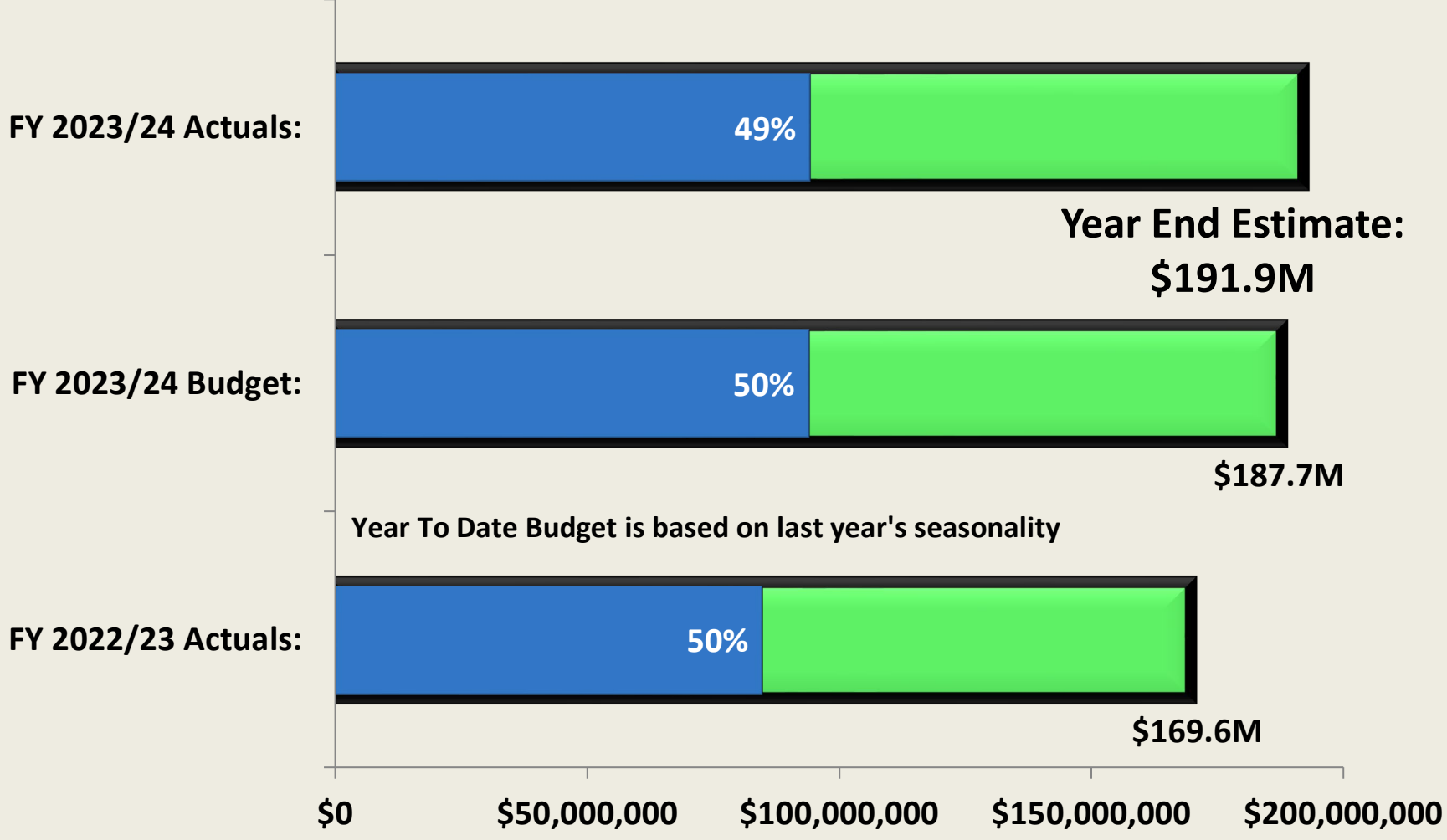
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 186,903	\$ 104,984	\$ 186,467
Uses	\$ 76,122	\$ 37,086	\$ 78,773
Debt/Capital Transfers Out	\$ 56,083	\$ 28,037	\$ 57,794
General Fund Transfers Out	\$ 55,450	\$ 29,079	\$ 55,365
Net Sources and Uses	\$ (753)	\$ 10,782	\$ (5,464)

(In Thousands)

Water - Sources



Water - Uses and Transfers



The year end estimates for sources is on track with budget. The uses year end estimate is above budget due to revised water commodity costs from the Colorado River System. The Debt/Capital Transfers Out is slightly above budget due to an increased debt issuance resulting from increased project costs.