Governmental Funds - Revenues

February 2, 2017

City of Mesa

Presented by the Office of Management and Budget
Fiscal Year 2016/17
Total City Available Resources $1.67B

- Taxes $192.8
  - Sales and Use Tax: $156.4
  - Secondary Property Tax: $33.4
  - Transient Occupancy Tax: $3.0
- Intergovernmental $232.5
  - State Shared Revenues: $157.8
  - Federal Grants: $45.2
  - State/County/Other Grants: $16.7
  - Reimb & Grants Carryover: $12.8
- Sales and Charges for Services $408.8
  - General: $31.0
  - Culture & Recreation: $7.6
  - Enterprise: $370.2
- Funds Carried Forward $298.6
- Existing Bond Proceeds $91.9
- New Bond Proceeds $166.7
- Potential Bond Refunding $185.4
- Other $95.5
- Other Resources $206.7
- Fines & Forfeitures: $4.5
- Licenses & Fees: $32.3
- Other Financing Sources: $3.8
- Sale of Property: $23.8
- Miscellaneous: $31.1

Total City Available Resources: $1.67B
Resources/Revenues
- Taxes
- Intergovernmental
- Reimbursements and Grants
- Sales and Charges for Service
- Self-Insurance Trust Funds
- Other Revenues
- Potential Bond Refunding
- New Bond Proceeds

Funds
- General Fund/ General Capital Fund
- Enterprise Fund/ Enterprise Capital Fund
- Restricted Funds
- Grant Funds
- Self-Insurance Trust Funds
- Debt Service Funds
- Bond
What is a FUND?

A self-balancing set of accounts recording cash and/or other resources, together with all related liabilities and expenses, for the purpose of carrying on specific activities or attaining certain objectives.
General Funds

These are resources and expenses that are discretionary in nature and can be allocated based on the needs of the City.

Parks
Library
Police
Fire
Fiscal Year 2016/17
General Governmental Funds Available Resources $400.0M

Sales and Use Tax $129.5
General Fund $107.2
Quality of Life $22.3

Intergovernmental $122.8
Urban Revenue Sharing: $57.7
State Shared Sales Tax: $42.7
Vehicle License Tax: $18.5
Intergovt Agreements: $3.9

Other Revenues $25.2
Fines & Forfeitures: $4.1
Licenses & Fees: $19.3
Miscellaneous: $1.8

Sales and Charges for Service $10.7

Transfer From Enterprise $103.9

Use of Fund Balance* $7.9

*Excludes $6M General Governmental Funds Carryover

For presentation purposes: includes all General Fund revenues and Quality of Life sales tax
The city subscribes to a forecast group out of the University of Arizona which allows for access to raw data regarding econometrics.

Statistical software is applied in house to analyze the correlation between economic trends and the City’s revenue sources.

Relevant economic indicators are considered such as: population growth, wages, unemployment, building permits, gas prices, etc.

Mesa specific factors are applied such as economic development activities, retail trends, etc.
General Governmental revenues in the City of Mesa come from three primary sources:

- City sales and use tax
- State shared revenues
- Transfer from the enterprise fund
A standard economic cycle correction is anticipated during the forecast period and has not been included in the revenue amounts at this time. This issue will be addressed as part of the proposed budget.
## Government Funds Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY 15/16 Actuals</th>
<th>Change from FY 14/15</th>
<th>FY 16/17 Budgeted</th>
<th>FY 16/17 Projected</th>
<th>Change from FY 15/16</th>
<th>FY 17/18 Forecast</th>
<th>Change from FY 16/17 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Sales Tax</strong></td>
<td>$125.8</td>
<td>3.5%</td>
<td>$129.5</td>
<td>$132.5</td>
<td>5.3%</td>
<td>$134.8</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>State Shared Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Sales Tax</td>
<td>$41.6</td>
<td>3.9%</td>
<td>$42.6</td>
<td>$43.3</td>
<td>4.1%</td>
<td>$45.6</td>
<td>5.1%</td>
</tr>
<tr>
<td>Urban Revenue Sharing</td>
<td>$52.9</td>
<td>-0.5%</td>
<td>$57.7</td>
<td>$57.8</td>
<td>9.3%</td>
<td>$59.3</td>
<td>2.6%</td>
</tr>
<tr>
<td>Vehicle License Tax</td>
<td>$18.2</td>
<td>8.5%</td>
<td>$18.6</td>
<td>$19.0</td>
<td>4.2%</td>
<td>$19.7</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Enterprise Transfer</strong></td>
<td>$99.7</td>
<td>4.1%</td>
<td>$103.9</td>
<td>$103.9</td>
<td>4.2%</td>
<td>$106.5</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>$41.2</td>
<td>3.8%</td>
<td>$39.7</td>
<td>$38.5</td>
<td>-6.7%</td>
<td>$40.5</td>
<td>5.3%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$379.5</td>
<td>3.4%</td>
<td>$392.1</td>
<td>$395.0</td>
<td>4.1%</td>
<td>$406.4</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

(As of Dec 2016)  
Dollars in millions

FY 16/17 Budget excludes $6.0M in carryover.
City Sales and Use Tax
Mesa Total City Sales Tax Rate of 1.75%

- Non-City Sales Tax Rate of 6.30%
- City Sales Tax Rate of 1.20%
- City Quality of Life Sales Tax Rate of 0.25%
- City Street Sales Tax Rate of 0.30%
City Sales Tax Seasonal Trend

Data represents consumer activity from the previous month.
City Sales Tax by Category

Data as of January 4, 2017

FY1617 Projected General Governmental Sales Tax: $129.5M Total

- Retail, 50.0%, $64.8
- Rentals, 16.8%, $21.8
- Contracting, 9.5%, $12.2
- Rest. & Bars, 9.4%, $12.2
- Utilities, 8.9%, $11.5
- Misc. & Other, 5.4%, $7.0
City Sales Tax – Historical View

Data as of January 4, 2017
State Shared Revenues

Three sources that impact the General Fund

- Urban Revenue Sharing (state-shared income tax)
- Two year lag between what is reported to when it is received
- State Sales Tax
- Vehicle License Tax

All state shared revenue is based on population formulas.
State Shared Revenues

Data as of January 4, 2017

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1415</td>
<td>$15</td>
<td>$25</td>
</tr>
<tr>
<td>FY1516</td>
<td>$35</td>
<td>$45</td>
</tr>
<tr>
<td>FY1617</td>
<td>$55</td>
<td>$65</td>
</tr>
</tbody>
</table>

- Urban Revenue Sharing
- State Sales Tax
- Vehicle License Tax
Transfer from the Enterprise Fund

City’s method of providing funding for general governmental services such as police and fire.

The City invests the net revenues from the utilities back into the city.

The FY17/18 forecast includes an increase to the transfer amount equal to the consumer price index (CPI) of 2.5%.
Building Permit Activity

• Monitoring Permit Activity is helpful as an economic indicator
• When permit activity increases, other revenues also tend to increase
• Commercial permit activity has slowed therefore permit revenues have decreased
Building Permit Revenues

Millions

FY0506 Actual  FY0607 Actual  FY0708 Actual  FY0809 Actual  FY0910 Actual  FY1011 Actual  FY1112 Actual  FY1213 Actual  FY1314 Actual  FY1415 Actual  FY1516 Projected  FY1617 Forecast  FY1718 Forecast  FY1819 Forecast  FY1920 Forecast  FY2021 Forecast

$0  $2  $4  $6  $8  $10  $12
Grant Funds

The City pursues grants to fund projects, implement or enhance programs, and fund the acquisition of new equipment. Grant awards provide the City with the means to fund services that would not otherwise be funded in the City’s budget.

Police Grants

Fire Grants
Grant Funds

**Police**

- Homeland Security Grant provides resources for the acquisition of equipment to support homeland security activities
- Governor’s Office of Highway Safety (GOHS) Grant provides resources for DUI and traffic enforcement activities, traffic safety equipment, traffic enforcement vehicles, and overtime for officers supporting the City’s traffic safety program
- Mesa Family Advocacy Center (MFAC) Grants providing for the salaries and benefits for Victim Support Services personnel and equipment
- Multiple forensics grants for forensic personnel overtime and software, acquisition of new computer equipment, travel and training for forensic personnel
- Governor’s Office of Highway Safety (GOHS) Grant for the acquisition of a Gas Chromatograph Mass Spectrometer.
- Justice Assistance Grant for equipment acquisitions
- Tribal Gaming Grants provides funding for the police Video downlink, pilot flight training request, license plate readers.
- High Intensity Drug Trafficking Areas (HITDA) Grant provides funding for officer overtime to coordinate activities that address drug trafficking in specially designated areas of the United States.
Grant Funds

Fire and Medical

- $4.3 million in FY 16/17 from the Centers for Medicare and Medicaid Services (CMS) Healthcare Initiative Grant. FY 16/17 was the third and final year of funding for the department’s Community Care Response Initiative which provides high-quality immediate patient care at the point of calling for low-level emergencies. This program is expected to save millions of dollars in healthcare costs, while improving patient healthcare outcomes and enhancing efficiencies at local hospitals. The grant supports the salaries and benefits for key personnel, supplies, and equipment. A grant match is not required from the City. The grant expires in September, 2017.

- Urban Area Security Initiative (UASI) Rapid Response Team (RRT) for salary & benefits, including travel, conferences and training for key fire personnel.

- Various other grant awards which include immunizations and provide support for Community Emergency Response Teams.
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