

# Quarterly Financial Status Report FY 2016/2017 2nd Quarter

**Executive Summary:**

The City of Mesa has closed the second quarter of the 2016/17 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 the General Governmental Funds. The overall revenues are projected to be greater than budget due to an increase in sales tax receipts in the first quarter. Overall expenses are projected to be slightly over budget due to an increase in one-time capital expenses. Department operational expenses are in-line with the adopted budget.

The Enterprise Fund is projected to achieve a better net sources and uses than budgeted, however two adjustments are missing from the year end estimate. The impact of these adjustments would result in a negative \$1.1M net sources and uses which is still a better position than originally budgeted. This is mainly due to an increase in Water and Wastewater revenues resulting from a greater number of customers combined with anticipated savings in expenses from contracts with the City of Phoenix and other various operating savings.

The General Governmental and Enterprise Funds year to date 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	\$ 398,058	\$ 405,977	\$ (8,004)
Year to Date Actuals	\$ 177,581	\$ 173,028	\$ 21,956
Year End Estimate	\$ 402,418	\$ 406,228	\$ 111

(In Thousands)

**Legend**

Exceeding
On Track
Caution
Monitoring

General Government Funds		Enterprise Fund
Revenues	Expenditures	Net Sources and Uses
Taxes	Community Development and Services	Electric
Intergovernmental	Parks and Library	Natural Gas
Sales and Charges for Services	Law Enforcement	Solid Waste
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
<a href="#">Taxes</a>	\$ 129,554	\$ 54,214	\$ 132,560
<a href="#">Intergovernmental</a>	\$ 122,777	\$ 56,113	\$ 124,093
<a href="#">Sales and Charges for Services</a>	\$ 10,660	\$ 4,953	\$ 10,514
<a href="#">Licenses, Fees, and Permits</a>	\$ 19,270	\$ 8,540	\$ 19,655
<a href="#">Fines and Forfeitures</a>	\$ 4,080	\$ 1,698	\$ 3,894
<a href="#">Other Revenues</a>	\$ 1,836	\$ 133	\$ 1,820
<a href="#">Transfers In</a>	\$ 109,881	\$ 51,931	\$ 109,881
<b>Total</b>	<b>\$ 398,058</b>	<b>\$ 177,581</b>	<b>\$ 402,418</b>

(In Thousands)

Exceeding
On Track
Caution
Monitoring

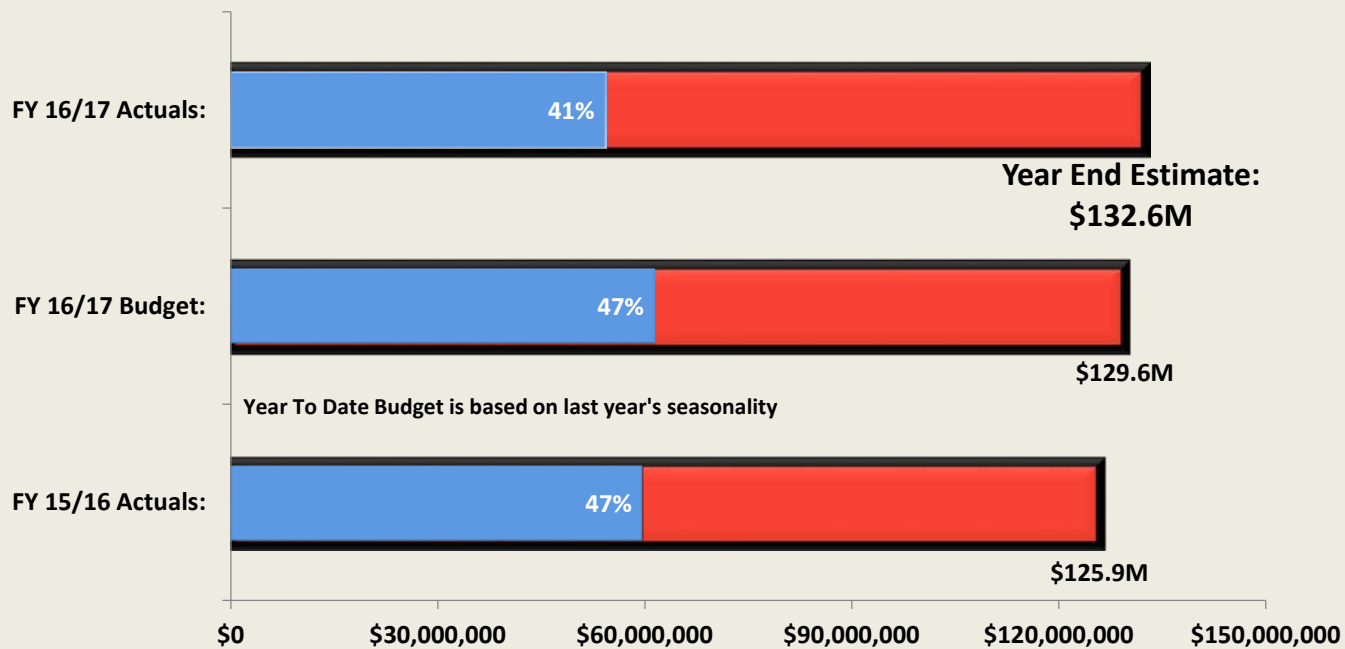
## FY 16/17 Revenues: Taxes Summary

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
General Fund	\$ 107,221	\$ 46,780	\$ 109,713
Quality of Life Fund	\$ 22,333	\$ 7,434	\$ 22,848
<b>Total Tax Revenue</b>	<b>\$ 129,554</b>	<b>\$ 54,214</b>	<b>\$ 132,560</b>

(In Thousands)

### Taxes - Revenues



Sales tax collection is projected to be above budget due to increased activity through the first half of the year in retail sales, rental tax, and dining.

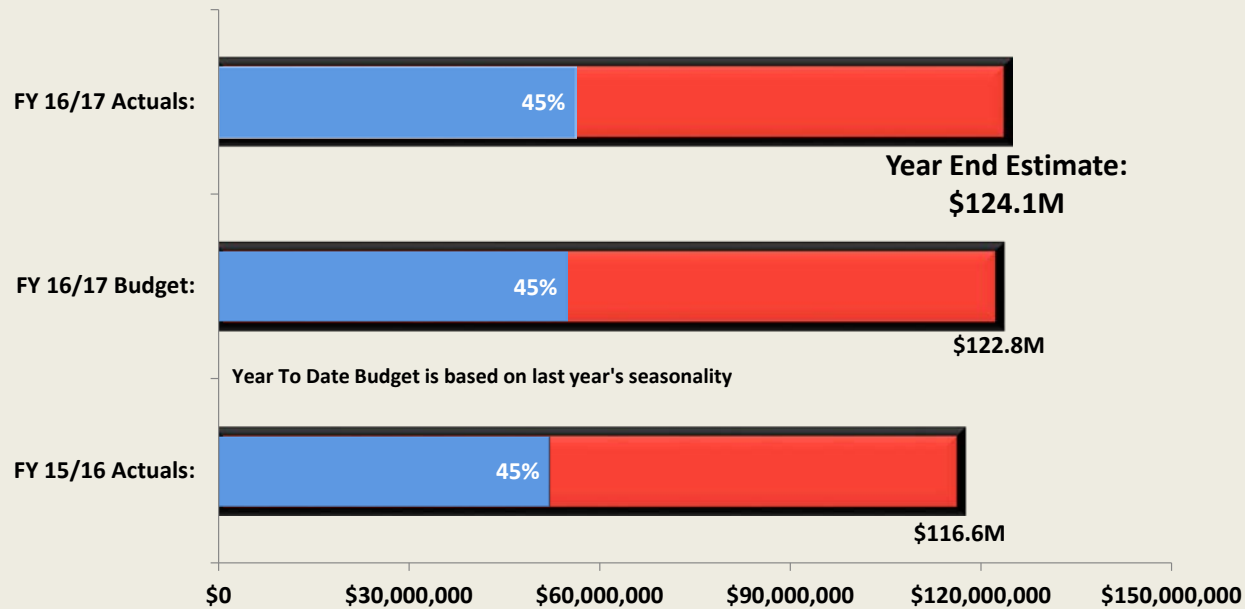
### FY 16/17 Revenues: Intergovernmental Summary

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
Urban Revenue Sharing	\$ 57,735	\$ 28,881	\$ 57,761
State Shared Sales Tax	\$ 42,614	\$ 17,162	\$ 43,342
Vehicle License Tax	\$ 18,549	\$ 8,182	\$ 19,008
Other	\$ 3,878	\$ 1,888	\$ 3,982
<b>Total Intergovt Revenue</b>	<b>\$ 122,777</b>	<b>\$ 56,113</b>	<b>\$ 124,093</b>

(In Thousands)

#### Intergovernmental - Revenues



The City is projecting a slight increase in revenues collected for vehicle license tax and state shared sales tax as current receivables are higher than forecasted.

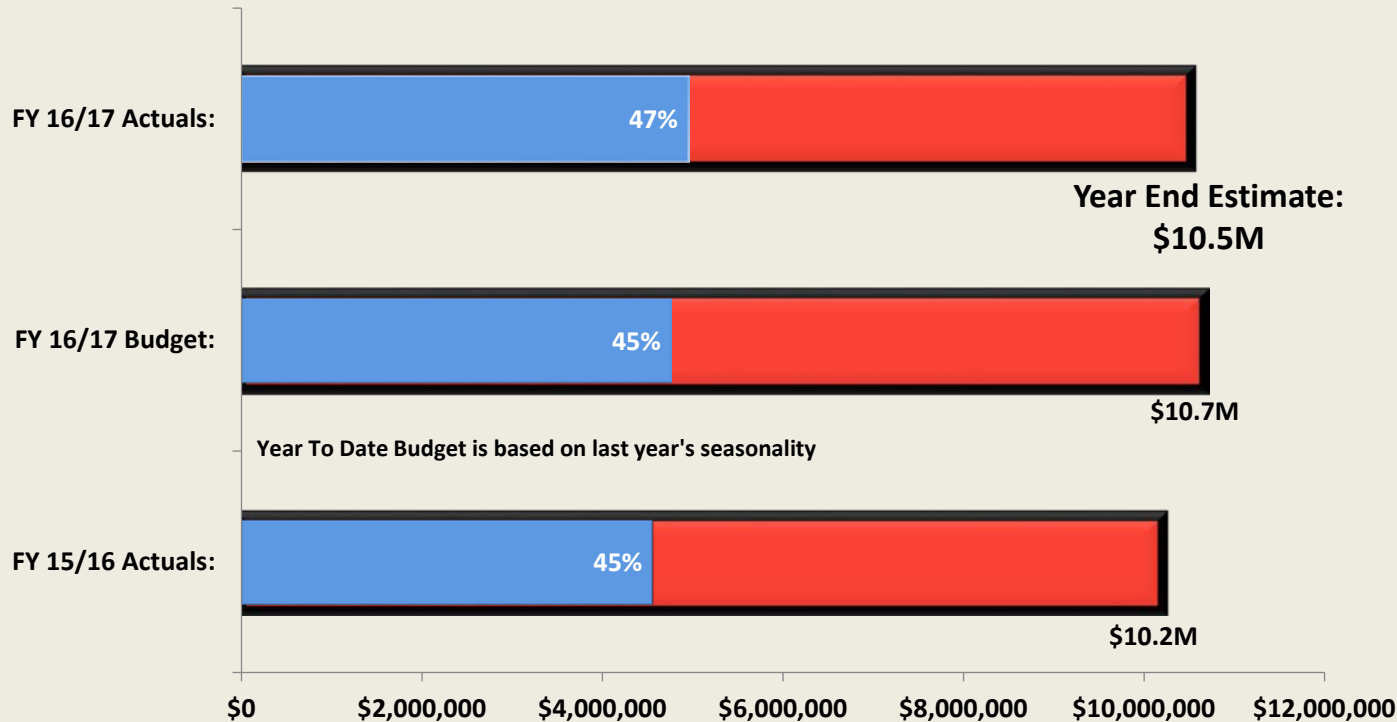
## FY 16/17 Revenues: Sales and Charges for Services Summary

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
\$ 10,660	\$ 4,953	\$ 10,514

(In Thousands)

### Sales and Charges for Services - Revenues



The year end estimate for sales and charges for services is down slightly compared to budget. Although the City is forecasting a growth of \$311K in revenue from rentals for adults sports, estimates for police towing impound fees and sport leagues for adult sports are down \$467K.

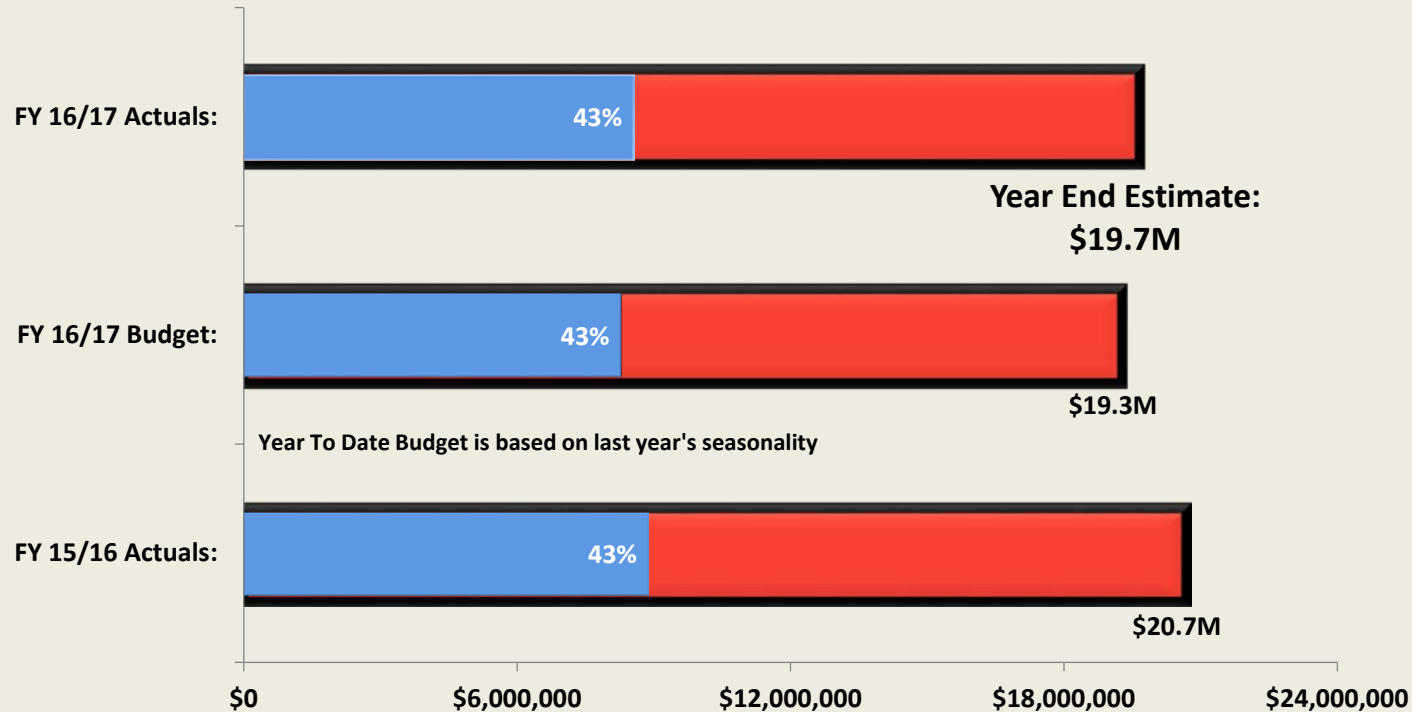
## FY 16/17 Revenues: Licenses, Fees, and Permits Summary

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
\$ 19,270	\$ 8,540	\$ 19,655

(In Thousands)

### Licenses, Fees, and Permits - Revenues



The year end estimates for building and other permits increased \$1.1M, but the estimates for court user fees, defensive driving classes and photo safety fees were decreased \$209K, \$399K and \$97K, respectively, due to a photo radar program being placed on hold for 3 months.

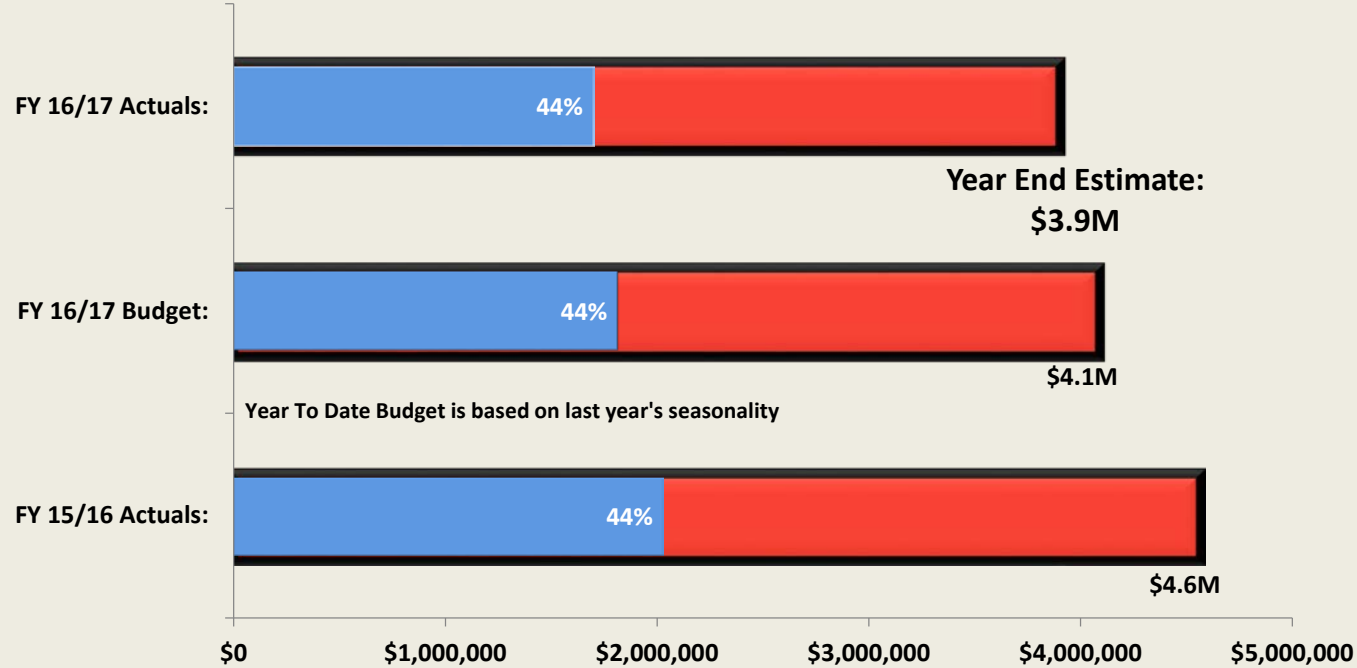
## FY 16/17 Revenues: Fines and Forfeitures Summary

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
\$ 4,080	\$ 1,698	\$ 3,894

(In Thousands)

### Fines and Forfeitures - Revenues



The Municipal Court's year end estimates for civil fines were reduced by \$305K due to the photo radar program that was on hold for 3 months. The year end estimate for Library fines was reduced \$85K due to the automatic renewal process of library materials, and the year end estimate for criminal fines was increased \$153K do to an increase of older outstanding debt being satisfied. Development Services' year end estimate for civil hearing fines was increased by \$48K due to an increase in code compliance complaints.

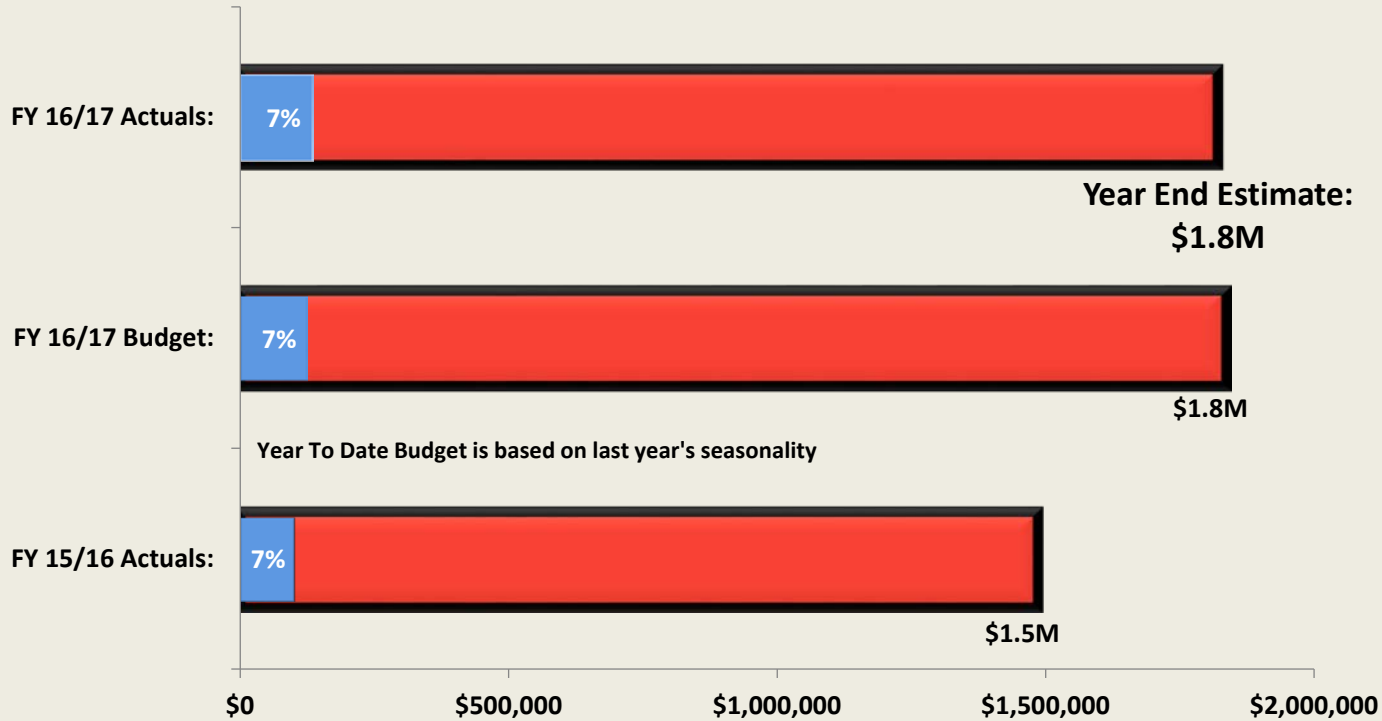
## FY 16/17 Revenues: Other Revenues Summary

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
\$ 1,836	\$ 133	\$ 1,820

(In Thousands)

### Other Revenues - Revenues



Other revenues is currently on track but can fluctuate from year to year as the sale of city property is not constant.



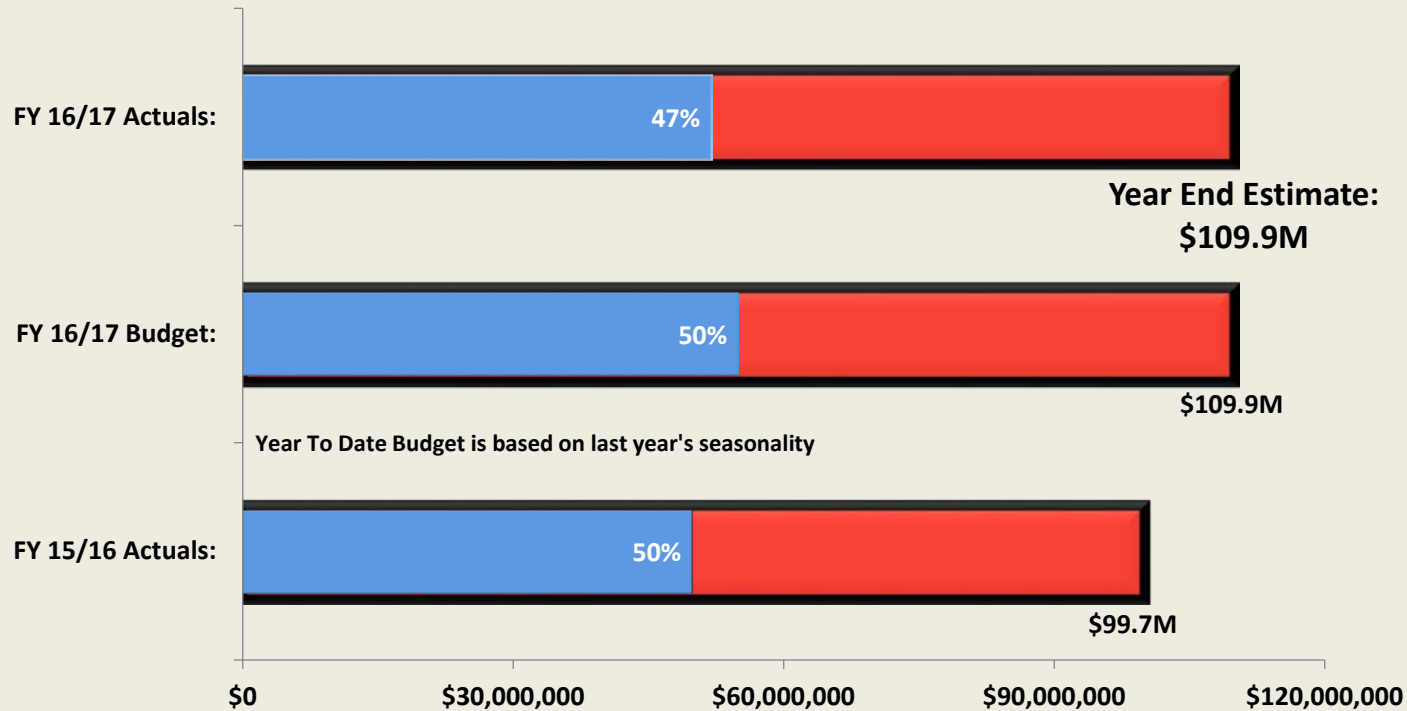
## FY 16/17 Revenues: Transfers In Summary

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
\$ 109,881	\$ 51,931	\$ 109,881

(In Thousands)

### Transfers In - Revenues



Transfers into the General Fund are mainly comprised of the Enterprise Fund 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
<a href="#">Community Development and Services</a>	\$ 10,044	\$ 4,933	\$ 10,109
<a href="#">Parks and Library</a>	\$ 24,025	\$ 10,609	\$ 23,858
<a href="#">Law Enforcement</a>	\$ 178,910	\$ 85,771	\$ 178,935
<a href="#">Fire and Medical</a>	\$ 71,582	\$ 35,908	\$ 71,651
<a href="#">Other Departments</a>	\$ 89,695	\$ 34,545	\$ 87,757
<a href="#">Transfers Out</a>	\$ 31,721	\$ 1,262	\$ 33,918
<b>Total</b>	<b>\$ 405,977</b>	<b>\$ 173,028</b>	<b>\$ 406,228</b>

(In Thousands)

Exceeding
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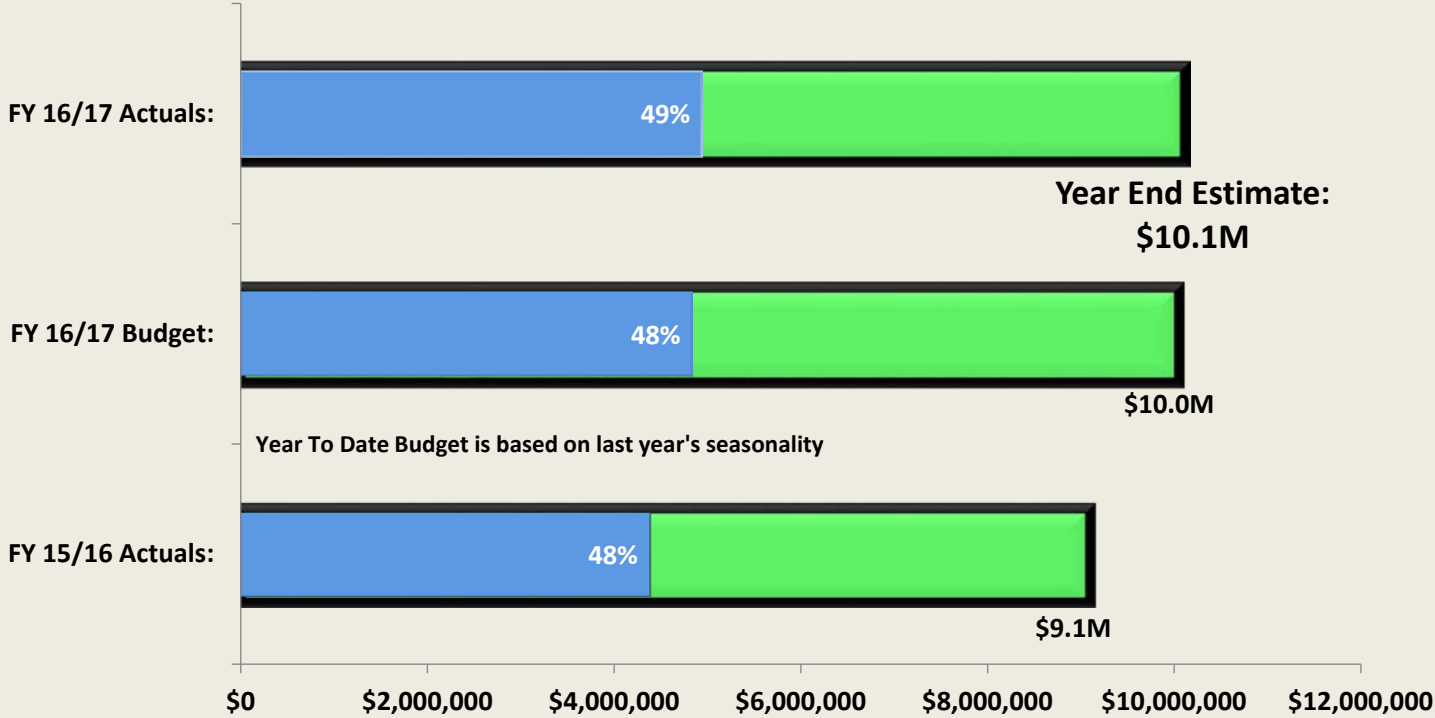
## FY 16/17 Expenditures: Community Development and Services Summary

The below data 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
\$ 10,044	\$ 4,933	\$ 10,109

(In Thousands)

### Community Development and Services - Expenditures



Development Services is experiencing increased permit activity resulting in increased expenses for temporary personnel services. The expenses are covered by increased revenues and anticipated savings in other areas of the budget.

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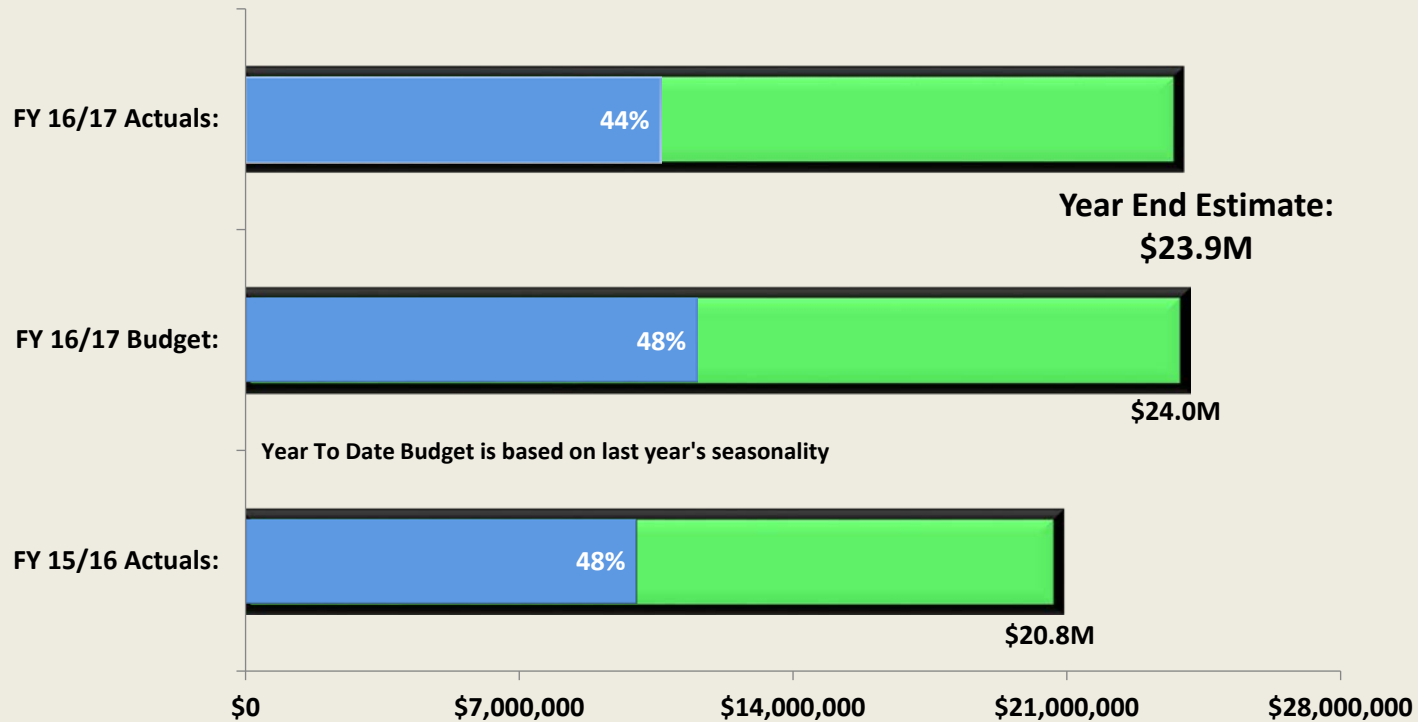
## FY 16/17 Expenditures: Parks and Library Summary

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
\$ 24,025	\$ 10,609	\$ 23,858

(In Thousands)

### Parks and Culture - Expenditures



Parks and Library are on track to budget. \$53K of the savings is related to budget moved to support capital projects, therefore the expense will show in the Capital Projects Department as part of the Other Departments category.

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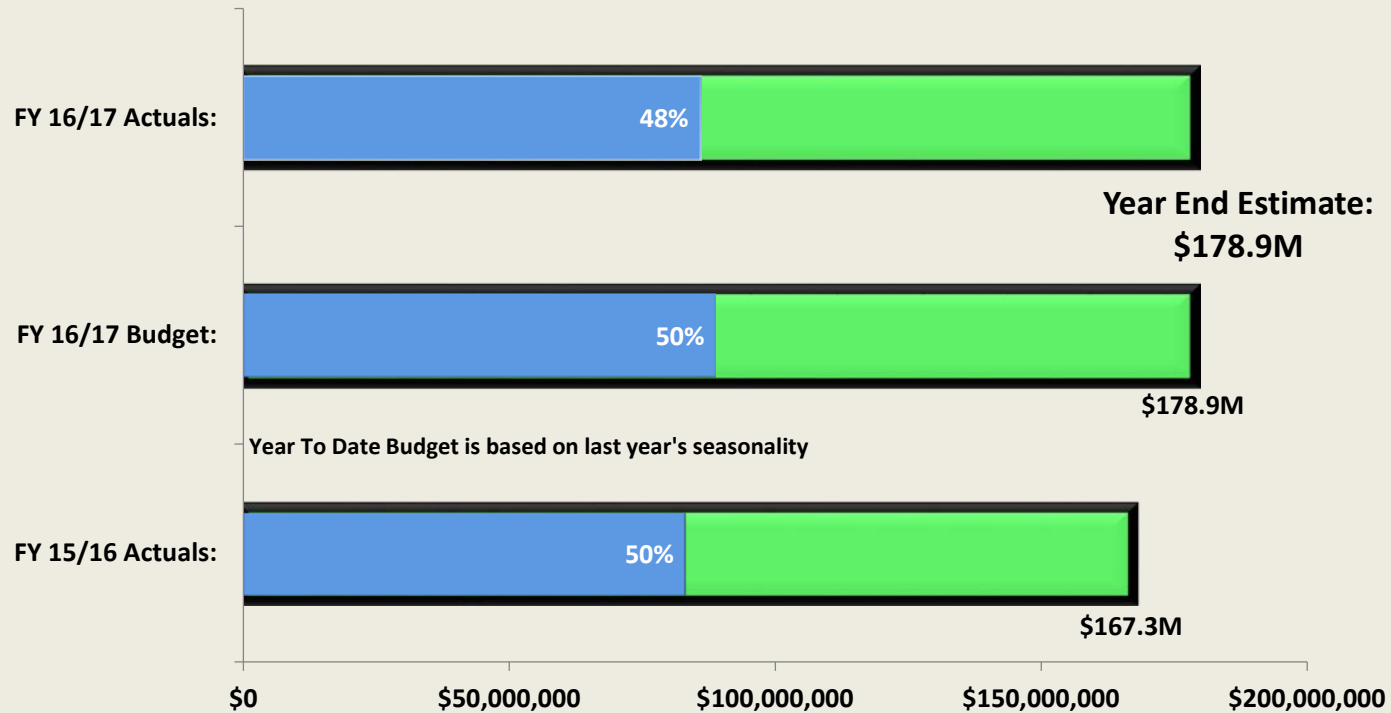
## FY 16/17 Expenditures: Law Enforcement Summary

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
\$ 178,910	\$ 85,771	\$ 178,935

(In Thousands)

### Law Enforcement - Expenditures



Both departments are on track with the budget.

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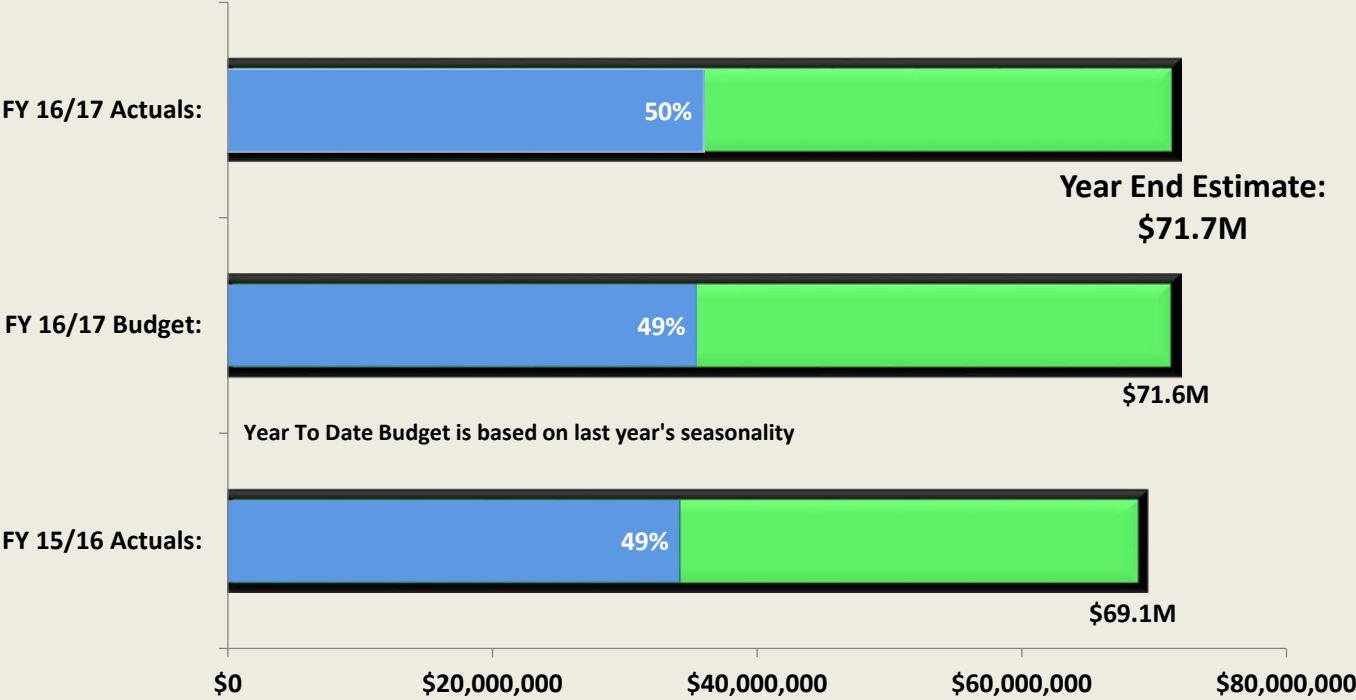
### FY 16/17 Expenditures: Fire and Medical Summary

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
\$ 71,582	\$ 35,908	\$ 71,651

(In Thousands)

#### Fire and Medical - Expenditures



An additional equipment mechanic position was added mid-year to assist with maintaining and repairing MFMD apparatus as well as external entities' fleets. The cost of the position will be partially offset by new revenues received from the outside customers.

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### FY 16/17 Expenditures: Other Departments Summary

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

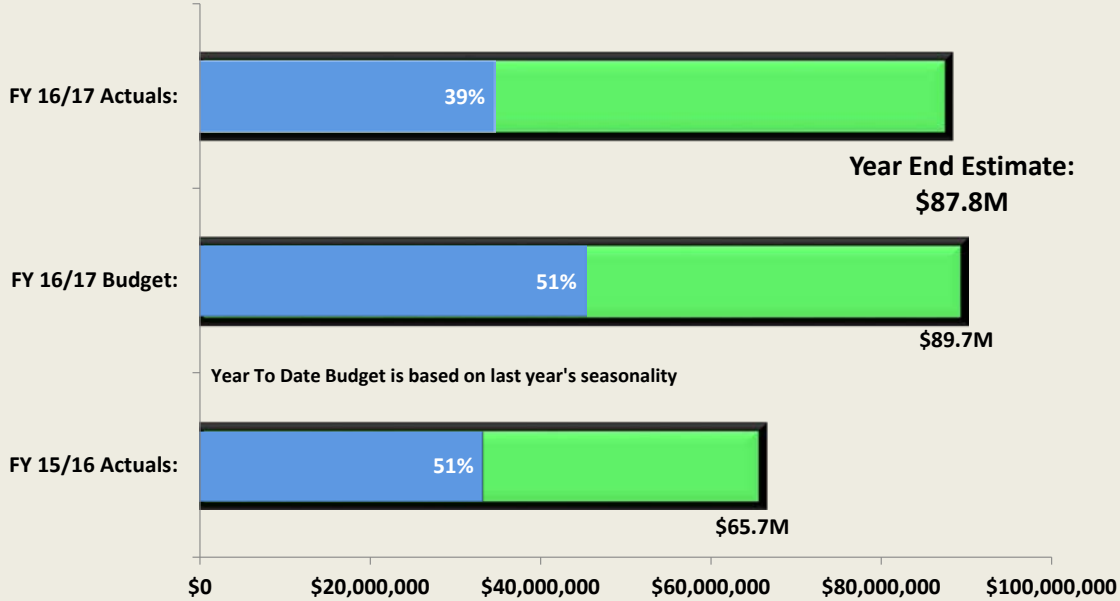
- Business Services
- Centralized Appropriations
- City Attorney
- City Auditor
- City Clerk
- City Manager
- Communications
- Economic Development
- Energy Resources
- Engineering
- Facilities Maintenance
- Falcon Field Airport
- Financial Services
- Fleet Services
- Human Resources
- Information Technology
- 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
\$ 89,695	\$ 34,545	\$ 87,757

(In Thousands)

#### Other Departments - Expenditures



Expenditures are projected to be below budget. The City estimated a \$173K in vacancy savings across the departments, and \$1.4M in savings in the recording of bad debt. Between the departments, \$638K of budget was moved from the General Fund to the General Capital Fund. This decrease in the year end estimate for Other Departments will be offset by an increase expense in the Transfers Out category.

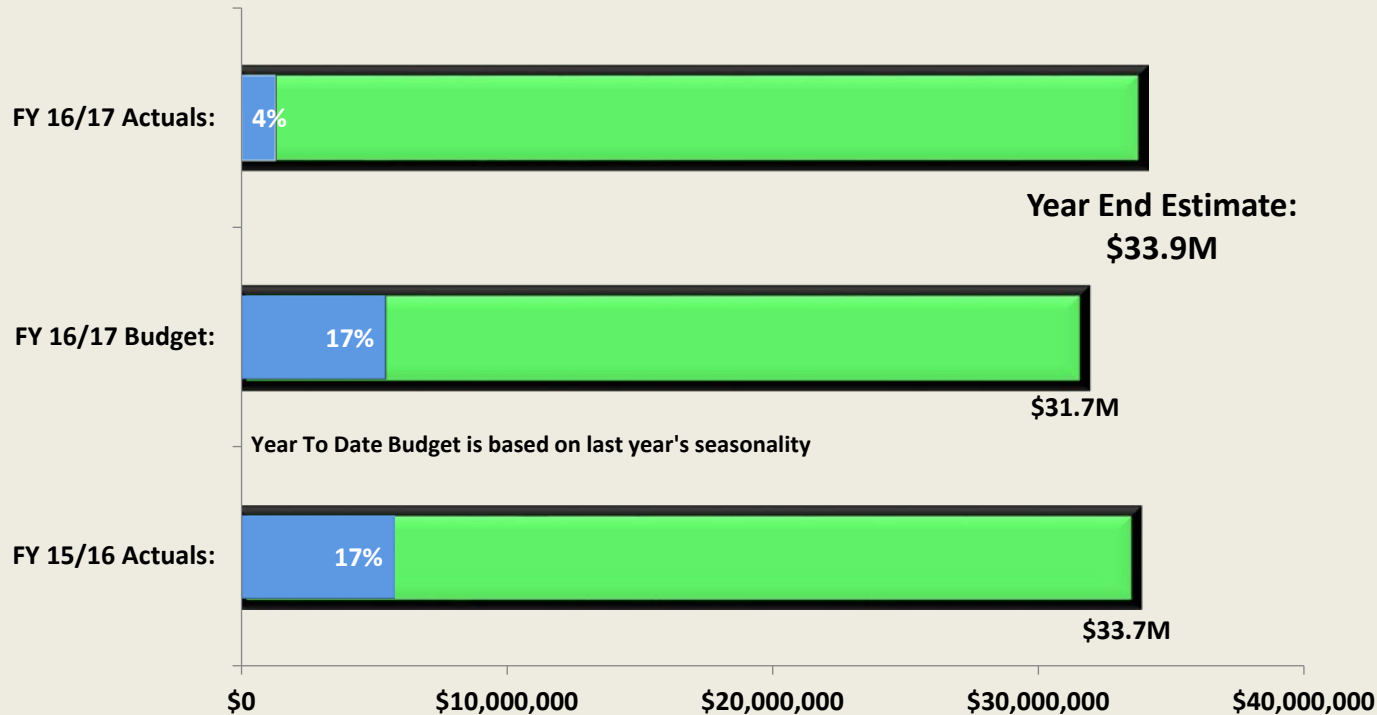
## FY 16/17 Expenditures: Transfers Out Summary

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
\$ 31,721	\$ 1,262	\$ 33,918

(In Thousands)

### Transfers Out - Expenditures



The year end estimate for the General Fund to General Capital transfer has been adjusted \$2.59M above the adopted budget. \$615K was added for a new compressor at a Police Department facility, \$638K of Other Departments activity moved to the Projects Department, and \$811K in project costs that were not included in the FY 15/16 carry over process but will be expensed in FY 16/17.



## Enterprise Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
<a href="#">Electric</a>	\$ 428	\$ 4,967	\$ 1,390
<a href="#">Natural Gas</a>	\$ 1,781	\$ 313	\$ 2,211
<a href="#">Solid Waste</a>	\$ (4,293)	\$ 2,337	\$ (3,897)
<a href="#">Wastewater</a>	\$ 3,473	\$ 5,104	\$ 4,424
<a href="#">Water</a>	\$ (2,561)	\$ 12,422	\$ 1,260
<b>Total</b>	<b>\$ (1,172)</b>	<b>\$ 25,143</b>	<b>\$ 5,387</b>

Other/Non-Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
<a href="#">Convention Center</a>	\$ (2,738)	\$ (1,737)	\$ (2,188)
<a href="#">Cubs/Sloan Park</a>	\$ (1,541)	\$ (778)	\$ (1,465)
<a href="#">District Cooling</a>	\$ 440	\$ 294	\$ 482
<a href="#">Golf Course</a>	\$ (1,088)	\$ (400)	\$ (733)
<a href="#">Hohokam</a>	\$ (1,906)	\$ (566)	\$ (1,372)
<b>Total</b>	<b>\$ (6,833)</b>	<b>\$ (3,187)</b>	<b>\$ (5,276)</b>

<b>Total Enterprise Fund</b>	<b>\$ (8,004)</b>	<b>\$ 21,956</b>	<b>\$ 111</b>
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(In Thousands)

Exceeding
On Track
Caution
Monitoring

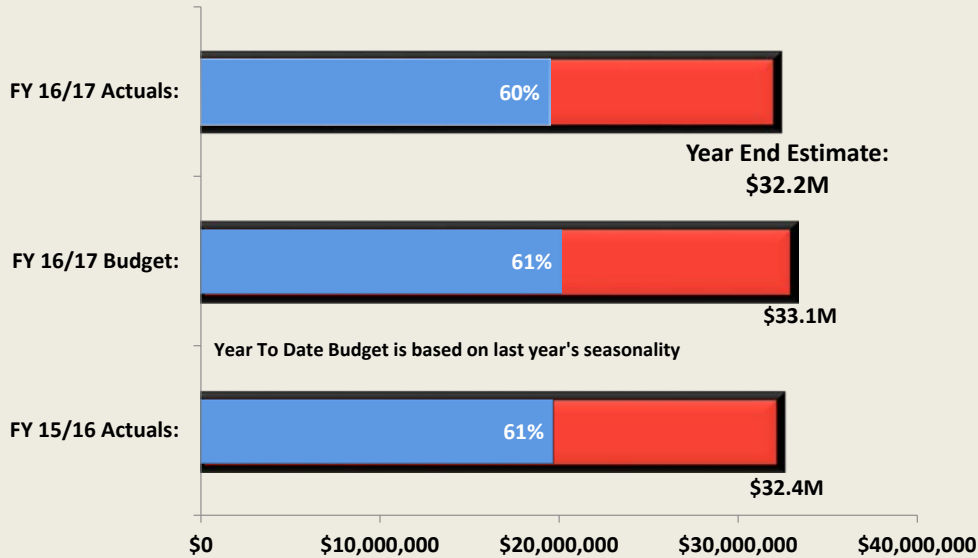
## Electric Summary

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.

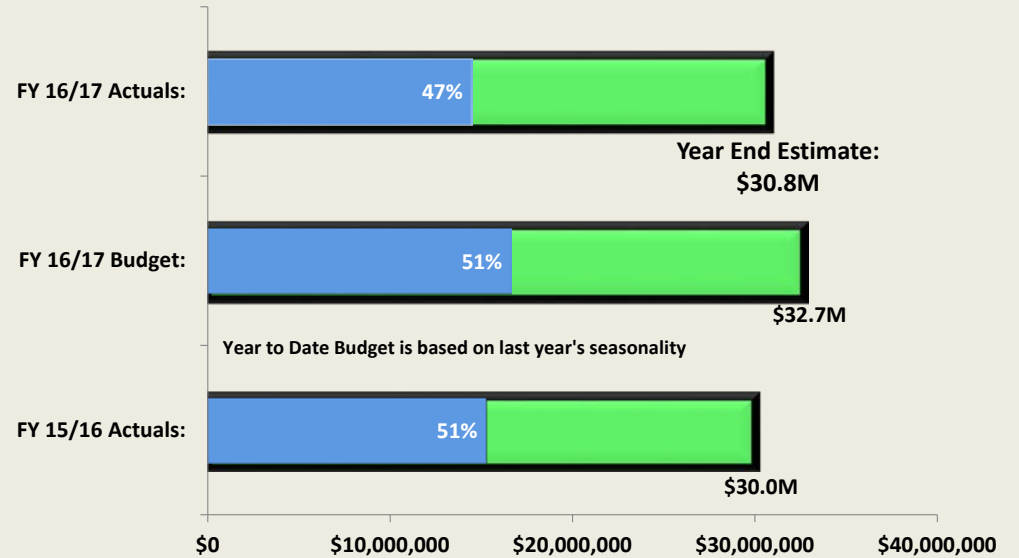
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 33,105	\$ 19,437	\$ 32,170
Uses	\$ 24,165	\$ 10,226	\$ 22,302
Debt/Capital Transfers Out	\$ 2,020	\$ 998	\$ 1,985
General Fund Transfers Out	\$ 6,493	\$ 3,247	\$ 6,493
Net Sources and Uses	\$ 428	\$ 4,967	\$ 1,390

(In Thousands)

**Electric - Sources**



**Electric - Uses and Transfers**



The cost of the electric energy commodity is passed through to the customer. The year end estimate for the electric energy cost adjustment factor in both sources and uses was reduced by \$1.5M due to the costs associated with new electric purchase contracts being lower than anticipated. The Energy Resources Department is estimating \$313K in vacancy savings.

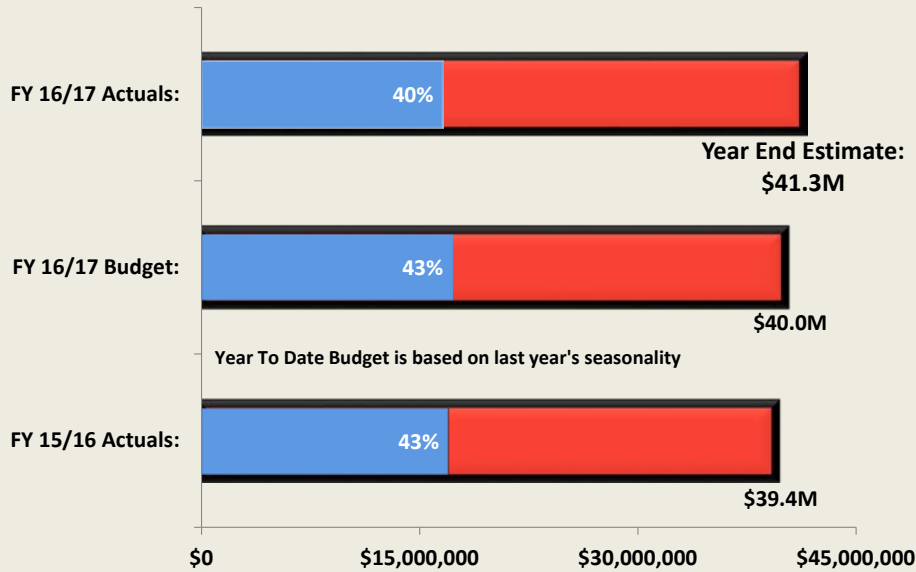
## Natural Gas Summary

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.

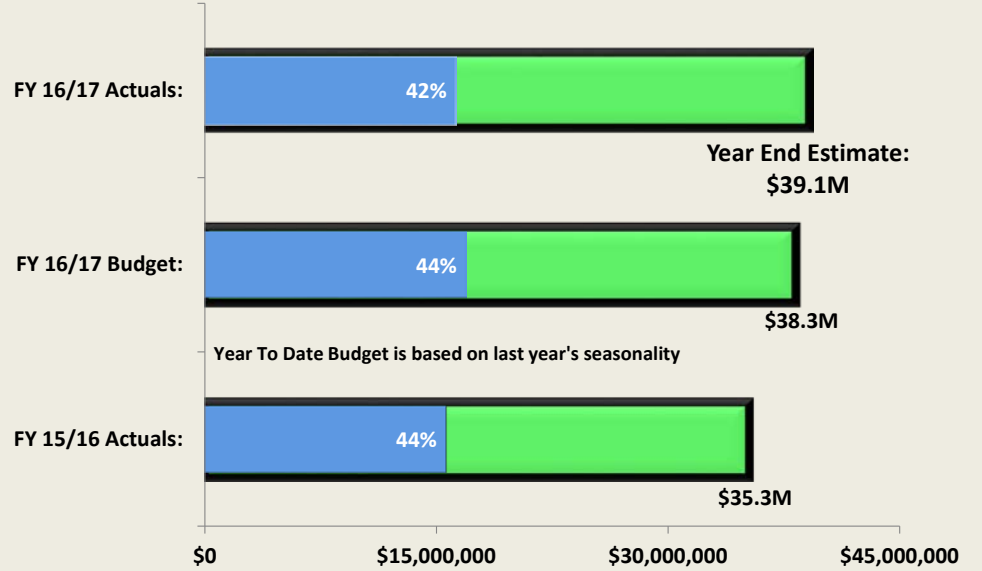
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 40,038	\$ 16,557	\$ 41,330
Uses	\$ 24,602	\$ 9,658	\$ 25,444
Debt/Capital Transfers Out	\$ 5,895	\$ 2,706	\$ 5,915
General Fund Transfers Out	\$ 7,760	\$ 3,880	\$ 7,760
Net Sources and Uses	\$ 1,781	\$ 313	\$ 2,211

(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 the natural gas cost adjustment factor in both sources and uses was increased by \$1.1M due to the costs associated with new gas purchase contracts being high than anticipated. The Energy Resources Department is estimating \$326K in vacancy savings.

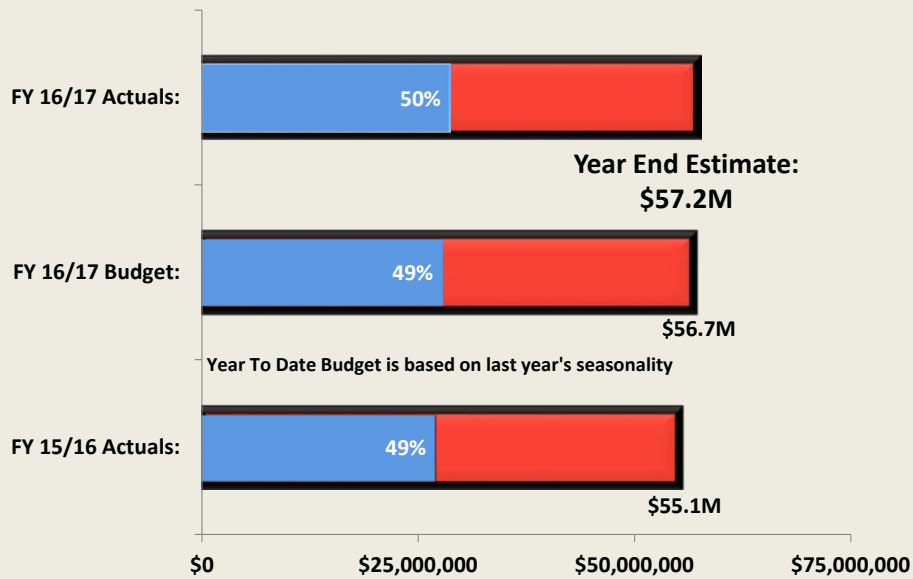
## Solid Waste Summary

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.

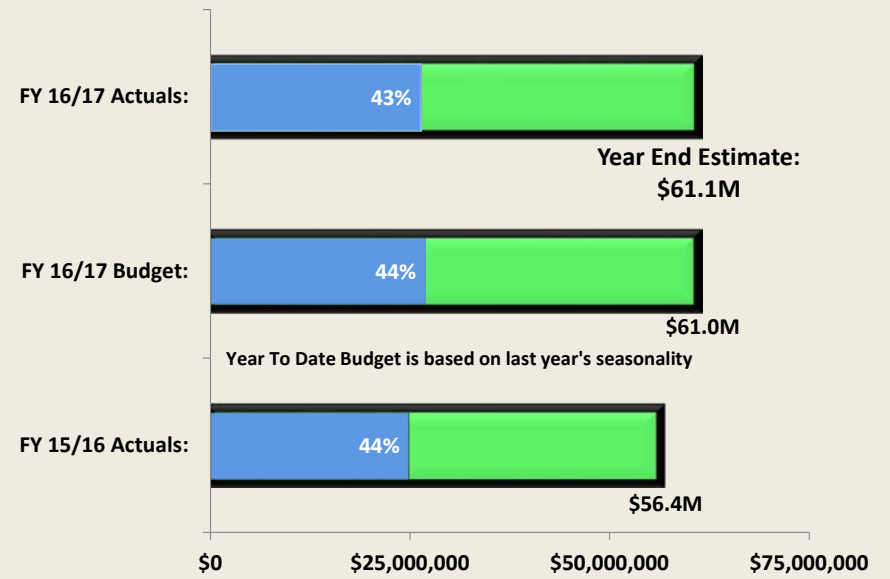
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 56,724	\$ 28,655	\$ 57,181
Uses	\$ 34,730	\$ 14,869	\$ 34,789
Debt/Capital Transfers Out	\$ 4,856	\$ 734	\$ 4,858
General Fund Transfers Out	\$ 21,431	\$ 10,716	\$ 21,431
Net Sources and Uses	\$ (4,293)	\$ 2,337	\$ (3,897)

(In Thousands)

**Solid Waste - Sources**



**Solid Waste - Uses and Transfers**



Sources for Solid Waste residential are expected to be \$438K above budget. Through December, the number of barrels serviced was up 2% year to date compared to the prior fiscal year. Uses are on track with budget.

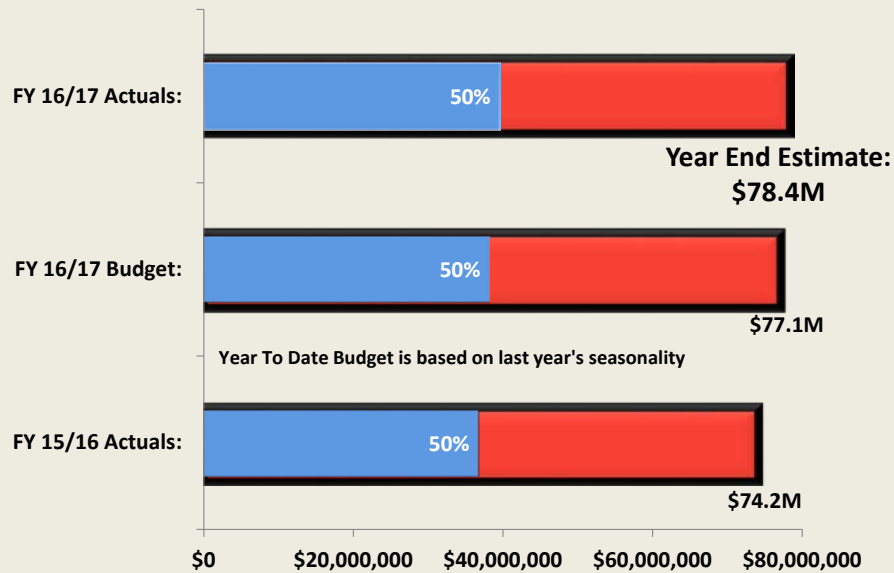
## Wastewater Summary

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.

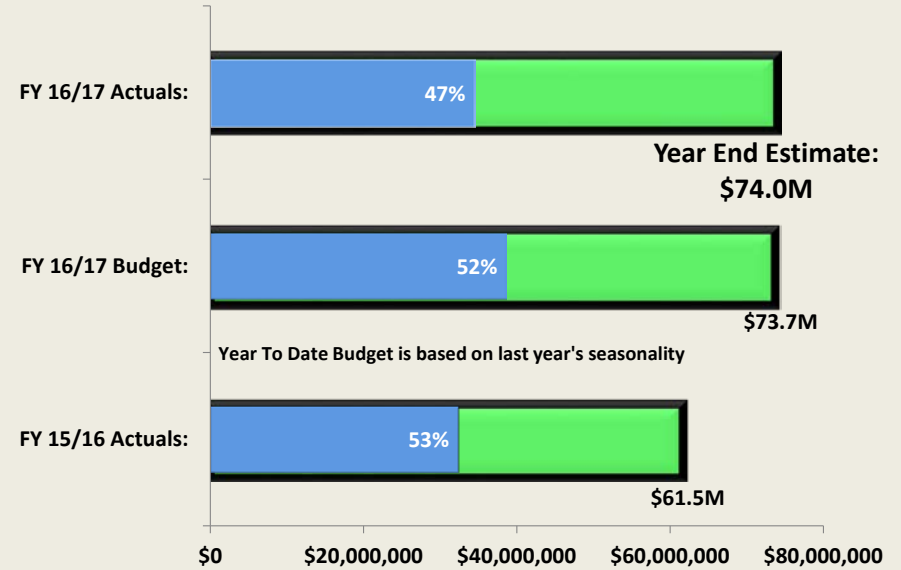
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 77,135	\$ 39,552	\$ 78,382
Uses	\$ 26,311	\$ 10,939	\$ 26,608
Debt/Capital Transfers Out	\$ 32,788	\$ 16,228	\$ 32,787
General Fund Transfers Out	\$ 14,563	\$ 7,282	\$ 14,563
Net Sources and Uses	\$ 3,473	\$ 5,104	\$ 4,424

(In Thousands)

**Wastewater - Sources**



**Wastewater - Uses and Transfers**



Sources are estimated to be \$1.3M above budget in large part due to increases in user charges as the number of customers has increased. Uses are showing to be above budget \$297K however two budgeted adjustments are missing. With the adjustments in place, uses are estimated to be below budget by \$500K. The department is estimating savings of \$250K in personnel, \$100K in utility costs at Northwest Water Reclamation Plant, and \$200K in other contractual services at 91st Avenue Wastewater Treatment Plant.

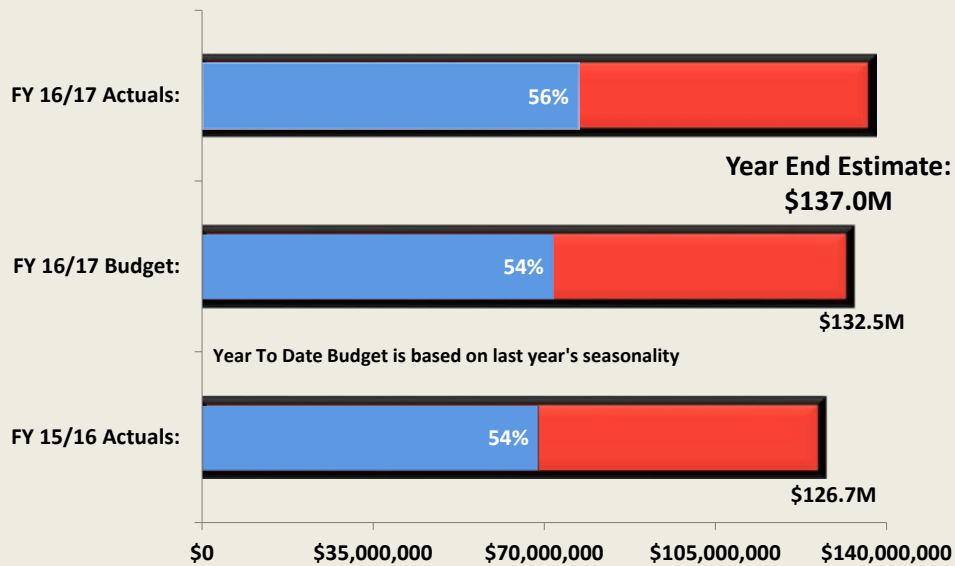
## Water Summary

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.

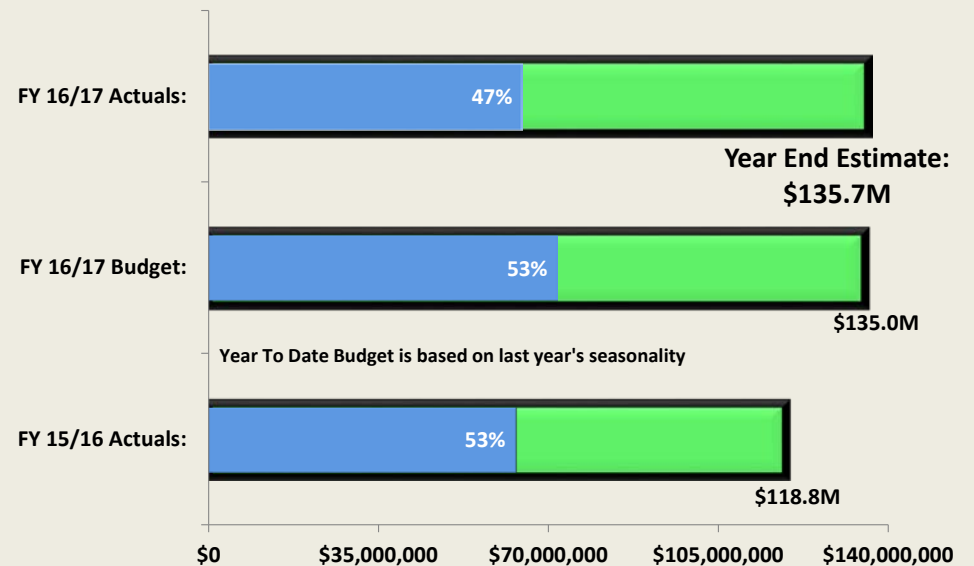
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 132,460	\$ 76,839	\$ 136,952
Uses	\$ 43,951	\$ 21,573	\$ 43,061
Debt/Capital Transfers Out	\$ 37,455	\$ 16,037	\$ 39,016
General Fund Transfers Out	\$ 53,614	\$ 26,807	\$ 53,614
<b>Net Sources and Uses</b>	<b>\$ (2,561)</b>	<b>\$ 12,422</b>	<b>\$ 1,260</b>

(In Thousands)

**Water - Sources**



**Water - Uses and Transfers**



Sources are estimated \$4.5M above budget in large part due to increases in revenue received from the user charges as the number of customers has increased. Uses are projected to be below budget \$890K due to savings of \$140K in vacancies, \$165K in utilities for water system operations, \$410K in other contractual services for the Val Vista Water Treatment Plant, water pump stations, and portfolio management, and \$133K in savings for water purchases.

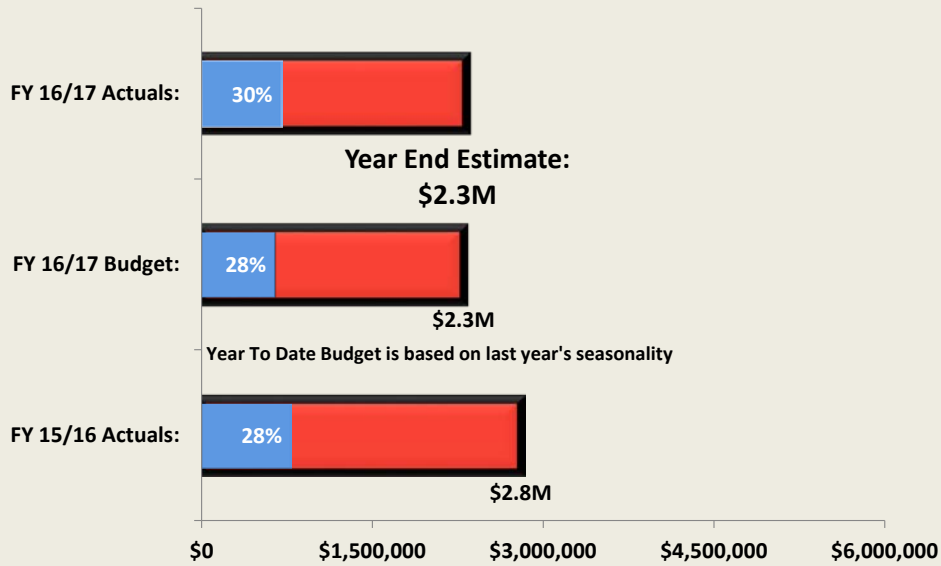
## Convention Center Summary

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.

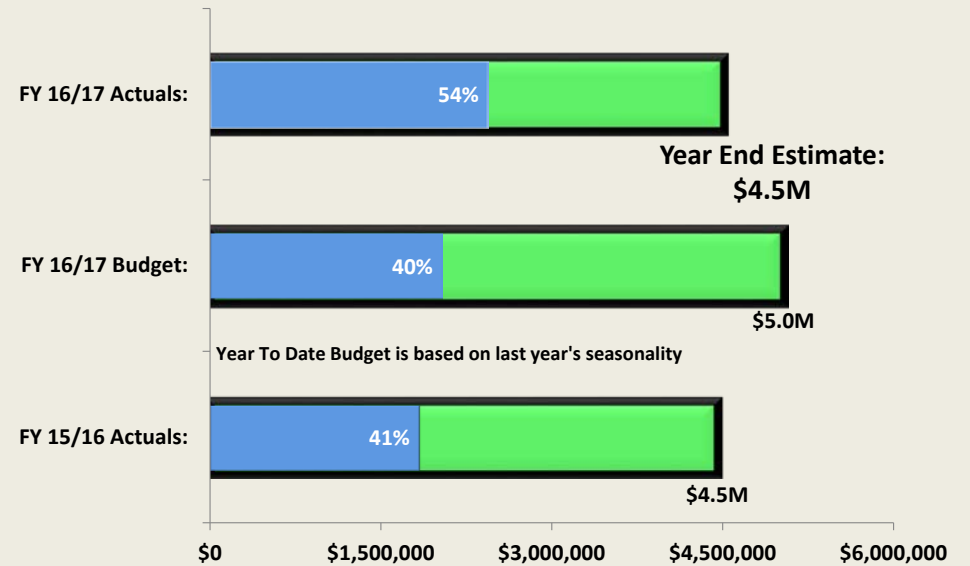
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 2,297	\$ 702	\$ 2,321
Uses	\$ 4,362	\$ 2,439	\$ 3,836
Debt/Capital Transfers Out	\$ 673	\$ -	\$ 673
General Fund Transfers Out	\$ -	\$ -	\$ -
<b>Net Sources and Uses</b>	<b>\$ (2,738)</b>	<b>\$ (1,737)</b>	<b>\$ (2,188)</b>

(In Thousands)

**Convention Center - Sources**



**Convention Center - Uses and Transfers**



Sources are estimated to be slightly higher than budget as the Amphitheatre is expected to book additional shows. Uses are projected to be lower than budget, however a citywide allocation for internal charges is missing which would bring it closer to the budget amount. The adjustment will be added in the third quarter.

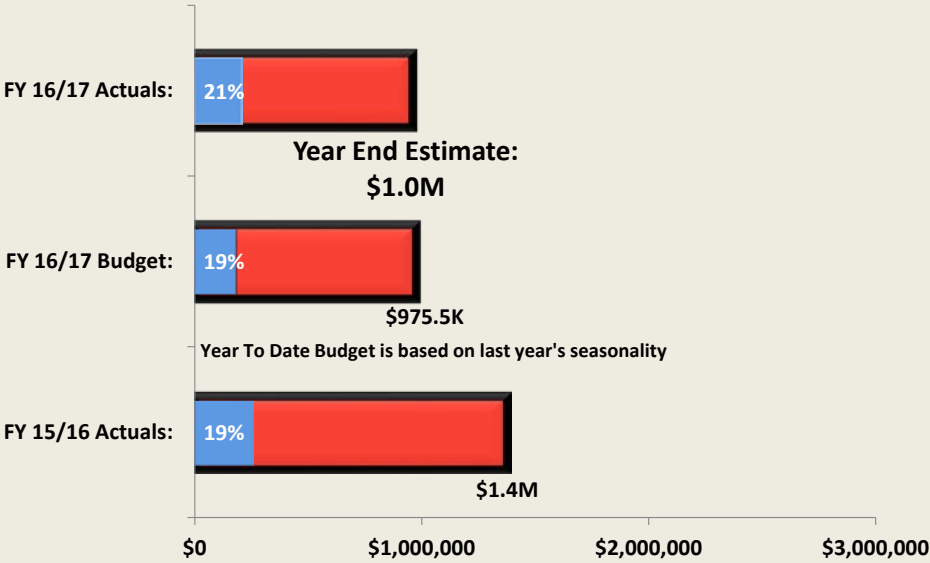
### Cubs/Sloan Park Summary

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.

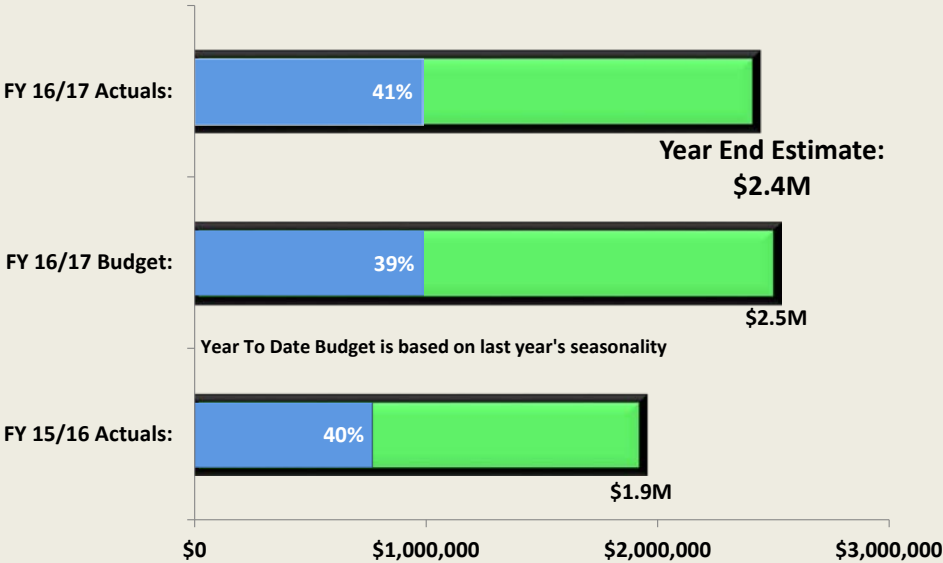
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 976	\$ 204	\$ 959
Uses	\$ 2,321	\$ 982	\$ 2,229
Debt/Capital Transfers Out	\$ 195	\$ -	\$ 195
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (1,541)	\$ (778)	\$ (1,465)

(In Thousands)

**Cubs/Sloan Park - Sources**



**Cubs/Sloan Park - Uses and Transfers**



Uses are projected to be slightly lower than budget as the forecast for citywide internal charges was reduced. This is currently an unrecognized savings and the estimate will be adjusted in Q3.



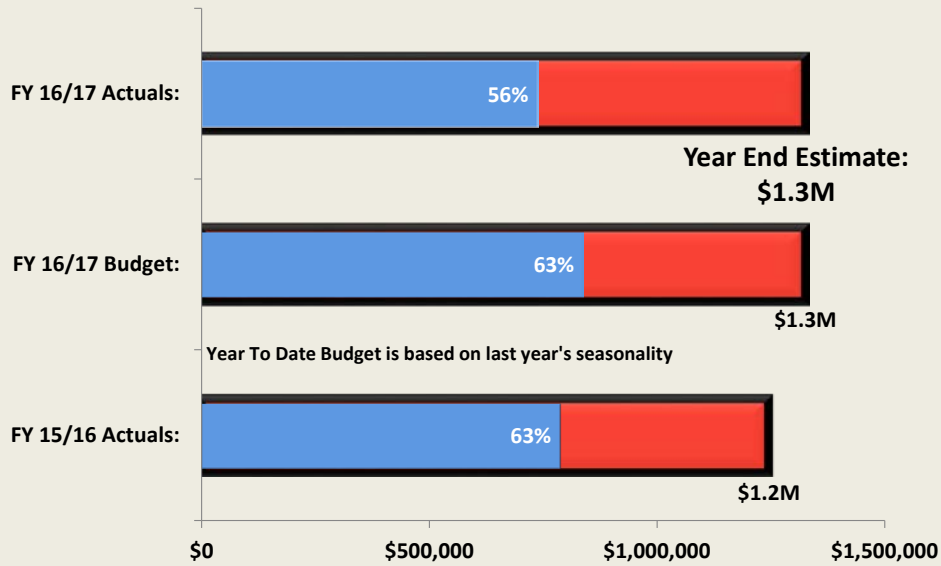
## District Cooling Summary

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.

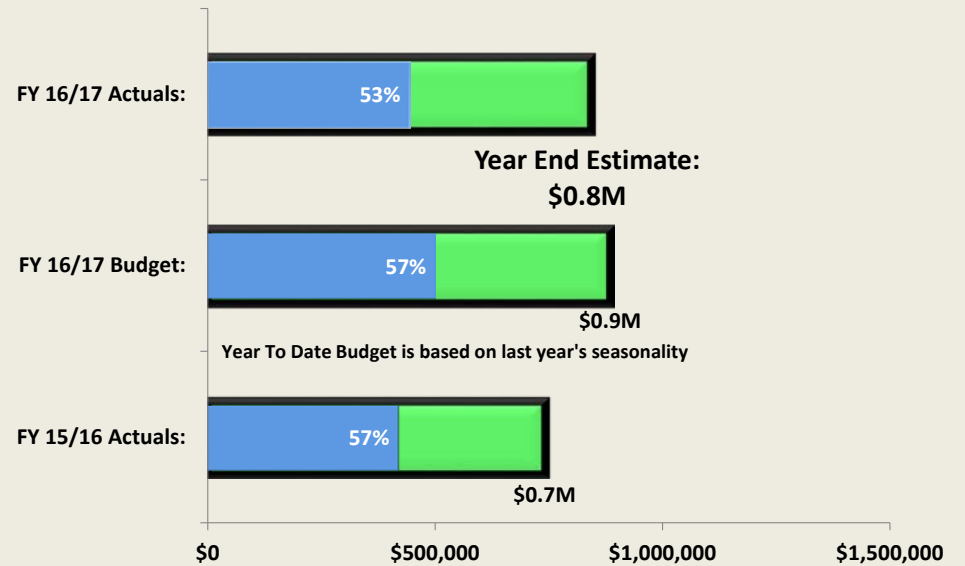
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,325	\$ 737	\$ 1,325
Uses	\$ 883	\$ 443	\$ 841
Debt/Capital Transfers Out	\$ 2	\$ -	\$ 2
General Fund Transfers Out	\$ -	\$ -	\$ -
<b>Net Sources and Uses</b>	<b>\$ 440</b>	<b>\$ 294</b>	<b>\$ 482</b>

(In Thousands)

**District Cooling - Sources**



**District Cooling - Uses and Transfers**



All components are on track to budget.

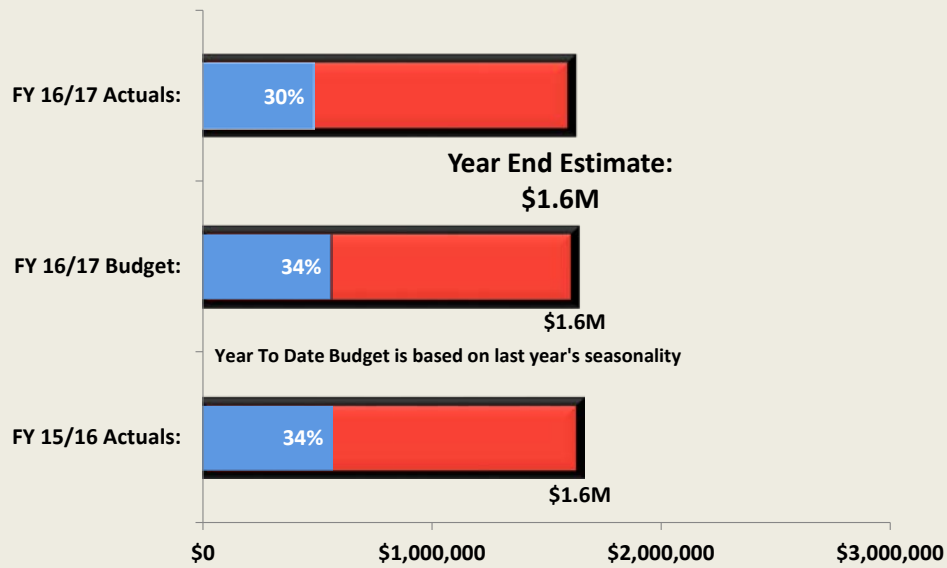
## Golf Course Summary

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.

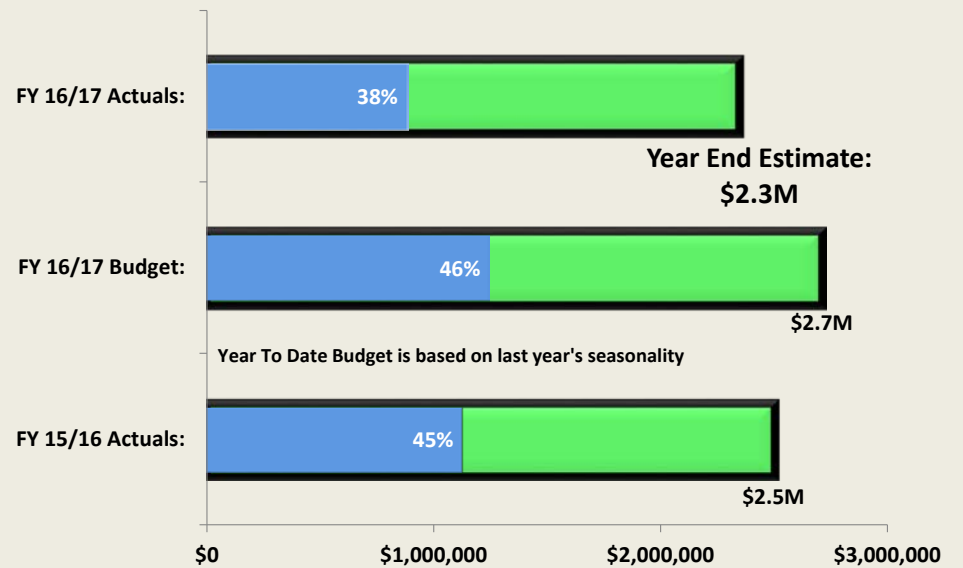
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,623	\$ 482	\$ 1,608
Uses	\$ 2,077	\$ 850	\$ 1,913
Debt/Capital Transfers Out	\$ 633	\$ 32	\$ 428
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (1,088)	\$ (400)	\$ (733)

(In Thousands)

**Golf Course - Sources**



**Golf Course - Uses and Transfers**



The sources are on track with budget. Uses are projected to be slightly lower than budget with savings in building and grounds maintenance and repair. The Capital Transfers Out has been decreased \$205K as the current infrastructure plan has been adjusted.

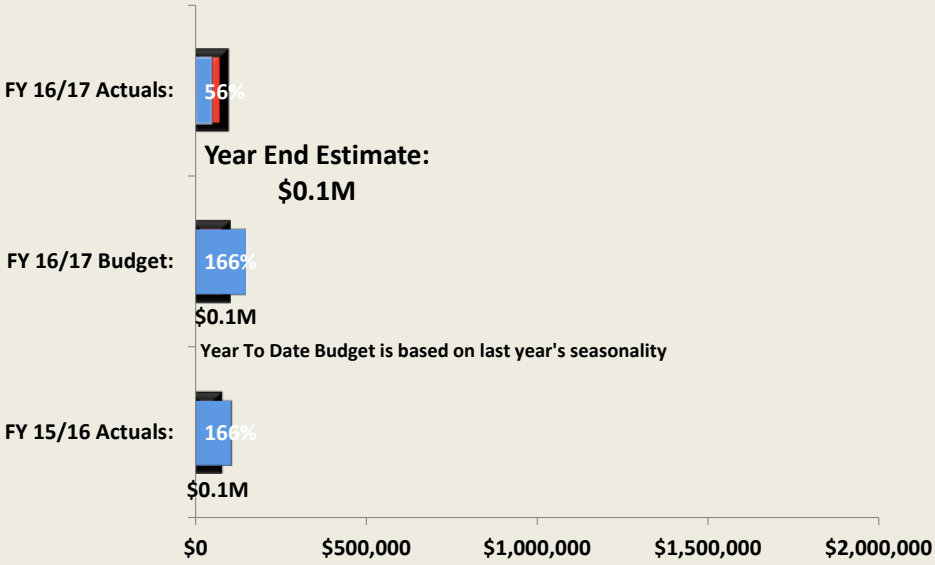
### Hohokam Summary

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.

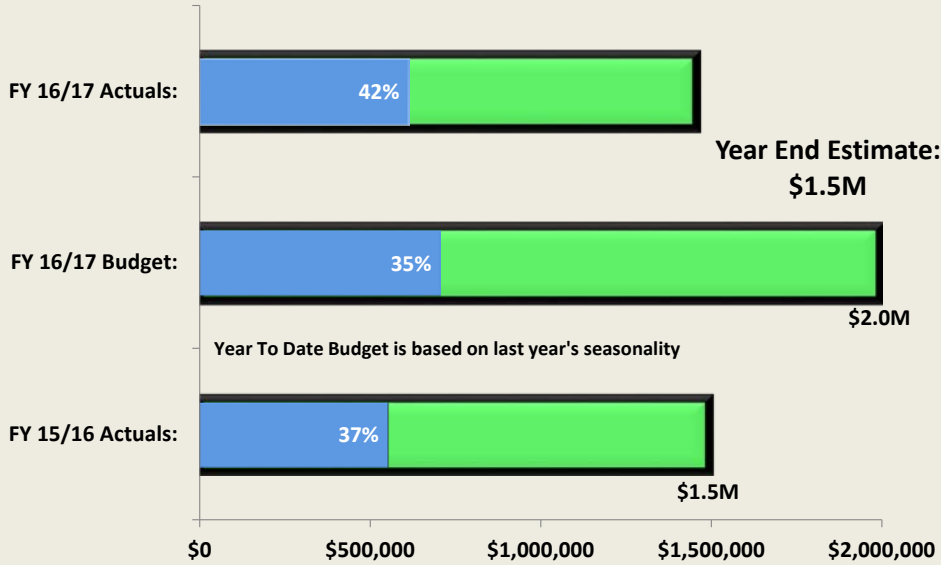
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 87	\$ 45	\$ 81
Uses	\$ 1,734	\$ 612	\$ 1,195
Debt/Capital Transfers Out	\$ 259	\$ -	\$ 259
General Fund Transfers Out	\$ -	\$ -	\$ -
Net Sources and Uses	\$ (1,906)	\$ (566)	\$ (1,372)

(In Thousands)

Hohokam - Sources



Hohokam - Uses and Transfers



Sources and transfers are on track to budget. Uses are projected to be lower than budget as the forecast for citywide internal charges was reduced. This is currently an unrecognized savings and the estimate will be adjusted in Q3.