

Quarterly Financial Status Report

FY 2015/2016

2nd Quarter

Executive Summary:

The City of Mesa has closed the second quarter of the 2015/16 fiscal year, July through December. This snapshot shows the financial projection for the year compared to the adopted budget. There are no significant deviations to report for either the General Governmental Funds or the Enterprise Fund. For the General Governmental funds, the overall revenues are projected to be greater than budgeted and overall expenses are projected to be less than budgeted. The Enterprise Fund is projected to achieve a positive net sources and uses.

The Licenses, Fees and Permits category is on track however a change in the classification of a revenue is causing it to show caution. The Law Enforcement category is projected to expend more than the budget due to the continuation of the aggressive officer recruitment program that was implemented last year. The other categories showing caution or monitoring are not significant to the overall financial status of the fund.

The adopted budget for expenditures changed slightly from the 1st quarter report due to the correction of an error. Year to date actual revenues and expenditures are subject to seasonality and other various timing issues and do not necessarily represent fifty percent of the projected year end estimate.

	General Government Funds		Enterprise Fund
	Revenues	Expenditures	Net Sources and Uses
Adopted Budget	\$ 371,564	\$ 382,144	\$ (3,734)
Year to Date Actuals	\$ 177,108	\$ 170,425	\$ 15,674
Year End Estimate	\$ 374,657	\$ 380,270	\$ 2,914

(In Thousands)

Legend	General Government Funds		Enterprise Fund
	Revenues	Expenditures	Net Sources and Uses
Exceeding	Taxes	Community Development and Services	Electric
On Track	Intergovernmental	Parks and Library	Natural Gas
Caution	Sales and Charges for Services	Law Enforcement	Solid Waste
Monitoring	Licenses, Fees, and Permits	Fire and Medical	Wastewater
	Fines and Forfeitures	Other Departments	Water
	Other Revenues	Transfers Out	Other/Non-Utility
	Transfer In		

General Fund and Quality of Life - Revenues

Revenue Categories	Adopted Budget	Year to Date Actuals	Year End Estimate
Taxes	\$ 123,016	\$ 59,636	\$ 125,694
Intergovernmental	\$ 114,554	\$ 52,081	\$ 115,371
Sales and Charges for Services	\$ 9,230	\$ 4,559	\$ 9,519
Licenses, Fees, and Permits	\$ 19,280	\$ 8,867	\$ 18,961
Fines and Forfeitures	\$ 4,144	\$ 2,029	\$ 4,183
Other Revenues	\$ 1,668	\$ 101	\$ 1,259
Transfers In	\$ 99,671	\$ 49,836	\$ 99,671
Total	\$ 371,564	\$ 177,108	\$ 374,657

(In Thousands)

Exceeding
On Track
Caution
Monitoring

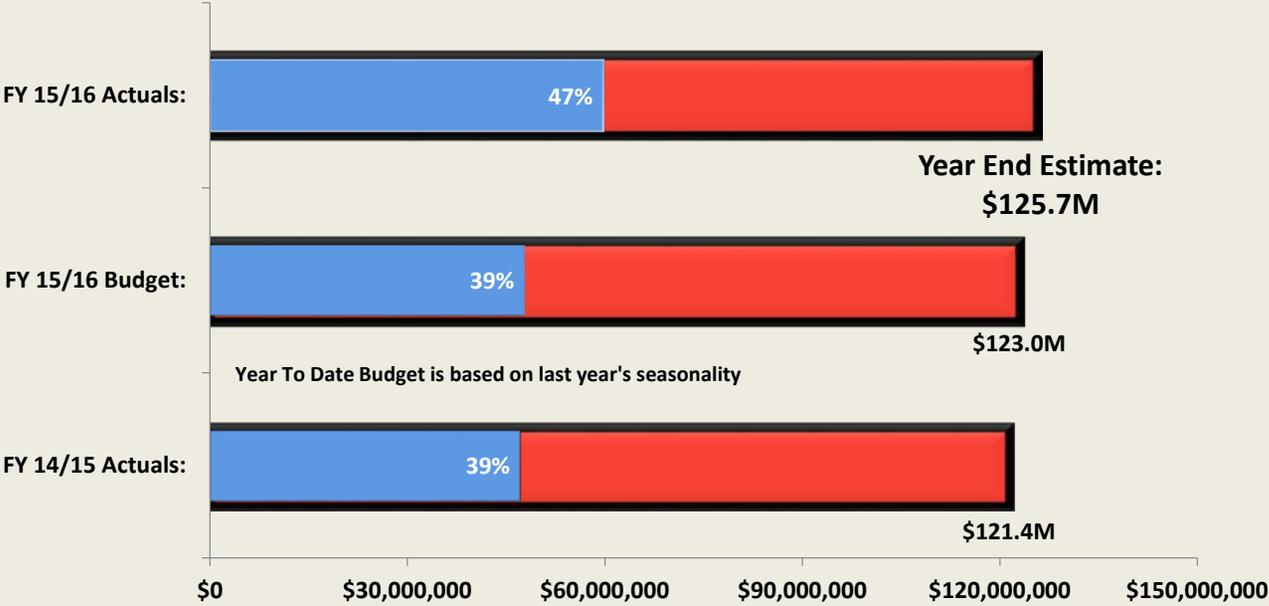
FY 15/16 Revenues: Taxes Summary

The below data 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
\$ 123,016	\$ 59,636	\$ 125,694

(In Thousands)

Taxes - Revenues



Sales tax collection is projected to be \$2.7M higher than the budget for the General Fund and the Quality of Life Fund based on the current sales tax collections. This is 2.2% greater than budgeted and a 3.5% increase over FY 14/15. The end of last fiscal year and the beginning of this fiscal year saw a strengthening of sales tax receipts with a majority of the growth in retail sales. November activity (reported in December) experienced no overall year-over-year increase and minimal growth in retail sales. However the new car dealership category within retail sales maintained a healthy growth of about 6%. December activity is not known yet. The City's greatest sales activity usually occurs in December (reported in January) and March (reported in April).

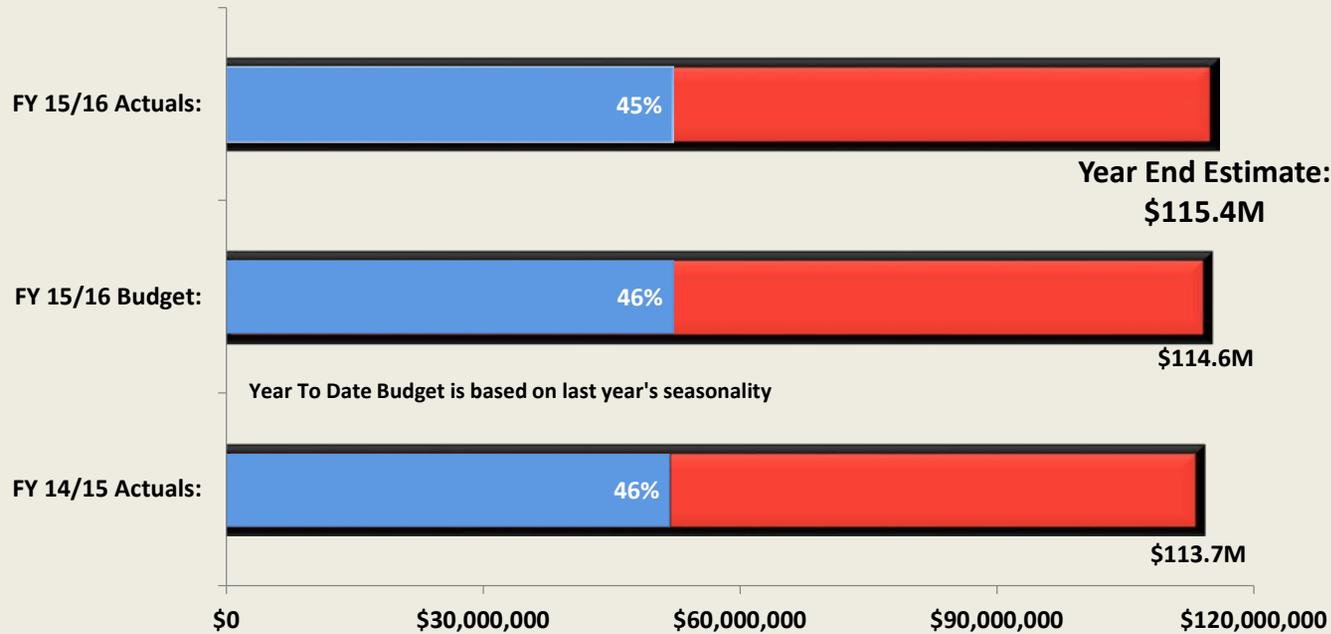
FY 15/16 Revenues: Intergovernmental Summary

The below data represents revenue collections from federal grants and reimbursements, urban revenue sharing (state income tax), state shared sales tax, vehicle license tax, highway user 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
\$ 114,554	\$ 52,081	\$ 115,371

(In Thousands)

Intergovernmental - Revenues



The City is projecting a slight increase of \$932K in revenues collected for vehicle license tax and state shared sales tax as current receivables are higher than forecasted. Otherwise this category is on track with budget.

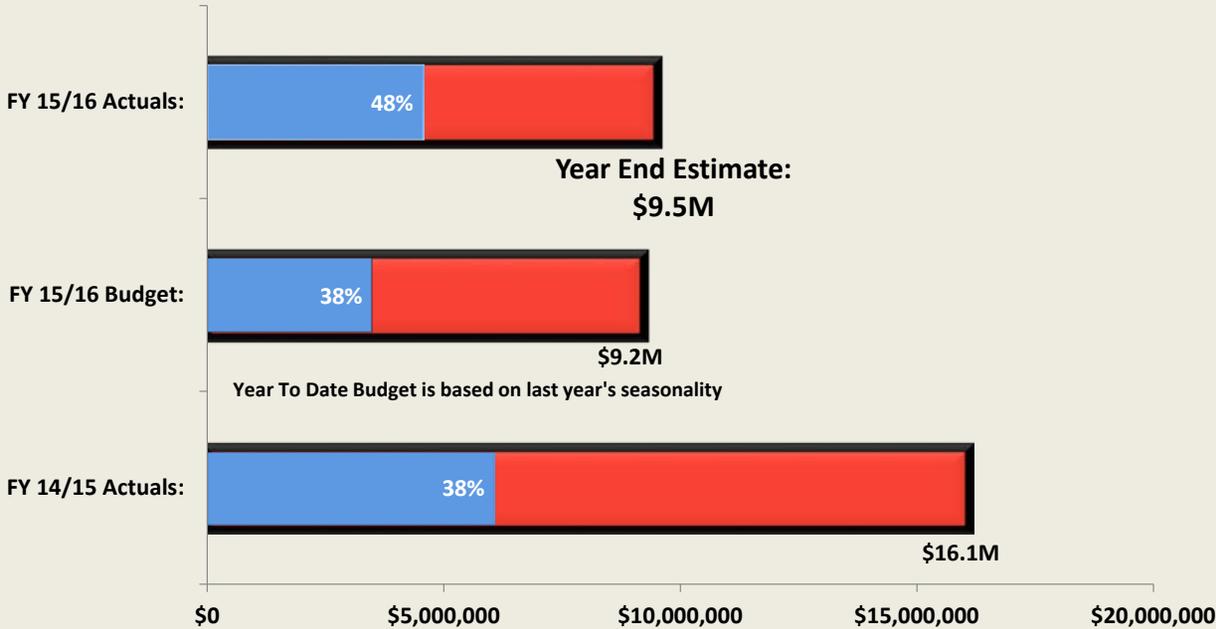
FY 15/16 Revenues: Sales and Charges for Services Summary

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

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 9,230	\$ 4,559	\$ 9,519

(In Thousands)

Sales and Charges for Services - Revenues



The budgeted revenue for Fire and Medical for building permits (commercial fire permits) will be received under fire inspections fees causing a \$500K increase for this revenue category, with a corresponding decrease in the Licenses, Fees, and Permits revenue category. For subdivision development fees, there was a \$230K downward adjustment to the year end estimate.

FY 14/15 included revenues related to the Arts and Cultural facilities. In FY 15/16, the revenues and the expenses have been moved to a separate Arts and Cultural Fund. This accounts for both the discrepancy in the budget comparison to FY 14/15 and the rate of revenue receipts.

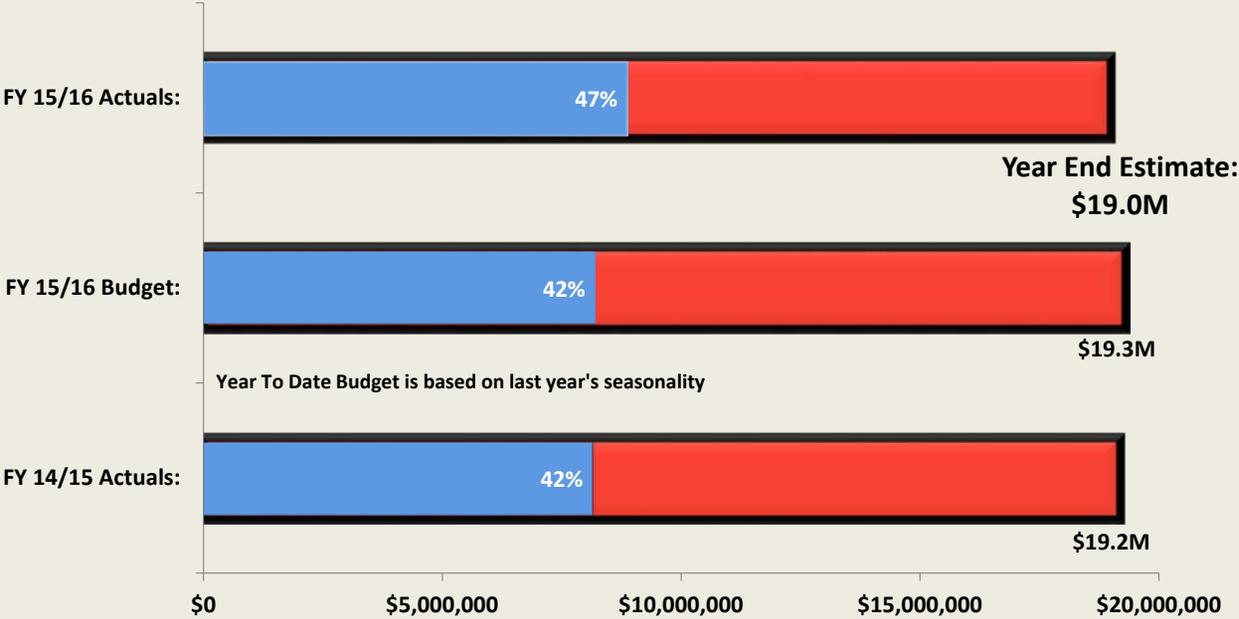
FY 15/16 Revenues: Licenses, Fees, and Permits Summary

The below data 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
\$ 19,280	\$ 8,867	\$ 18,961

(In Thousands)

Licenses, Fees, and Permits - Revenues



The year end estimates for cable to and building permits is estimated \$1.16M higher based the seasonality receipts so far in FY 15/16.

For FY 15/16, two revenue sources were budgeted in this category but will be posted to other areas. Fire and Medical for building permits (commercial fire permits) will be received under fire inspection fees resulting in a \$500K decrease for this revenue category and an associated increase for the other category. Court Construction Fee revenue, budgeted are \$730K, will be received directly in the Court Construction Fee Fund rather than the General Fund and therefore will not be included in this report.

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[Return to Revenue Summary](#)

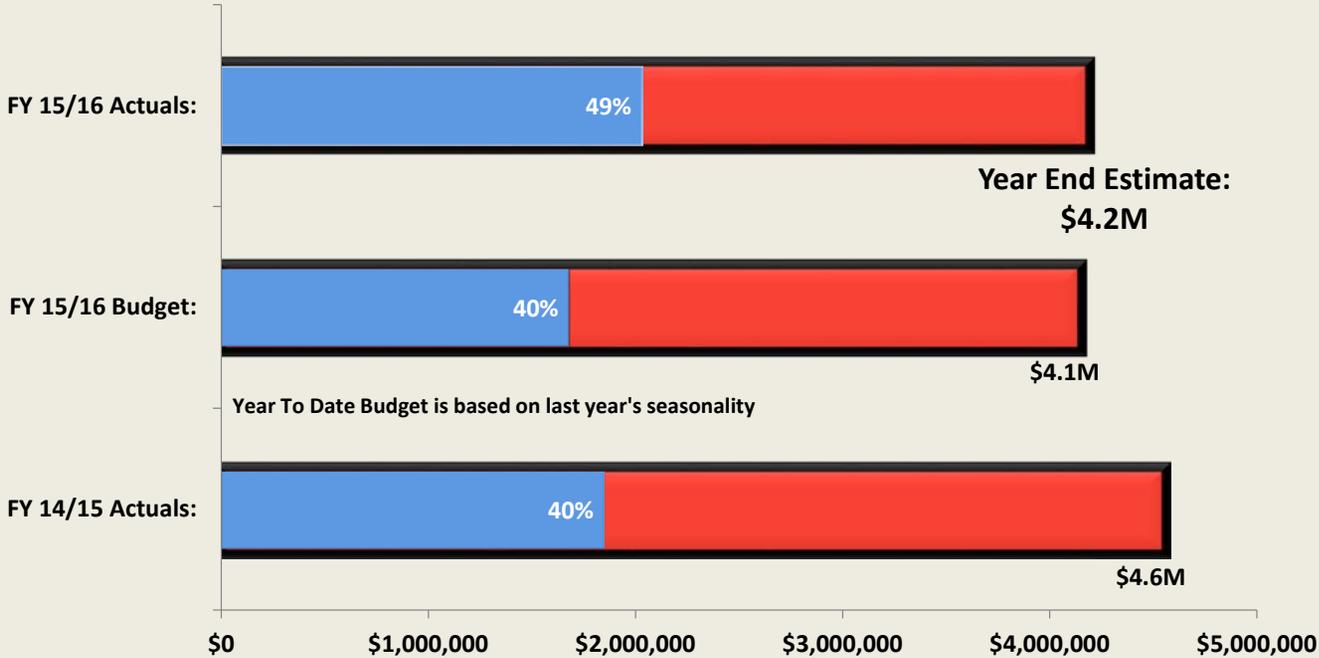
FY 15/16 Revenues: Fines and Forfeitures Summary

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
\$ 4,144	\$ 2,029	\$ 4,183

(In Thousands)

Fines and Forfeitures - Revenues



Fines and forfeitures are projected to be on track with the budget. The year to date actuals for FY 14/15 are not comparable as various adjustments were processed throughout the year. Municipal Court revenues only include the City of Mesa portion of the revenues and only those fines that have been paid. Adjustments were made during the year so FY 14/15 total actuals are comparable with the FY 15/16 budget and year end estimate.

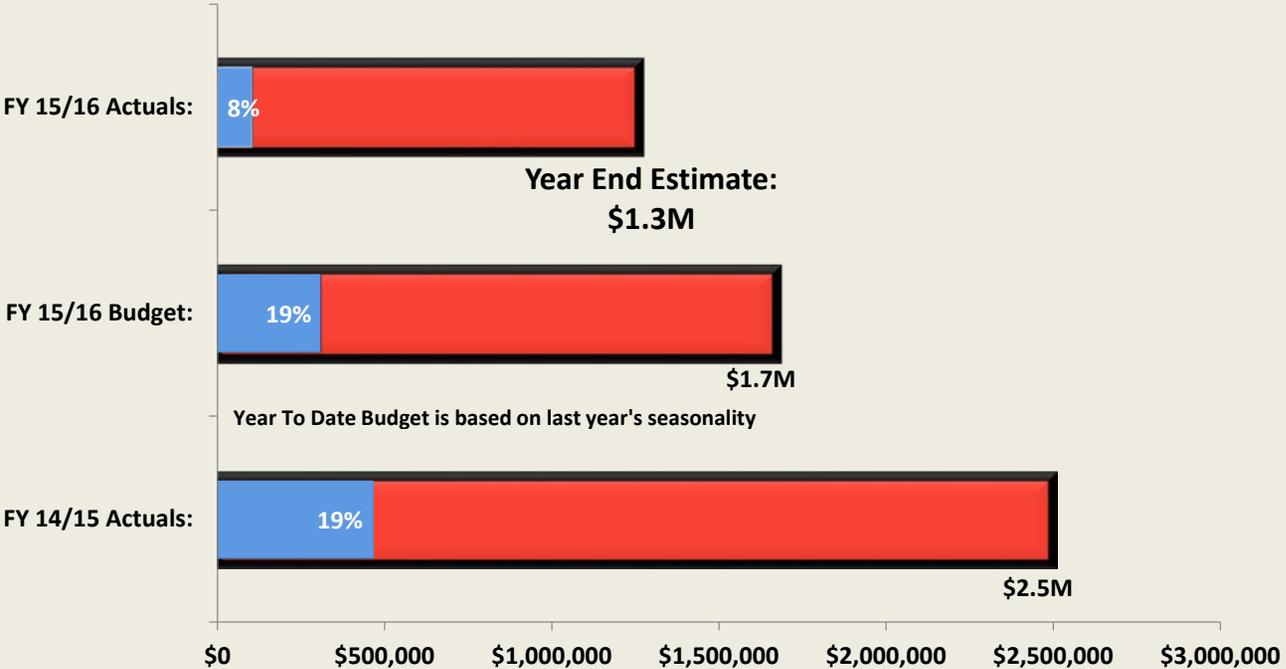
FY 15/16 Revenues: Other Revenues Summary

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
\$ 1,668	\$ 101	\$ 1,259

(In Thousands)

Other Revenues - Revenues



Interest on investments were adjusted \$514K upward based on actuals from last year however, overall revenues are projected to be lower than the budget. The sale of city property related to vehicles was budgeted higher than currently projected and various contribution in aid amounts have been reclassified to better represent the revenue. For example \$170,000 in contribution in aid related to the Gene Autry facility now appears in the sales and charges category.

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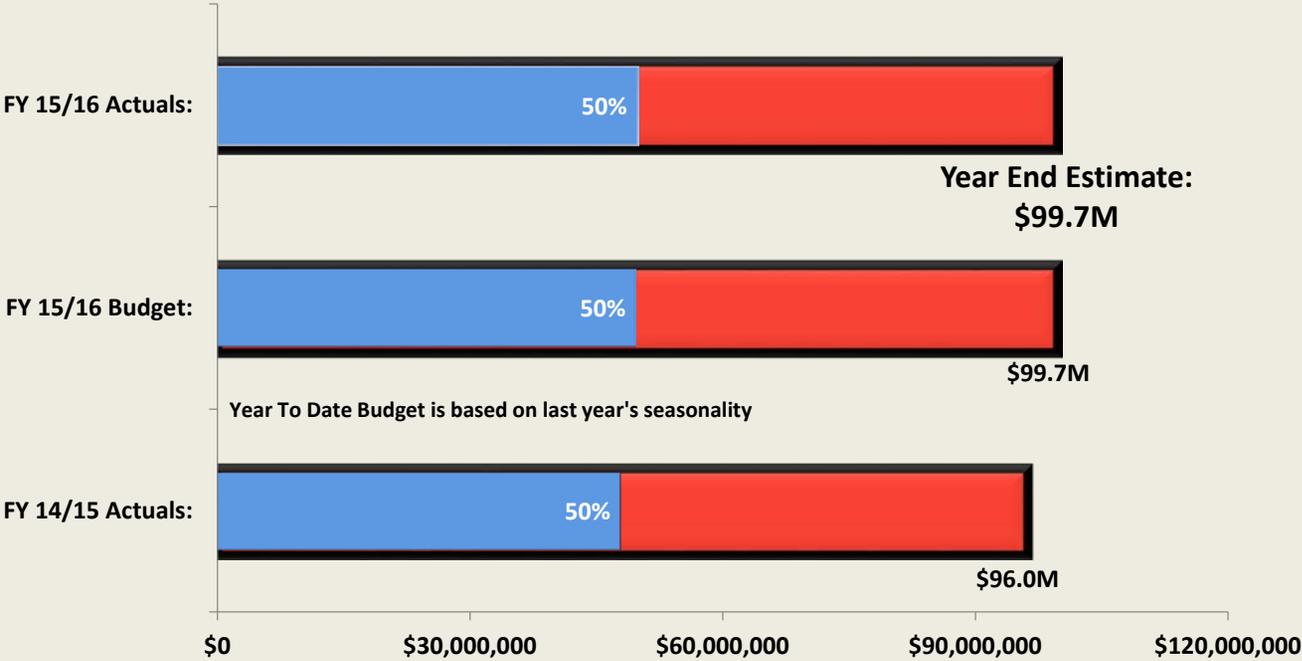
FY 15/16 Revenues: Transfers In Summary

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
\$ 99,671	\$ 49,836	\$ 99,671

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund are mainly comprised of the utility contributions and are scheduled for processing on a quarterly basis.

General Fund and Quality of Life - Expenditures

Expenditures	Adopted Budget	Year to Date Actuals	Year End Estimate
Community Development and Services	\$ 8,856	\$ 4,373	\$ 9,059
Parks and Library	\$ 22,106	\$ 10,000	\$ 22,162
Law Enforcement	\$ 169,100	\$ 82,968	\$ 172,442
Fire and Medical	\$ 68,071	\$ 34,144	\$ 68,484
Other Departments	\$ 86,250	\$ 33,203	\$ 78,817
Transfers Out	\$ 27,761	\$ 5,737	\$ 29,306
Total	\$ 382,144	\$ 170,425	\$ 380,270

(In Thousands)

Exceeding
On Track
Caution
Monitoring

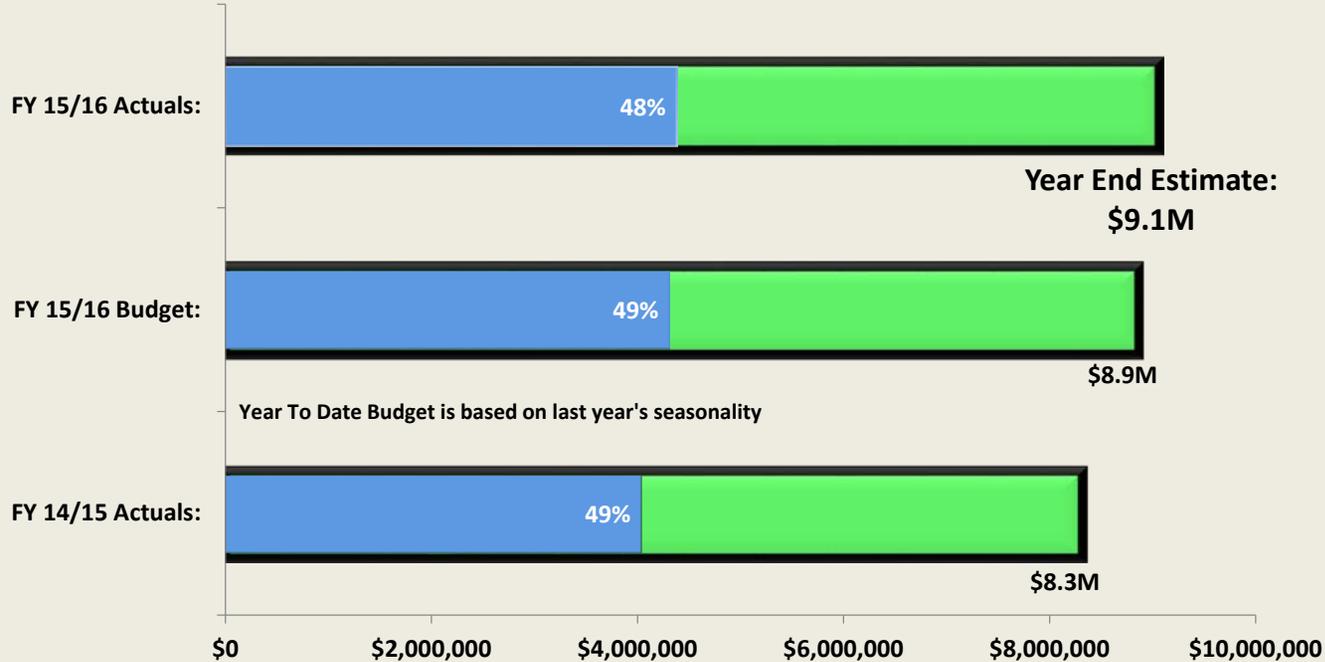
FY 15/16 Expenditures: Community Development and Services Summary

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

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 8,856	\$ 4,373	\$ 9,059

(In Thousands)

Community Development and Outreach - Expenditures



Housing and Community Development and Neighborhood Outreach/Animal Control was merged into one department called Community Services. The department's budget is on track. For the Development Services Department, the year end estimate is higher than the budget due to personnel costs related to permitting. Corresponding revenue is expected to offset the projected expense increase of \$204K.

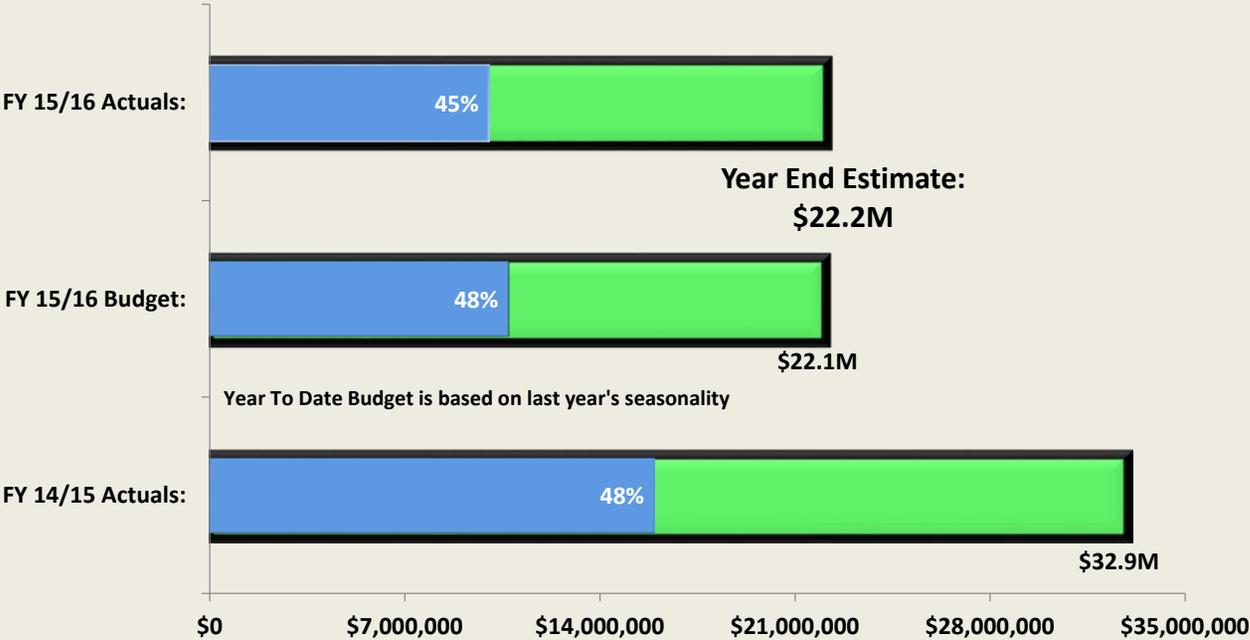
FY 15/16 Expenditures: Parks and Library Summary

The below data 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
\$ 22,106	\$ 10,000	\$ 22,162

(In Thousands)

Parks and Culture - Expenditures



The expenditures related to the Arts and Culture Department were reclassified from the General Fund to a new Arts and Culture Fund. This accounts for the difference in the budget amount between fiscal years. The General Fund contribution to the Arts and Culture Fund is included in the Transfers Out category. Both remaining departments are on track with the budget.

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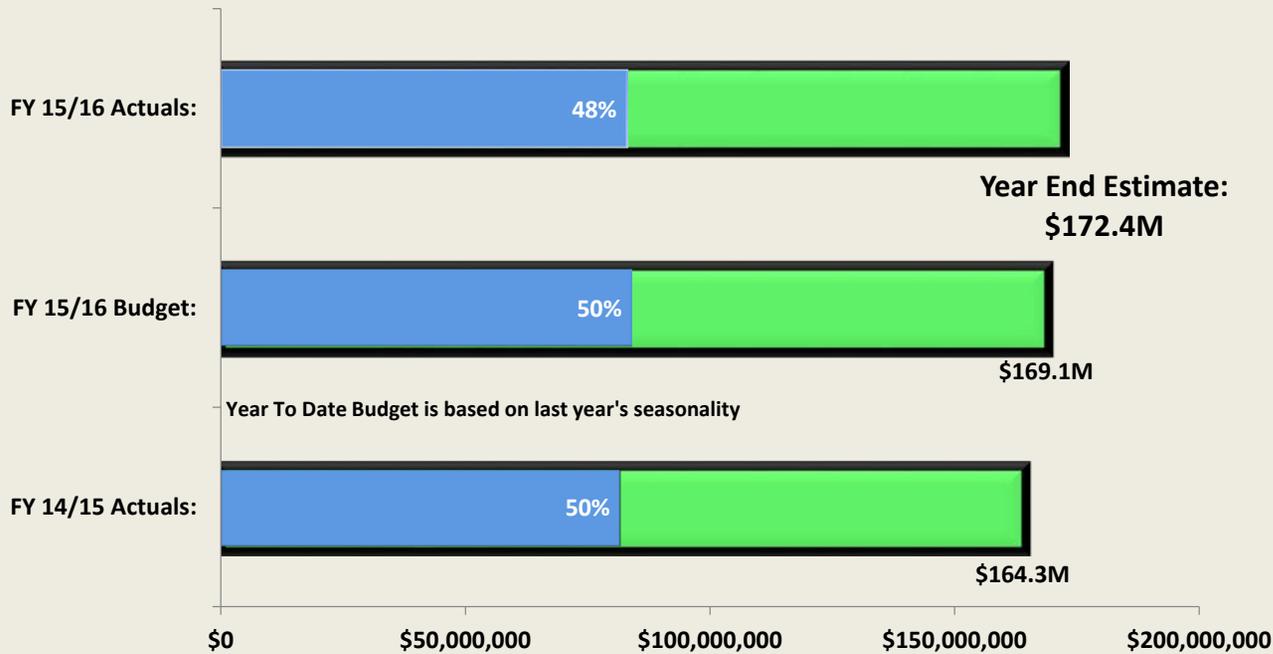
FY 15/16 Expenditures: Law Enforcement Summary

The below data 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
\$ 169,100	\$ 82,968	\$ 172,442

(In Thousands)

Law Enforcement - Expenditures



The Municipal Court is on track with the budget.

The Police Department anticipates additional personnel costs of \$3.9M due to the aggressive recruitment program for sworn officers. The program began last year and is anticipated to relieve overtime pressure next fiscal year. Estimated savings in other areas project a net expense estimate \$3.3M (about 2%) greater than budget. Last year, the Police Department also anticipated increased personnel expenses but was able to end the year within budget. The department will continue to monitor these expenses and proactively manage them when possible.

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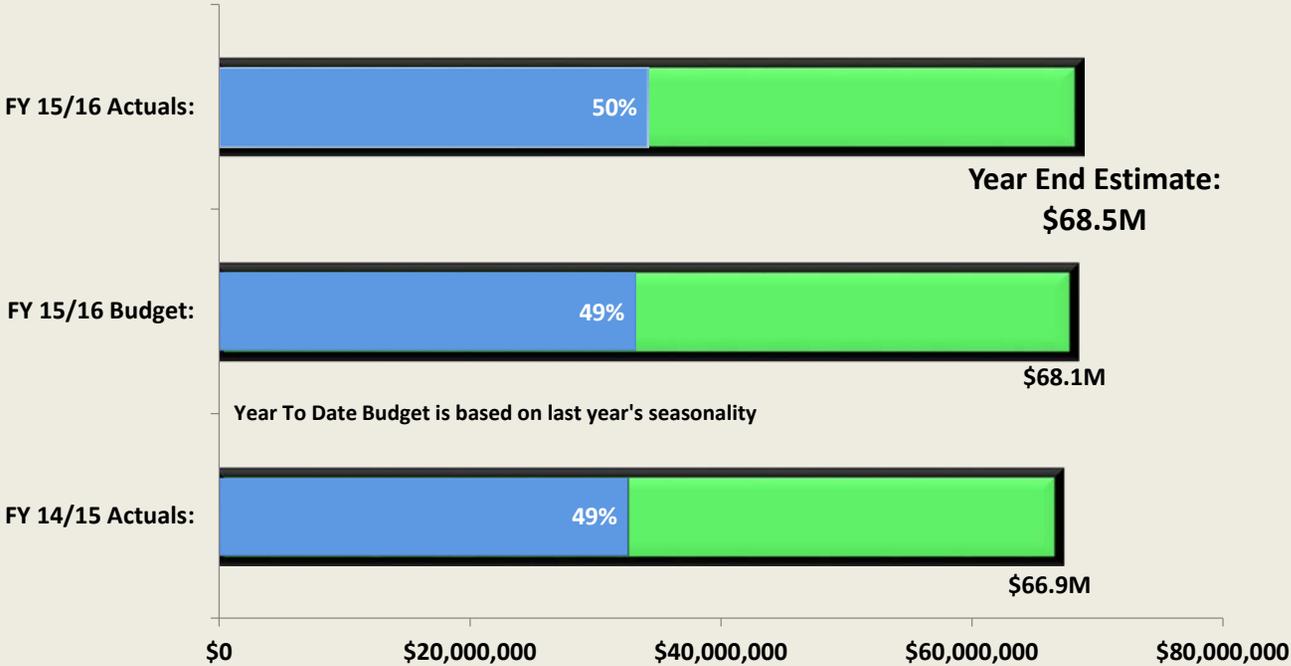
FY 15/16 Expenditures: Fire and Medical Summary

The below data 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
\$ 68,071	\$ 34,144	\$ 68,484

(In Thousands)

Fire and Medical - Expenditures



The year end estimate is greater than the budget by \$400K due to the approval of two contingency allocations. One added 7 additional recruits to the October 2015 academy and the other added 13 additional firefighters to the paramedic training class. Other areas of the budget are on track.

FY 15/16 Expenditures: Other Departments Summary

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

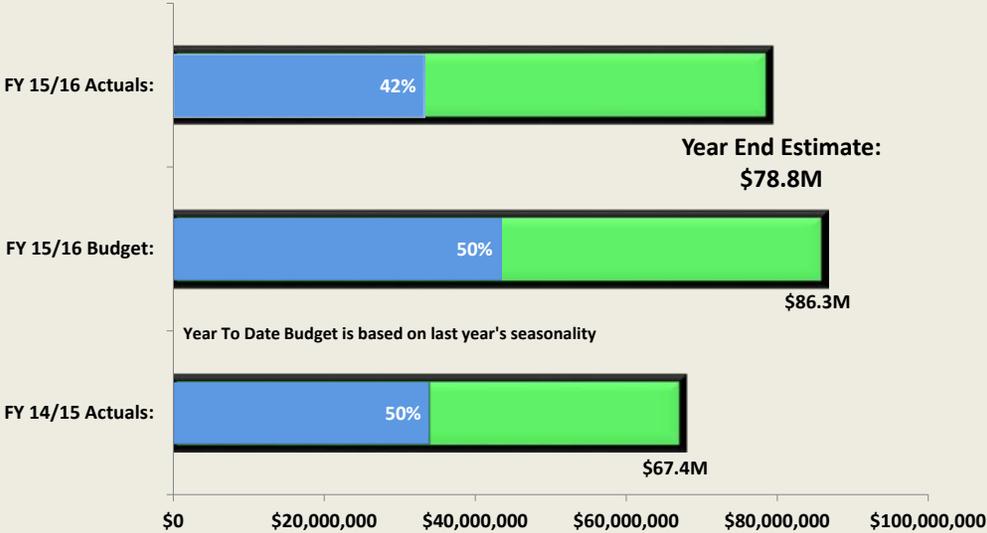
- Business Services Communications Financial Services Office of Management and Budget
- Centralized Appropriations Economic Development Fleet Services Public Information and Communications
- City Attorney Energy Resources Human Resources Environmental Mgmt and Sustainability
- City Auditor Engineering 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 to Date Actuals	Year End Estimate
\$ 86,250	\$ 33,203	\$ 78,817

(In Thousands)

Other Departments - Expenditures



A majority of the operating departments are estimating to be below budget. The City is forecasting a \$2.7M savings for these departments in personal services expenses.

The Centralized Appropriations Department houses expenditures such as bad debt, internal charges and transfers to other funds. The chargeback credits associated with the City's radio system were not included in the original budget. The adjusted budget amount is \$1.6M less. Some indirect expenses related to the capital improvement program were reclassified as such resulting in a \$1.2M decrease in general fund expenses. Due to the reconciliation of accumulated bad debt expense, it was not necessary to record any bad debt last year. This appears to be the case again this year and accounts for \$1.4M of the reduction in the year end estimate.

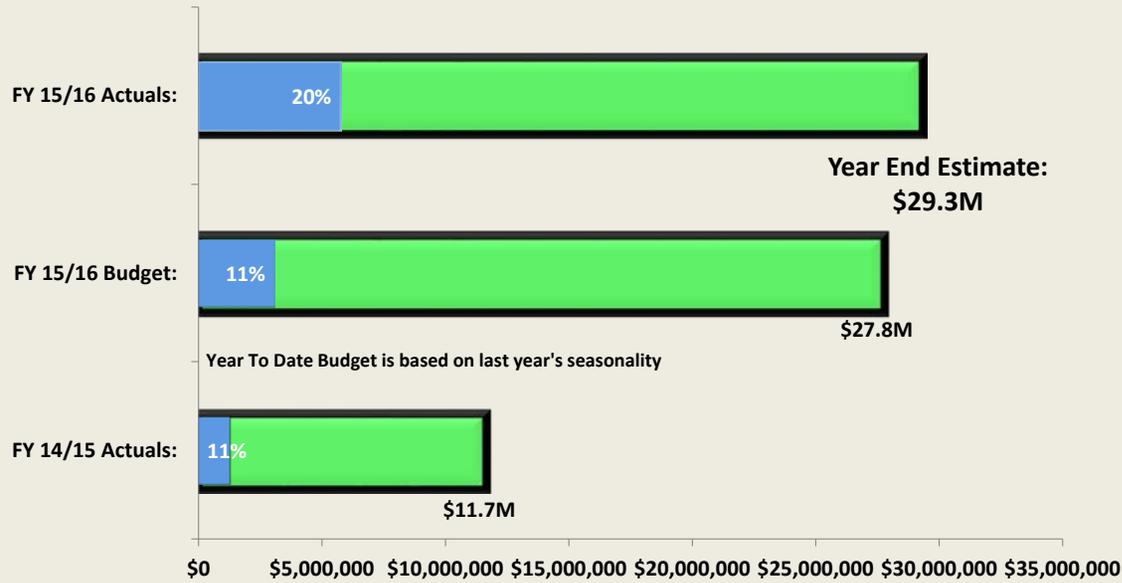
FY 15/16 Expenditures: Transfers Out Summary

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
\$ 27,761	\$ 5,737	\$ 29,306

(In Thousands)

Transfers Out - Expenditures



The new Arts and Culture Fund was set up in FY 15/16 resulting in the city contribution being reclassified from a general fund expense to a general fund transfer. This accounts for \$8.9M of the budgeted transfer in FY 15/16.

The FY 14/15 transfer did not include any expenses related to operations and maintenance of the Central Mesa Light Rail extension. In addition, funds were available from accumulated reserves as well as an early receipt of a reconciliation payment from Valley Metro. This resulted in a transfer that was lower than normally necessary.

The increase in the year end estimate for FY 15/16 is due to the addition of FY 14/15 capital items that were missed during the carryover process. Transfers related to the Arts and Culture Fund and the Vehicle Replacement Fund are processed on a quarterly basis. Transfers related to the Transit Fund and the Capital Fund are not processed until the end of the year resulting in a low year-to-date amount.

Enterprise Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
Electric	\$ 1,929	\$ 4,382	\$ 3,941
Natural Gas	\$ 2,129	\$ 1,339	\$ 3,313
Solid Waste	\$ (6,038)	\$ 2,135	\$ (4,794)
Wastewater	\$ 3,756	\$ 4,397	\$ 5,442
Water	\$ (391)	\$ 5,623	\$ (424)
Total	\$ 1,384	\$ 17,876	\$ 7,478

Other/Non-Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
Convention Center	\$ (2,219)	\$ (1,048)	\$ (2,059)
Cubs/Sloan Park	\$ (1,350)	\$ (514)	\$ (1,405)
District Cooling	\$ 347	\$ 368	\$ 602
Golf Course	\$ (795)	\$ (562)	\$ (454)
Hohokam	\$ (1,100)	\$ (447)	\$ (1,247)
Total	\$ (5,117)	\$ (2,202)	\$ (4,564)

Total Enterprise Fund	\$ (3,734)	\$ 15,674	\$ 2,914
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(In Thousands)

Exceeding
On Track
Caution
Monitoring

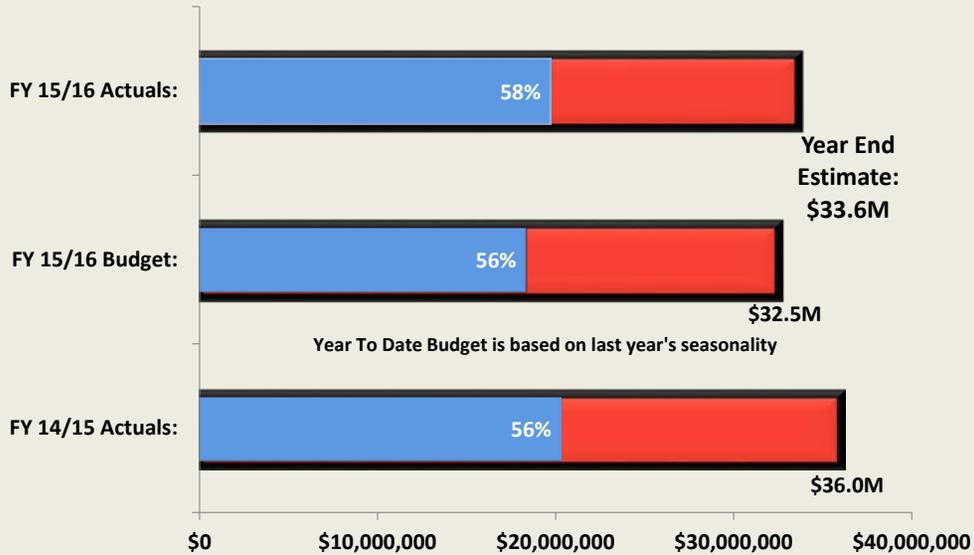
Electric Summary

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

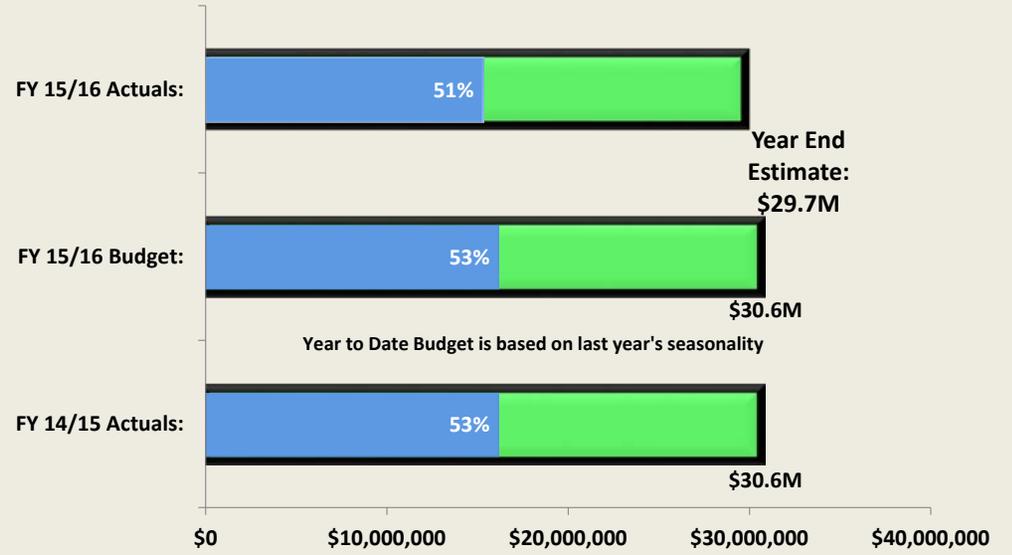
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 32,509	\$ 19,667	\$ 33,628
Uses	\$ 22,383	\$ 11,163	\$ 21,490
Debt/Capital Transfers Out	\$ 1,894	\$ 971	\$ 1,894
General Fund Transfers Out	\$ 6,304	\$ 3,152	\$ 6,304
Net Sources and Uses	\$ 1,929	\$ 4,382	\$ 3,941

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



All components are on track. Expenditure savings are estimated in tree trimming, purchased commodity costs, and purchased materials.

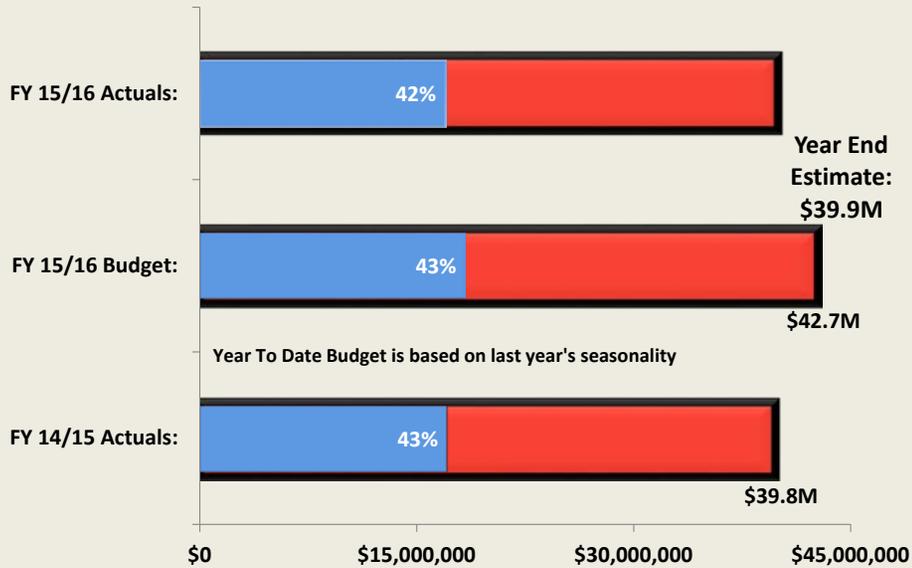
Natural Gas Summary

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

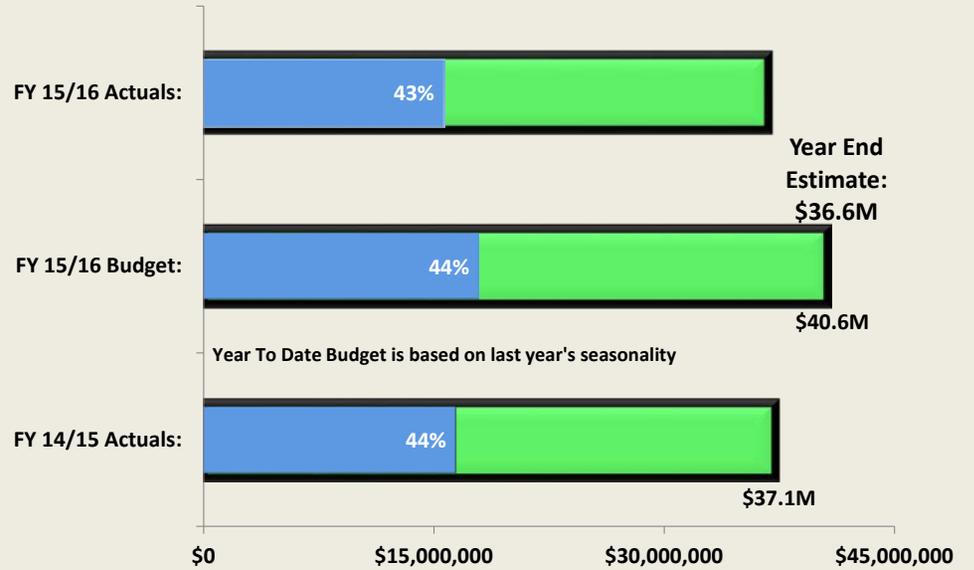
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 42,693	\$ 16,947	\$ 39,934
Uses	\$ 27,296	\$ 9,187	\$ 23,352
Debt/Capital Transfers Out	\$ 5,735	\$ 2,655	\$ 5,735
General Fund Transfers Out	\$ 7,533	\$ 3,767	\$ 7,533
Net Sources and Uses	\$ 2,129	\$ 1,339	\$ 3,313

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



All components are on track. The cost of the of the natural gas commodity is passed through to the customer. The purchase price for natural gas is lower than forecasted resulting in both a lower expense and a lower revenue. Savings of about \$800K in personal services expense are projected as more positions are allocated to capital improvement projects.

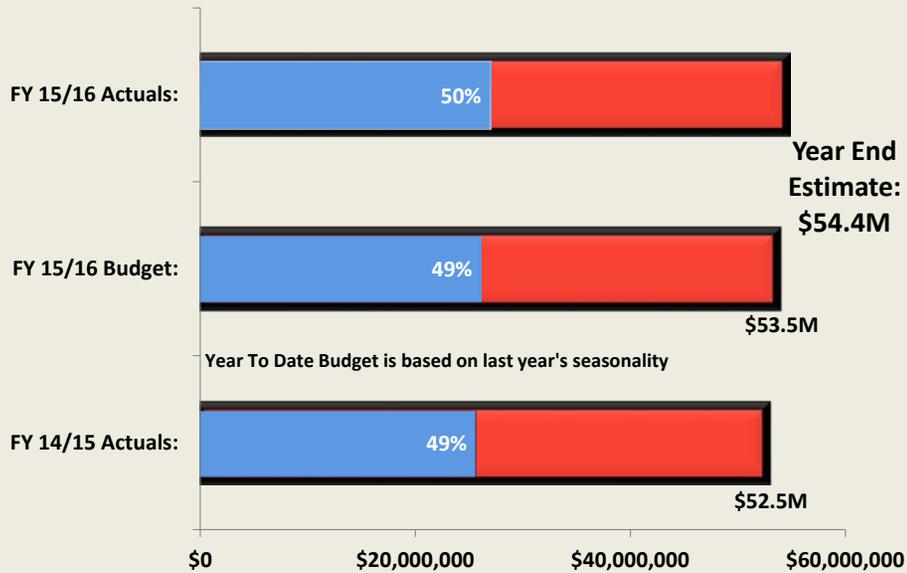
Solid Waste Summary

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

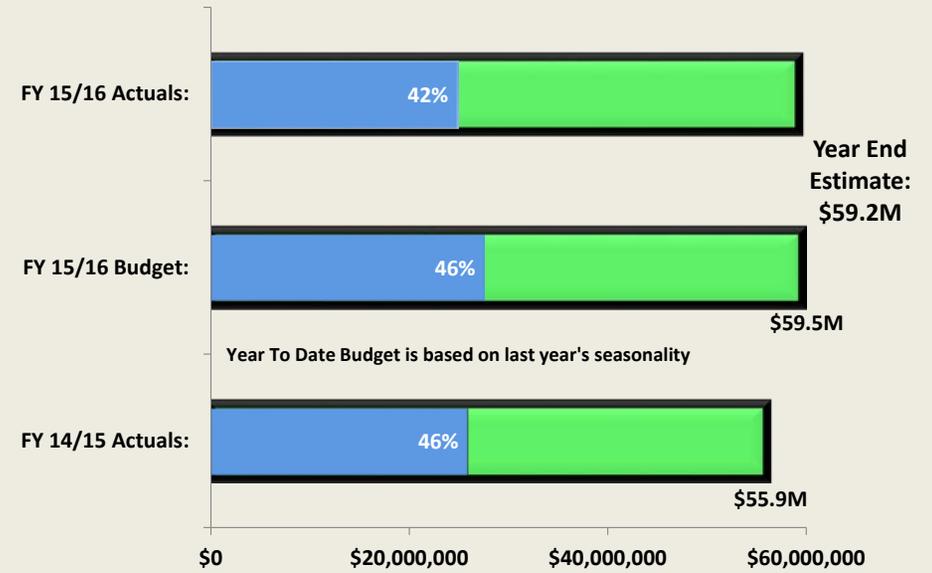
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 53,503	\$ 26,959	\$ 54,398
Uses	\$ 34,377	\$ 13,757	\$ 34,029
Debt/Capital Transfers Out	\$ 4,356	\$ 664	\$ 4,356
General Fund Transfers Out	\$ 20,807	\$ 10,404	\$ 20,807
Net Sources and Uses	\$ (6,038)	\$ 2,135	\$ (4,794)

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



All components are on track. Residential revenues are up slightly.

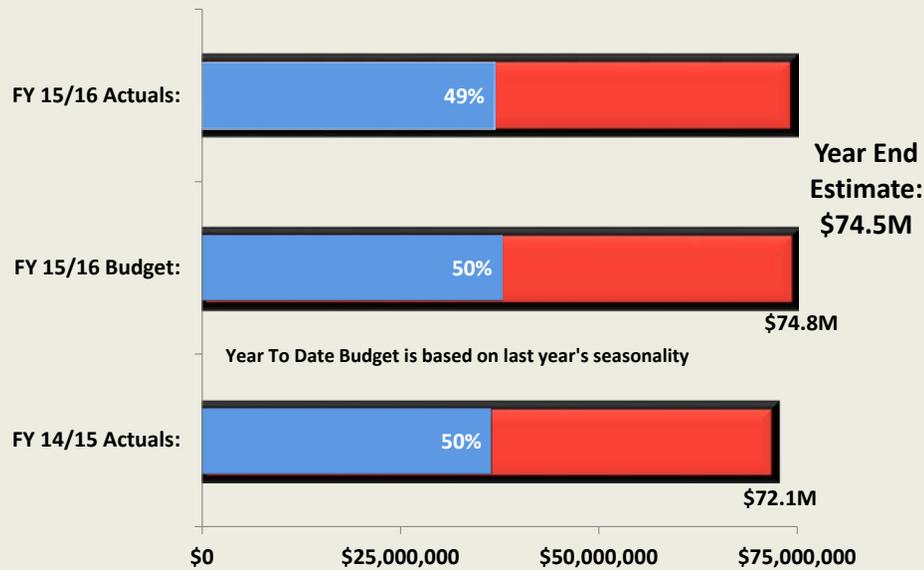
Wastewater Summary

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

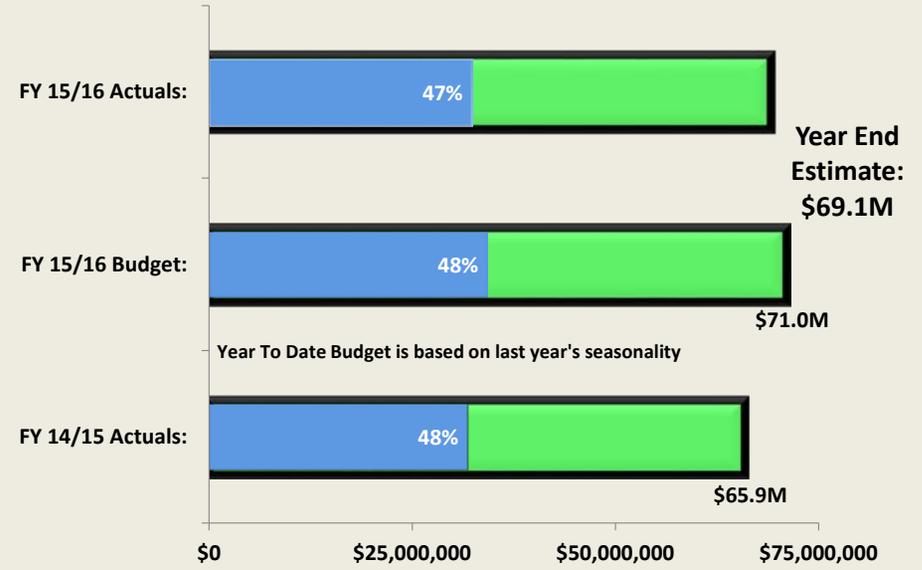
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 74,777	\$ 36,728	\$ 74,536
Uses	\$ 25,800	\$ 9,909	\$ 23,873
Debt/Capital Transfers Out	\$ 32,038	\$ 15,829	\$ 32,038
General Fund Transfers Out	\$ 13,184	\$ 6,592	\$ 13,184
Net Sources and Uses	\$ 3,756	\$ 4,397	\$ 5,442

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



Sources are on track to budget. Expenditure savings are forecasted in utilities, chemicals, and materials at the Northwest Water Reclamation Plant and the Southwest Water Reclamation Plant.

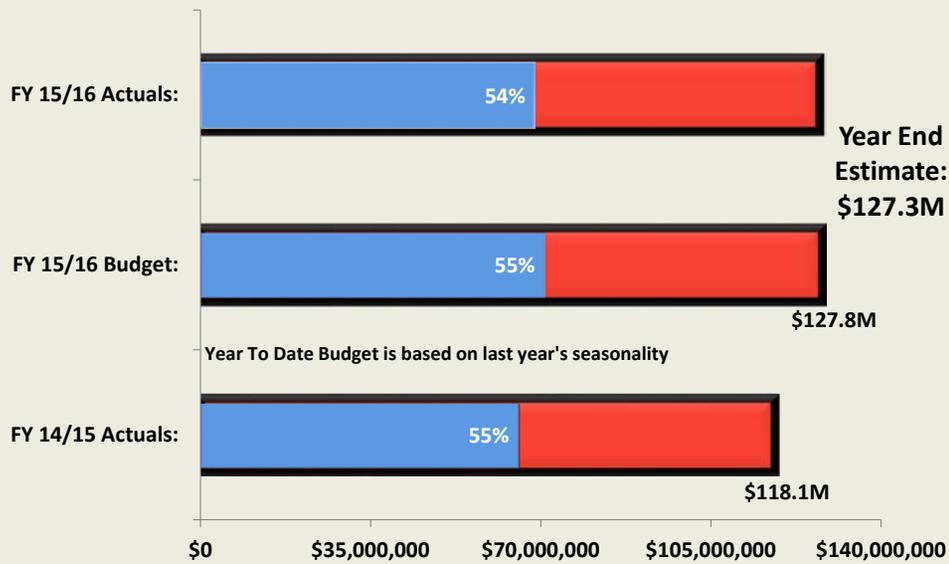
Water Summary

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

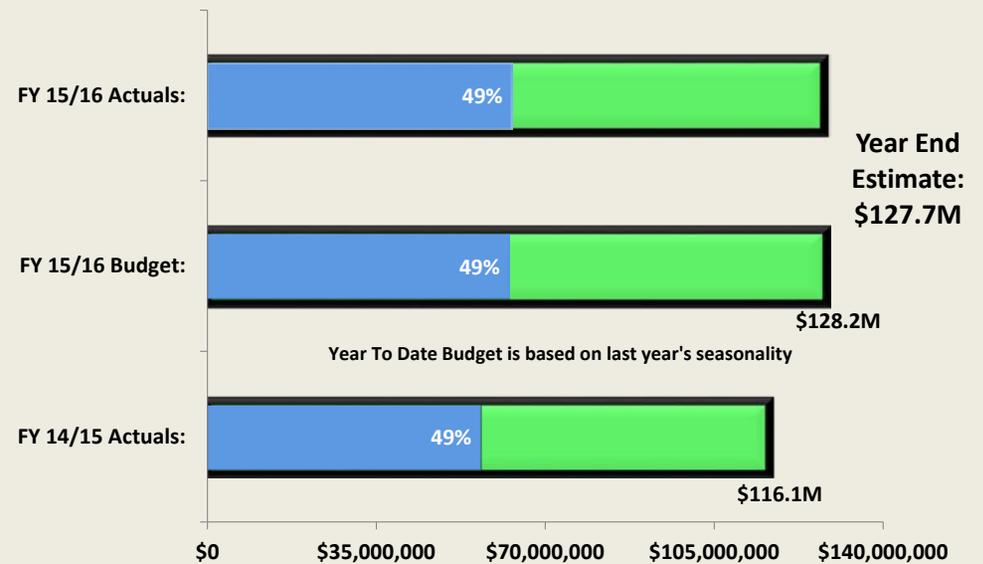
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 127,821	\$ 68,637	\$ 127,296
Uses	\$ 42,392	\$ 21,989	\$ 41,912
Debt/Capital Transfers Out	\$ 33,976	\$ 15,104	\$ 33,964
General Fund Transfers Out	\$ 51,844	\$ 25,922	\$ 51,844
Net Sources and Uses	\$ (391)	\$ 5,623	\$ (424)

(In Thousands)

Water - Sources



Water - Uses and Transfers



All components are on track to budget.

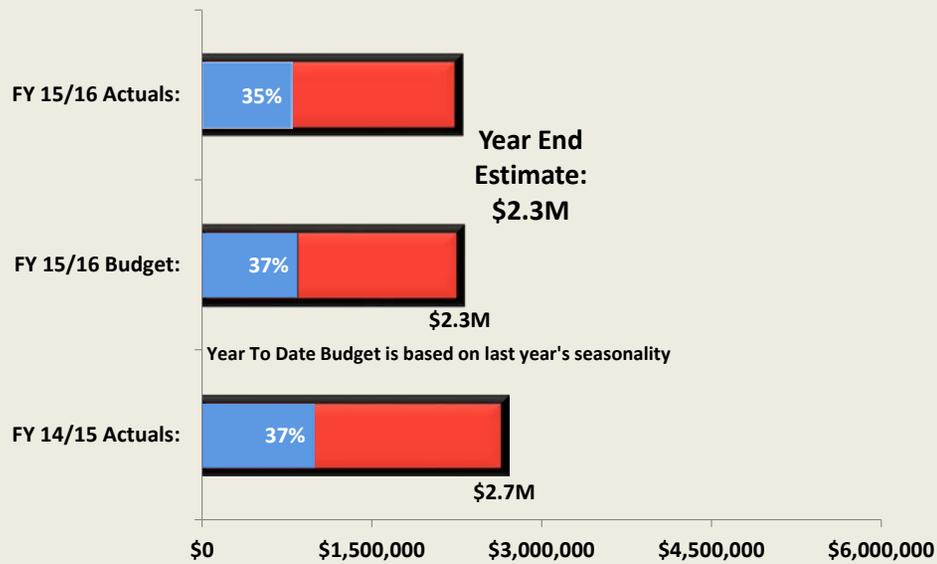
Convention Center Summary

The data below represents financial information from the Enterprise Fund for the Convention Center sub-fund. Both direct (Parks, Recreation and Community Facilities Department) and indirect (citywide) expenses are included.

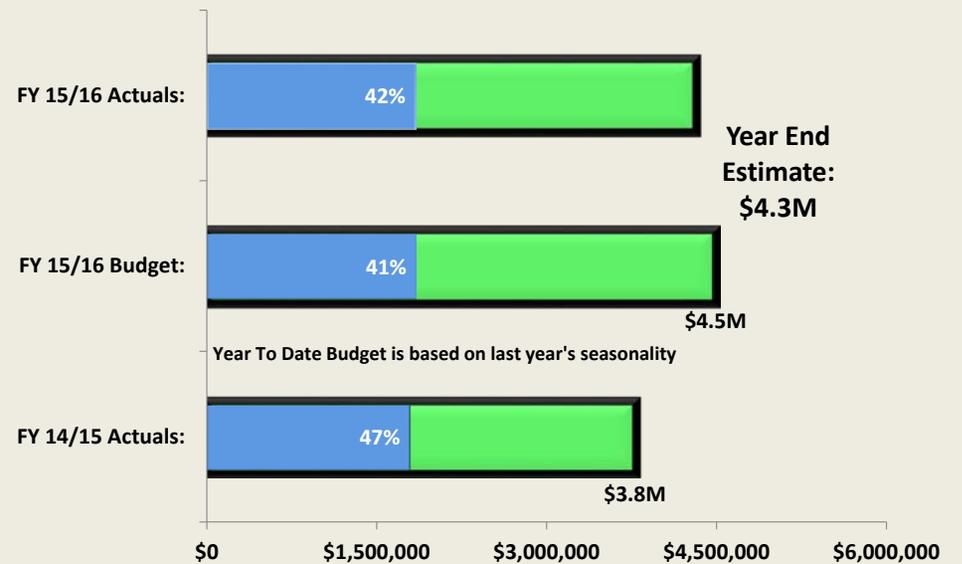
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 2,273	\$ 785	\$ 2,257
Uses	\$ 3,564	\$ 1,833	\$ 3,387
Debt/Capital Transfers Out	\$ 929	\$ -	\$ 929
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (2,219)	\$ (1,048)	\$ (2,059)

(In Thousands)

Convention Center - Sources



Convention Center - Uses and Transfers



All other components are on track.

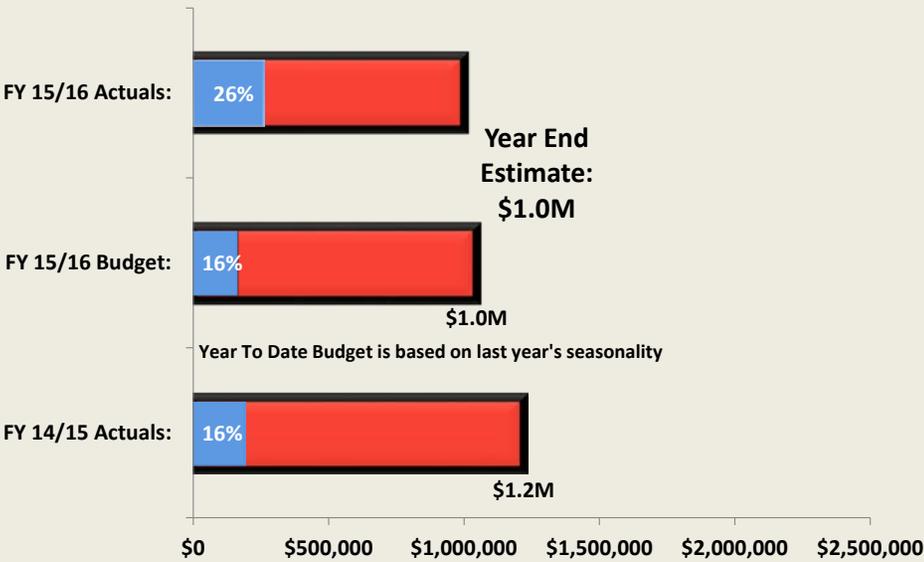
Cubs/Sloan Park Summary

The data below represents financial information from the Enterprise Fund for the Cubs/Sloan Park sub-fund. Both direct (Parks, Recreation and Community Facilities Department) and indirect (citywide) expenses are included.

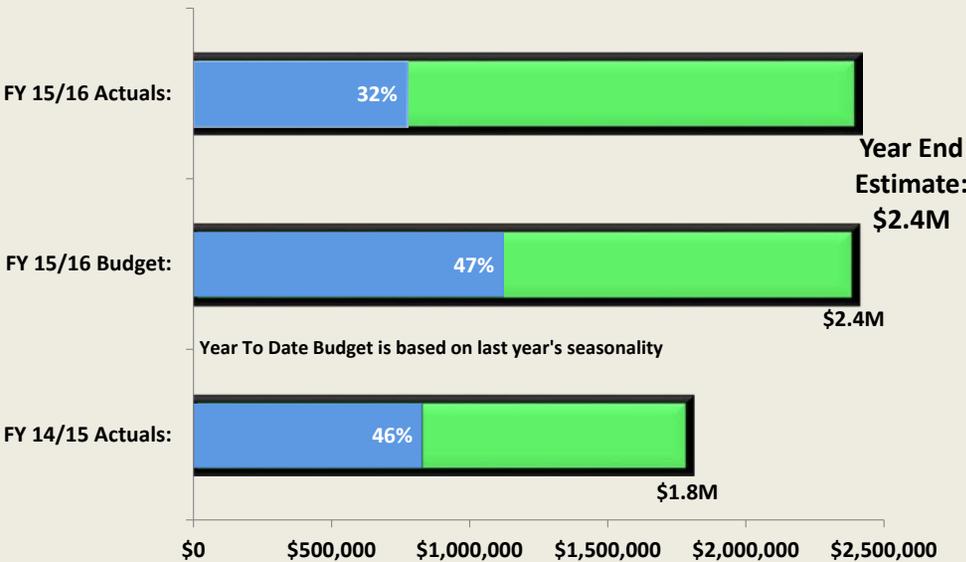
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,044	\$ 257	\$ 998
Uses	\$ 2,269	\$ 771	\$ 2,269
Debt/Capital Transfers Out	\$ 125	\$ -	\$ 135
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (1,350)	\$ (514)	\$ (1,405)

(In Thousands)

Cubs/Sloan Park - Sources



Cubs/Sloan Park - Uses and Transfers



All components are on track to budget.

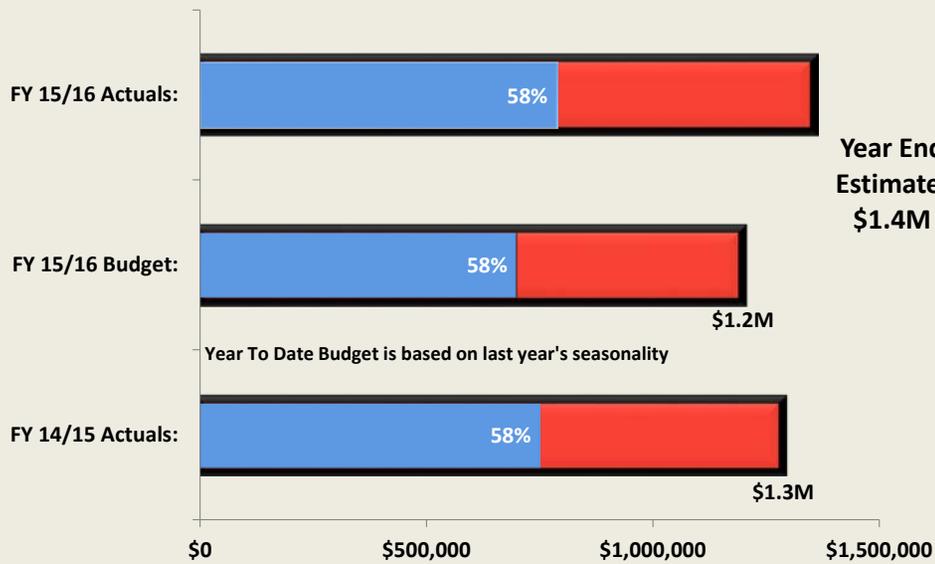
District Cooling Summary

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

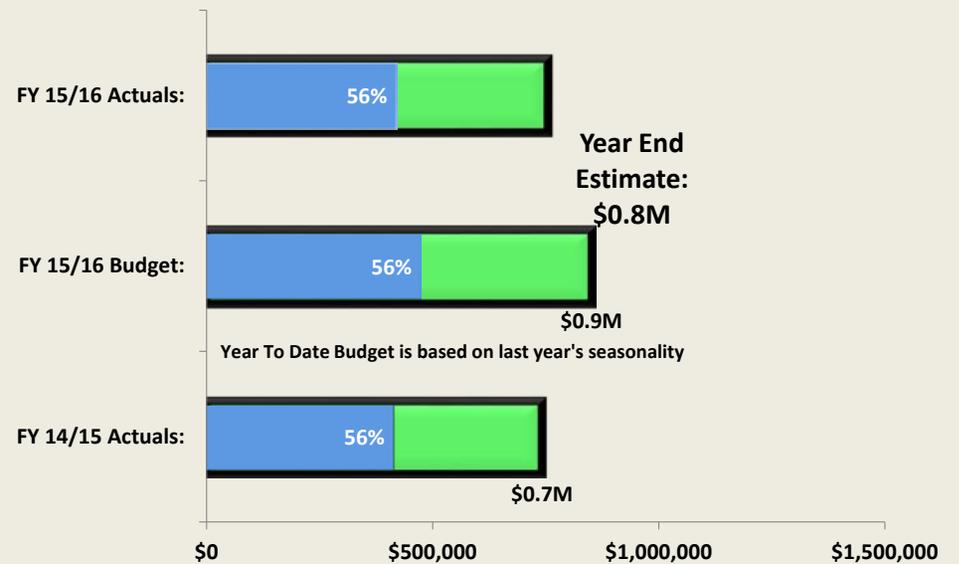
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,198	\$ 787	\$ 1,356
Uses	\$ 850	\$ 419	\$ 753
Debt/Capital Transfers Out	\$ 1	\$ -	\$ 1
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ 347	\$ 368	\$ 602

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



All components are on track.

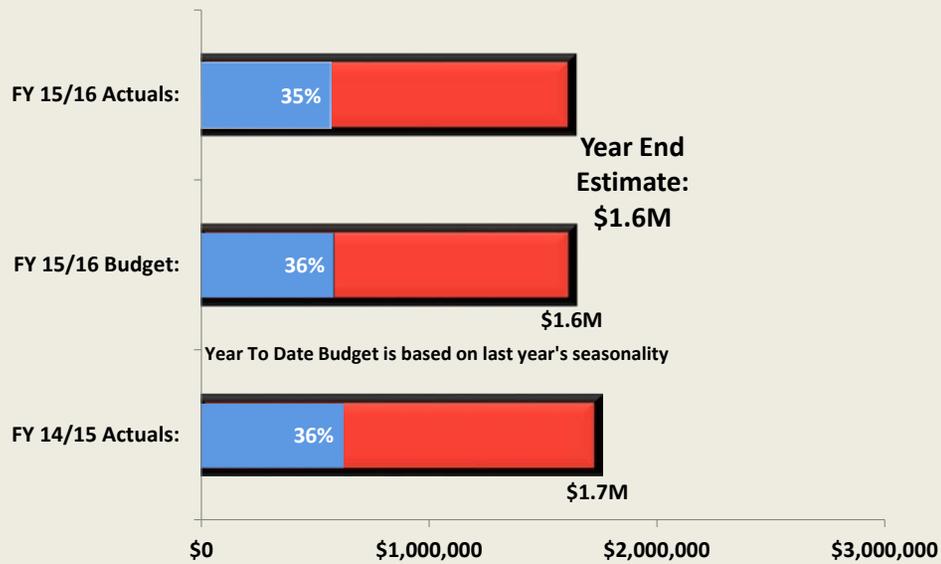
Golf Course Summary

The data below represents financial information from the Enterprise Fund for the Golf Course sub-fund.
Both direct (Parks, Recreation and Community Facilities Department) and indirect (citywide) expenses are included.

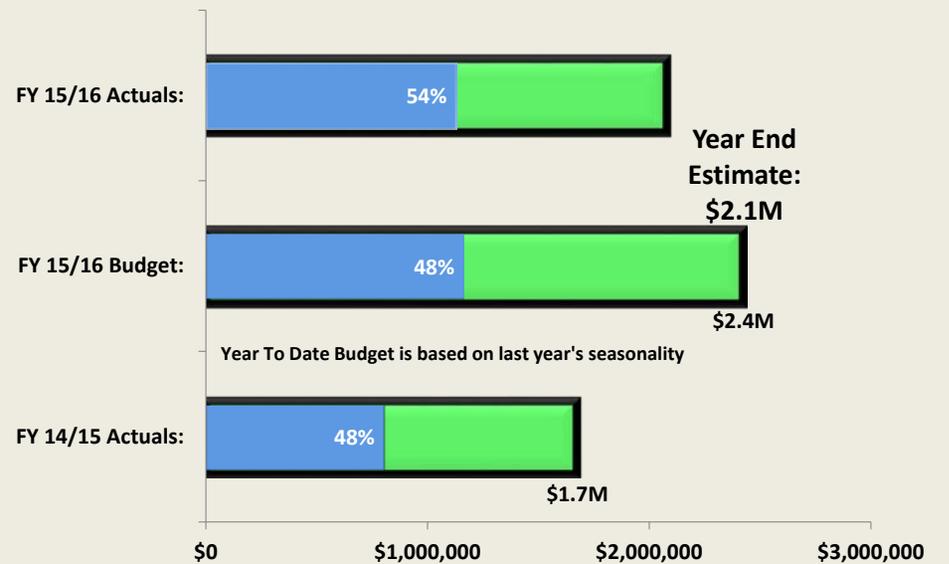
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,626	\$ 565	\$ 1,623
Uses	\$ 2,361	\$ 1,100	\$ 2,017
Debt/Capital Transfers Out	\$ 60	\$ 28	\$ 60
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (795)	\$ (562)	\$ (454)

(In Thousands)

Golf Course - Sources



Golf Course - Uses and Transfers



All components are on track. The savings showing in the Uses category is a reclassification of \$300,000 from operations to capital. The Capital Transfers Out will be adjusted by the same \$300,000 for a net zero impact.

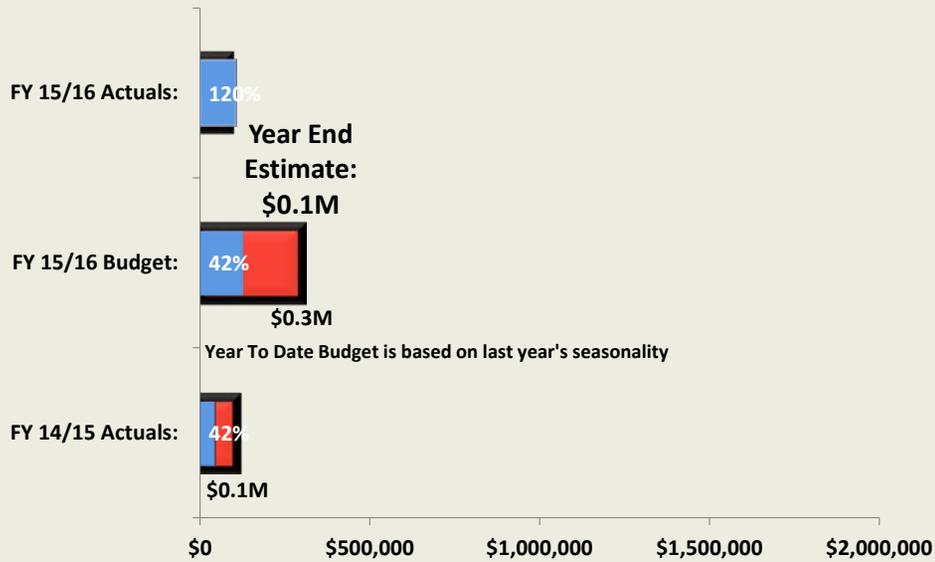
Hohokam Summary

The data below represents financial information from the Enterprise Fund for the Hohokam Stadium sub-fund. Both direct (Parks, Recreation and Community Facilities Department) and indirect (citywide) expenses are included.

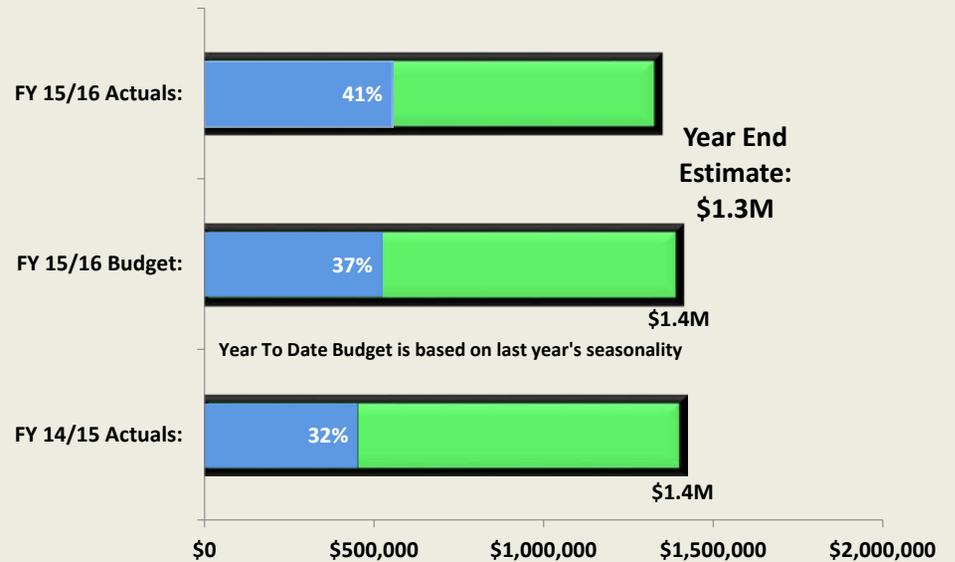
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 298	\$ 105	\$ 87
Uses	\$ 1,245	\$ 552	\$ 1,206
Debt/Capital Transfers Out	\$ 153	\$ -	\$ 128
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (1,100)	\$ (447)	\$ (1,247)

(In Thousands)

Hohokam - Sources



Hohokam - Uses and Transfers



The sources year end estimate is anticipated to be lower than budget as forecasted sales for rentals and concessions at the stadium has been decreased. The actuals are currently overstated due to a pending adjustment that will be corrected in the third quarter. All other components are on track to budget. The FY 15/16 expense budget differs from the 1st quarter report due to the correction of an error.