

Quarterly Financial Status Report FY 2022/2023 3rd Quarter

Executive Summary:

The City of Mesa has closed the third quarter of the 2022/23 fiscal year, January through March. This snapshot shows the financial projections compared to the Adopted Budget.

Overall, the General Governmental Funds revenue year end estimate is slightly above budget due to greater than anticipated City Sales Tax growth, particularly in the Contracting category. While Engineering inspection fees are above budget, seen in the Sales and Charges for Services Summary, various court fees are below budget due to lower court filings. Lastly, higher interest rates also increased interest on investment revenues.

The expenditure year end estimate is also above budget. This is due primarily to the greater than anticipated personnel costs relating to new police officer recruits and training expenses and an additional Fire recruit academy, which was not included in the Adopted Budget. Also, the Transfers Out category is above budget as a result of increased transfers to the General Capital Fund due to timing of project expenditures between fiscal years.

The Utility Fund is primarily on track with budget. Both sources and uses of the natural gas utility are above budget due to high natural gas commodity costs. This is the result of reduced supply of natural gas and increased international demand. Also, the water commodity cost is higher than anticipated as the State enters into Tier 2A conditions along the Colorado River system, further increasing costs.

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

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FY 2022/23 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		Net
		Revenues	Expenditures	Net
Adopted Budget	\$	587,232	\$ 591,223	\$ (3,991)
Year to Date Actuals	\$	448,388	\$ 400,913	\$ 47,476
Year End Estimate	\$	628,266	\$ 624,777	\$ 3,489

(In Thousands)

		Utility Fund*		Net
		Sources	Uses	Net
Adopted Budget	\$	443,090	\$468,040	\$ (24,949)
Year to Date Actuals	\$	341,727	\$328,368	\$ 13,359
Year End Estimate	\$	448,908	\$472,220	\$ (23,312)

(In Thousands)

*Beginning in FY 2021/22, the Electric Cost Adjustment Factor and Natural Gas Cost Adjustment Factor subfunds were created for better tracking of commodity cost recovery. Prior to FY 2021/22, the Cost Adjustment Factor activities were recorded in the Electric and Natural Gas subfunds. The Electric Summary combines the Electric and Electric Cost Adjustment Factor subfunds, and the Natural Gas Summary combines the Natural Gas and Natural Gas Cost Adjustment Factor subfunds. The Utility Fund Sources and Uses amounts do not contain the one-time Electric subfund balance transfer to the Electric Cost Adjustment Factor subfund, as well as the one-time Natural Gas subfund balance transfer to the Natural Gas Cost Adjustment Factor subfund.

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General Fund and Quality of Life - FY 2022/23 3rd Quarter Revenues

Revenue Categories	Adopted Budget	Year to Date Actuals	Year End Estimate
Taxes	\$ 201,590	\$ 155,197	\$ 233,183
Intergovernmental	\$ 197,098	\$ 149,486	\$ 203,652
Sales and Charges for Services	\$ 25,112	\$ 19,512	\$ 26,567
Licenses, Fees, and Permits	\$ 21,225	\$ 18,189	\$ 20,340
Fines and Forfeitures	\$ 4,628	\$ 2,551	\$ 3,373
Other Revenues	\$ 2,647	\$ 4,869	\$ 6,488
Transfers In	\$ 134,931	\$ 98,584	\$ 134,664
Total	\$ 587,232	\$ 448,388	\$ 628,266

(In Thousands)

Exceeding
On Track
Caution
Monitoring

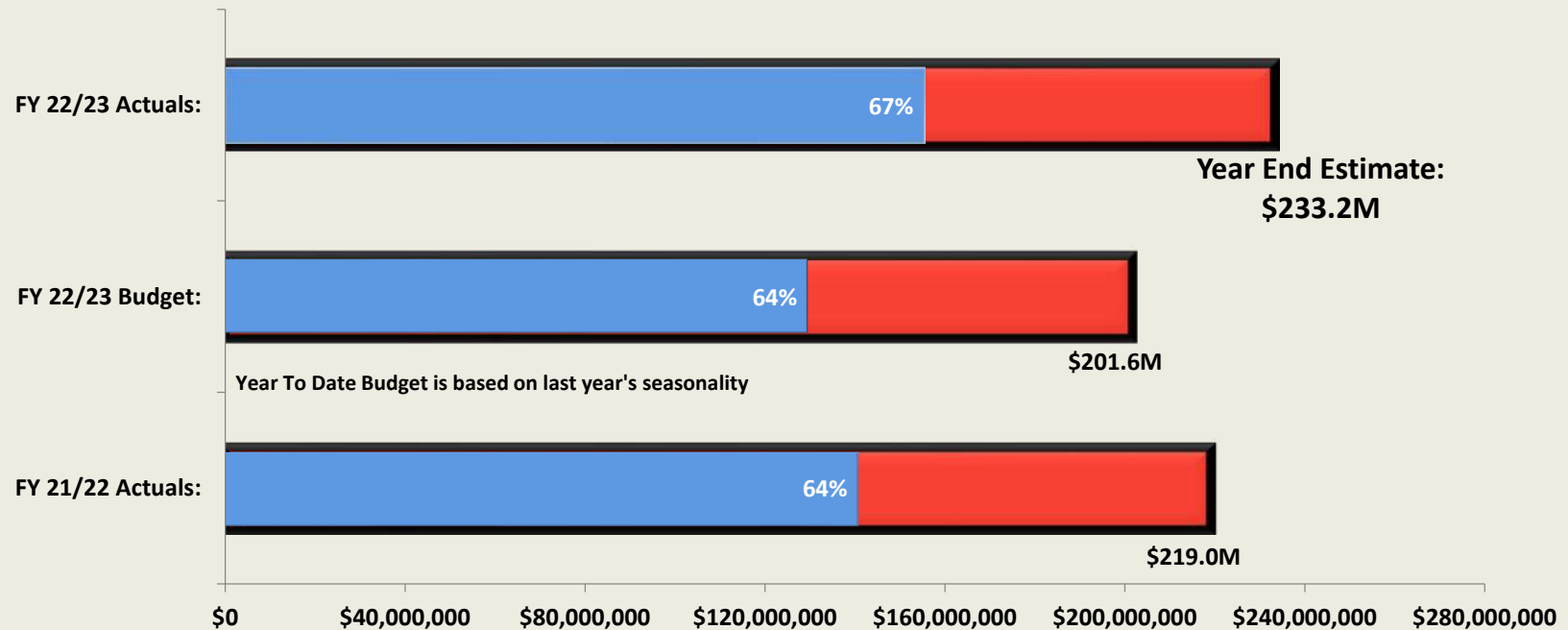
FY 2022/23 3rd Quarter Revenues: Taxes Summary

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	\$ 166,839	\$ 131,571	\$ 192,985
Quality of Life Fund	\$ 34,751	\$ 23,626	\$ 40,197
Total Tax Revenue	\$ 201,590	\$ 155,197	\$ 233,183

(In Thousands)

Taxes - Revenues



The Taxes revenue year end estimate is above budget due primarily to the continued high levels of growth in construction activity.

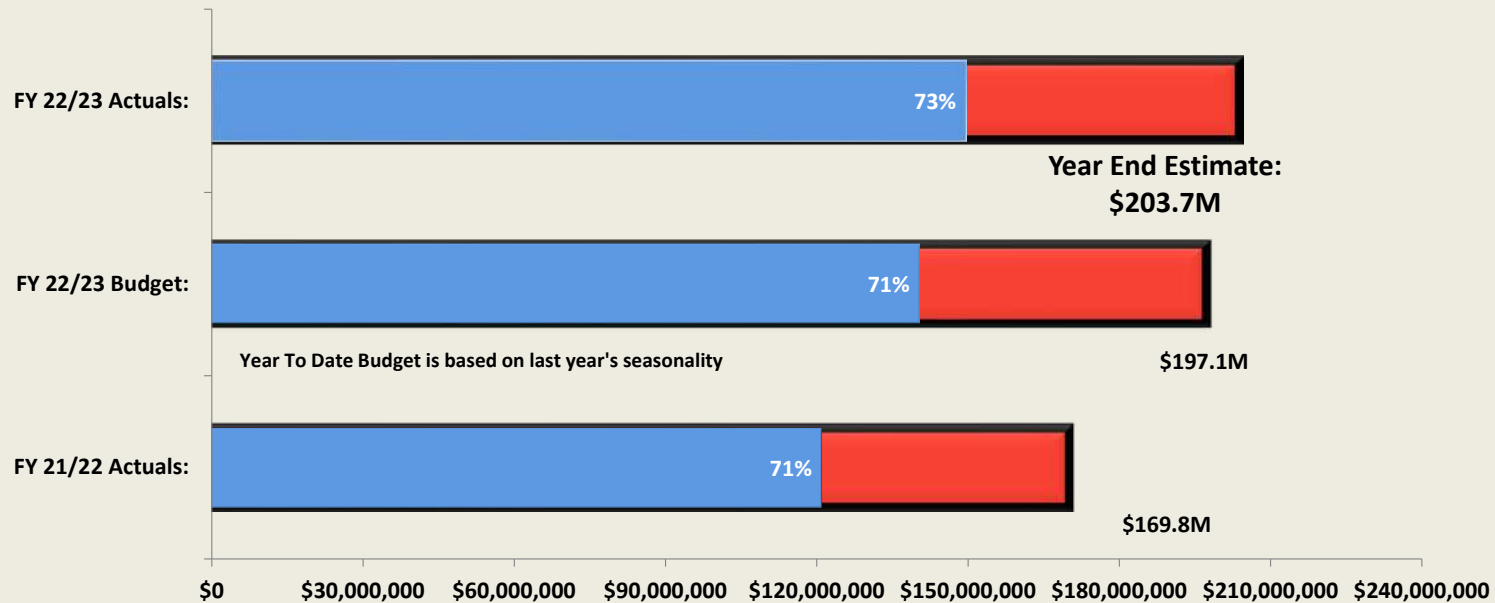
FY 2022/23 3rd Quarter Revenues: Intergovernmental Summary

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	\$ 97,178	\$ 72,486	\$ 97,189
State Shared Sales Tax	\$ 66,677	\$ 53,111	\$ 74,082
Vehicle License Tax	\$ 24,447	\$ 17,045	\$ 23,912
Other	\$ 8,797	\$ 6,844	\$ 8,469
Total Intergovt Revenue	\$ 197,098	\$ 149,486	\$ 203,652

(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 slightly greater than budget as a result of higher than anticipated construction category activity for the State Shared Sales Tax, similar to the City Sales Tax.

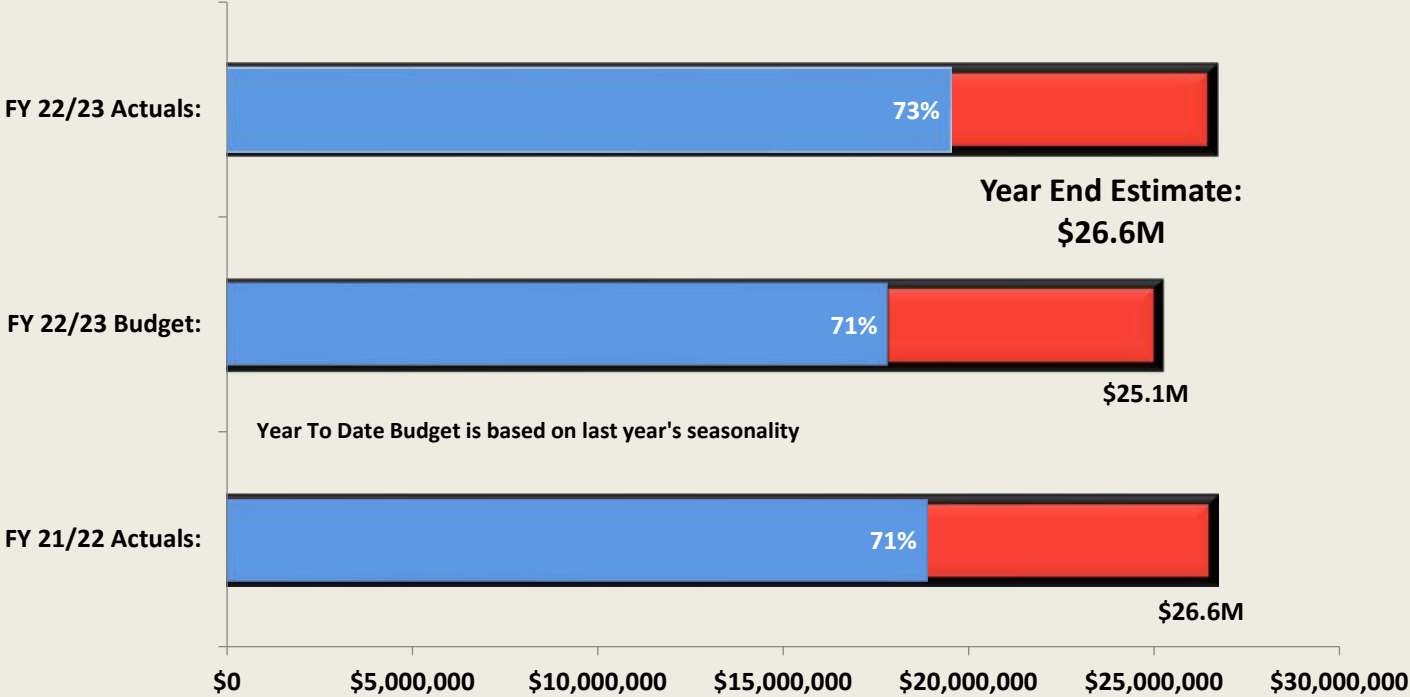
FY 2022/23 3rd Quarter Revenues: Sales and Charges for Services Summary

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
\$ 25,112	\$ 19,512	\$26,567

(In Thousands)

Sales and Charges for Services - Revenues



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

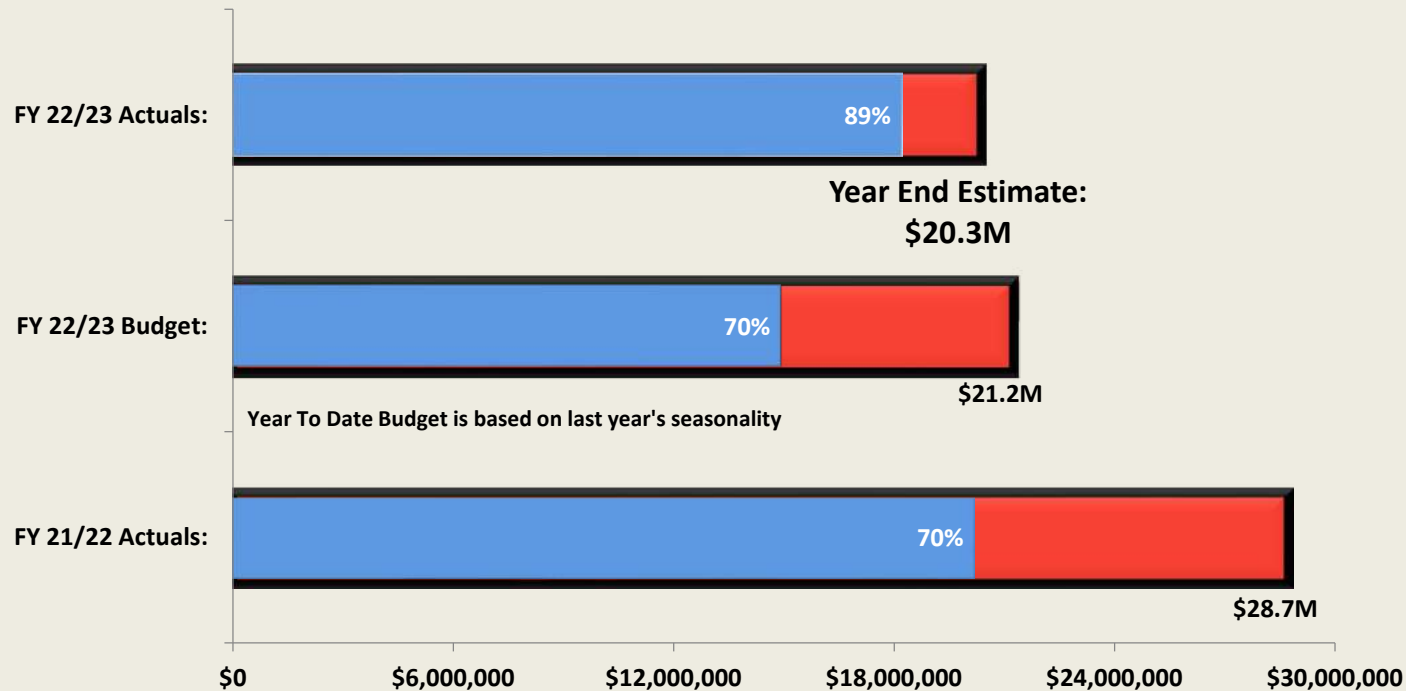
FY 2022/23 3rd Quarter Revenues: Licenses, Fees, and Permits Summary

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
\$ 21,225	\$ 18,189	\$ 20,340

(In Thousands)

Licenses, Fees, and Permits - Revenues



The License, Fees, and Permits revenue year end estimate is below budget due largely to the lower than anticipated residential building permits and decreased revenues from defensive driving classes fees.

The FY 21/22 actuals are projected to be greater than the FY 22/23 year end estimate as result of higher residential building permit fees, which have since slowed in FY 22/23 as interest rates have increased borrowing costs.

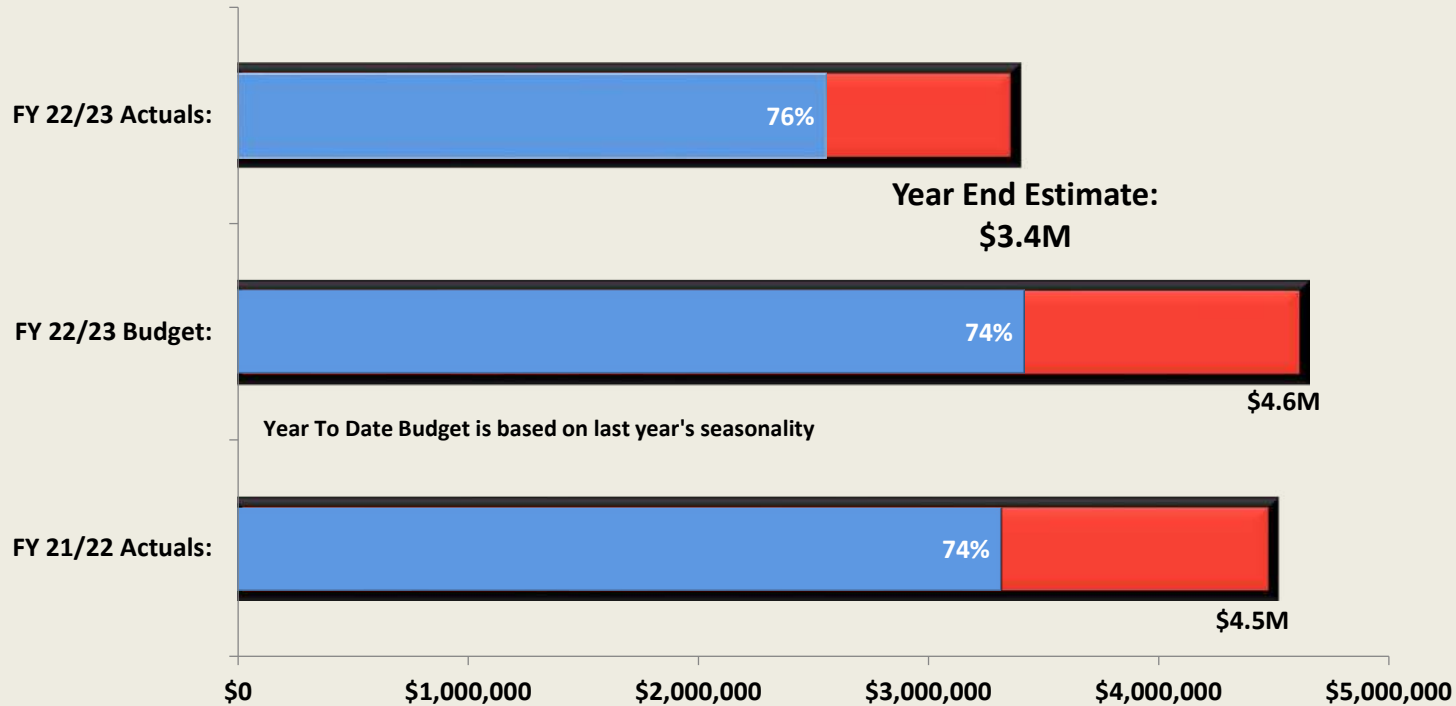
FY 2022/23 3rd Quarter Revenues: Fines and Forfeitures Summary

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
\$ 4,628	\$ 2,551	\$ 3,373

(In Thousands)

Fines and Forfeitures - Revenues



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

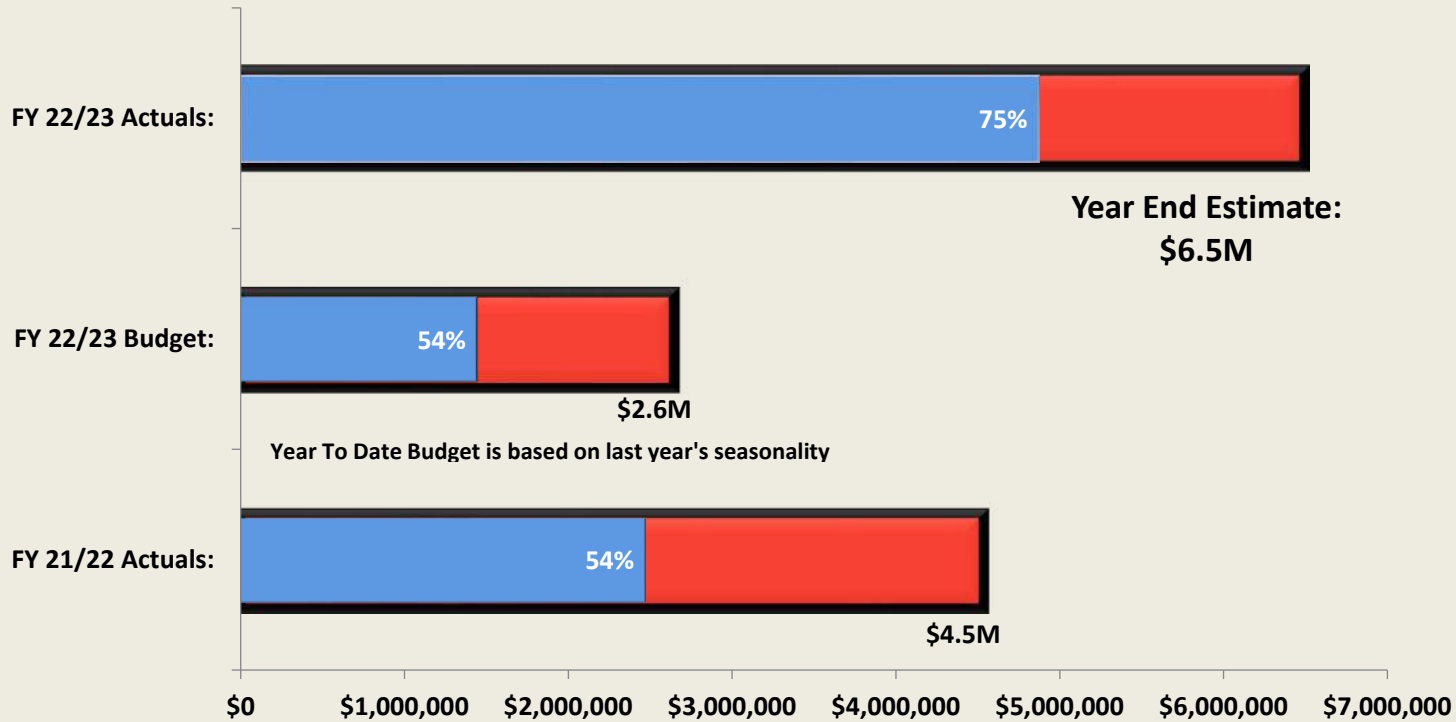
FY 2022/23 3rd Quarter Revenues: Other Revenues Summary

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
\$ 2,647	\$ 4,869	\$ 6,488

(In Thousands)

Other Revenues - Revenues



The Other Revenues year end estimate is above budget due to greater than anticipated interest on investments revenues. The year to date actuals for interest on investments in FY 2022/23 are outpacing FY 2021/22 due to rising interest rates.

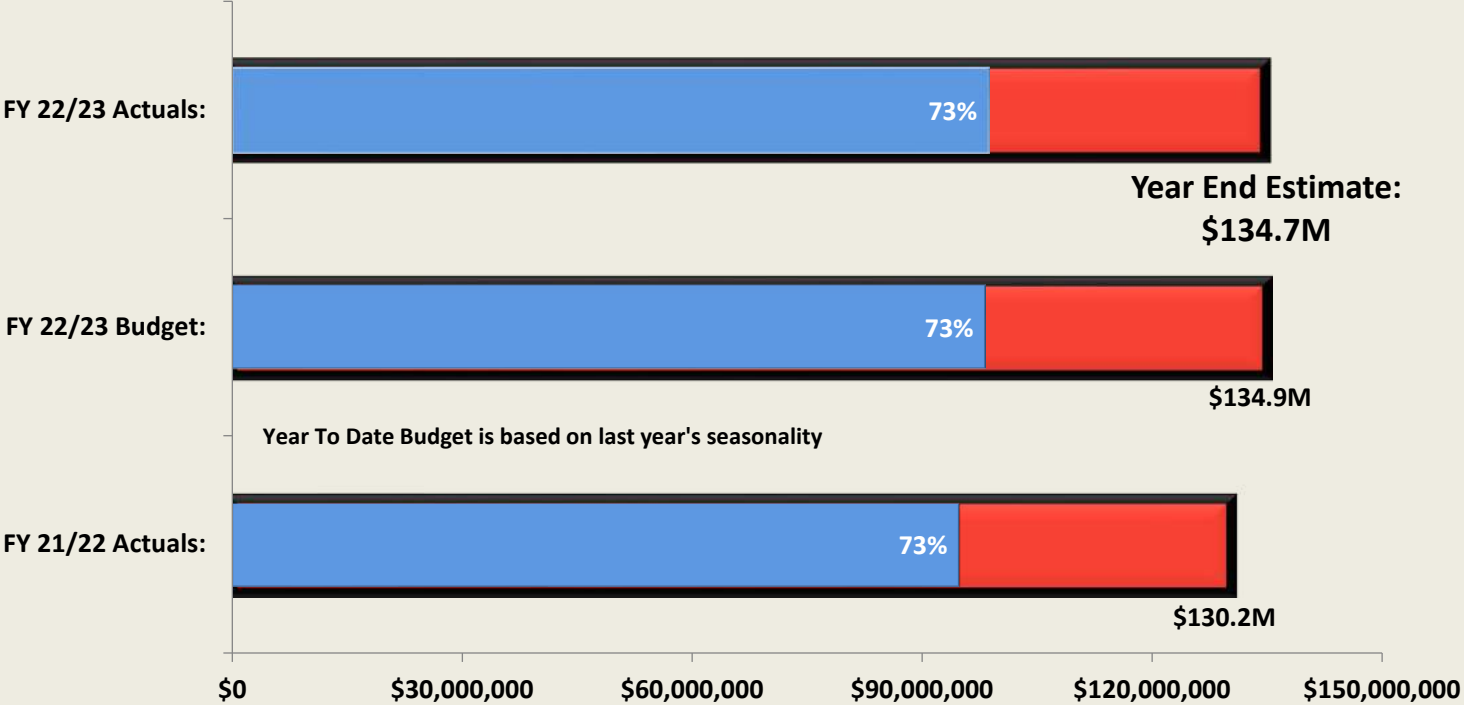
FY 2022/23 3rd Quarter Revenues: Transfers In Summary

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
\$ 134,931	\$ 98,584	\$ 134,664

(In Thousands)

Transfers In - Revenues



Transfers into the General Fund are mainly comprised of quarterly contributions of 30% operating revenues from the Utility Fund. The year end estimate is on track with budget.

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General Fund and Quality of Life - FY 2022/23 3rd Quarter Expenditures

Expenditures	Adopted Budget	Year to Date Actuals	Year End Estimate
Community Development and Services	\$ 15,323	\$ 10,713	\$ 14,885
Parks and Library	\$ 33,168	\$ 22,720	\$ 32,315
Law Enforcement	\$ 227,735	\$ 186,761	\$ 243,424
Fire and Medical	\$ 96,796	\$ 78,055	\$ 104,076
Other Departments	\$ 120,158	\$ 82,384	\$ 110,641
Transfers Out	\$ 98,042	\$ 20,280	\$ 119,435
Total	\$ 591,223	\$ 400,913	\$ 624,777

(In Thousands)

Exceeding
On Track
Caution
Monitoring

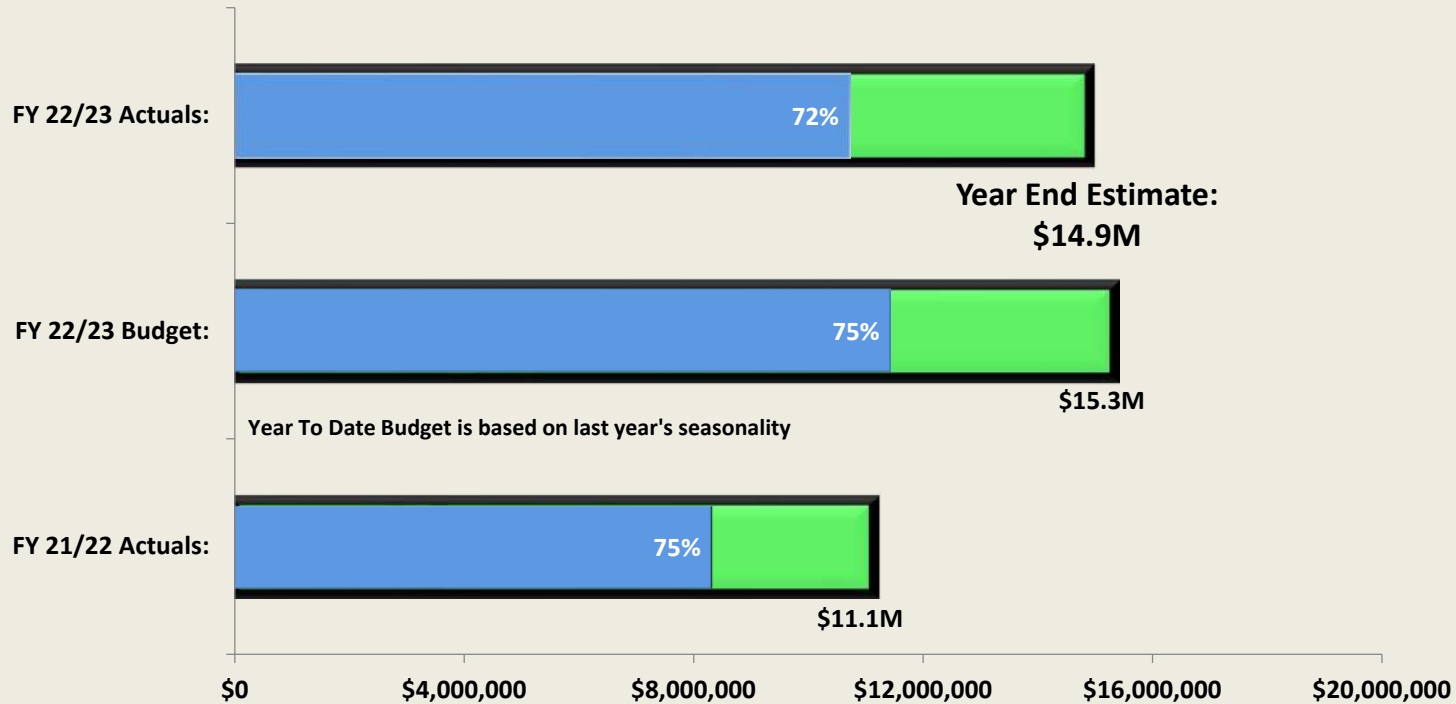
FY 2022/23 3rd Quarter Expenditures: Community Development and Services Summary

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

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 15,323	\$ 10,713	\$ 14,885

(In Thousands)

Community Development and Services - Expenditures



The Community Development and Services expenditure year end estimate is on track with budget.

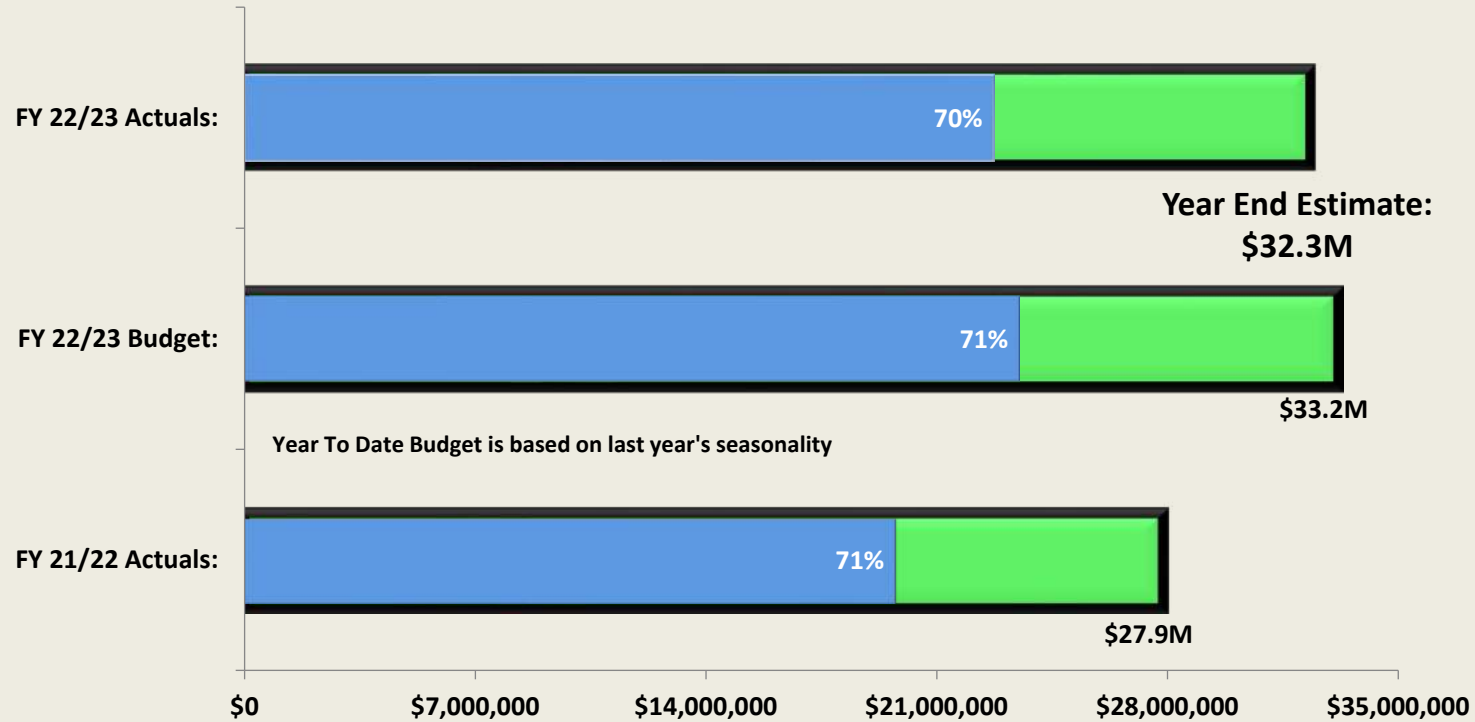
FY 2022/23 3rd Quarter Expenditures: Parks and Library Summary

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
\$ 33,168	\$ 22,720	\$ 32,315

(In Thousands)

Parks and Library - Expenditures



The Parks and Library year end estimate for expenditures is on track with budget.

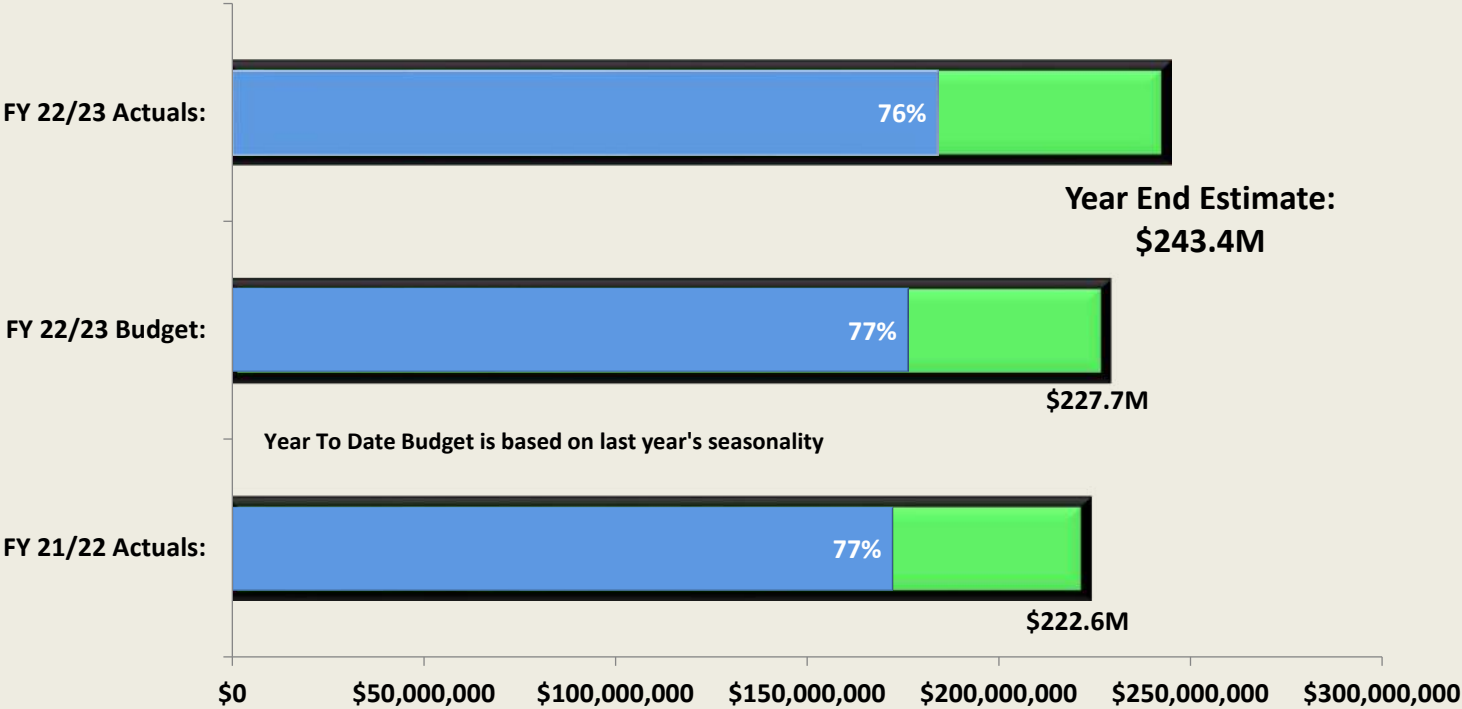
FY 2022/23 3rd Quarter Expenditures: Law Enforcement Summary

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
\$ 227,735	\$ 186,761	\$ 243,424

(In Thousands)

Law Enforcement - Expenditures



The Law Enforcement expenditure year end estimate is above budget due to greater than anticipated personnel expenses relating to salaries of new recruits, overtime, and new officers in training.

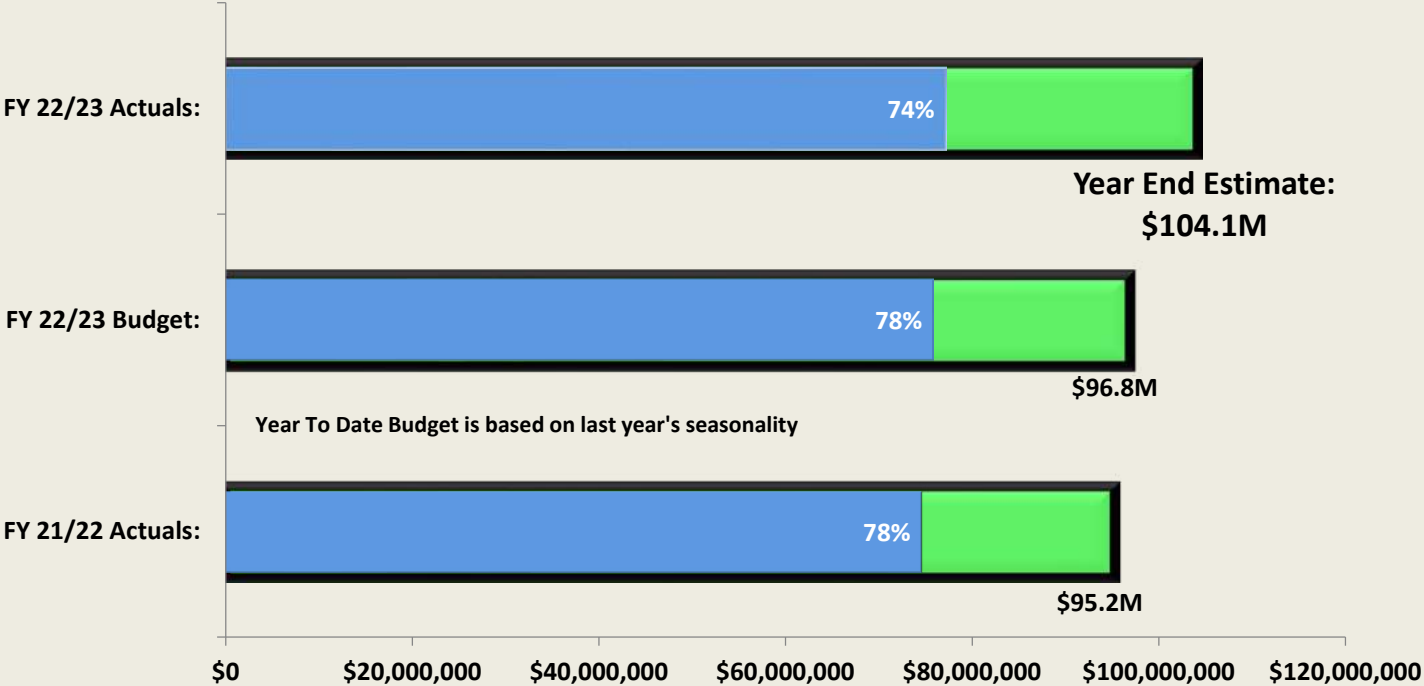
FY 2022/23 3rd Quarter Expenditures: Fire and Medical Summary

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
\$ 96,796	\$ 78,055	\$ 104,076

(In Thousands)

Fire and Medical - Expenditures



The Fire and Medical expenditure year end estimate is above budget due to unanticipated expenditures not included in the Adopted Budget such as an additional Fire recruit academy and a Light Acuity Unit pilot program.

FY 2022/23 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:

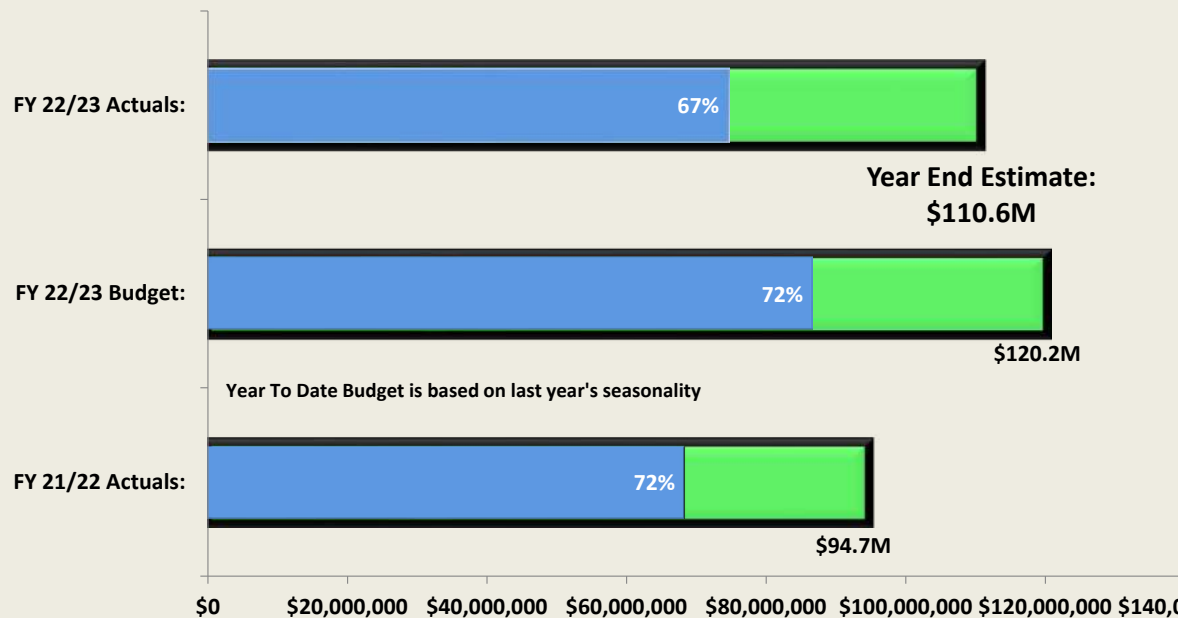
- | | | | |
|----------------------------|------------------------|--------------------------|---------------------------------------|
| Business Services | Communications | Financial Services | Office of Management and Budget |
| Centralized Appropriations | Economic Development | Fleet Services | Public Information and Communications |
| City Attorney | Energy Resources | Human Resources | Environmental Mgmt and Sustainability |
| City Auditor | Engineering | Innovation & Technology | Transit Services |
| City Clerk | Facilities Maintenance | Mayor and Council | Transportation |
| City Manager | Falcon Field Airport | Office of ERP Management | Water Resources |

Includes all departments not identified elsewhere. Some departments may not have expenditures in these funds.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 120,158	\$ 82,384	\$ 110,641

(In Thousands)

Other Departments - Expenditures



The Other Departments expenditure year end estimate is below budget due to the transfer of a placeholder for one-time payments to eligible employees, which are now included in departments' personnel expenditure estimates. Also, the shift of Facilities Maintenance projects from the General Fund to the General Capital Fund (\$6.1M). The shift of Facilities Maintenance projects expenditures can be seen in the Transfers Out Summary.

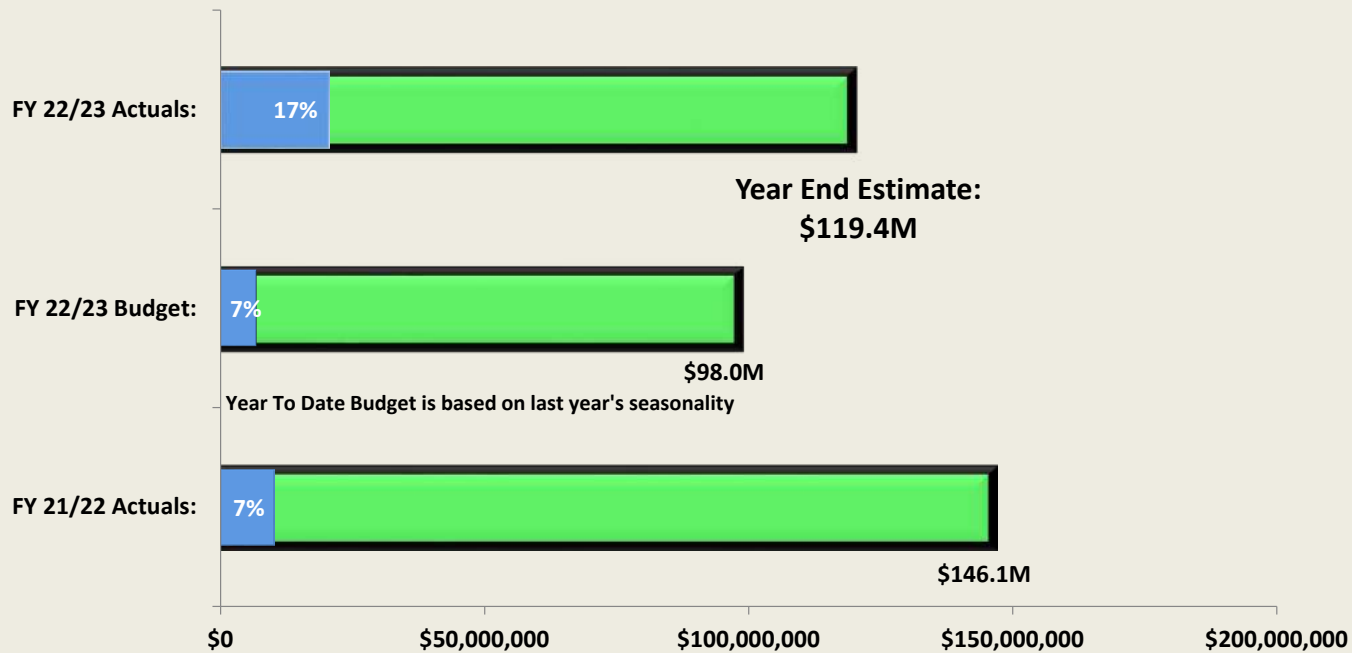
FY 2022/23 3rd Quarter Expenditures: Transfers Out Summary

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, Transit Fund, and other funds.

Adopted Budget	Year to Date Actuals	Year End Estimate
\$ 98,042	\$ 20,280	\$ 119,435

(In Thousands)

Transfers Out - Expenditures



With the exception of quarterly vehicle replacement and Arts & Culture, all other transfers from the General Fund occur at the end of the fiscal year. The Transfers Out year end estimate is above budget. The General Capital Fund transfer increased (\$14.3M) due to timing of project expenditures between FY 2021/22 and FY 2022/23 as well as a shift in funding from the Facilities Maintenance General Fund budget (\$6.1), seen in the Other Departments' Summary.

The FY2022/23 Transfers Out actuals are higher than FY 2021/22 due to set asides relating to investments in City infrastructure, such as the City Hall and Council Chambers construction project.

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FY 2022/23 3rd Quarter Net Sources and Uses - Utility Fund

Utility Net Sources and Uses	Adopted Budget	Year to Date Actuals	Year End Estimate
District Cooling	\$ (341)	\$ (84)	\$ (273)
Electric	\$ (2,204)	\$ 2,988	\$ (449)
Natural Gas	\$ (2,461)	\$ 4,291	\$ (3,477)
Solid Waste	\$ (2,664)	\$ 3,518	\$ (2,189)
Wastewater	\$ (11,445)	\$ 1,474	\$ (9,148)
Water	\$ (5,835)	\$ 1,172	\$ (7,775)
Total Utility Fund	\$ (24,608)	\$ 13,443	\$ (23,312)

(In Thousands)

Exceeding
On Track
Caution
Monitoring

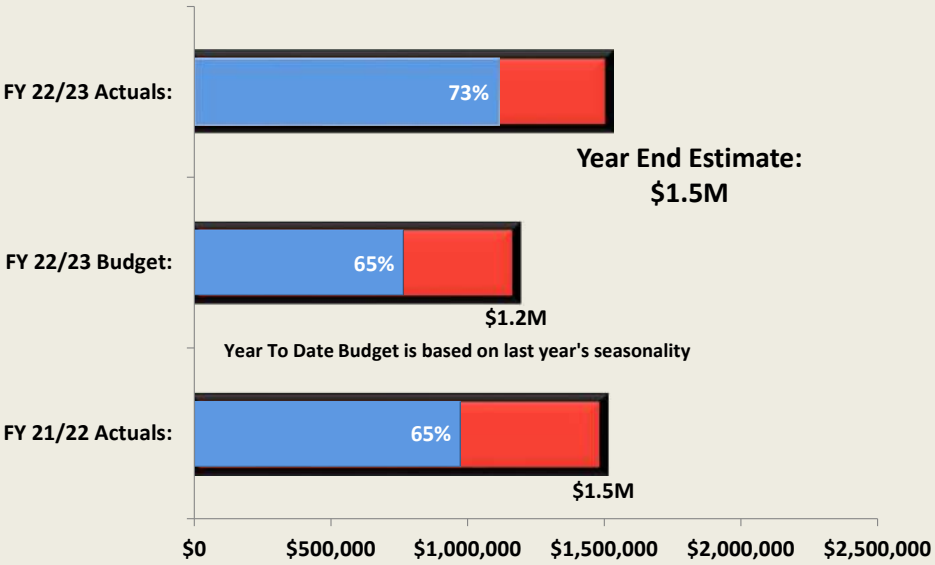
FY 2022/23 3rd Quarter District Cooling Summary

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.

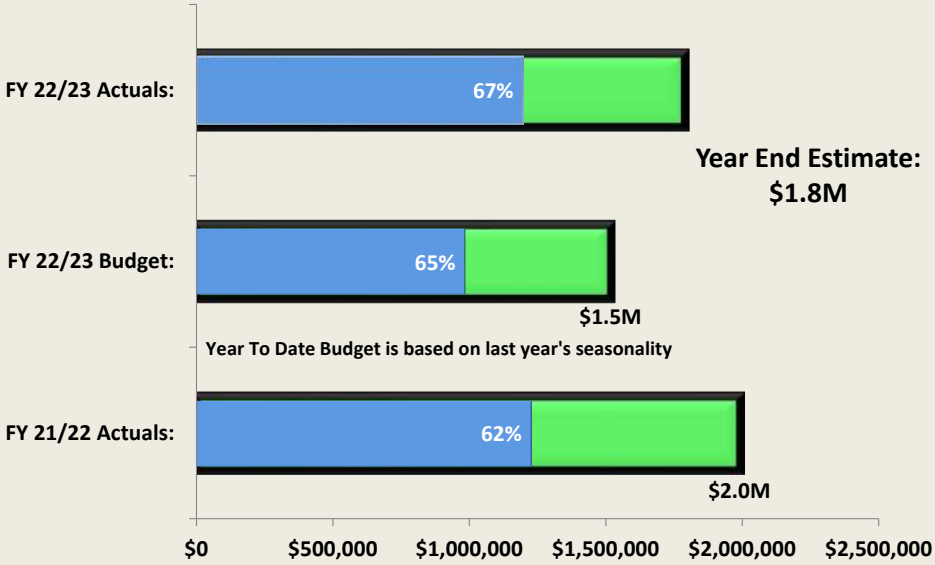
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 1,176	\$ 1,111	\$ 1,515
Uses	\$ 1,162	\$ 862	\$ 1,333
Debt/Capital Transfers Out	\$ 3	\$ -	\$ 1
General Fund Transfers Out	\$ 353	\$ 333	\$ 454
Net Sources and Uses	\$ (341)	\$ (84)	\$ (273)

(In Thousands)

District Cooling - Sources



District Cooling - Uses and Transfers



Both sources and uses year end estimate is above budget due to increase in electricity costs. Electricity is used to chill water used for the District Cooling system. Elevated electricity costs are expected to decrease slightly in the future.

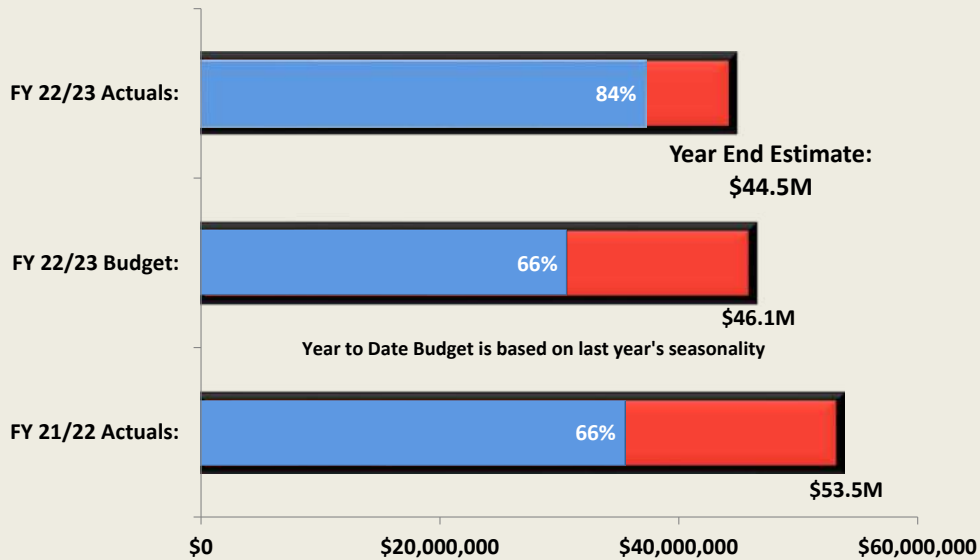
FY 2022/23 3rd Quarter Electric Summary

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.

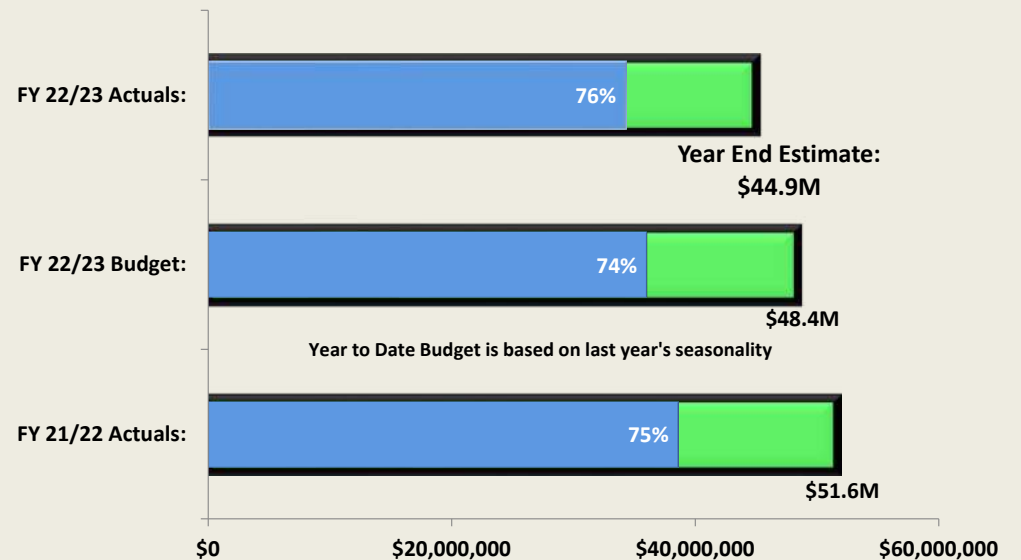
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 46,149	\$ 37,218	\$ 44,481
Uses	\$ 36,785	\$ 26,223	\$ 33,650
Debt/Capital Transfers Out	\$ 5,787	\$ 3,481	\$ 5,319
General Fund Transfers Out	\$ 5,781	\$ 4,526	\$ 5,961
Net Sources and Uses	\$ (2,204)	\$ 2,988	\$ (449)

(In Thousands)

Electric - Sources



Electric - Uses and Transfers



Both the sources and uses year end estimate are below budget due to lower than expected costs for the electric commodity, which is passed through to the customer. FY 2021/22 actuals are higher than FY 2022/23 budget due to higher than normal electric commodity prices as result of unanticipated supply disruptions from adverse weather events and retirement of generation plants.

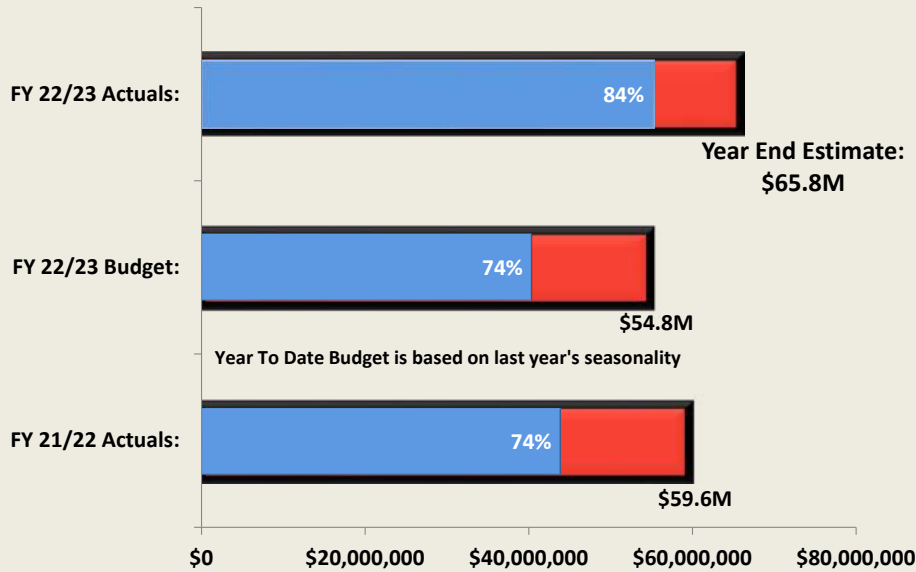
FY 2022/23 3rd Quarter Natural Gas Summary

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.

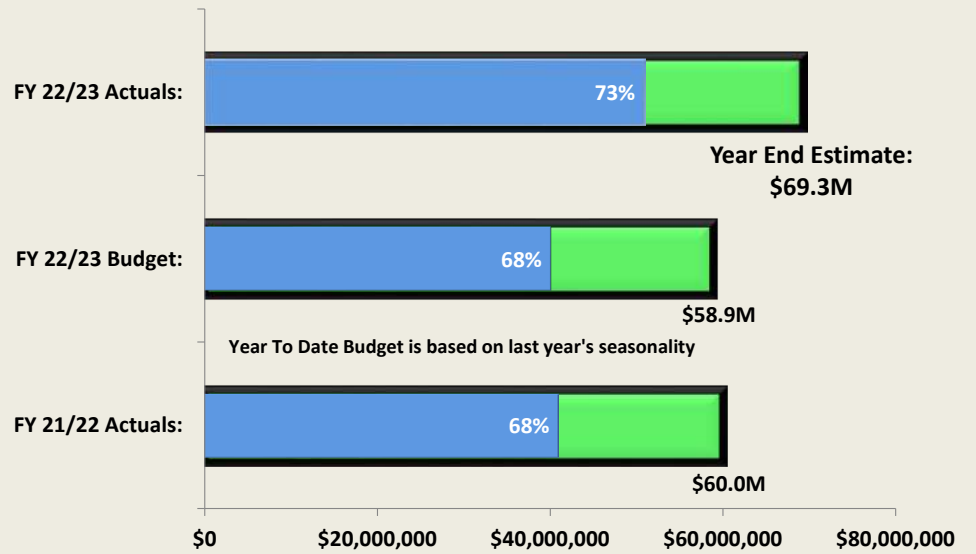
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 54,817	\$ 55,185	\$ 65,788
Uses	\$ 33,721	\$ 32,156	\$ 42,494
Debt/Capital Transfers Out	\$ 11,853	\$ 9,459	\$ 14,268
General Fund Transfers Out	\$ 11,704	\$ 9,280	\$ 12,503
Net Sources and Uses	\$ (2,461)	\$ 4,291	\$ (3,477)

(In Thousands)

Natural Gas - Sources



Natural Gas - Uses and Transfers



The year end estimates for sources and uses are above budget due an increase in the cost of the natural gas commodity, which is passed through to the customer. The increase is due to reduced storage levels and increased demand.

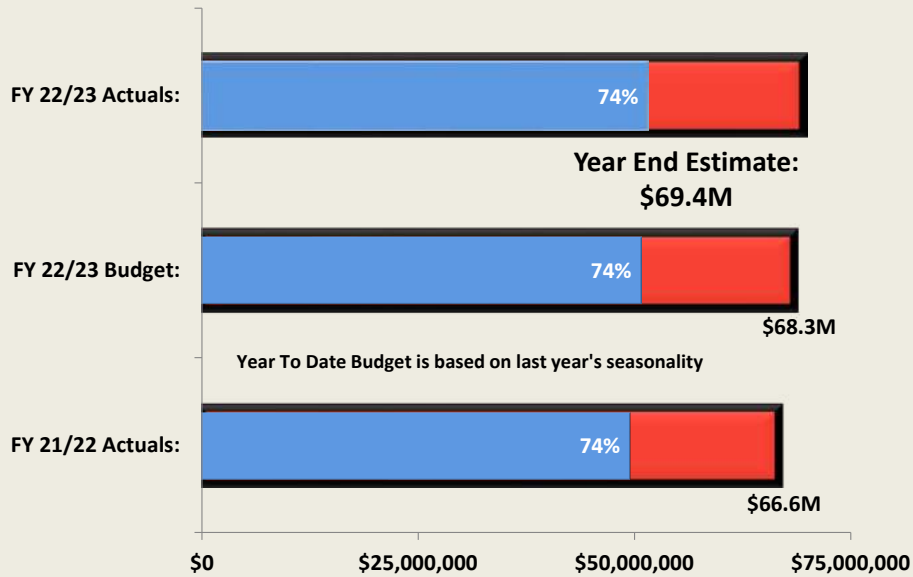
FY 2022/23 3rd Quarter Solid Waste Summary

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.

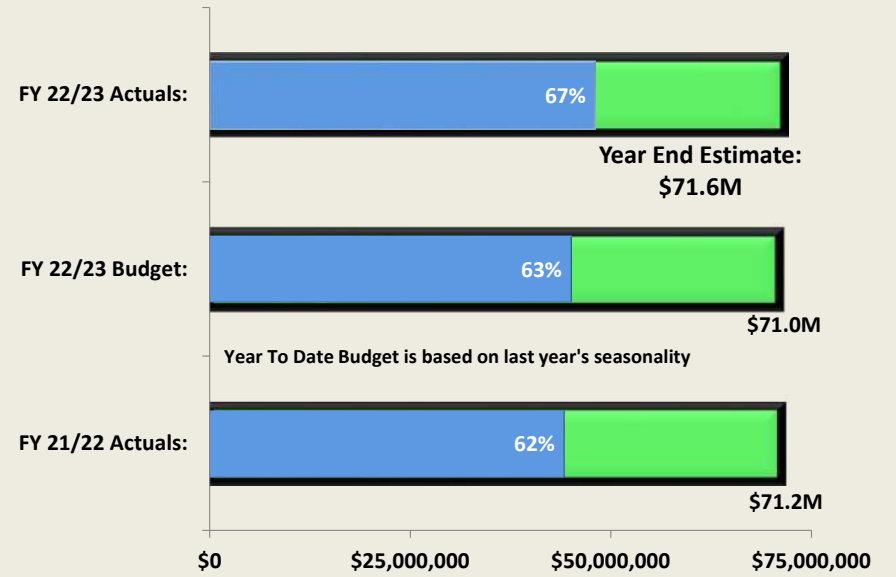
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 68,329	\$ 51,503	\$ 69,418
Uses	\$ 47,278	\$ 31,374	\$ 45,530
Debt/Capital Transfers Out	\$ 3,216	\$ 1,510	\$ 5,252
General Fund Transfers Out	\$ 20,499	\$ 15,101	\$ 20,825
Net Sources and Uses	\$ (2,664)	\$ 3,518	\$ (2,189)

(In Thousands)

Solid Waste - Sources



Solid Waste - Uses and Transfers



The year end estimate for sources and uses are on track with budget. The year end estimate for the Debt/Capital Transfer Out is above budget due to increased vehicle replacements costs, however the Uses is slightly below budget due to lower than anticipated landfill disposal costs.

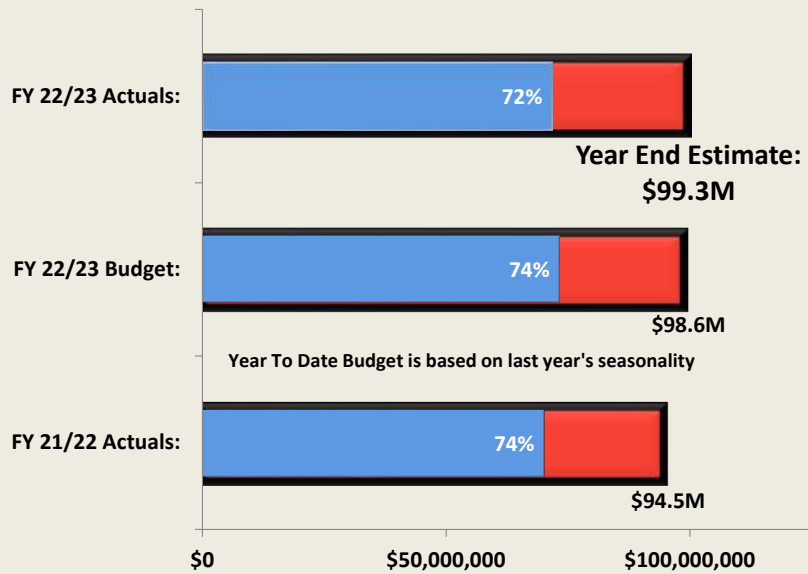
FY 2022/23 3rd Quarter Wastewater Summary

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.

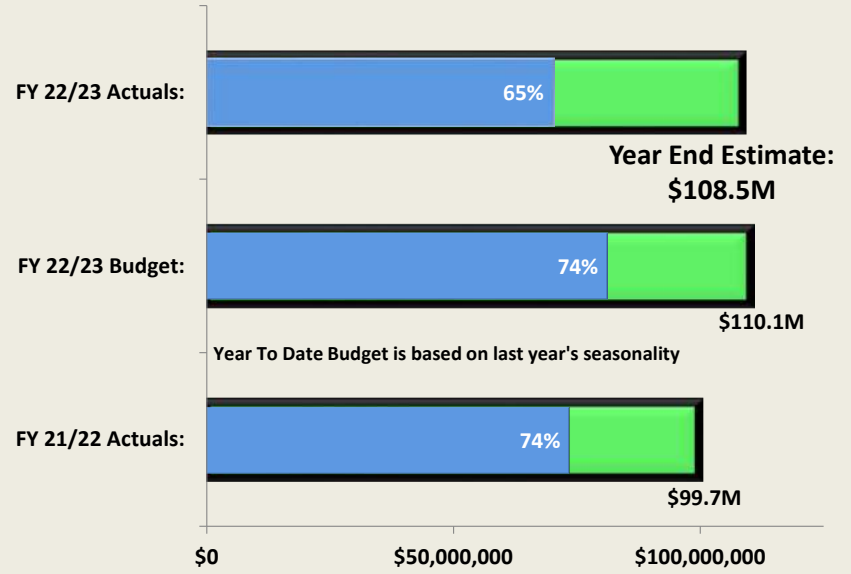
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 98,650	\$ 71,613	\$ 99,309
Uses	\$ 38,514	\$ 19,794	\$ 37,062
Debt/Capital Transfers Out	\$ 41,985	\$ 29,266	\$ 41,602
General Fund Transfers Out	\$ 29,595	\$ 21,079	\$ 29,793
Net Sources and Uses	\$ (11,445)	\$ 1,474	\$ (9,148)

(In Thousands)

Wastewater - Sources



Wastewater - Uses and Transfers



Both sources and uses Wastewater year end estimate are on track with budget. The uses year end estimate included an anticipated \$2.1M credit from the 91st Avenue Wastewater Treatment Plant for treated wastewater sold to the Palo Verde Nuclear Generating Station, which offset higher than anticipated operating expenses such as chemicals.

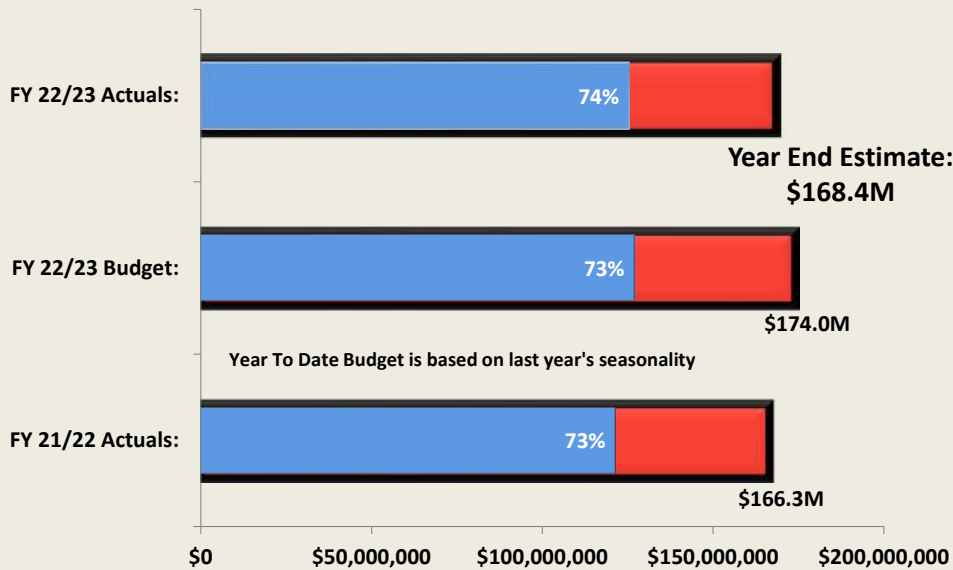
FY 2022/23 3rd Quarter Water Summary

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.

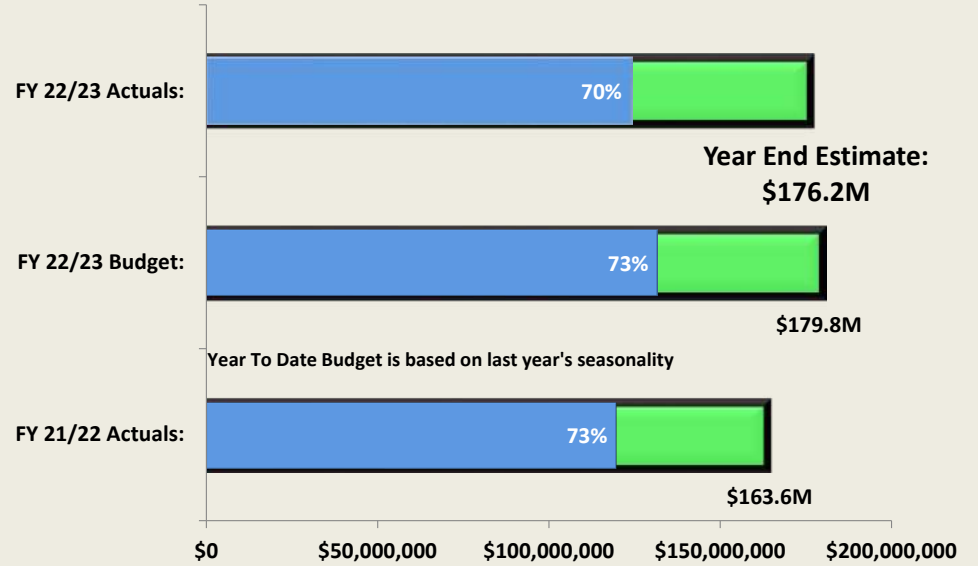
	Adopted Budget	Year to Date Actuals	Year End Estimate
Sources	\$ 173,970	\$ 125,097	\$ 168,397
Uses	\$ 71,718	\$ 48,733	\$ 70,719
Debt/Capital Transfers Out	\$ 55,896	\$ 38,236	\$ 55,134
General Fund Transfers Out	\$ 52,191	\$ 36,956	\$ 50,318
Net Sources and Uses	\$ (5,835)	\$ 1,172	\$ (7,775)

(In Thousands)

Water - Sources



Water - Uses and Transfers



The year end estimate for sources is slightly below budget due to lower than anticipated water usage, likely due to increased winter rainfall. The uses year end estimate is on track with budget due to higher than anticipated water commodity costs as the State enters Tier 2A of drought restrictions for the Colorado River System but was offset by vacancy savings across the department.