

Quarterly Financial Status Report FY 2020/2021 3rd Quarter

Executive Summary:

The City of Mesa has closed the third quarter of the 2020/21 fiscal year, July through March. This snapshot shows the financial projection for the year compared to the adopted budget.

The General Governmental Funds revenue year end estimates are above budget. City sales tax revenue growth continues to be strong, despite economic disruptions from the COVID-19 pandemic, due to increased local spending, federal stimulus, and increased unemployment benefits. Also, due to increased commercial building activities, license, fees, and permits revenue is above budget. However, fines and forfeiture revenues are below budget primarily due to the continued trend of decreased Court filings.

The General Governmental Funds expenditure year end estimates are below budget. This is primarily due to the shift of personnel expenses from the General Governmental Fund to the Federal CARES Act funding, for duties performed by public safety personnel throughout the COVID-19 pandemic. The transfers out year end estimate is above budget due to the transfer from the General Fund to the CARES Relief fund to cover pandemic related expenses not subsidized by federal funding.

Overall, the projected net sources and uses of the Utility Fund is on track with budget. Water revenues are projected to be above budget due to increased consumption as a result of lack of rainfall. However, both electric and natural gas uses are above budget due to higher than anticipated cost of electric and gas commodity purchases due to unanticipated weather events. Lastly, savings from the recent refinancing of the utility system debt has attributed to the positive overall net sources and uses of the Utility Fund.

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

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FY 2020/21 3rd Quarter: Financial Status Summary

The data below represents the financial status of the General Governmental Funds and the Enterprise Fund.

Legend

- Exceeding
- On Track
- Caution
- Monitoring

General Government Funds		Utility Fund
Revenues	Expenditures	Net Sources and Uses
Taxes	Community Development and Services	District Cooling
Intergovernmental	Parks and Library	Electric
Sales and Charges for Services	Law Enforcement	Natural Gas
Licenses, Fees, and Permits	Fire and Medical	Solid Waste
Fines and Forfeitures	Other Departments	Wastewater
Other Revenues	Transfers Out	Water
Transfer In		

	General Government Funds		
	Revenues	Expenditures	Net
Adopted Budget	\$ 472,722	\$ 483,822	\$ (11,100)
Year to Date Actuals	\$ 368,717	\$ 245,375	\$ 123,341
Year End Estimate	\$ 508,988	\$ 468,276	\$ 40,712

(In Thousands)

	Utility Fund		
	Sources	Uses	Net
Adopted Budget	\$ 383,132	\$398,734	\$ (15,602)
Year to Date Actuals	\$ 298,588	\$286,235	\$ 12,353
Year End Estimate	\$ 396,237	\$403,476	\$ (7,238)

(In Thousands)

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General Fund and Quality of Life - FY 2020/21 3rd Quarter Revenues

Revenue Categories	Adopted Budget	Year to Date Actuals	Year End Estimate
Taxes	\$ 148,564	\$ 117,420	\$ 172,622
Intergovernmental	\$ 153,030	\$ 117,868	\$ 159,748
Sales and Charges for Services	\$ 23,999	\$ 17,572	\$ 24,076
Licenses, Fees, and Permits	\$ 20,804	\$ 16,894	\$ 22,467
Fines and Forfeitures	\$ 4,607	\$ 2,704	\$ 3,521
Other Revenues	\$ 1,926	\$ 2,930	\$ 3,175
Transfers In	\$ 119,793	\$ 93,328	\$ 123,379
Total	\$ 472,722	\$ 368,717	\$ 508,988

(In Thousands)

Exceeding
On Track
Caution
Monitoring

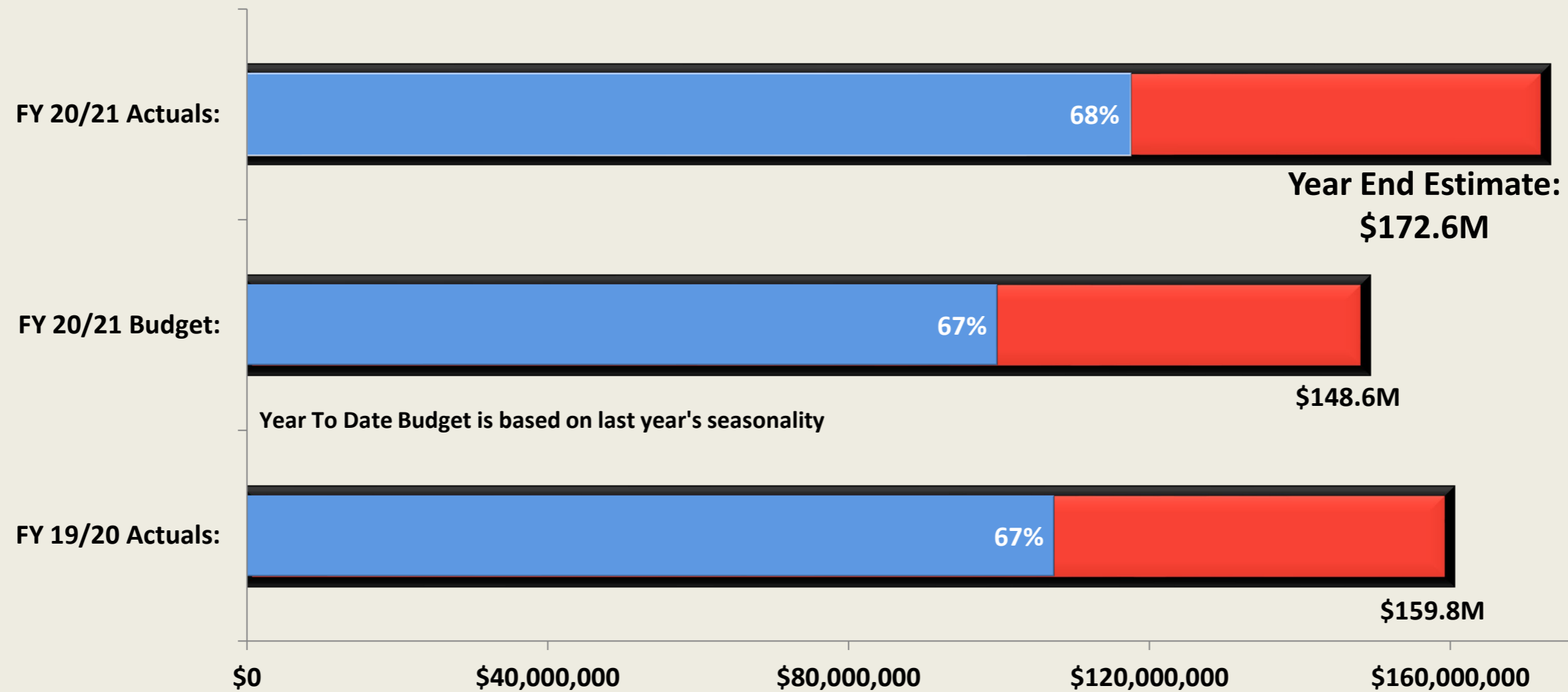
FY 2020/21 3rd Quarter Revenues: Taxes Summary

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	\$ 122,959	\$ 99,885	\$ 142,866
Quality of Life Fund	\$ 25,605	\$ 17,535	\$ 29,755
Total Tax Revenue	\$ 148,564	\$ 117,420	\$ 172,622

(In Thousands)

Taxes - Revenues



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

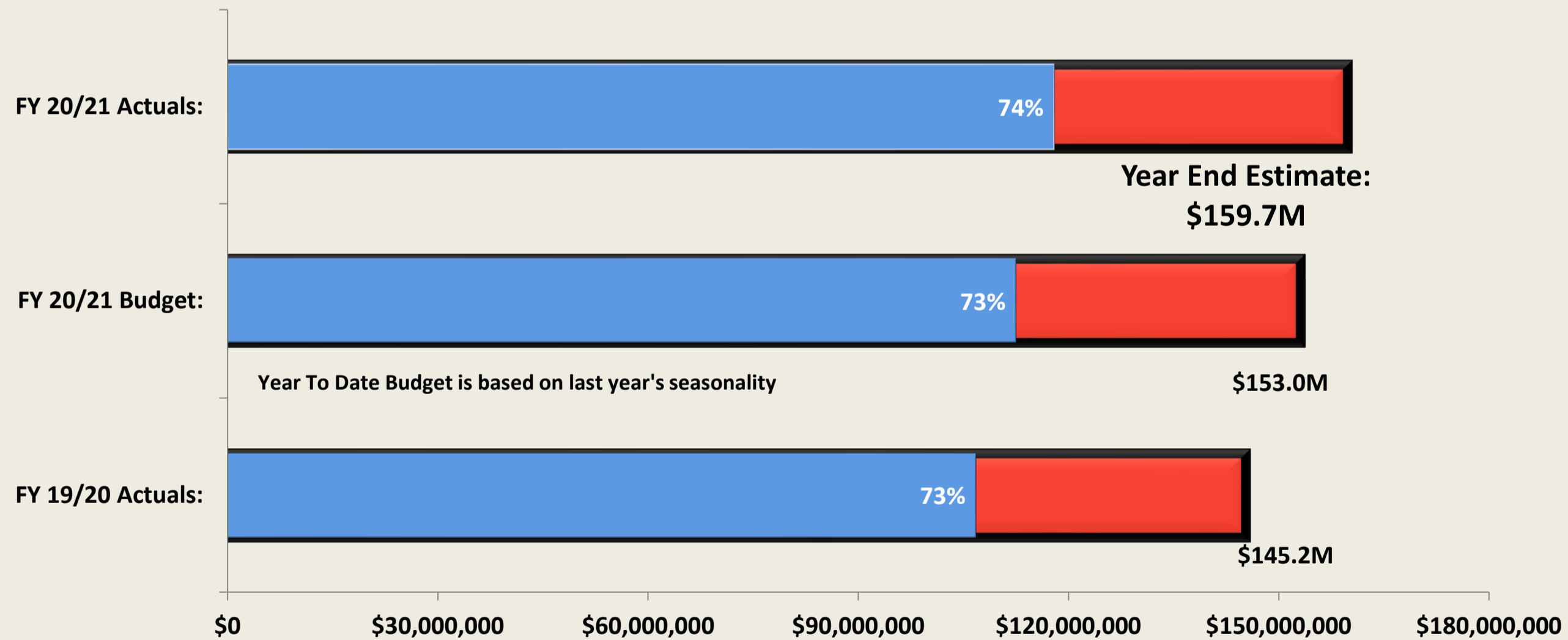
FY 2020/21 3rd Quarter Revenues: Intergovernmental Summary

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	\$ 73,778	\$ 55,523	\$ 74,031
State Shared Sales Tax	\$ 51,340	\$ 41,038	\$ 55,807
Vehicle License Tax	\$ 21,754	\$ 17,123	\$ 22,885
Other	\$ 6,159	\$ 4,185	\$ 7,025
Total Intergovt Revenue	\$ 153,030	\$ 117,868	\$ 159,748

(In Thousands)

Intergovernmental - Revenues



State shared revenues are received based on the City's share of the State's population. The Intergovernmental revenues year end estimate is above budget largely to greater than anticipated growth in State Shared Sales Tax and Vehicle License Tax. Similar to City Sales Tax, State Sales Tax has increased due to increased activity in the retail category.

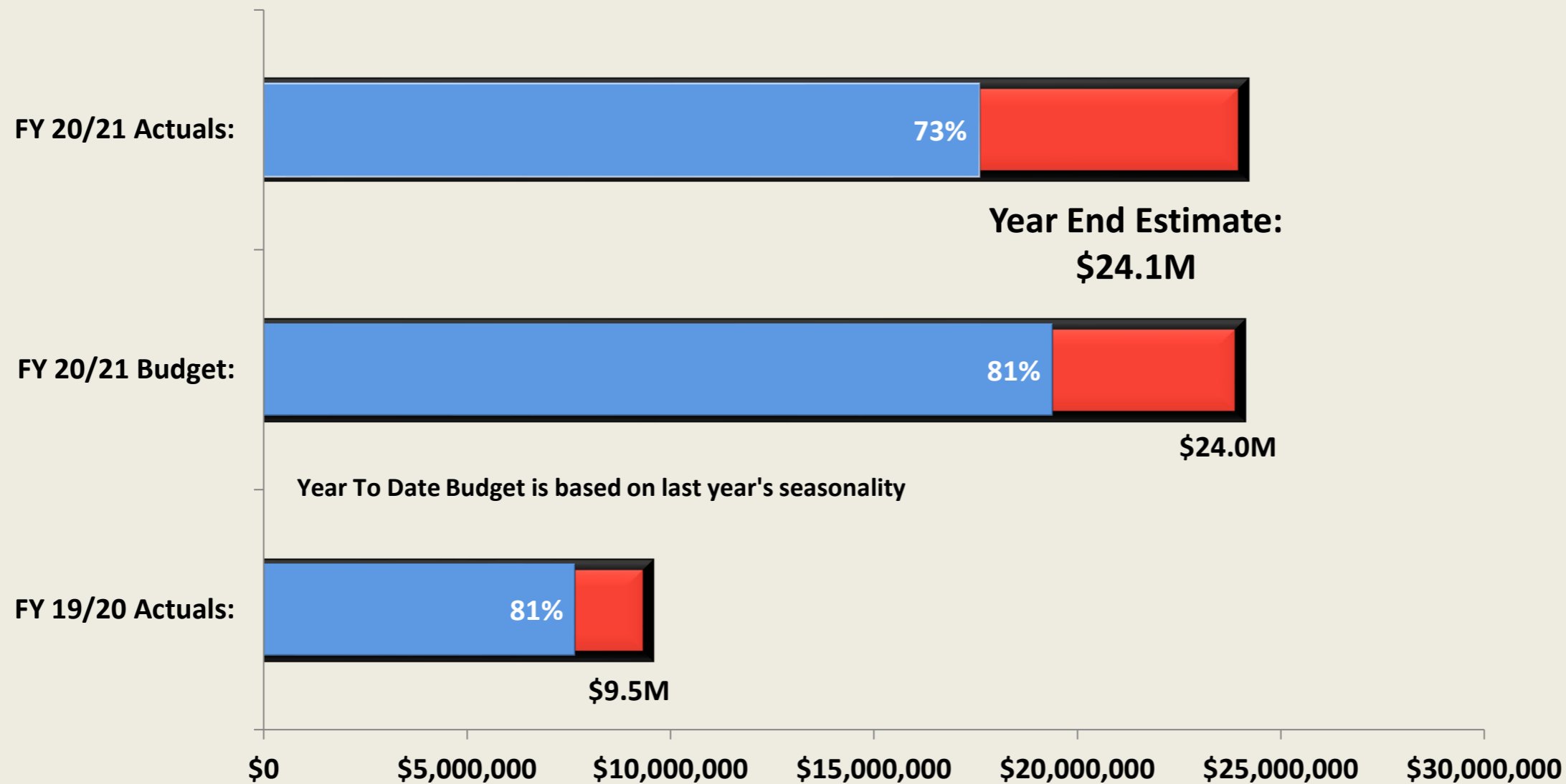
FY 2020/21 3rd Quarter Revenues: Sales and Charges for Services Summary

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
\$ 23,999	\$ 17,572	\$24,076

(In Thousands)

Sales and Charges for Services - Revenues



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

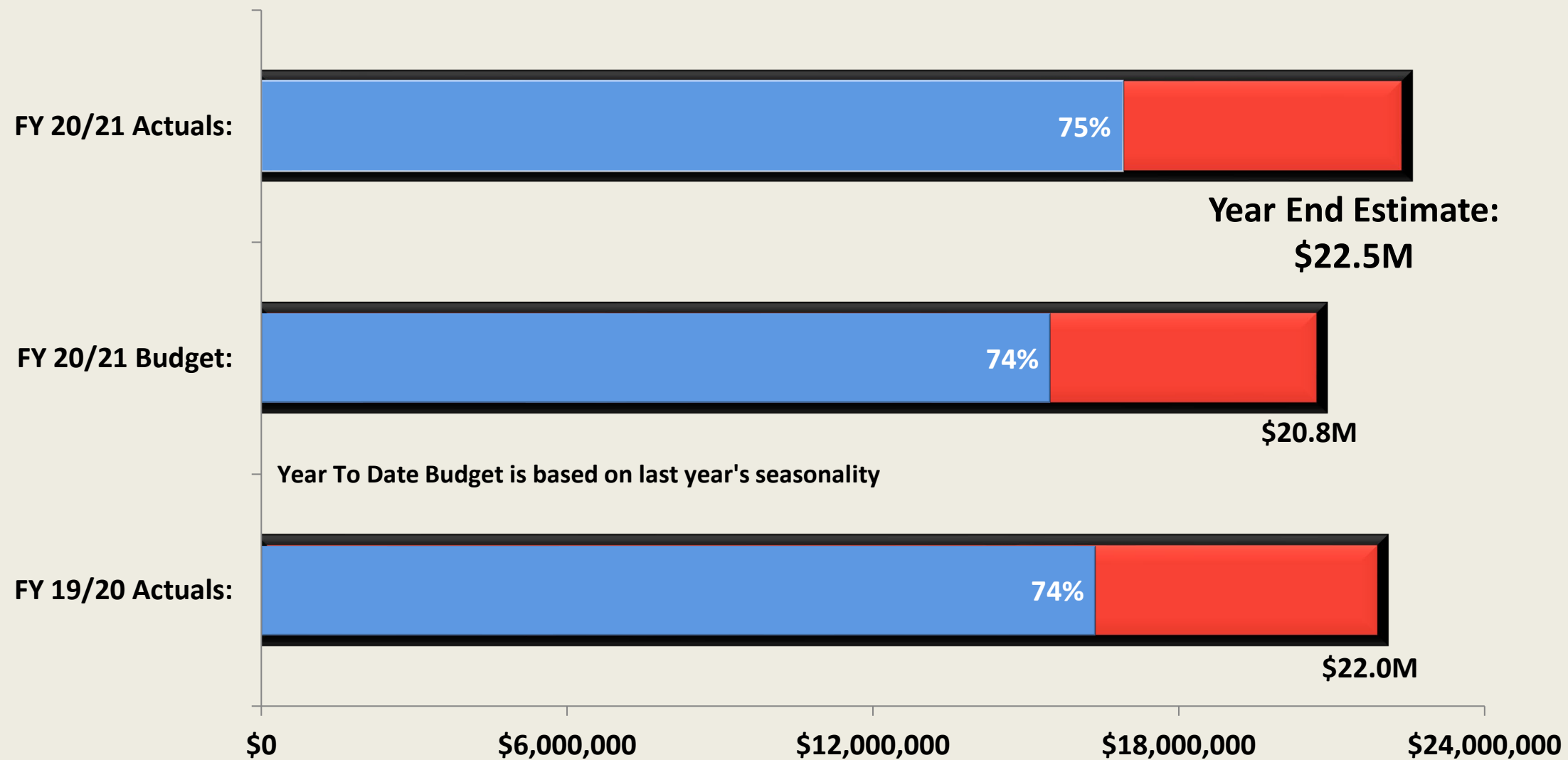
FY 2020/21 3rd Quarter Revenues: Licenses, Fees, and Permits Summary

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
\$ 20,804	\$ 16,894	\$ 22,467

(In Thousands)

Licenses, Fees, and Permits - Revenues



The year end estimate for License, Fees and Permits revenues is above budget primarily due to higher than anticipated revenues in commercial building permit fees.

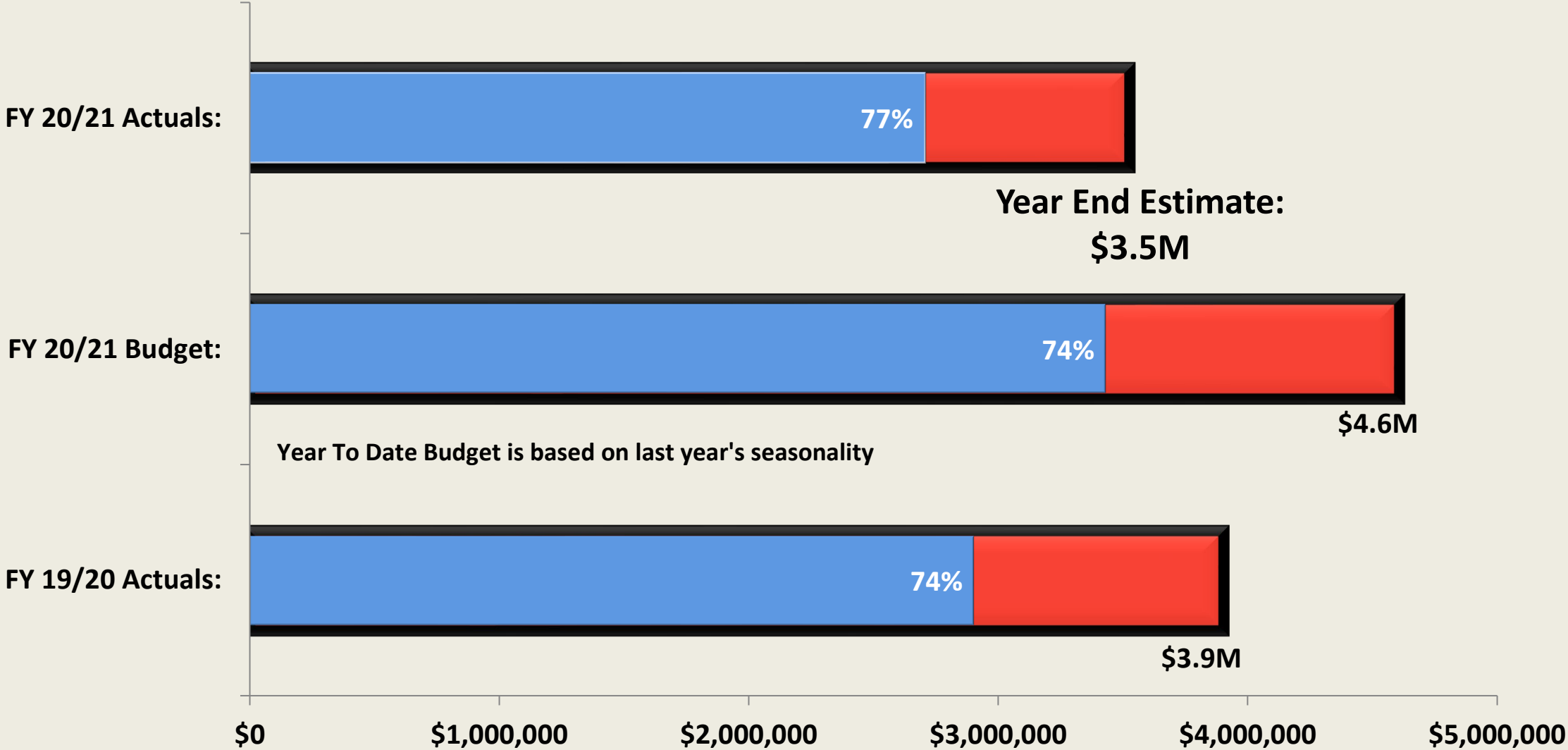
FY 2020/21 3rd Quarter Revenues: Fines and Forfeitures Summary

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
\$ 4,607	\$ 2,704	\$ 3,521

(In Thousands)

Fines and Forfeitures - Revenues



The year end estimate for Fines and Forfeiture revenue is below budget due to decrease in the number of Court filings to both criminal and civil cases, which has reduced fines revenues. While some of the reduction in fines revenues are results of the COVID-19 pandemic, Court filings have also been trending down in recent years.

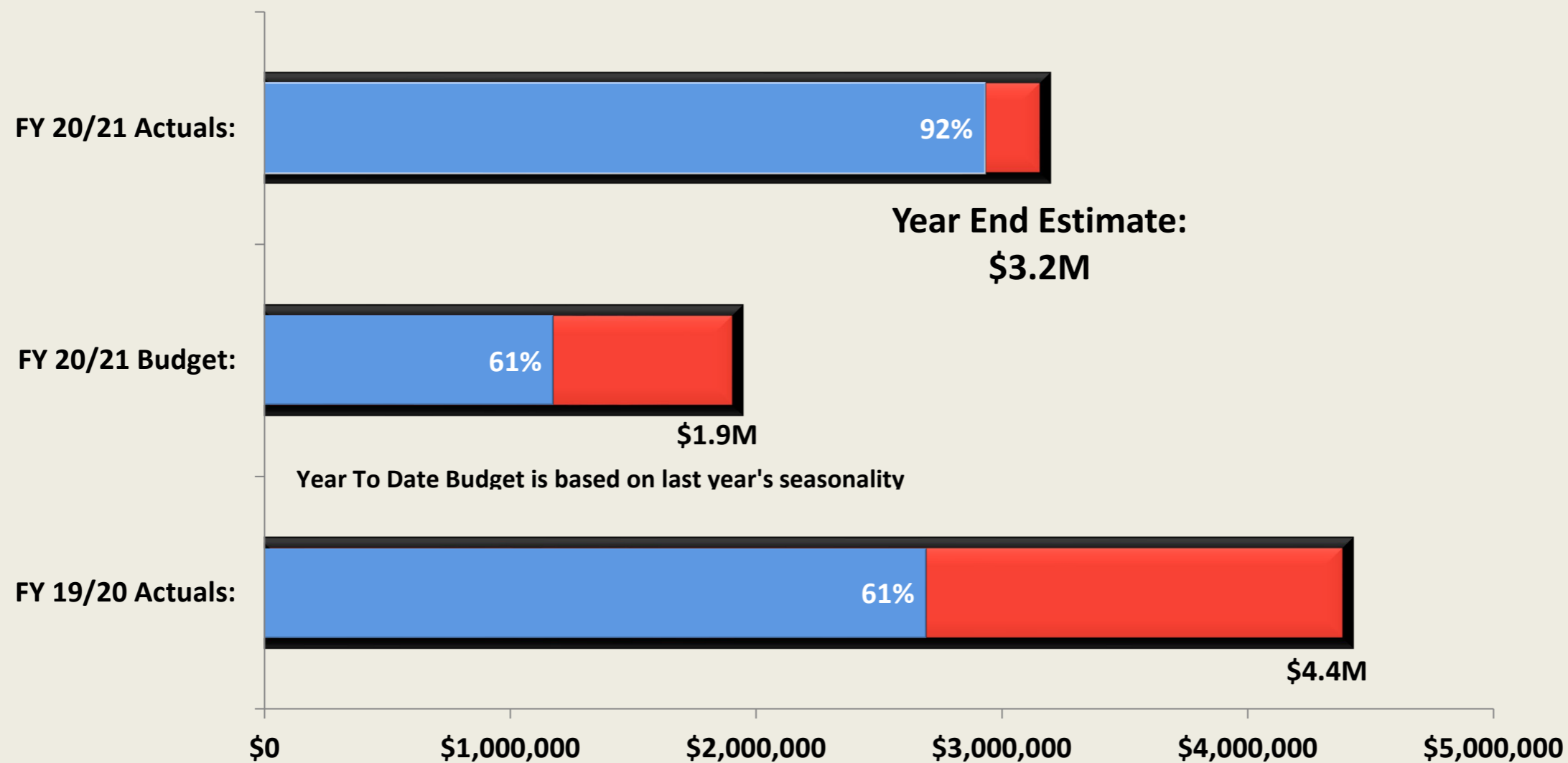
FY 2020/21 3rd Quarter Revenues: Other Revenues Summary

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
\$ 1,926	\$ 2,930	\$ 3,175

(In Thousands)

Other Revenues - Revenues



The Other Revenues year end estimate is above budget due to increased rebate revenues from the City's participation of various purchasing agreements. FY 19/20 revenues are higher than FY 20/21 largely due to increased purchasing rebates and interest on investment revenues.

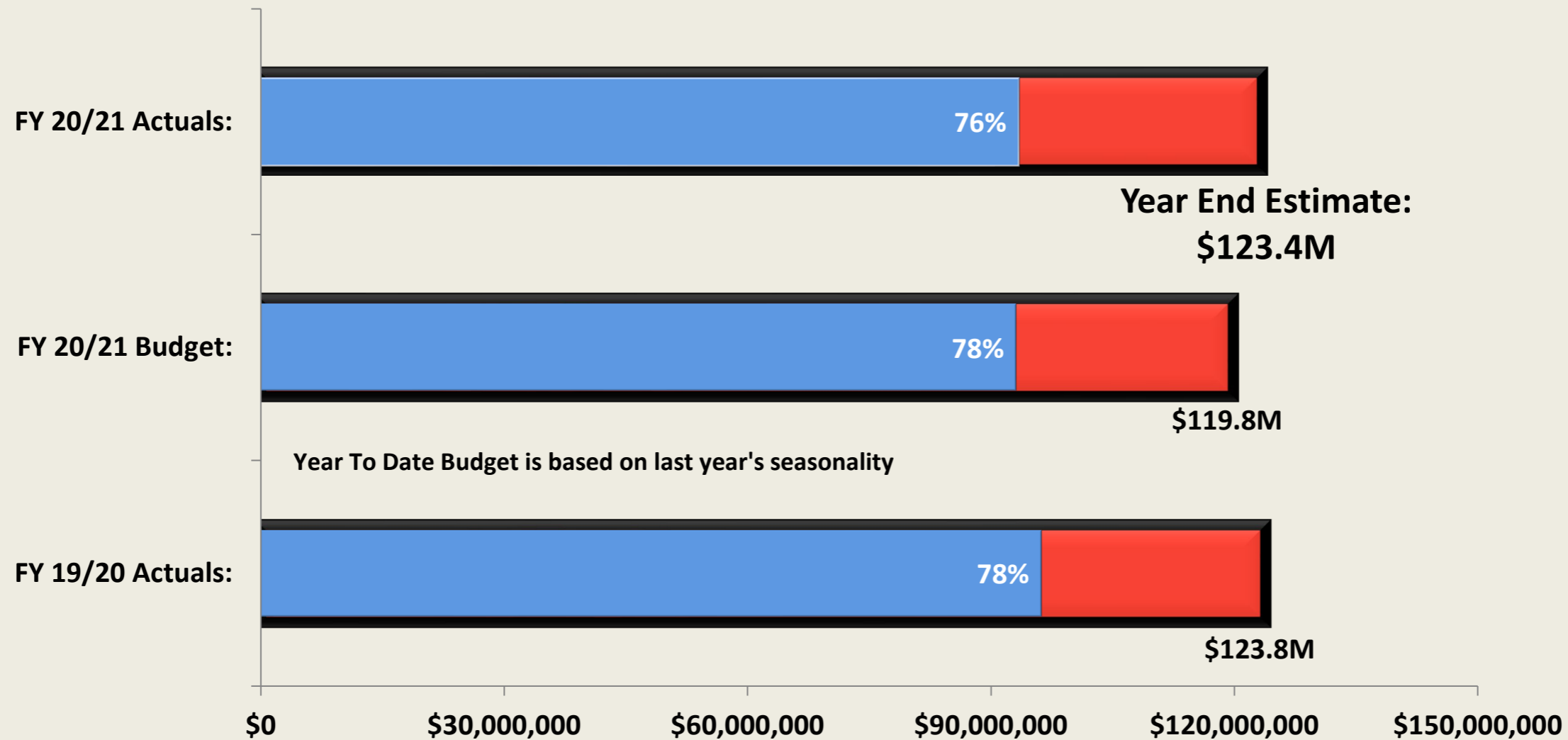
FY 2020/21 3rd Quarter Revenues: Transfers In Summary

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
\$ 119,793	\$ 93,328	\$ 123,379

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund are mainly comprised of quarterly contributions from the Utility Fund, which transfers in 30% of operating revenues. The year end estimate is above budget due to increased utility revenues, likely due to the relatively warm and dry summer.

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General Fund and Quality of Life - FY 2020/21 3rd Quarter Expenditures

Expenditures	Adopted Budget	Year to Date Actuals	Year End Estimate
Community Development and Services	\$ 12,485	\$ 8,276	\$ 11,448
Parks and Library	\$ 27,463	\$ 15,631	\$ 24,811
Law Enforcement	\$ 196,025	\$ 114,942	\$ 171,553
Fire and Medical	\$ 84,100	\$ 34,073	\$ 58,981
Other Departments	\$ 97,580	\$ 62,329	\$ 92,802
Transfers Out	\$ 66,168	\$ 10,124	\$ 108,681
Total	\$ 483,822	\$ 245,375	\$ 468,276

(In Thousands)

Exceeding
On Track
Caution
Monitoring

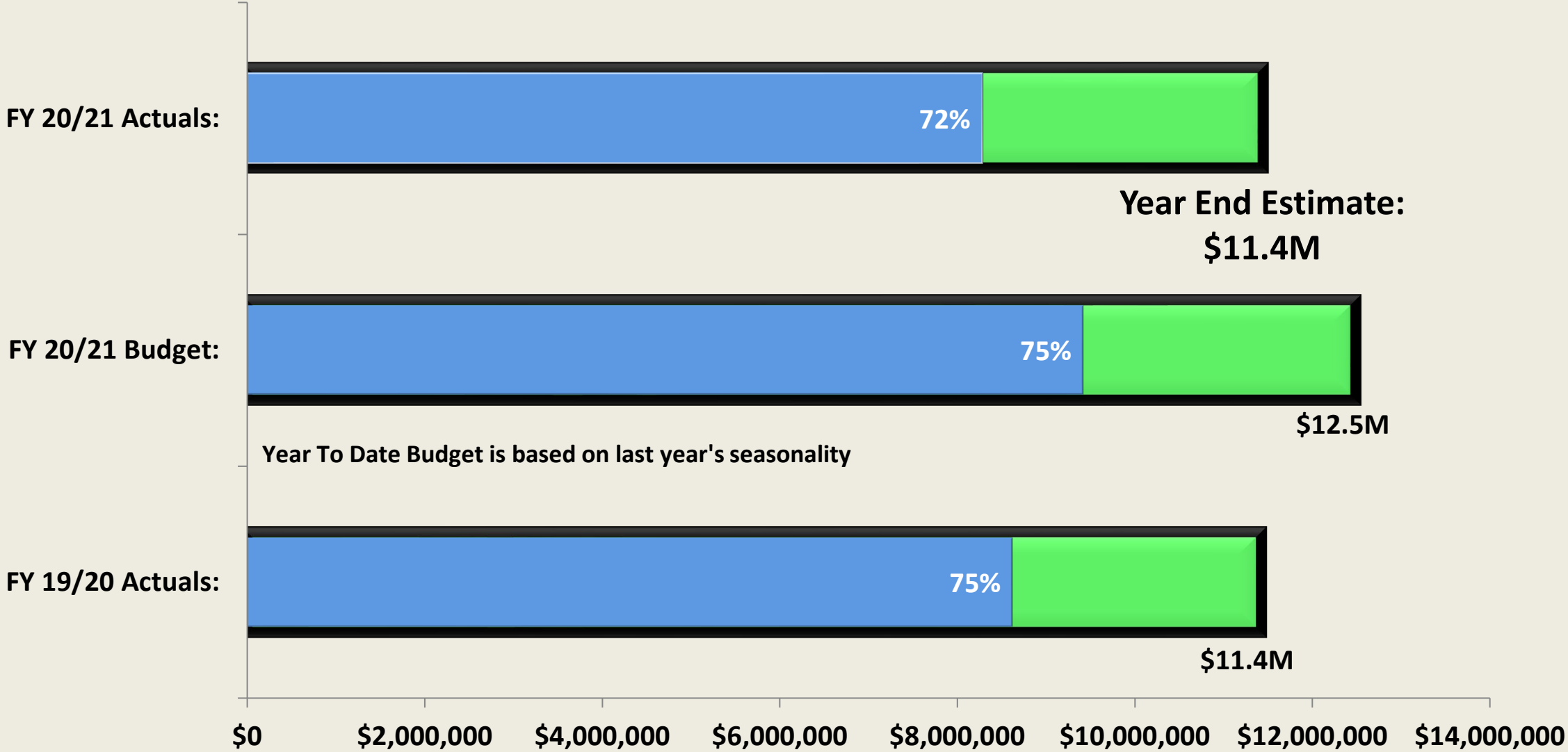
FY 2020/21 3rd Quarter Expenditures: Community Development and Services Summary

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

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 12,485	\$ 8,276	\$ 11,448

(In Thousands)

Community Development and Services - Expenditures



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

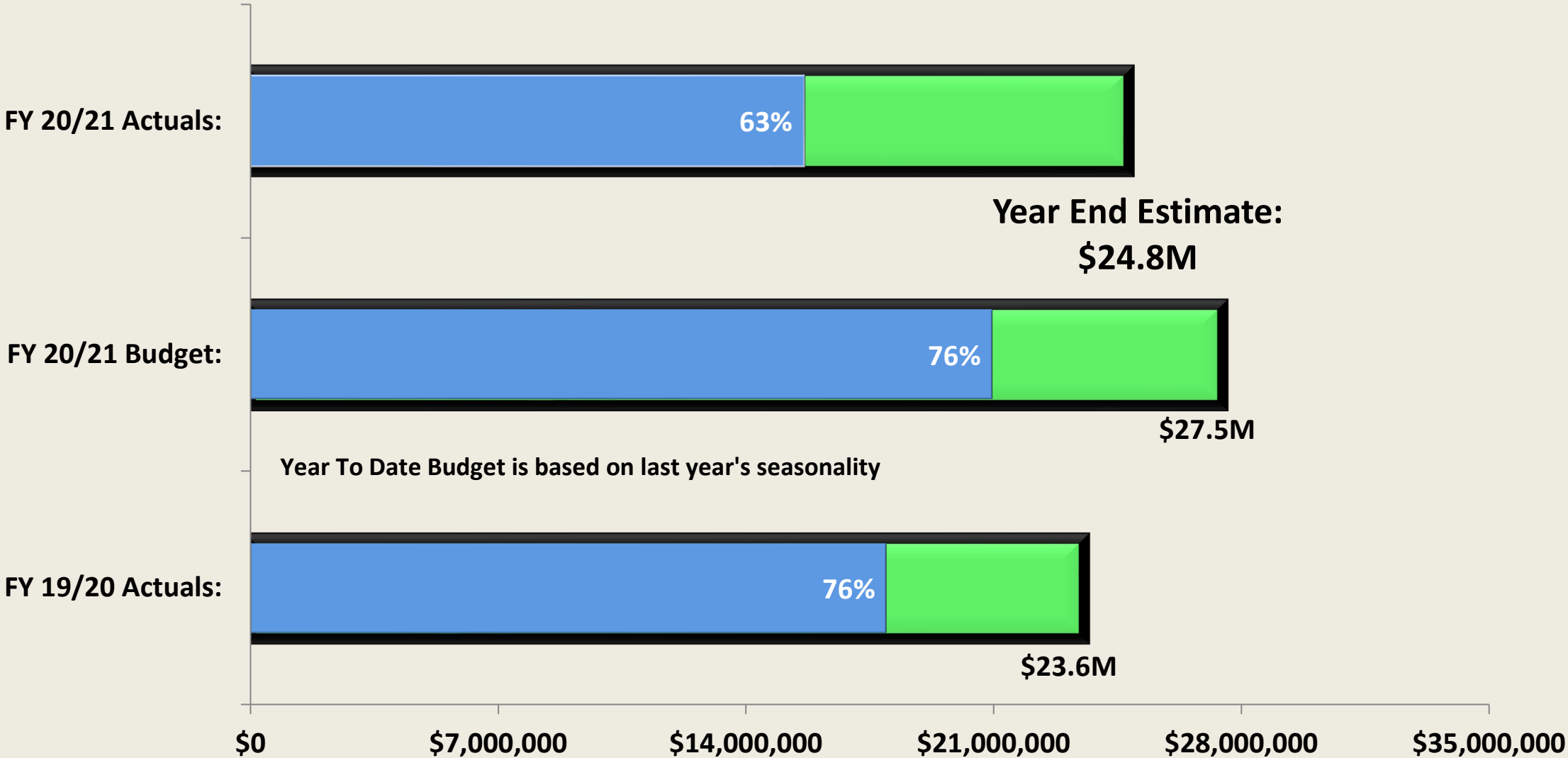
FY 2020/21 3rd Quarter Expenditures: Parks and Library Summary

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
\$ 27,463	\$ 15,631	\$ 24,811

(In Thousands)

Parks and Library - Expenditures



The Parks and Library year end estimate for expenditures is below budget primarily due to vacancy savings as a result of facility closures due to the COVID-19 pandemic.

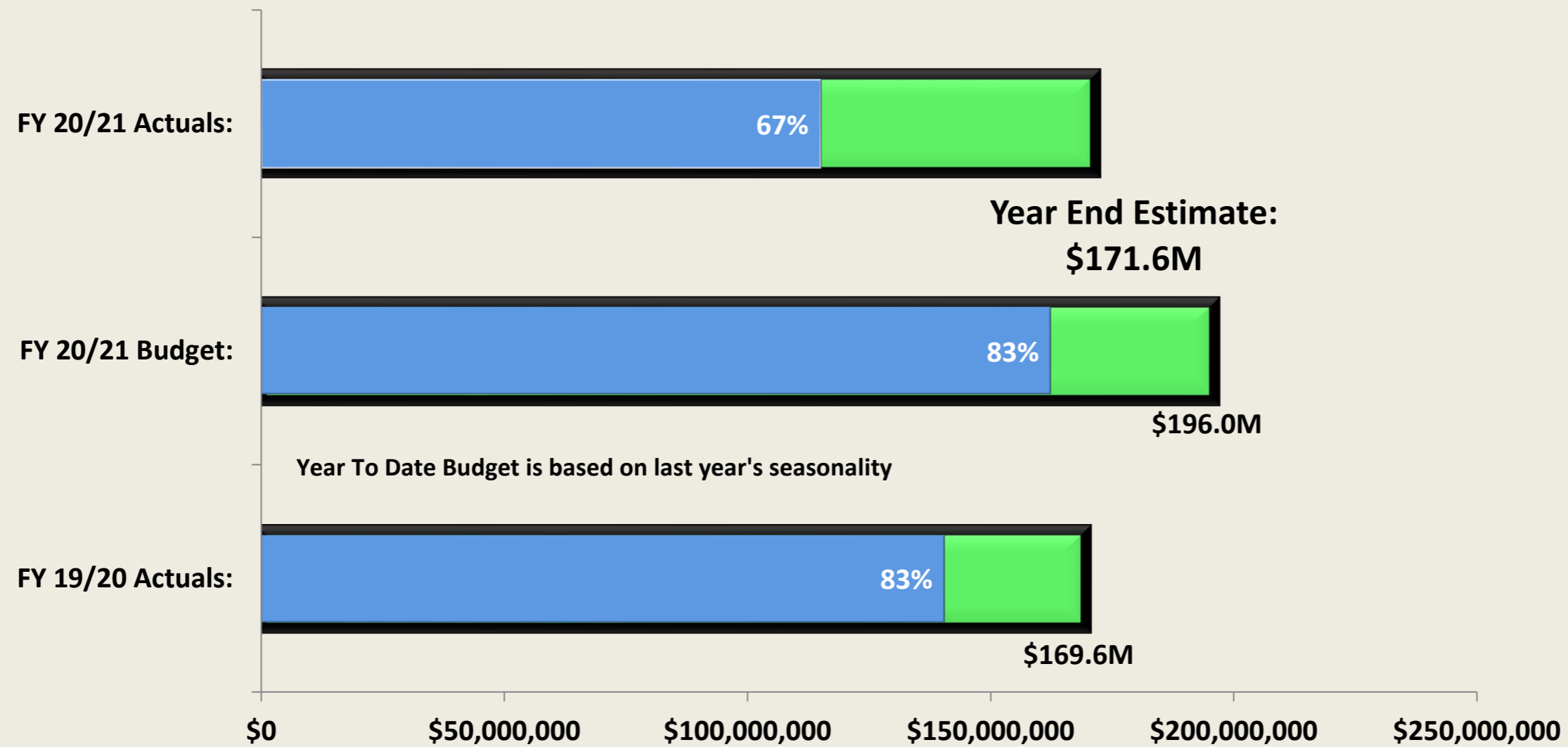
FY 2020/21 3rd Quarter Expenditures: Law Enforcement Summary

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
\$ 196,025	\$ 114,942	\$ 171,553

(In Thousands)

Law Enforcement - Expenditures



The year end estimate of Law Enforcement expenditures is below budget. The decrease is largely due to the shifting of personnel expenses (\$29.4M) from the General Fund to the Federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic. Year to date actuals are lower than FY 19/20 reflects the shift of expenses to CARES Relief Fund. CARES funding expired in December 2020, and General Fund spending is expected to increase. Additionally, the year end estimate includes personnel costs related to the pay increase provided in January 2021, which was not included in the Adopted Budget.

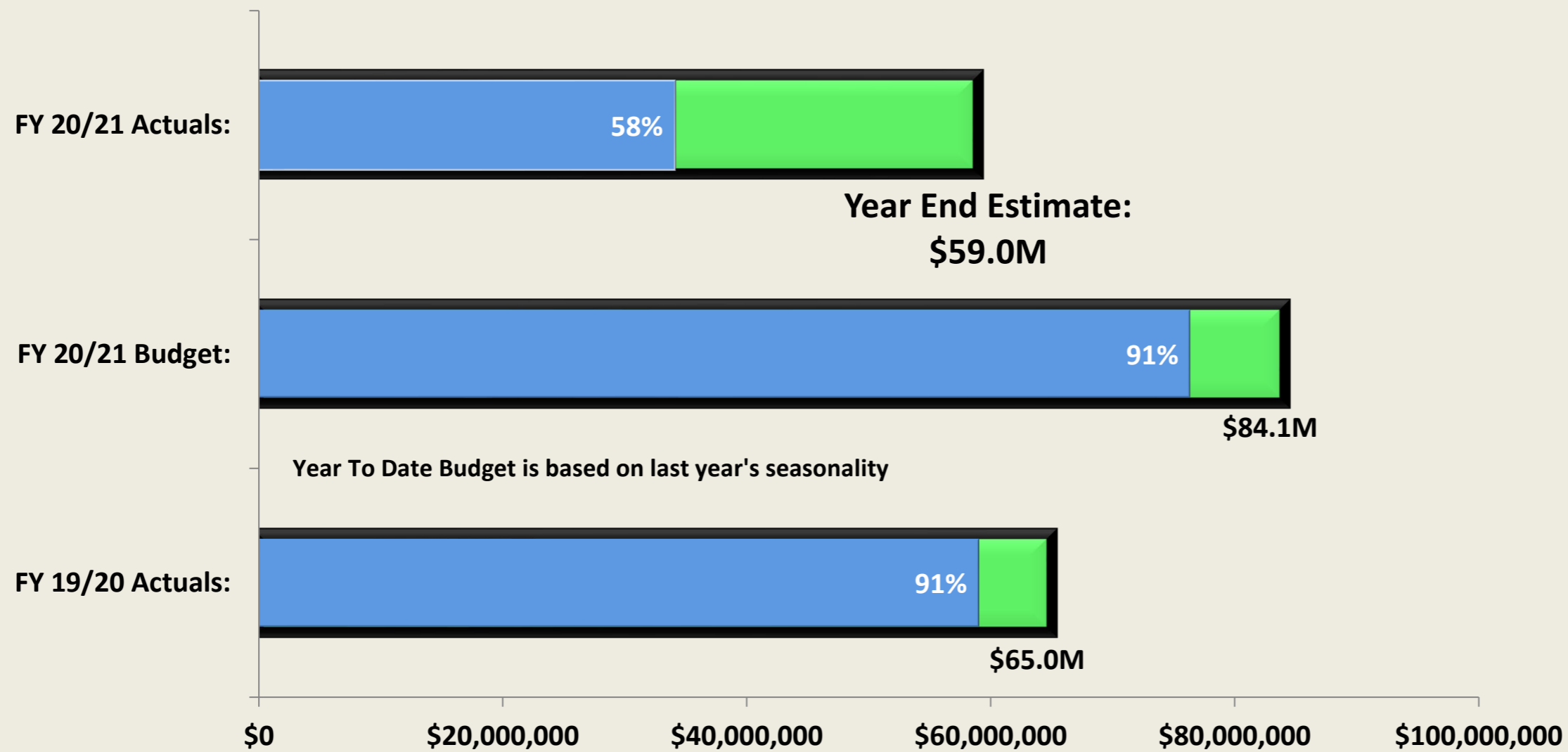
FY 2020/21 3rd Quarter Expenditures: Fire and Medical Summary

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
\$ 84,100	\$ 34,073	\$ 58,981

(In Thousands)

Fire and Medical - Expenditures



The year end estimate of Fire and Medical expenditures is below budget. The decrease is largely due to the shifting of personnel expenses (\$27.4M) from the General Fund to the Federal CARES Act funding for duties performed by public safety personnel throughout the COVID-19 pandemic. Year to date actuals are lower than FY 19/20 reflects the shift of expenses to CARES Relief Fund. CARES funding expired in December 2020, and General Fund spending is expected to increase.

FY 2020/21 3rd Quarter Expenditures: Other Departments Summary

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

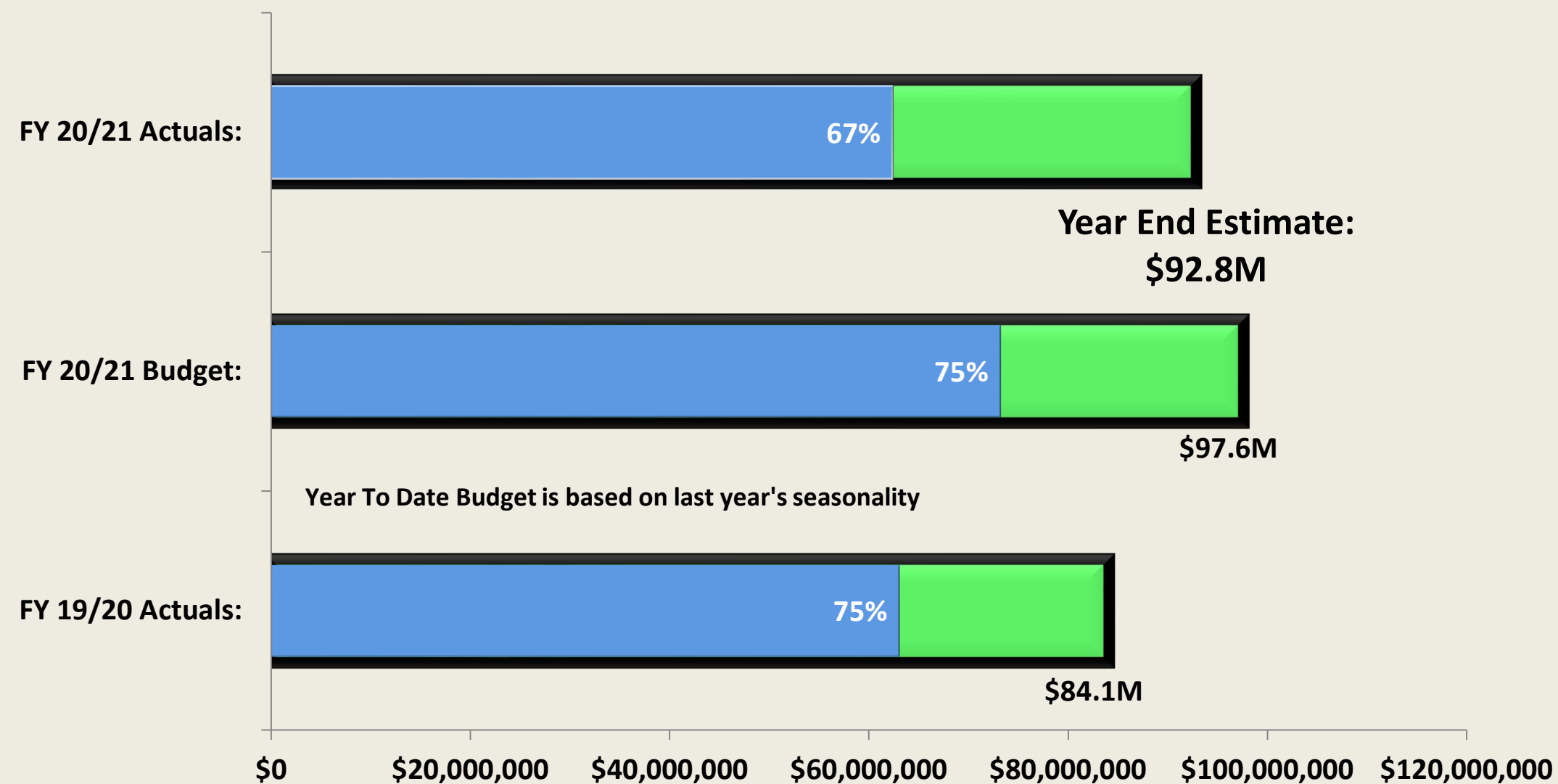
- | | | | |
|----------------------------|------------------------|--------------------------|---------------------------------------|
| Business Services | Communications | Financial Services | Office of Management and Budget |
| Centralized Appropriations | Economic Development | Fleet Services | Public Information and Communications |
| City Attorney | Energy Resources | Human Resources | Environmental Mgmt and Sustainability |
| City Auditor | Engineering | 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
\$ 97,580	\$ 62,329	\$ 92,802

(In Thousands)

Other Departments - Expenditures



The Other Departments expenditure year end estimate is slightly below budget. The year end estimate was reduced by \$3.6M due to the Facilities Maintenance projects expenses that were shifted to the General Capital Fund, which can be seen in the Transfers out Summary. Additionally, the year end estimate also includes \$1M in vacancy savings from various departments due to the hiring freeze enacted in the first half of the fiscal year.

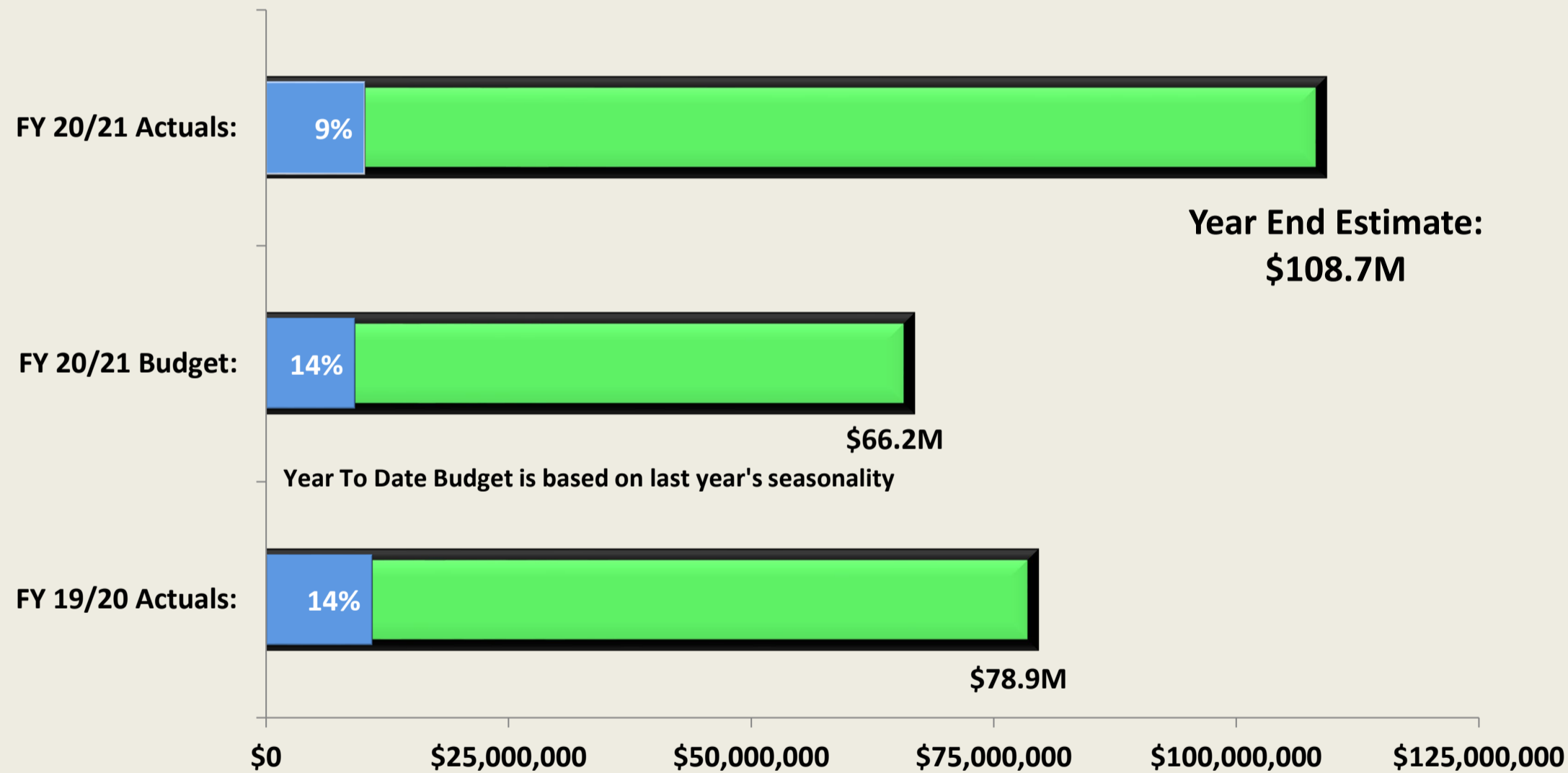
FY 2020/21 3rd Quarter Expenditures: Transfers Out Summary

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 and Transit Fund.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 66,168	\$ 10,124	\$ 108,681

(In Thousands)

Transfers Out - Expenditures



Almost all the transfers from the General Fund occur at the end of the fiscal year, except for quarterly transfers for vehicle replacements and transfers and Arts & Culture Fund. The year end estimate is above budget due a the \$39M transfer to the CARES Relief fund for additional COVID response related expenses that are long longer subsidized by the federal government. Additionally, the General Capital transfer is \$1.4M above budget largely due to a shift from the General Fund to the General Capital Fund for various Facilities Maintenance improvements, which can be seen on the Other Departments Summary page. The year end estimate also includes a \$10M transfer above budget to the Stabilization of Services set aside due to higher than anticipated income tax revenues. Last, the year end estimate would have been an additional \$11.9M, however federal CARES Act funding specific to Transit Services offset the expenses billed by Valley Metro and reduced the amount needed to transfer to the Transit Fund.

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FY 2020/21 3rd Quarter Net Sources and Uses - Utility Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
District Cooling	\$ (252)	\$ 91	\$ (338)
Electric	\$ 1,433	\$ 1,216	\$ 969
Natural Gas	\$ 446	\$ (2,530)	\$ (3,948)
Solid Waste	\$ 3,404	\$ 6,042	\$ 3,288
Wastewater	\$ (18,327)	\$ (6,199)	\$ (13,623)
Water	\$ (2,306)	\$ 13,733	\$ 6,414
Total Utility Fund	\$ (15,350)	\$ 12,261	\$ (6,900)

(In Thousands)

Exceeding
On Track
Caution
Monitoring

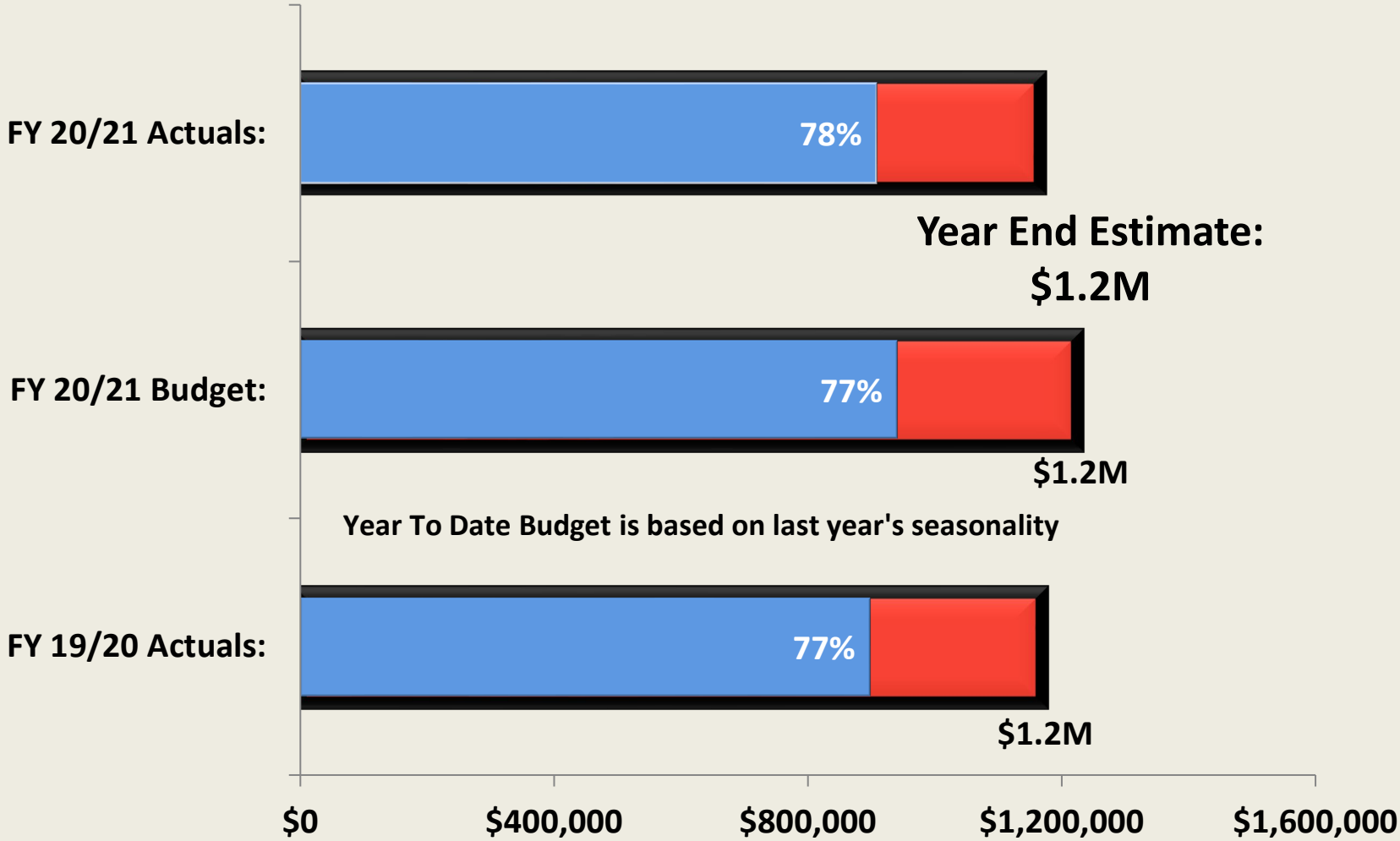
FY 2020/21 3rd Quarter District Cooling Summary

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.

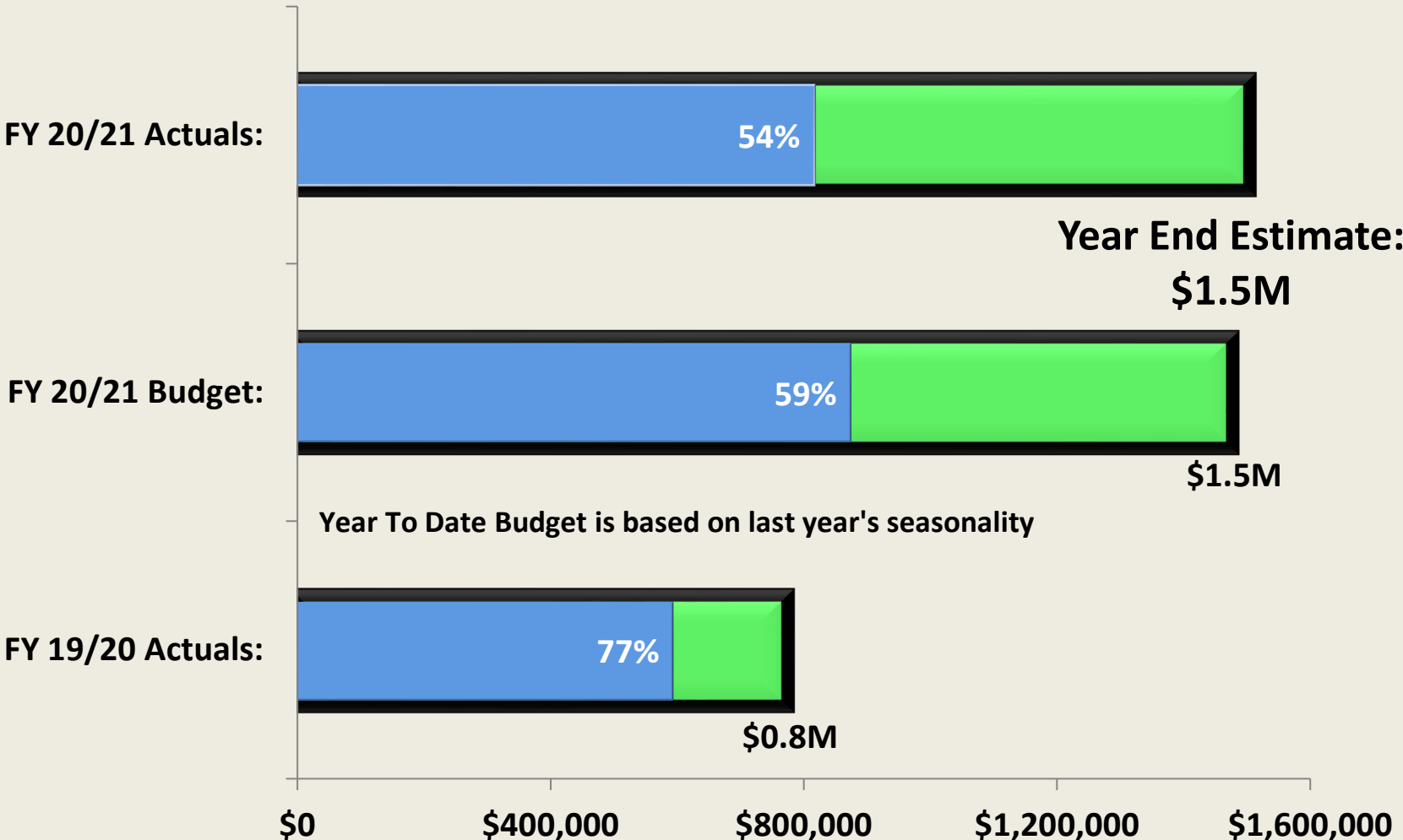
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,225	\$ 907	\$ 1,166
Uses	\$ 1,108	\$ 544	\$ 1,109
Debt/Capital Transfers Out	\$ 1	\$ -	\$ 46
General Fund Transfers Out	\$ 368	\$ 271	\$ 350
Net Sources and Uses	\$ (252)	\$ 91	\$ (338)

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



Both sources and uses year end estimate are on track with budget.

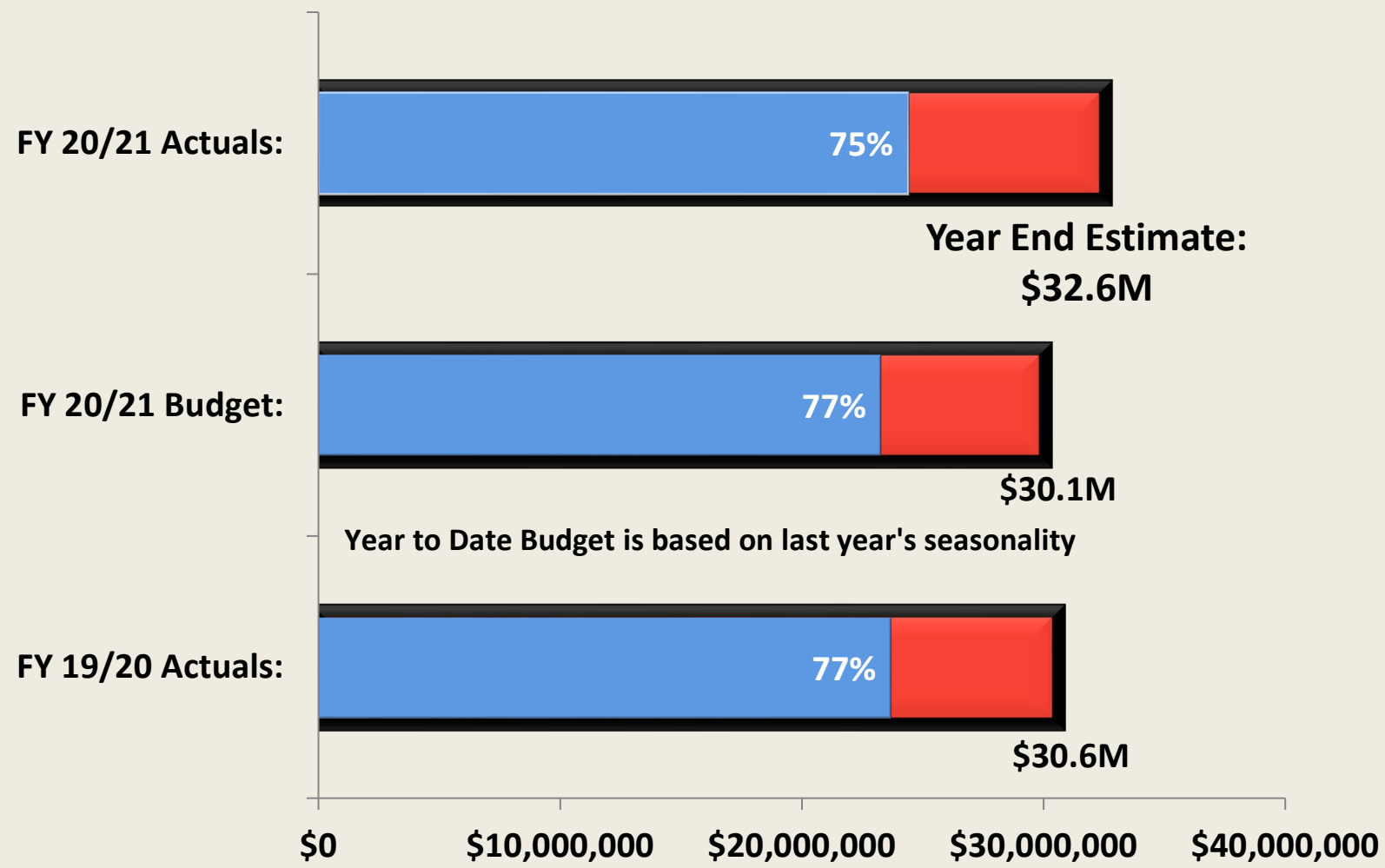
FY 2020/21 3rd Quarter Electric Summary

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.

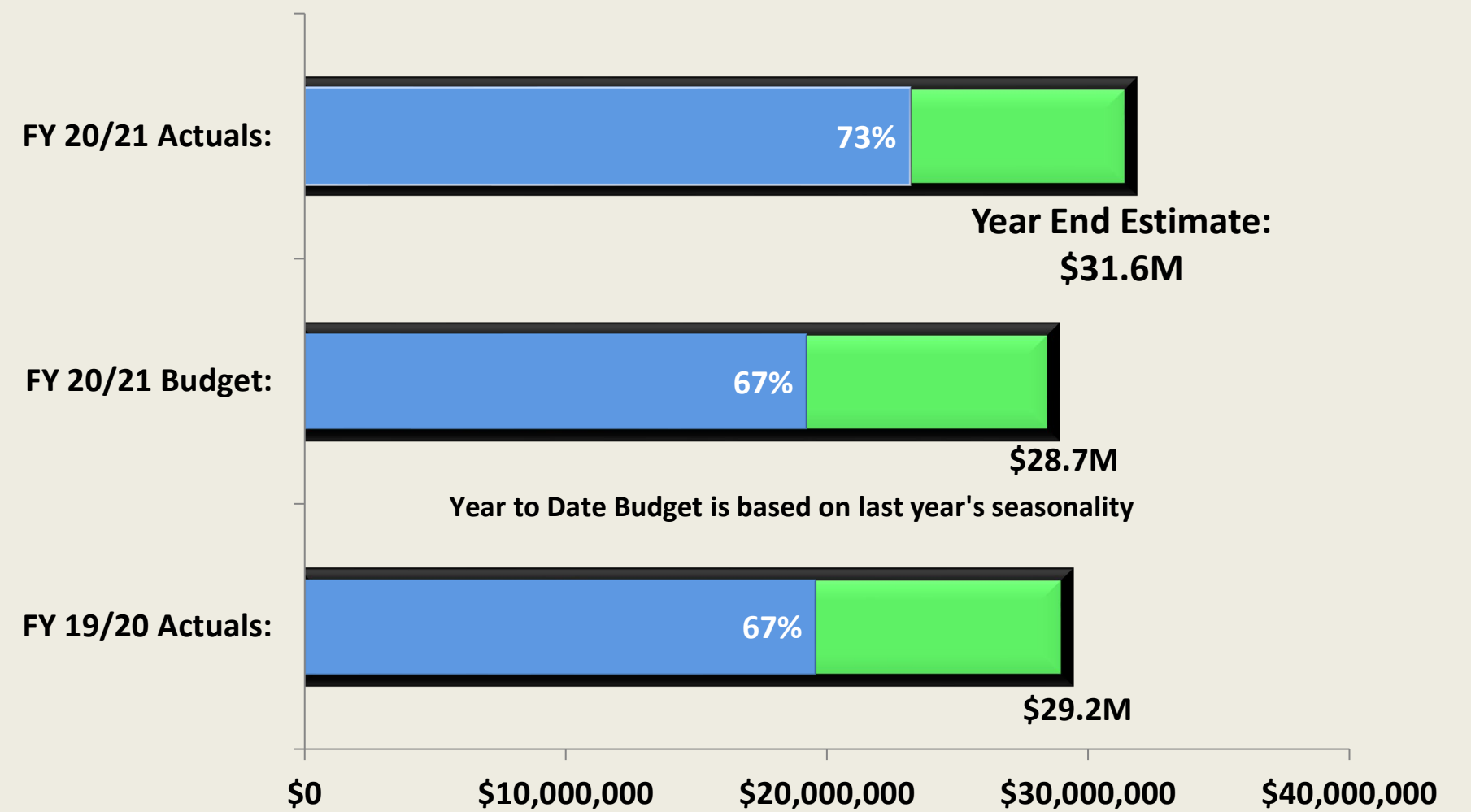
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 30,089	\$ 24,375	\$ 32,575
Uses	\$ 19,797	\$ 16,548	\$ 22,929
Debt/Capital Transfers Out	\$ 3,316	\$ 2,297	\$ 3,040
General Fund Transfers Out	\$ 5,543	\$ 4,314	\$ 5,637
Net Sources and Uses	\$ 1,433	\$ 1,216	\$ 969

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



The year end estimates for sources and uses are above budget due to the electric energy cost adjustment factor, which is the cost of electricity that is passed through to the customer. Electric energy costs increased in FY 20/21 due to unanticipated supply disruptions as a result of California wildfires, the Texas weather event in February 2021, as well as increased demand in the hot summer months. Electric debt and capital transfers out are below budget due to savings from utility systems debt refinancing.

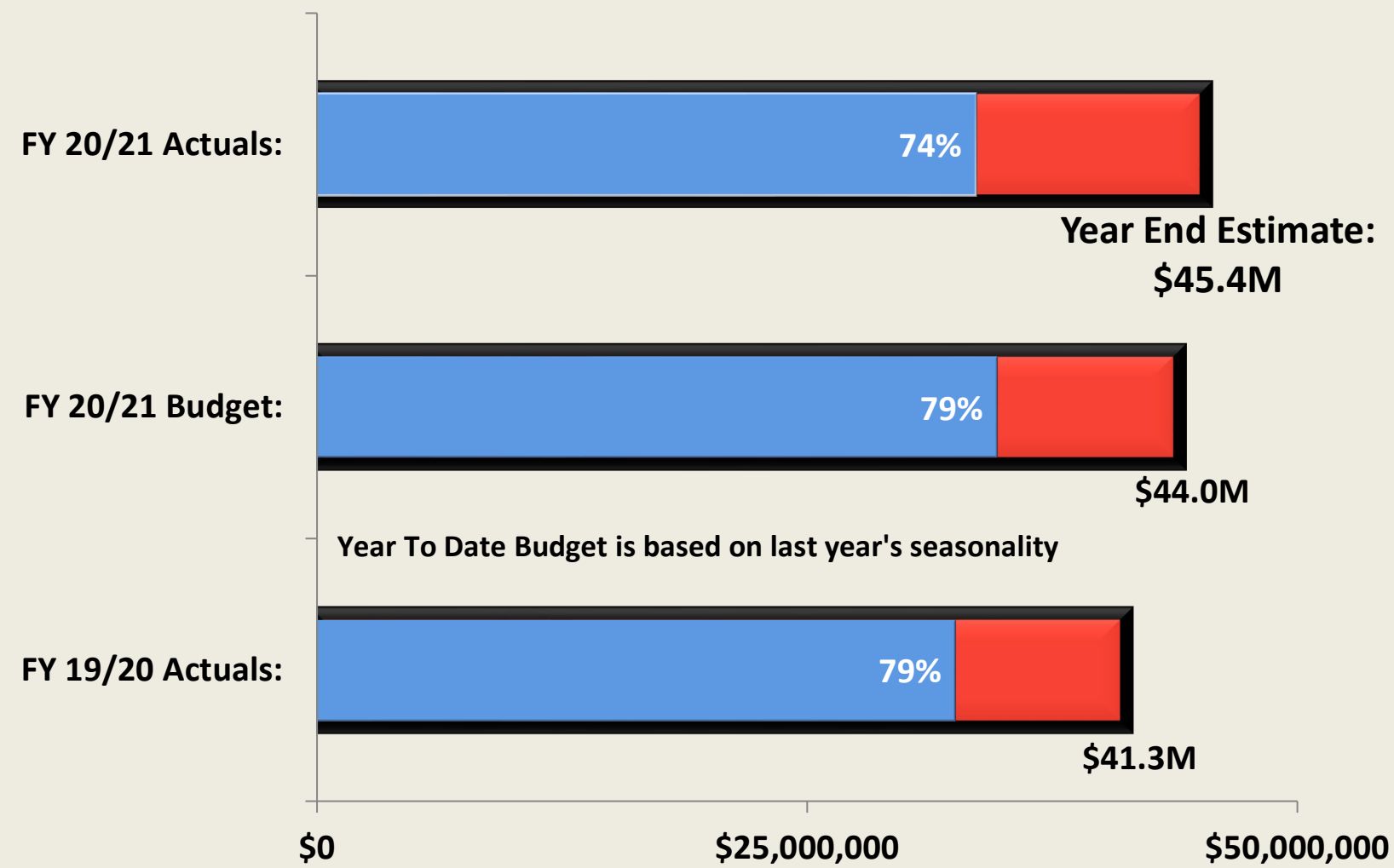
FY 2020/21 3rd Quarter Natural Gas Summary

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.

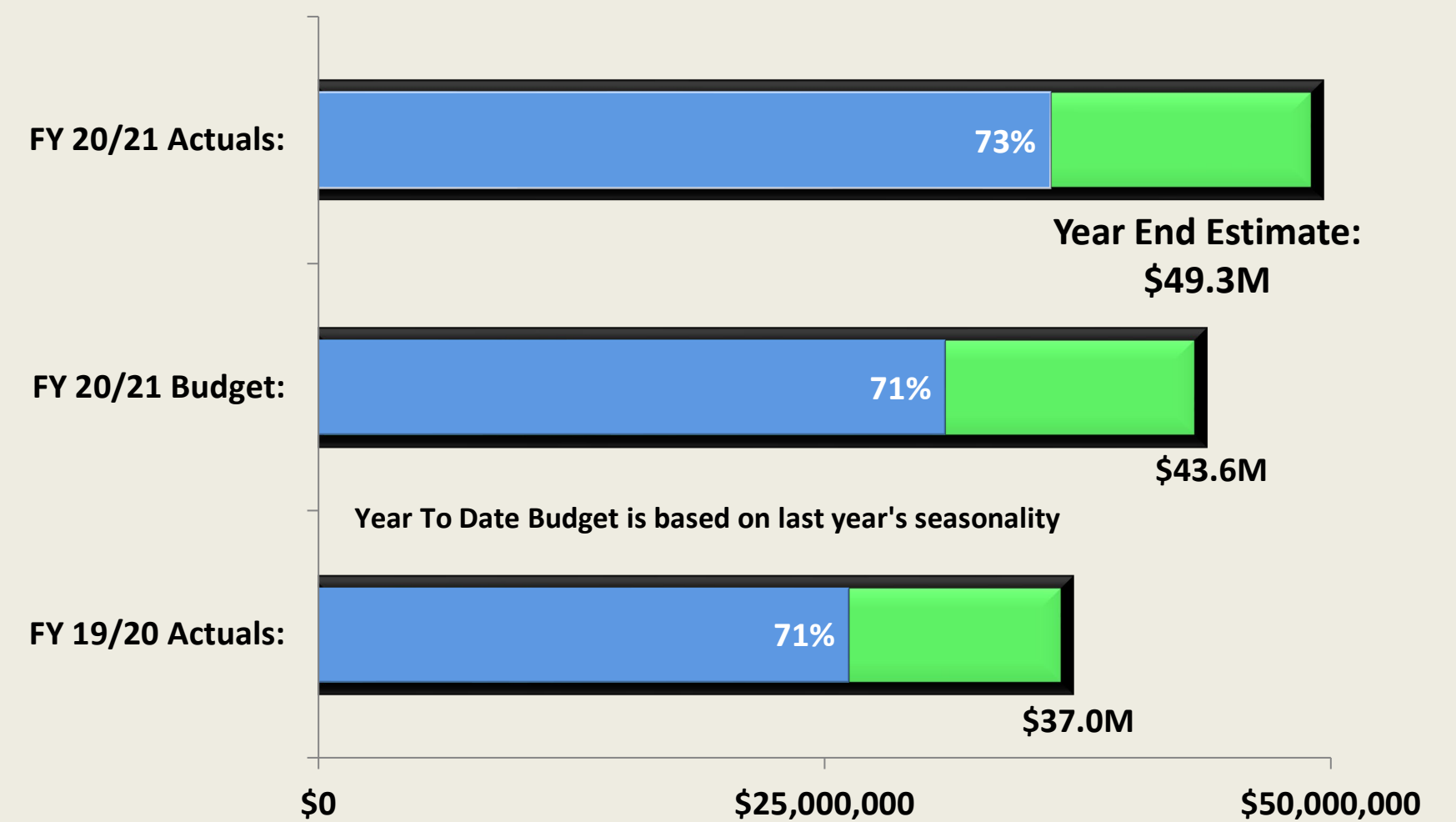
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 44,006	\$ 33,586	\$ 45,354
Uses	\$ 25,537	\$ 22,768	\$ 31,136
Debt/Capital Transfers Out	\$ 7,901	\$ 5,395	\$ 7,160
General Fund Transfers Out	\$ 10,123	\$ 7,954	\$ 11,006
Net Sources and Uses	\$ 446	\$ (2,530)	\$ (3,948)

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



The year end estimates for sources and uses are above budget due to the purchased natural gas cost adjustment factor, which is the cost of natural gas that is passed through to the customer. The year end estimate for the natural gas cost adjustment factor uses increased \$7.1M above budget due to the Texas weather event in February 2021, which severely reduced the City's natural gas supply. The year end estimate for sources is slightly above budget due to cost recovery of the increased natural gas commodity costs as well as higher than anticipated residential growth, particularly in the Magma service area. The Debt and Capital Transfers Out are below budget due to savings from a utility systems debt refinancing. Lastly, General Fund transfers out are based on year to date operating revenues from each utility, excluding commodity pass throughs. The General Fund Transfers Out year end estimate consists of 30% of operating revenues, and is above budget due to higher than anticipated residential account and consumption growth of the gas utility.

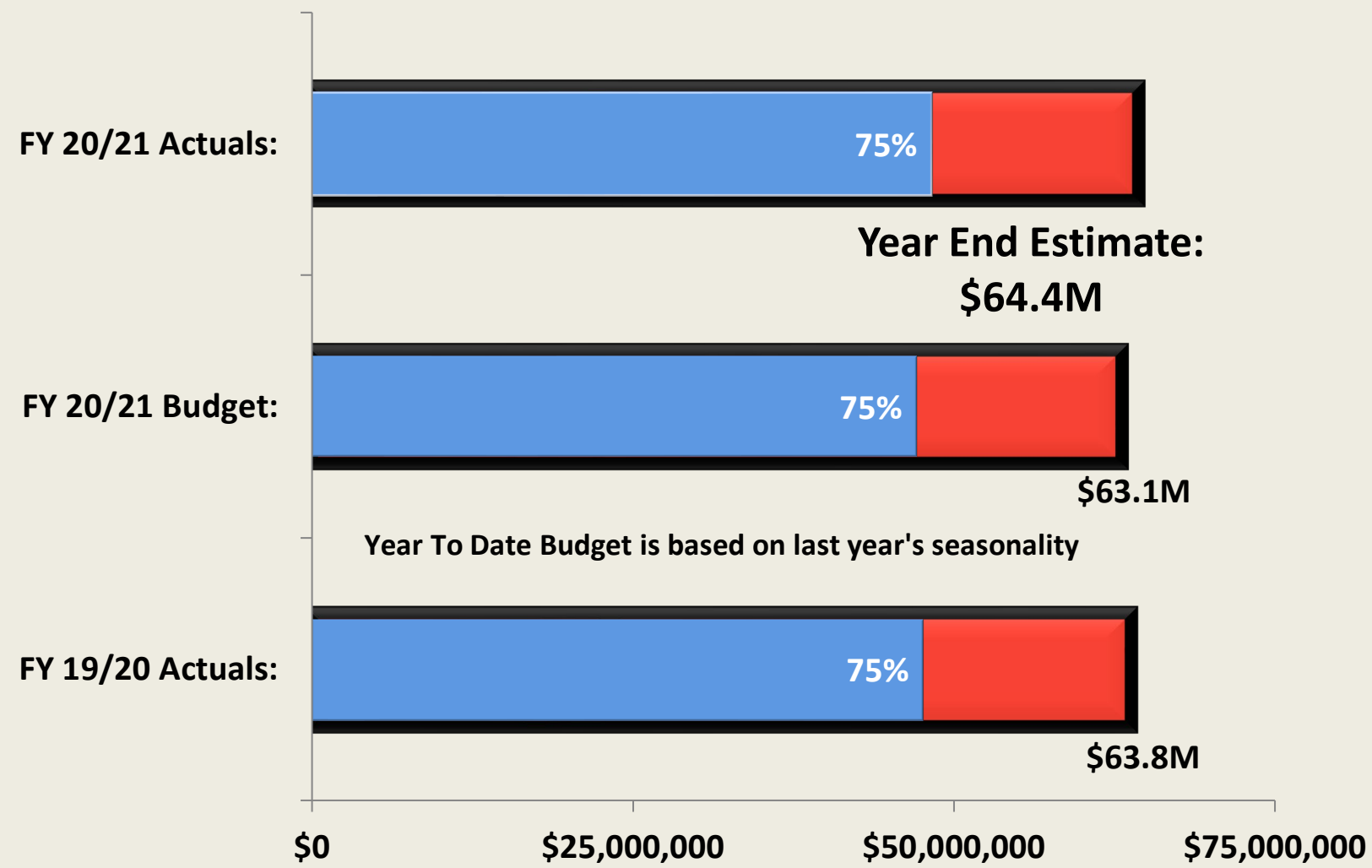
FY 2020/21 3rd Quarter Solid Waste Summary

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.

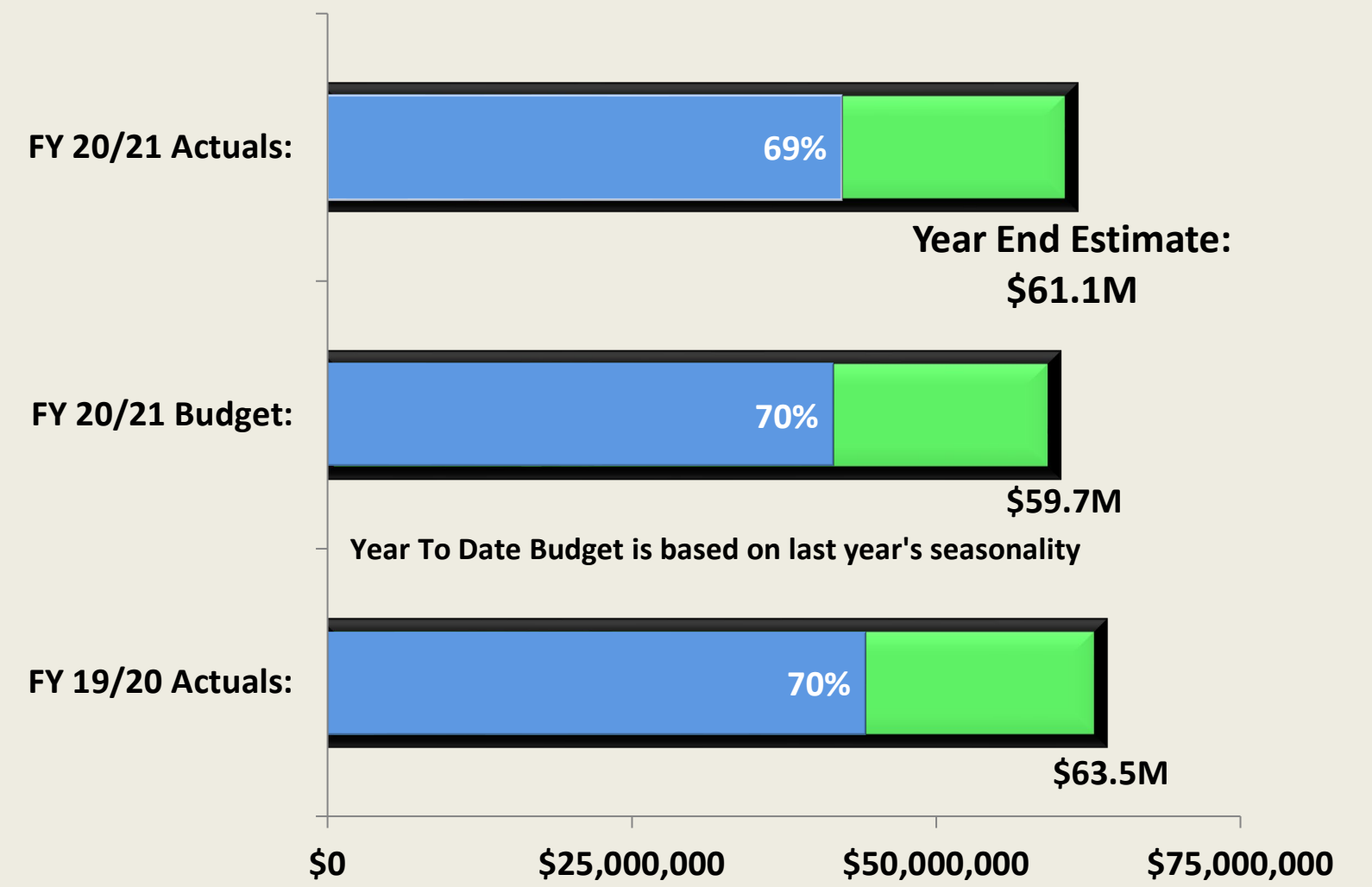
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 63,095	\$ 48,222	\$ 64,400
Uses	\$ 38,728	\$ 26,449	\$ 39,782
Debt/Capital Transfers Out	\$ 2,035	\$ 1,464	\$ 2,009
General Fund Transfers Out	\$ 18,929	\$ 14,267	\$ 19,320
Net Sources and Uses	\$ 3,404	\$ 6,042	\$ 3,288

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



The Solid Waste sources year end estimate is slightly above due to increase in both residential and commercial roll-off usage revenues. The uses year end estimate is also slightly above budget primarily due to increased personnel and overtime expenses as a result of increased residential waste tonnage.

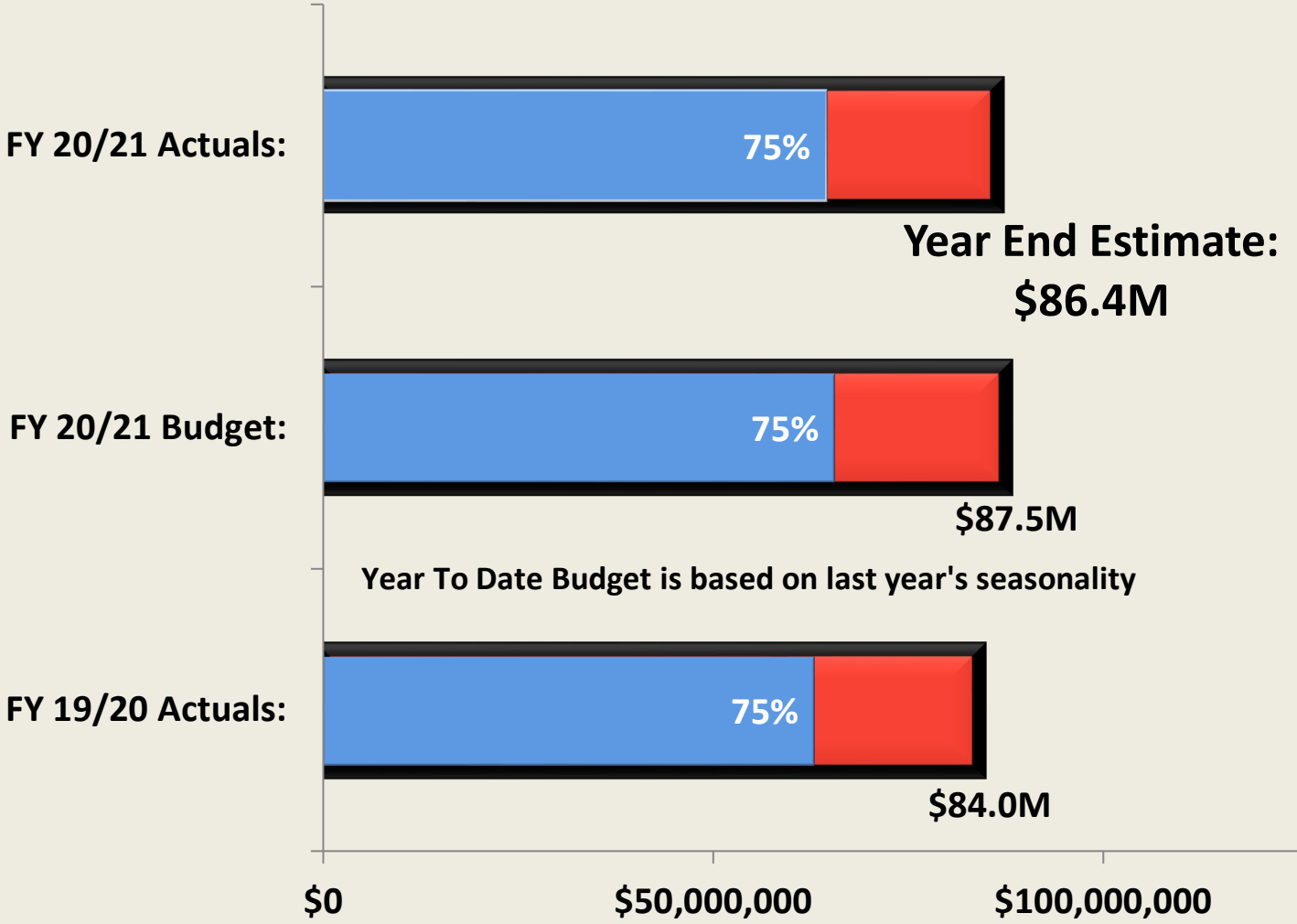
FY 2020/21 3rd Quarter Wastewater Summary

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.

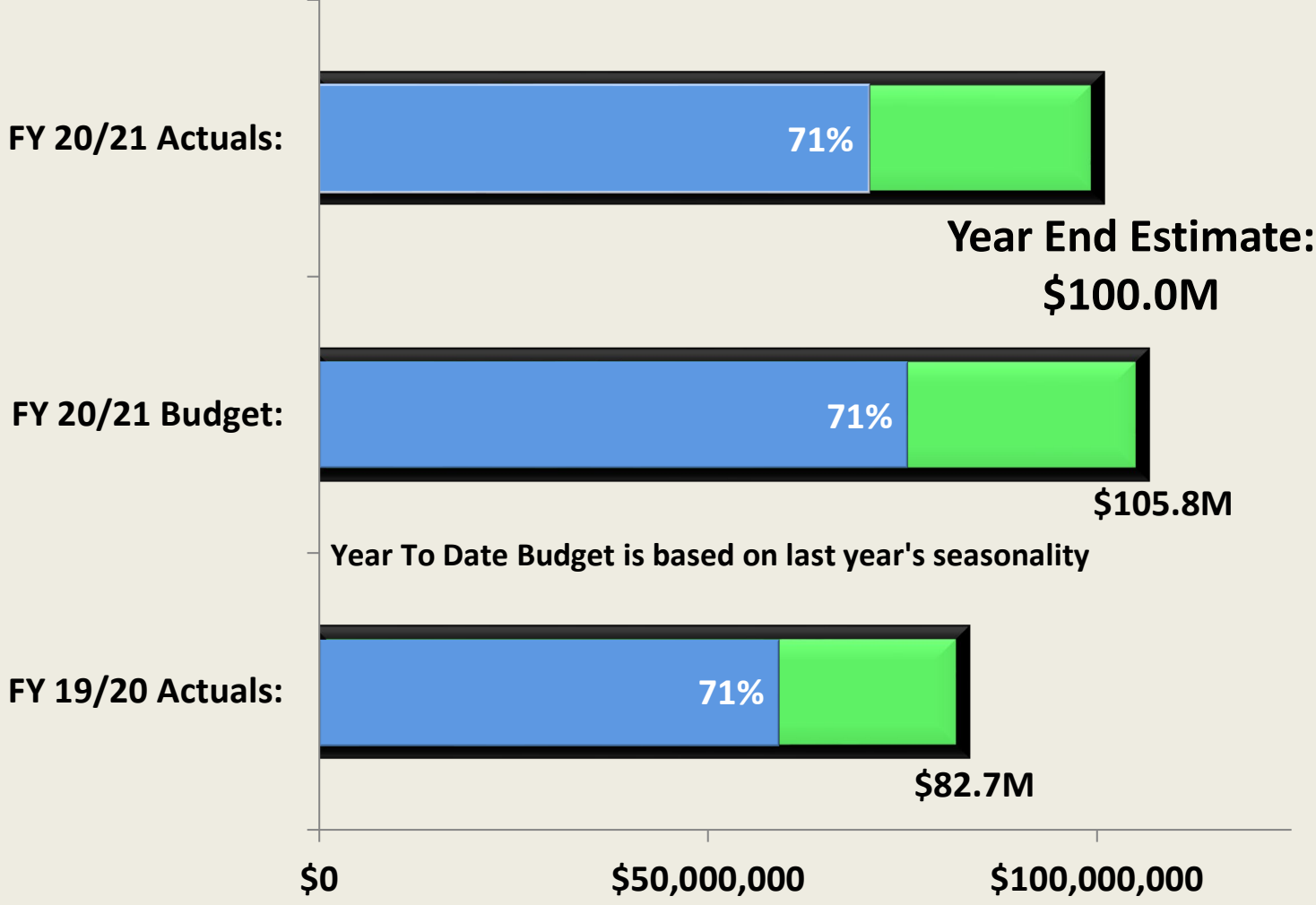
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 87,462	\$ 64,398	\$ 86,366
Uses	\$ 32,138	\$ 19,580	\$ 30,893
Debt/Capital Transfers Out	\$ 47,413	\$ 31,901	\$ 43,186
General Fund Transfers Out	\$ 26,239	\$ 19,116	\$ 25,910
Net Sources and Uses	\$ (18,327)	\$ (6,199)	\$ (13,623)

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



The year end estimate for sources is slightly below budget due to reduced residential revenues. Residential wastewater charges are based off of the customer's prior winter water average, where usage was relatively low, resulting in reduced residential revenues in FY 20/21. The year end estimates for Debt and Capital Transfers is below budget due to savings from a utility systems debt refinancing.

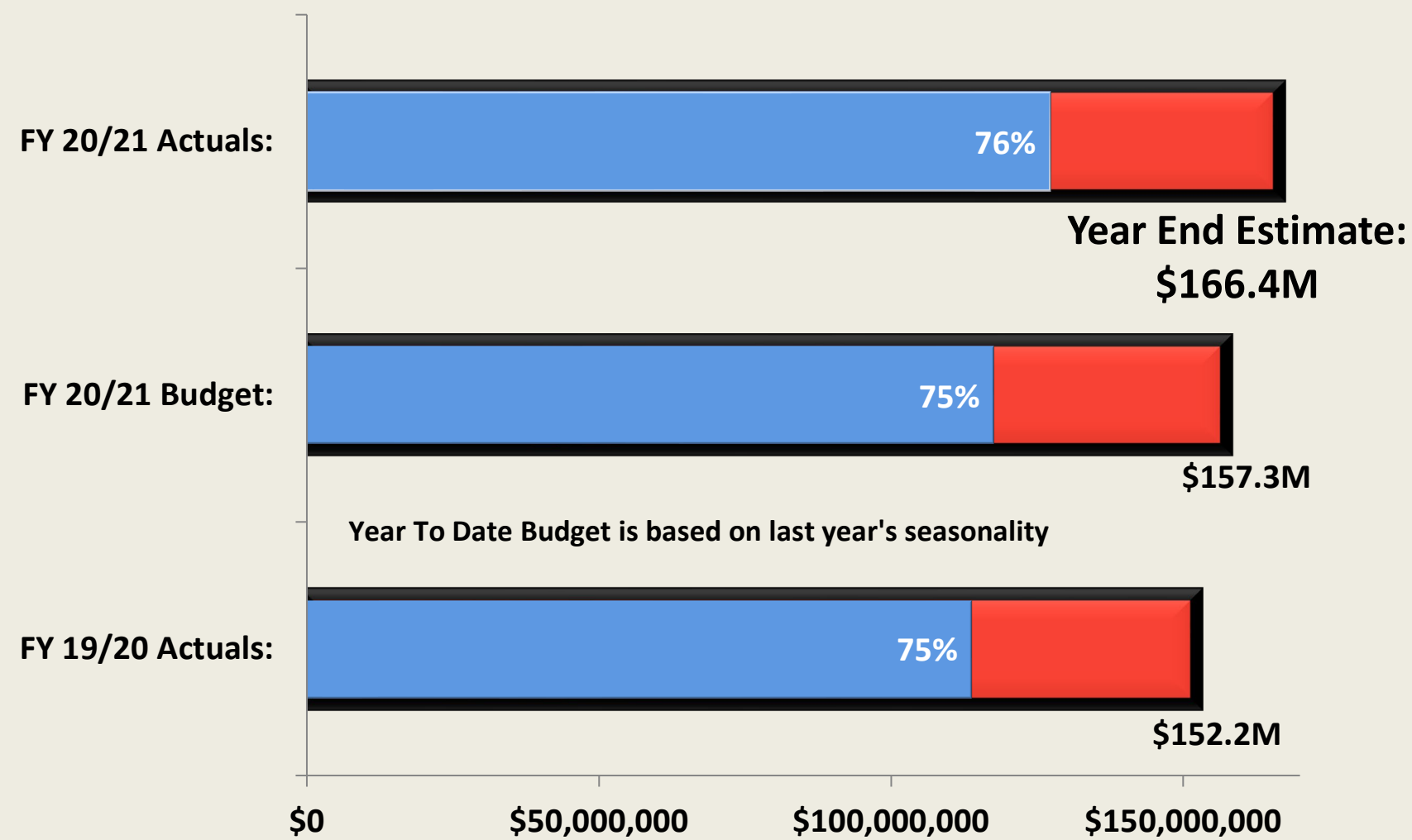
FY 2020/21 3rd Quarter Water Summary

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.

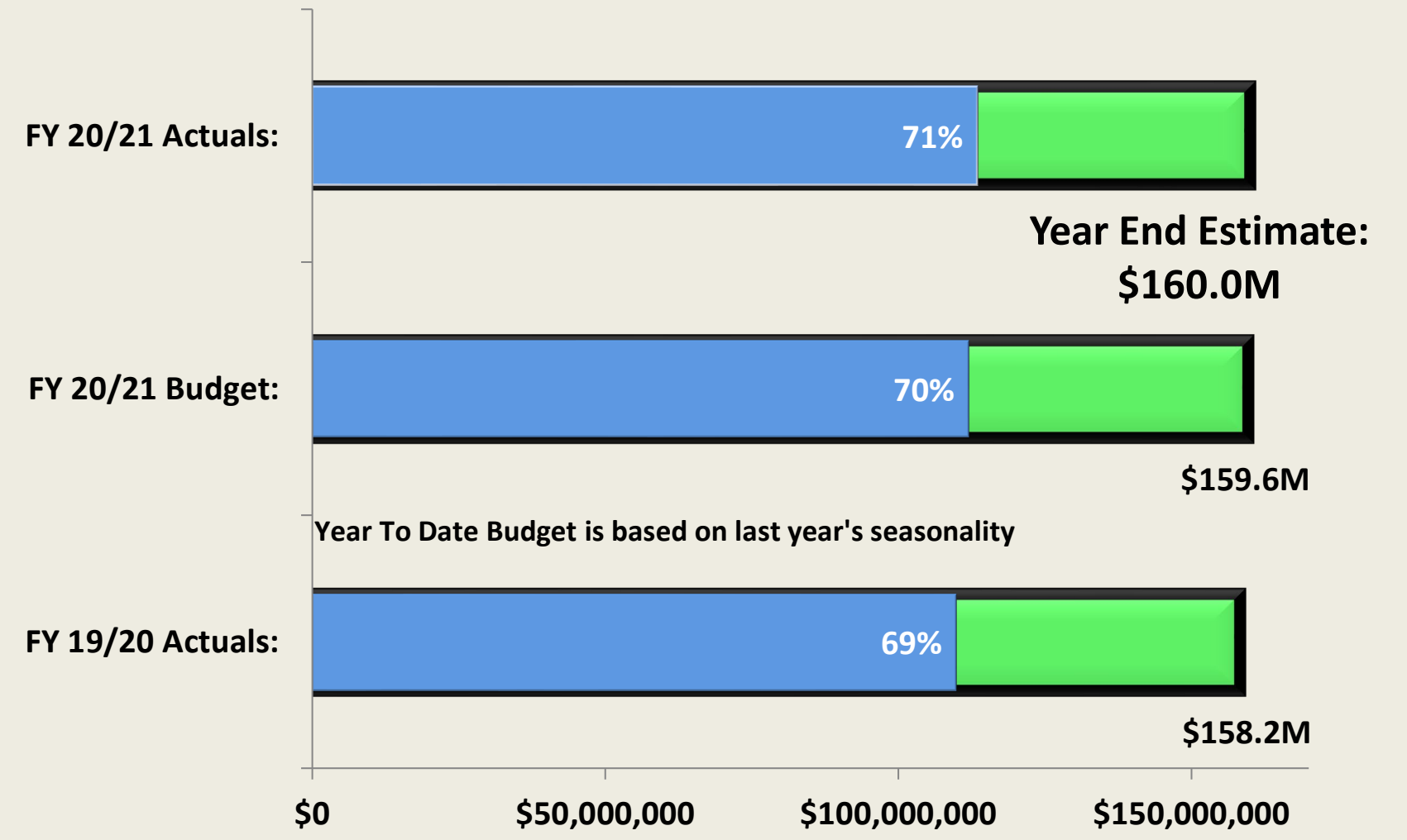
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 157,254	\$ 127,100	\$ 166,377
Uses	\$ 64,636	\$ 42,984	\$ 65,771
Debt/Capital Transfers Out	\$ 47,747	\$ 32,659	\$ 44,279
General Fund Transfers Out	\$ 47,176	\$ 37,724	\$ 49,913
Net Sources and Uses	\$ (2,306)	\$ 13,733	\$ 6,414

(In Thousands)

Water - Sources



Water - Uses and Transfers



The Water sources year end estimate is \$8M above budget due to elevated water consumption from both residential and non-residential accounts due to lack of rainfall. The Debt and Capital Transfers Out year end estimate is below budget due to savings from a utility systems debt refinancing. Additionally, the estimated General Fund Transfer Out is above budget because the transfer is based on 30% of the utility's operational revenues, which have increased due to increased water consumption.