



AUDIT, FINANCE & ENTERPRISE COMMITTEE

January 21, 2016

The Audit, Finance & Enterprise Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on January 21, 2016, at 7:52 a.m.

COMMITTEE PRESENT

Chris Glover, Chairman
Alex Finter
Kevin Thompson

COMMITTEE ABSENT

Christopher Brady, Ex Officio

STAFF PRESENT

DeeAnn Mickelsen
Alex Deshuk
Jim Smith

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation and discuss Mesa Channel 11's budget.

Public Information and Communications Director Steve Wright displayed a PowerPoint presentation relating to the background and services provided by Mesa Channel 11. **(See Attachment 1)** Mr. Wright provided a brief overview of the history of Government channel programming and stated that Mesa Channel 11 currently has three full-time employees (FTEs) on staff. (See Pages 2 and 3 of Attachment 1)

Mr. Wright explained that the official name for the division is Broadcast and Multimedia Services, due to the fact that it encompasses much more than just Government channel programming. He illustrated the detailed services provided by the division, which are categorized under HDTV, Digital/Social Media, and Audio/Visual. (See Page 4 of Attachment 1)

Mr. Wright displayed a chart of the production process for the program Covering Mesa and emphasized that a 3-minute package takes approximately 6-12 hours to produce. He provided a list of all of the programming produced in 2015. (See Pages 5 through 7 of Attachment 1)

Mr. Wright reported that approximately 30-40 additional requests are received annually for outside programming, such as the following:

- Weekend or evening events
- Neighborhood specific programming outside of the usual news conferences, groundbreakings and grand openings
- Departmental requests for internal use
- Departmental requests promoting new and existing services/programs

Mr. Wright advised that current staff lacks the capacity to take on the additional requests and must often rely on hired freelancers. He suggested that a budget solution may be to increase the freelance budget by \$50,000 annually or move one part-time benefitted position to a full-time position for a cost of \$36,000.

In response to a question from Committeemember Finter related to decentralized PIO's, Mr. Wright replied that staff meets weekly with marketing staff and PIO's to coordinate the needs of Channel 11.

Committeemember Finter suggested that the freelance budget assign broader topics to the individual departments' marketing staff and PIO's to assist with their professional growth, as well as ease the workload and break down cultural barriers.

Chairman Glover concurred with Committeemember Finter and advised that it may be worthwhile to investigate the possibility of moving all PIO's under the direction of Mesa Channel 11, in order to determine the feasibility prior to budget discussions.

Committeemember Thompson thanked Mr. Wright and asked what it would take to cover all after-hour events attended by Council that are currently being overlooked.

Mr. Wright responded that it would need to be part of the budget discussions, since the issues are with staffing levels and Channel 11 resources.

Chairman Glover noted that it was the consensus of the Committee that staff return with an organizational and cost-benefit analysis related to having all PIO's under Mesa Channel 11, in order to assist with budget discussions.

2-b. Hear a presentation and discuss the City's bond program and remaining bond authorizations.

Chief Financial Officer Mike Kennington displayed a PowerPoint presentation updating the bond program. **(See Attachment 2)** He introduced Ryan Wimmer, Deputy Director of the Office of Management and Budget, who was present to answer any questions boardmembers may have.

Mr. Kennington informed the Committee that the General Obligation (GO) Bonds have \$337 million of outstanding principal with a high investment grade rating. He stated that one of the two metrics that staff looks at in the Debt Program is debt limitation, which is broken down into two buckets as follows:

- Outstanding GO debt for water, wastewater, artificial light, parks and recreational facilities, public safety, and transportation, which may not exceed 20% of the City's net assessed valuation, and
- Outstanding GO debt for general municipal purposes, which may not exceed an additional 6% of the City's net assessed valuation.

Mr. Kennington, in addition, reported that Mesa is currently at 46% of its debt capacity. The second metric, he added, is the debt burden and Mesa's debt per capita is \$3,389. (See Pages 2 through 4 of Attachment 2)

Mr. Kennington proceeded by saying that the Utility Systems Revenue Bonds is debt service that is secured by and repaid from revenues of the utility systems. He reported that the principal outstanding for these bonds is \$1,007,455,000 and displayed a graph of the debt expectations after the restructure and issue of authorized bonds.

Mr. Kennington continued his presentation by reviewing the 2015 Bond activity. He reported that Mesa retired the outstanding Highway Project Advancement Notes (HPAN) bond principal of \$77.8 million, as well as refunding Highway User Revenue Fund (HURF) bonds for a \$1.8 million savings.

Mr. Kennington explained that staff has explored ways to spread out the debt service in anticipation of the spike in 2017/2018 that is a result of the 2004 refunding. He stated that IRS law states that a tax-exempt bond can only be refunded once; therefore, a taxable bond must now be issued at a cost of \$1.3 million. He reported that staff has identified \$1.7 million in other bonds to cover that cost. He added that approximately \$4.6 million in other savings has been identified from normal Utility Revenue Bond refunding, as well as retiring Utility Revenue Bonds early. He provided an estimated timeline for bond refunding activity. (See Page 7 of Attachment 2)

Mr. Kennington indicated that \$100 million was estimated in the normal New Money Bond activity in 2016, from both the GO Bond issuance and the Utility Revenue Bond issuance. He provided an estimated timeline for New Money Bonds. (See Page 8 of Attachment 2)

In response to a question from Committeemember Thompson, Mr. Kennington explained that \$60 million of the Utility Systems Revenue Bonds is planned but unissued, mostly from the 2014 election.

Mr. Wimmer added that staff would provide a list of the outstanding Capital Improvement Program (CIP) projects, including how many are funded through the various bond authorizations.

In response to a question from Chairman Glover, Mr. Wimmer clarified that GO Bonds are funded through the City's secondary property tax and are instituted the year following the election, in order to be clear in the minds of the voters. He noted that the property tax revenue may only be used to pay for the GO Bond debt. He explained that the levy, as well as impact fee revenue and court construction fee revenue is first used to pay for the debt on projects that were authorized since 2008. He added that any remaining 'temporary' excess is used to cover existing debt from prior authorizations until the debt service for new authorizations catches up to the levy.

Mr. Kennington explained that Mesa sells bonds annually and if there is temporary excess capacity in the secondary levy, then staff is able to pay down the principal in order to save taxpayers interest costs over time.

In response to a question from Chairman Glover, Mr. Kennington confirmed that the City paid approximately \$5 million of debt last year in order to pay off principal this year thanks to temporary excess capacity.

Committeemember Finter recalled that when he joined the Council, Mesa had the lowest debt compared to other cities in the metro area and now it is half way up the chart. He followed by saying that, although not a bad thing, debt affects the City's ratings and impacts future Councils. He explained that some debt is good and great things are happening in Mesa, but suggested that all projects go through a filtering process to analyze any future impact before decisions are made. He thanked staff for always making the effort to save money when possible.

Chairman Glover thanked staff for the presentation.

2-c. Hear a presentation, discuss, and provide a recommendation on the City's Comprehensive Annual Financial Report (CAFR) and Single Audit Reports for Fiscal Year Ended June 30, 2015.

Finance Director Irma Ashworth introduced Sandy Cronstrom with CliftonLarsonAllen, LLP, the City's external audit firm, who was prepared to address the Committee.

Ms. Ashworth displayed a PowerPoint presentation (**See Attachment 3**) and provided a brief overview of the Fiscal Year 2015 Comprehensive Annual Financial Report (CAFR). She stated that the report provides a detailed presentation of the City's financial and economic condition that includes an unmodified report, which is a clean audit opinion that meets the Generally Accepted Accounting Principles (GAAP) and complies with the Government Accounting Standards Board (GASB). She summarized the new GASB Statement No. 68 and its implementation, which requires government entities to record their pension liabilities on their financial statements.

Ms. Ashworth reported that the City's total assets were approximately \$3.8 billion, with the largest portion being capital assets (buildings, building improvements and infrastructure). She noted that the second largest portion is Cash & Investments, used for ongoing projects. She reviewed the cash balances and highlighted that the cash amount of \$121 million seems high, however that includes \$78 million received to pay-off Highway Project Advancement Notes (HPAN) in August 2015. (See Page 5 of Attachment 3)

Ms. Ashworth provided an overview of the total liabilities of approximately \$3 billion and highlighted that the amount for pension liabilities was now recorded. She displayed a chart illustrating the Citywide Long-Term Debt and noted that the amount listed for HPAN notes was paid in August 2015. (See Pages 6 and 7 of Attachment 3)

Ms. Ashworth illustrated a graph of the Revenue by Source made up of only governmental activities. (See Page 8 of Attachment 3) She commented that the majority of the large revenue funds include taxes, unrestricted inter-governmental, and transfer funds.

In response to a question from Chairman Glover, Office of Management and Budget Director Candace Cannistraro explained that she could provide all of the information regarding debt service by issuance date after the meeting, as she did not have that information with her at this time.

Ms. Ashworth continued with her presentation and displayed a chart of Functional Expenses that illustrates how the expenses are divided for the government activities funds. She indicated that approximately half of the expenditures are Public Safety expenses with General Governmental in second place.

Committeemember Finter commented that the CAFR is a great process and the outside auditor provides a good check and balance.

Chairman Glover thanked staff for the presentation.

It was moved by Committeemember Finter, seconded by Committeemember Thompson, to recommend that the City's Comprehensive Annual Financial Report (CAFR) and Single Audit Reports for Fiscal Year Ended June 30, 2015, be forwarded on to the full Council for consideration.

Carried unanimously.

2-d. Hear a presentation, discuss, and provide a recommendation on multi-year Solid Waste Service Agreement Discounts for Business and Commercial Establishments.

Environmental Management and Sustainability Department Director Scott Bouchie displayed a PowerPoint presentation (**See Attachment 4**) as it relates to providing discounts for multi-year solid waste service agreements.

Mr. Bouchie indicated that new legislation allows apartment complexes of five or more units to be open to commercial competition. He added that the Mesa ordinance was updated to meet such compliance, which led to discussions on how the City can remain competitive within the commercial market. He reported that the Solid Waste Management division currently serves 2500 commercial accounts that provide approximately \$5 million in revenue. He added that the change in state law allows for an additional 250 accounts, or \$1.5 million in revenue for apartment complexes.

Mr. Bouchie requested direction from the Committee relative to offering business customers a 2% cumulative discount each year for signing a multi-year service agreement. He clarified that a one-year agreement would offer a 2% discount, a two-year agreement would offer a 4% discount, up to a three-year agreement offering a 6% discount. He emphasized that service agreements would offer incentives to the customers while offering stability to the City, allowing staff the ability to project future revenues and expenditures.

In response to a question from Committeemember Thompson, Mr. Bouchie explained that staff programs commercial accounts with a 10% profit margin in order to reach the target range after the potential 6% discount. He added that if an account were lost, approximately 25% of its associated profit would be lost.

Committeemember Finter supported the recommendation and stated that the customer wins in the end.

Chairman Glover voiced his support for the discounted service agreements as it should keep Mesa competitive with the private market.

It was moved by Committeemember Thompson, seconded by Committeemember Finter, to recommend that the multi-year Solid Waste Service Agreement Discounts for Business and Commercial Establishments be forwarded on to the full Council for consideration.

Carried unanimously.

2-e. Hear a presentation, discuss, and provide a recommendation on a proposed amendment to the Mesa City Code, Section 1-5-7 regarding reducing the number of Councilmembers required to place an item on an agenda.

Chairman Glover displayed a PowerPoint presentation (**See Attachment 5**) regarding the proposed amendment to the Mesa City Code Section 1-5-7. He explained that he initiated this amendment in an effort to be more in line with the original intent of the City Charter, which offers every Councilmember an equal vote with the Mayor.

Committeemember Finter stated that Phoenix allows Councilmembers to add items to the agenda and he feels that it is more advantageous to the district system. He voiced his support for the amendment.

It was moved by Committeemember Thompson, seconded by Committeemember Finter, to recommend that the proposed amendment to the Mesa City Code, Section 1-5-7 regarding reducing the number of Councilmembers required to place an item on an agenda be forwarded on to the full Council for consideration.

Carried unanimously.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 8:46 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 21st day of January, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

hm
(attachments – 5)

Overview

MESA CHANNEL 11

ACKGROUND

- ✘ Public, education and government access (PEG) channels were created in the United States between 1969 and 1971 by the Federal Communications Commission (FCC) and has since been mandated under the Cable Communications Act of 1984.
- ✘ Government channel programming generally deals with public affairs, board meetings (i.e. city council, planning and zoning board), explanation of government services, and other public-service related programming such as public service announcements and longer public information films.
- ✘ Government channels have been broadening their content in recent years. Many now offer field coverage of public policy forums, third-party-sponsored policy events, and a range of public affairs programming, including call-in programs, issue discussions, interviews, neighborhood news, and news-in-review programs.

ISTORY

- ✘ Mesa government channel created over 30 years ago. Primarily bulletin board and council meetings (2 FTEs).
- ✘ In the 1990's, Mesa's channel added additional meetings and occasional feature programs (3 FTEs)
- ✘ Entering the 21st century, programming grew to include news program and expanded event coverage (6 FTEs)
- ✘ In recent years, Mesa 11 has added social media, regular City update programming, community events, news conferences, a business talk show and “educationals” (3 FTEs)

MORE THAN TV (BROADCAST & MULTIMEDIA SERVICES)

HDTV

- Channel 11 programming
- Live meetings (75)
- Covering Mesa (47)
- Major Announcements (5)
- PSAs (28)
- Mesa Morning Live (12)
- Mesa Now (5)
- Get to Know Mesa (6)
- Media Briefing & SOTC (3)
- Bulletin Board
- Mesa11.com
livestreaming

Digital/Social Media

- Digital signage -
 - City Clerk – Digital agenda posting
 - Municipal Court – Digital courtroom signage
 - MCP Lobby Information monitor
 - Customer Service Cashier Info-Board
 - MCOC Access Center Info-Board
- Mesanow.org – Digital newsroom

Audio/Visual

- Citywide A/V consulting (MCOC, ThinkSpot, suites)
- Conference room A/V enhancements
- Public Safety Training Center A/V update project consulting
- Full concert quality, digital sound system services for various City, DMA and various community events
- Sound systems for news conferences, special events, etc.

PRODUCTION PROCESS FOR TYPICAL COVERING MESA



DTV ORIGINAL PROGRAMMING FOR 2015

Covering Mesa

- ✖ Courtyard by Marriott opens at Gateway Airport
- ✖ EVIT receives \$1000 from Mesa
- ✖ Charles K. Luster Building
- ✖ National General Lending Services HQ opens in Fiesta District
- ✖ Falcon Field Terminal Opens
- ✖ Julie Johnston welcome home
- ✖ CMC Steel opens facility buildings
- ✖ Go Financial opens new HQ
- ✖ Groundbreaking of The Premiere at Dana Park
- ✖ Seed Library
- ✖ THINKspot turns 2
- ✖ Dobson Recycling Center
- ✖ Fiesta District Micro Park
- ✖ Grand Opening of Desert Arroyo Park
- ✖ Central Mesa light rail opens!
- ✖ Mesa vs. Tempe
- ✖ First time riders
- ✖ Access Center Opens
- ✖ Broadway Recreation Center Grand Re-Opening
- ✖ Hydration Donation VTC
- ✖ Hacienda Children's Hospital Grand Opening
- ✖ Elite Airways announces flights from Gateway
- ✖ Centrica Ribbon Cutting
- ✖ Light rail milestone in downtown Mesa
- ✖ Hydration Donation Campaign 2015
- ✖ Groundbreaking for Fire Station 203
- ✖ Sheraton Mesa @ Wrigleyville West
- ✖ Mesa Aquatic Complex
- ✖ Mendoza Ballfield sign unveiling
- ✖ Groundbreaking for Southern Avenue Villas
- ✖ Helen's Hope Chest Grand Opening
- ✖ Mesa Grand Prix 2015
- ✖ La Mesita Shelter Grand Opening
- ✖ MCC 50th Anniversary Celebration
- ✖ Light Rail Milestone
- ✖ Mariposa Park Grand Opening
- ✖ SDI Expansion
- ✖ Cubs Opening Game 2015
- ✖ A's First Spring Training Game 2015
- ✖ Waypoint Groundbreaking
- ✖ A's Grand Opening at Hohokam Stadium
- ✖ NFL Tree Planting
- ✖ Fiesta District Lighting
- ✖ Give Where You Live
- ✖ Desert Trails Park opens
- ✖ East Valley Children's Hospital
- ✖ Oakland A's Tour

2015 CITY ORIGINAL PROGRAMMING FOR 2015

- ✖ Falcon Field Open House PSA 2016
- ✖ Heart Your Health PSA
- ✖ Mesa Commercial Trash Services PSA
- ✖ Mesa Recycling Services PSA
- ✖ Be our guest at Merry Main St!
- ✖ Ride In Movies PSA
- ✖ Matt Pinfield speaks about Mesa Music Festival
- ✖ MAC: Jazz at Lincoln Center Orchestra w/ Wynnton Marsalis
- ✖ Central Mesa Light Rail Extension
- ✖ Veteran's Day Parade PSA 2015
- ✖ Dobson Ranch Kids Golf PSA
- ✖ Inside Mesa Contemporary Arts
- ✖ Celebrate Mesa!
- ✖ Volunteer Week PSA
- ✖ Mesa Hydration Donation PSA
- ✖ CFLPSA Final
- ✖ Alzheimer's PSA
- ✖ Spark! Mesa's Festival of Creativity
- ✖ Falcon Field Open House
- ✖ A Day at the Diamond
- ✖ Wingsstock 2015
- ✖ Red Light PSA
- ✖ Run, Walk, Roll 5K/10K
- ✖ Garbage Truck Safety PSA
- ✖ Celebrate Mesa!
- ✖ Mesa Educates U

Mesa Morning LIVE

- ✖ January – Giving Back
- ✖ February – Heart Strings
- ✖ March – Musical Selections from Mesa Palms Theatre
- ✖ April – Hacienda Healthcare
- ✖ May – Human Calculator
- ✖ June – Just a Second
- ✖ July – Small Business Focus
- ✖ August – Public Safety
- ✖ September – Mesa Community College
- ✖ October – Mayor John Giles
- ✖ November – Give Where You Live
- ✖ December – Wells Fargo Business

Social Snacks

- ✖ Mesa Music Festival
- ✖ Mesa Arts Center Season Kick-Off Festival
- ✖ Light Rail Extension in Mesa
- ✖ Mesa's Arizona Celebration of Freedom
- ✖ Mesa Community College's 50th Anniversary

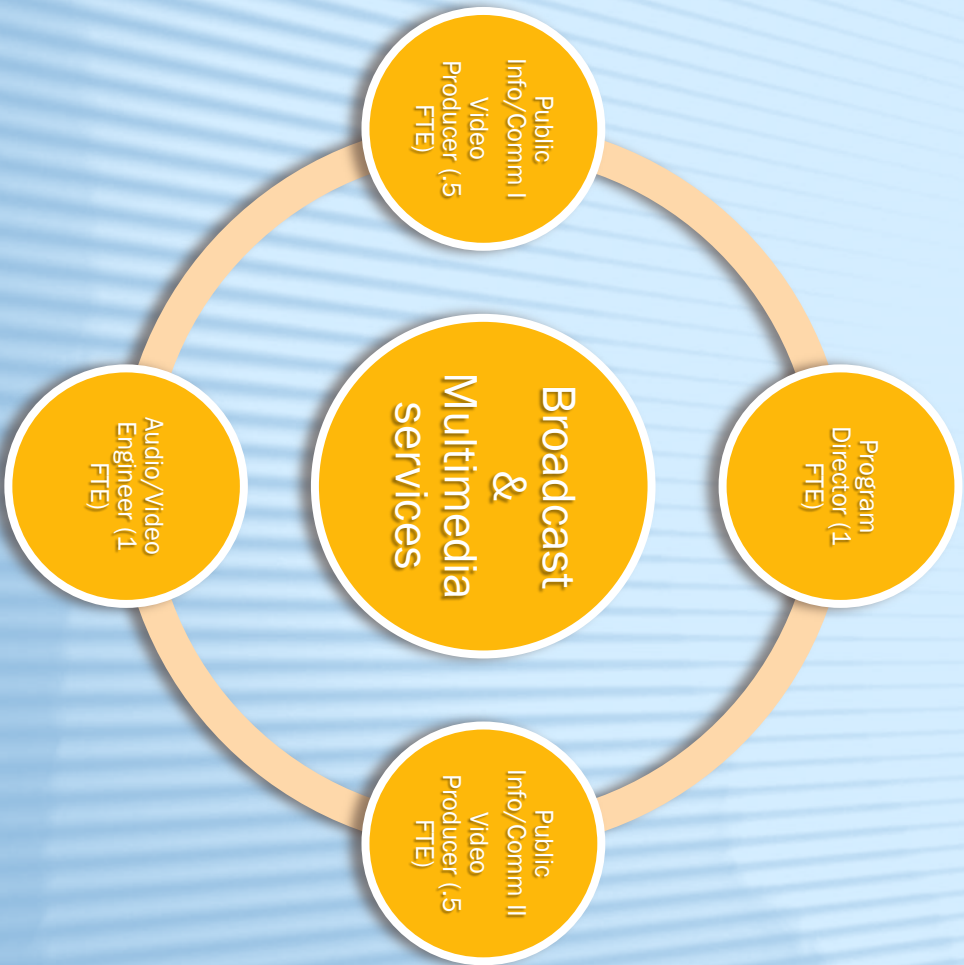
News Conferences

- ✖ National Day of Service
- ✖ Fiesta Corporate Campus
- ✖ New Police Chief
- ✖ Housing Mesa Heroes

ADDITIONAL REQUESTS FOR OUTSIDE PROGRAMMING

- ✘ Weekend or evening events
 - ✘ Neighborhood specific programming outside of news conferences, groundbreaking and grand openings
 - ✘ Departmental requests for internal use
 - ✘ Departmental requests promoting new and existing services/programs
- *Approximately 30-40 annually

CURRENT STAFFING (3 FTEs)



OPTIONS TO ADDRESS ADDITIONAL PROGRAMMING

- ✘ Budget solution -
 - + Increase freelance budget - \$50,000
 - ✘ Freelance costs can range from \$150-\$350 for 4 hours
 - ✘ Some programming requires more than one freelancer
 - + Move part-time benefited position to full-time - \$36,000

Thank You

QUESTIONS



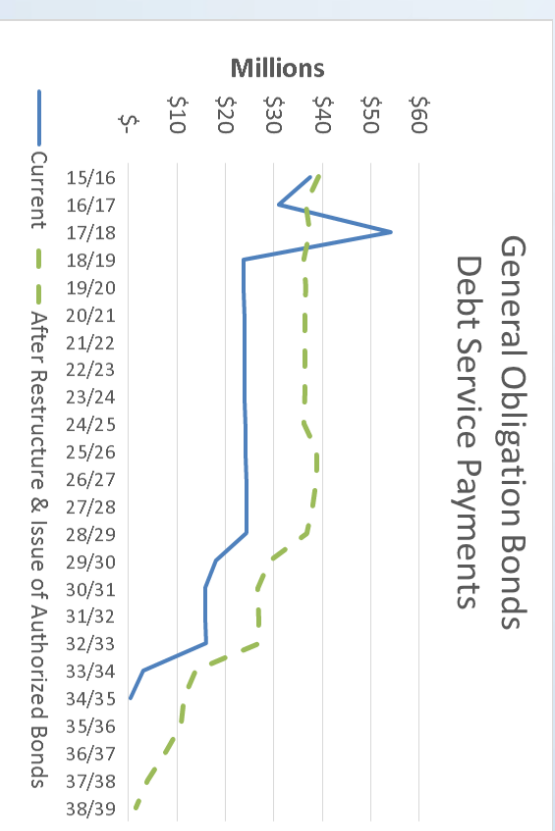
Bond Program Update

January 21, 2016

General Obligation (G.O) Bonds

- Debt service is paid from the City's secondary property tax levy.

Election Year	Authorization	Authorized but Unissued
1987	\$153,310,000	\$213,000
1996	168,800,000	15,094,000
2004	96,100,000	29,659,000
2012	70,000,000	28,845,000
2013	130,800,000	104,920,000

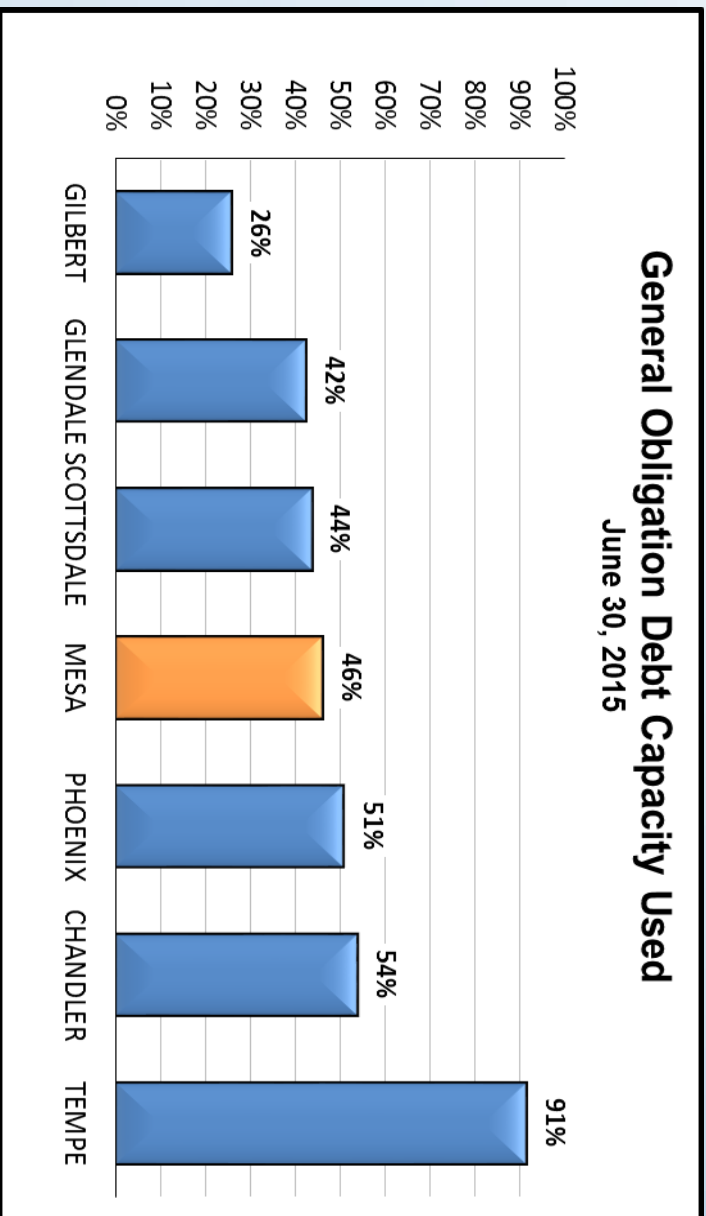


Type	Outstanding Principal	Moody's Rating	S&P's Rating
General Obligation	\$337,190,000	Aa2	AA-

Debt Limitation

- Per Arizona Constitution,
 - Outstanding GO debt for water, wastewater, artificial light, parks and recreational facilities, public safety, and transportation may not exceed **20%** of a city's net assessed valuation, and
 - Outstanding GO debt for general municipal purposes may not exceed an additional **6%** of a city's net assessed valuation.

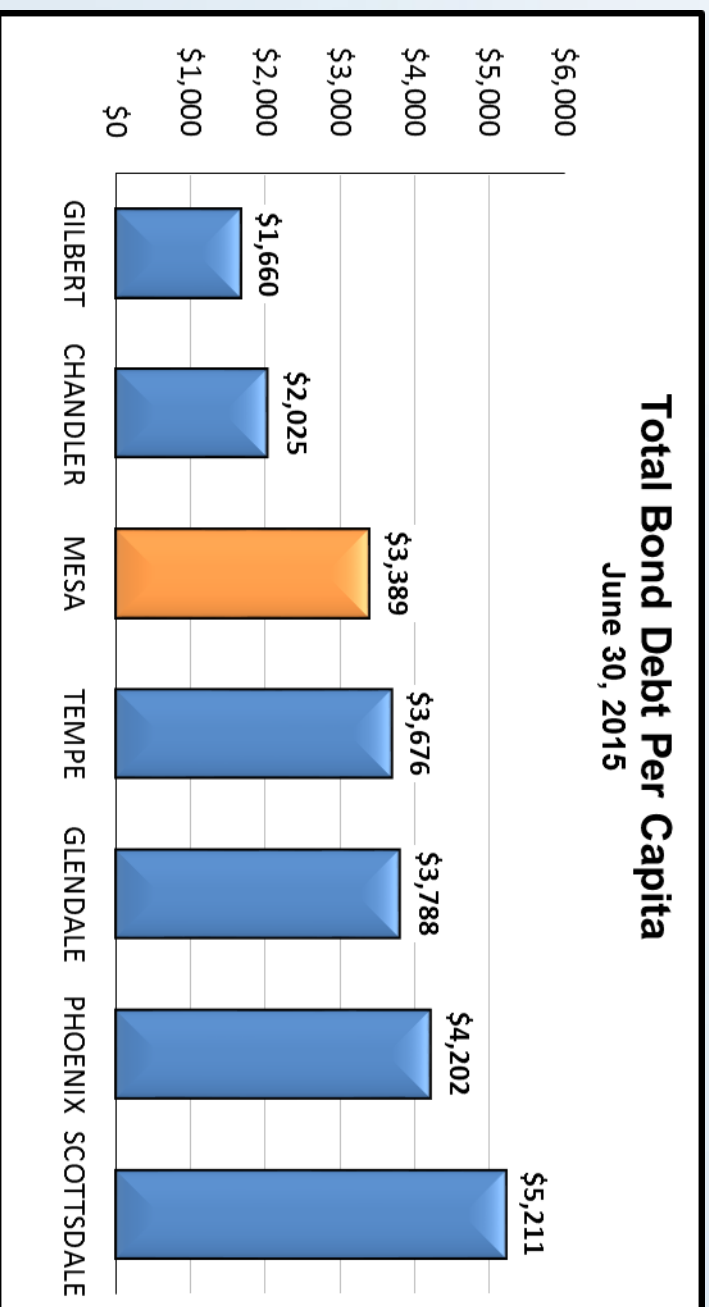
General Obligation Bonds – Debt Limit (as of June 30, 2015)			
Debt Category	20%	6%	Total
Constitutional Limitation	\$564,234,551	\$169,270,365	\$733,504,916
Bonds Outstanding	335,964,962	1,225,038	337,190,000
Borrowing Capacity	\$228,269,589	\$168,045,327	\$396,314,916



Debt Burden

City of Mesa Debt per Capita

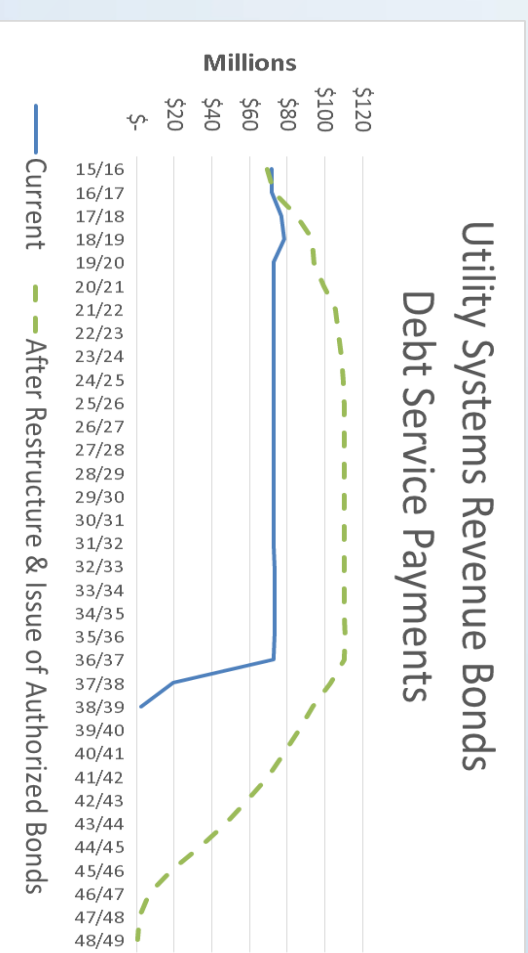
Total Outstanding Debt (as of June 30, 2015)	\$1,543,935,961
Mesa Population (as of July 1, 2014)	455,573
Debt per Capita	\$3,389



Utility Systems Revenue Bonds

- Debt service is secured by and repaid from revenues of the utility systems.

Election Year	Authorization	Authorized but Unissued
1994	\$46,00,000	\$3,570,000
2010	202,100,000	49,337,788
2014	580,000,000	569,085,402



Type	Outstanding Principal	Moody's Rating	S&P's Rating
Utility System	\$1,007,455,000	Aa2	AA-

2015 Bond Activity

- Retired remaining outstanding Highway Project Advancement Notes (HPAN) bond principal (\$77.8 million)
- Refunded Highway User Revenue Fund (HURF) Bonds (\$1.8 million savings)

Anticipated 2016 Bond Refunding Activity

- Refunding General Obligation (Taxable) Bond Issuance (\$1.3 million cost)
- Refunding General Obligation Bond Issuance (\$1.7 million savings)
- Refunding Utility Revenue Bond Issuance (\$3.6 million savings)
- Retire Utility Revenue bonds early with impact fee fund balance (\$1 million savings)

Estimated Timeline

Feb 22 – City Council considers resolution authorizing refunding issuances

Week of Feb 29th – Staff conducts ratings calls

Week of March 21st – Price refunding bonds

Week of April 11th – Close refunding bonds

Anticipated 2016 New Money Bond Activity

- New Money General Obligation Bond Issuance (est: \$40 million)
(Public Safety, Parks, Streets)
- New Money Utility Revenue Bond Issuance (est: \$60 million)
(Water, Wastewater, Natural Gas, Electric)

Estimated Timeline

Week of Feb 29th – Staff conducts ratings calls

Late March/Early – City Council considers resolution authorizing new money bonds

Early May – Price new money bonds

Late May/Early June – Close new money bonds

Moody's May 2015 Rating Report

General Obligation rating affirmed with stable outlook

- **Credit Strengths**
 - "Large and relatively diverse economy, now expanding"
 - "Affordable cost of living will fuel population gains while low business costs will continue to attract new employers"
 - "Strong management team that has historically maintained balanced operations through timely budget adjustments"
- **Credit Weaknesses**
 - "Reserves have weakened over the last five years"
 - "Continued reliance on transfers from enterprises"

Moody's May 2015 Rating Report (cont.)

Utility Revenue rating affirmed with stable outlook

- **Credit Strengths**
 - "Sizeable service area comprised of primarily residential accounts"
 - "Strong financial management"
 - "Sound financial operations"
- **Credit Weaknesses**
 - "Moderately elevated debt levels"
 - "Sizeable transfers to city's General Fund reduces utility's financial flexibility"

Standard and Poor's May 2015 Rating Report

General Obligation rating affirmed with stable outlook

- **Credit Strengths**
 - "Very strong management, supported by strong financial practices"
 - "Very strong liquidity"
- **Credit Weaknesses**
 - "Weak Budgetary performance" (structural imbalance)
 - "Very weak debt and contingent liability profile" (pension and other postemployment benefit obligations)

Standard and Poor's May 2015 Rating Report (cont.)

Utility Revenue rating affirmed with negative outlook

- **Credit Strengths**
 - "Participation in the Phoenix metropolitan statistical area's diverse economy"
 - "Successful implementation of an ad valorem tax to pay GO debt, providing confidence the utility will retain its good available liquidity of cash"
 - "Diverse revenue mix from the city's five utility services"
- **Credit Weaknesses**
 - "Large and increasing annual transfers into the general fund"
 - "Escalating debt service costs"



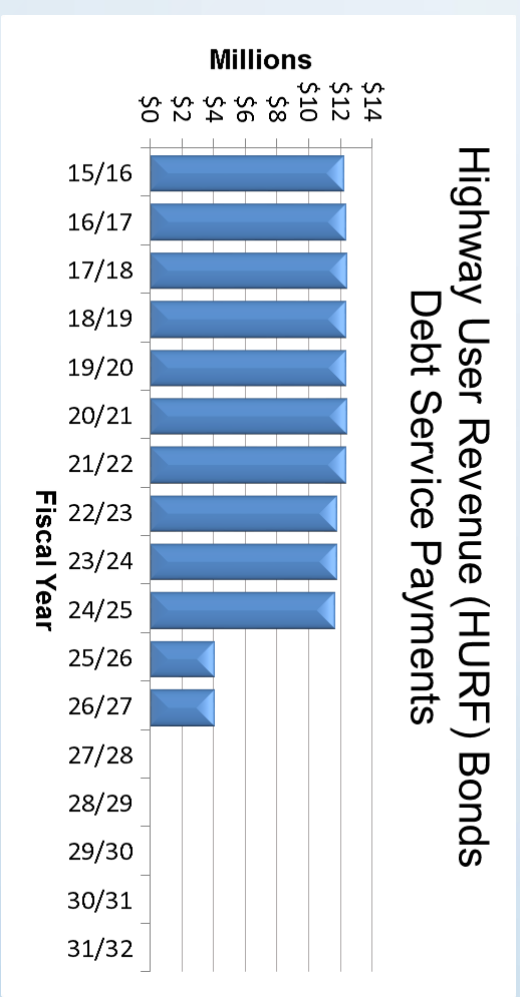
Appendix



Highway User Revenue (HURF) Bonds

- Debt service is secured by and paid from state-shared gas taxes and other highway user fees and charges.

Election Year	Authorization	Authorized but Unissued
2004	\$23,560,000	\$2,960,000

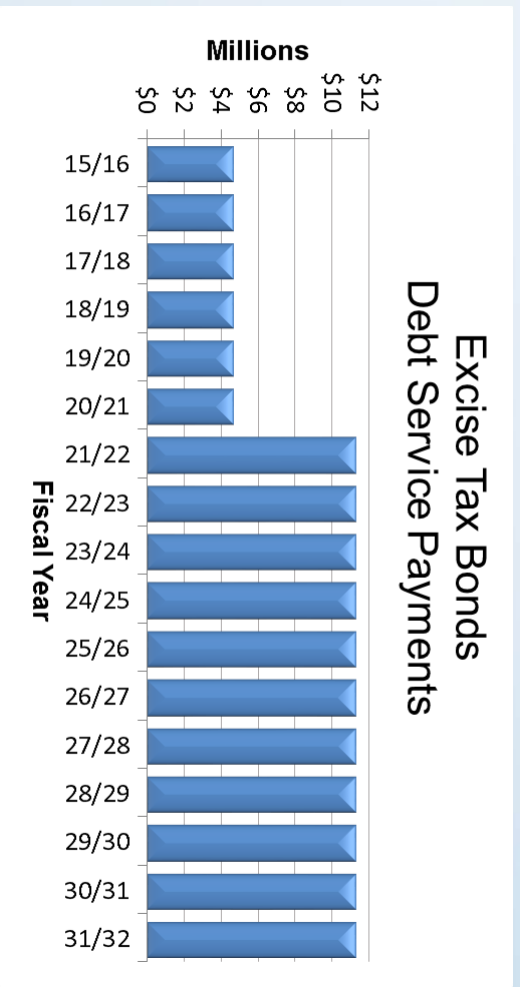


Type	Outstanding Principal	Moody's Rating	S&P's Rating
Highway User Revenues	\$100,285,000	A2	AA

Excise Tax Bonds

- Debt service is secured by excise taxes and paid from the lease and sale of city-owned land in Pinal County.

Election Year	Authorization	Authorized but Unissued
2010	Voter approval of baseball stadium spending	n/a

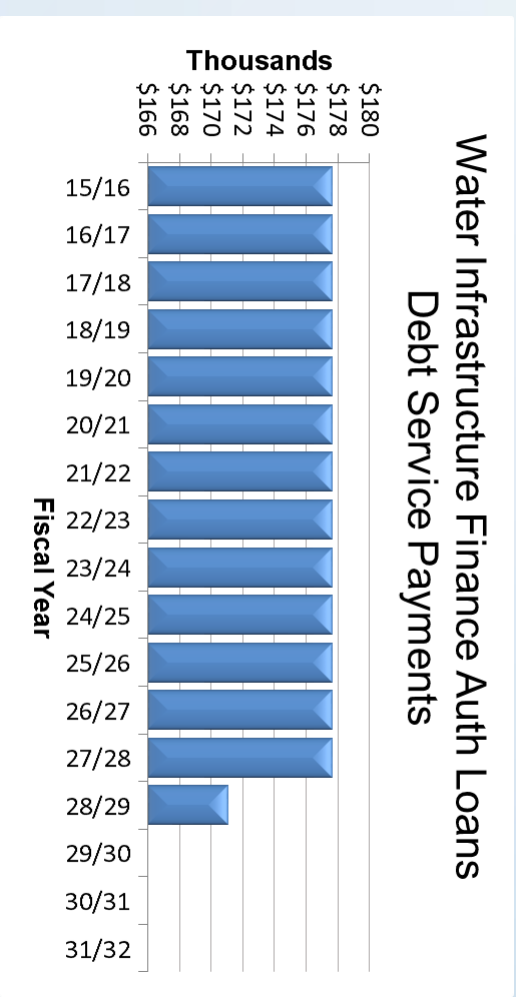


Type	Outstanding Principal	Moody's Rating	S&P's Rating
Excise Tax	\$94,060,000	Aa3	AA+

Water Infrastructure Finance Authority (WIFA) Loans

- Debt service is secured by and paid from water utility revenues.

Election Year	Authorization	Authorized but Unissued
n/a	Included in utility revenue bond authorization	n/a



Type	Outstanding Principal	Moody's Rating	S&P's Rating
Loan	\$2,115,962	n/a	n/a



Overview of Fiscal Year 2015 Comprehensive Annual Financial Report

Audit, Finance and Enterprise Committee
January 21, 2016

Comprehensive annual financial Report



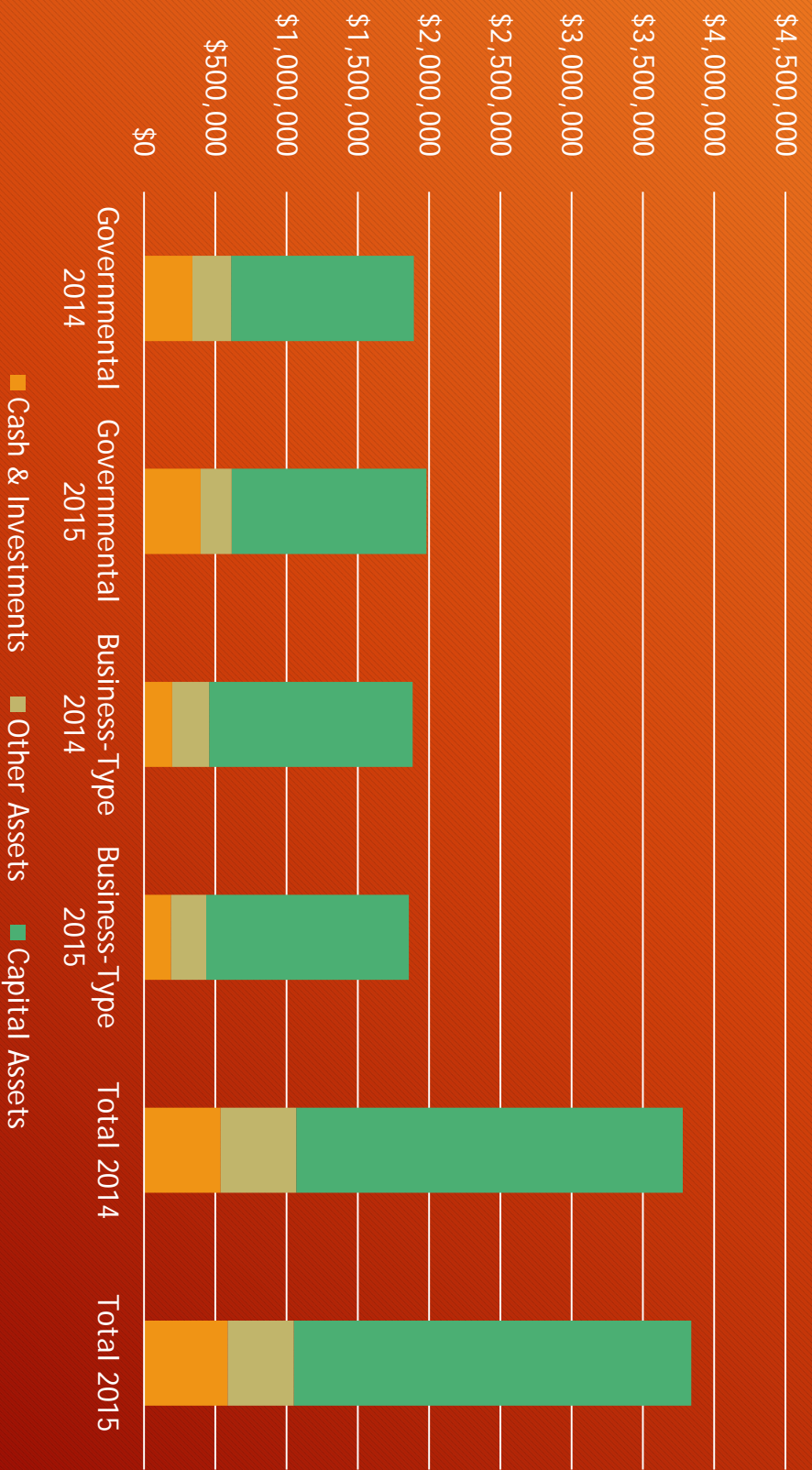
- Unmodified report issued
- Follows Generally Accepted Accounting Principles (GAAP)
- Complies with Governmental Accounting Standards Board (GASB)

GASB Statement No. 68 Accounting and Financial Reporting for Pensions

- New accounting standard for fiscal year 2015.
- Requires governments to record pension liabilities in the financial statements, previously pension liabilities were a footnote disclosure.
- Added \$648.7 million in liabilities as a result of implementing GASB 68:

ASRS	\$241.8 million
PSPRS - Fire	\$137.7 million
PSPRS - Police	\$267.8 million
EORP	\$ 1.4 million
- Greatly expanded the pension footnote disclosures and added several Required Supplementary schedules.

Total Assets at June 30, 2015 (in thousands) \$3,838,477



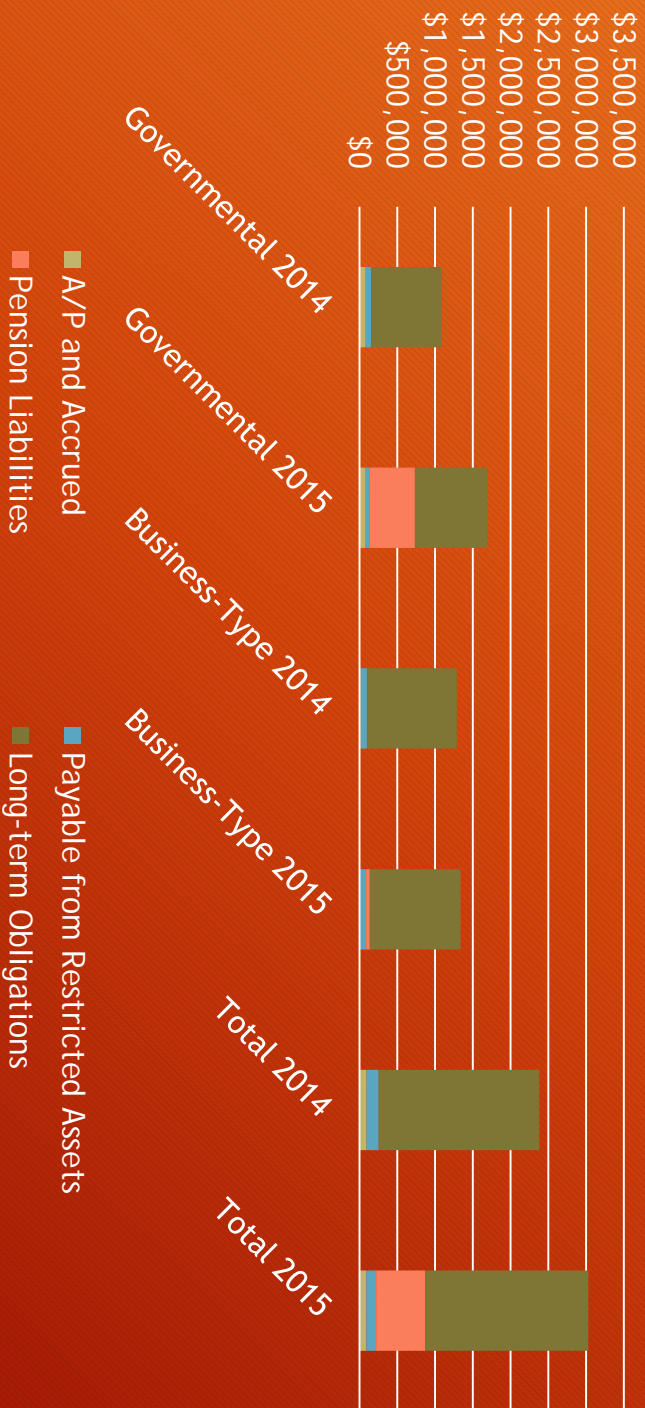
Cash Balances as of June 30, 2015 (In Thousands)

Cash *	\$ 121,679
Investment in Local Govt Investment Pool	43,600
Cash with Trustee and Fiscal Agents	96,927
Long-Term Investments	<u>338,827</u>
Total Pooled Cash and Investments	\$ 601,033

* Includes \$78 million received to pay-off HPAN notes on 8/15/15

Total Liabilities at June 30, 2015 (in thousands) \$3,032,259

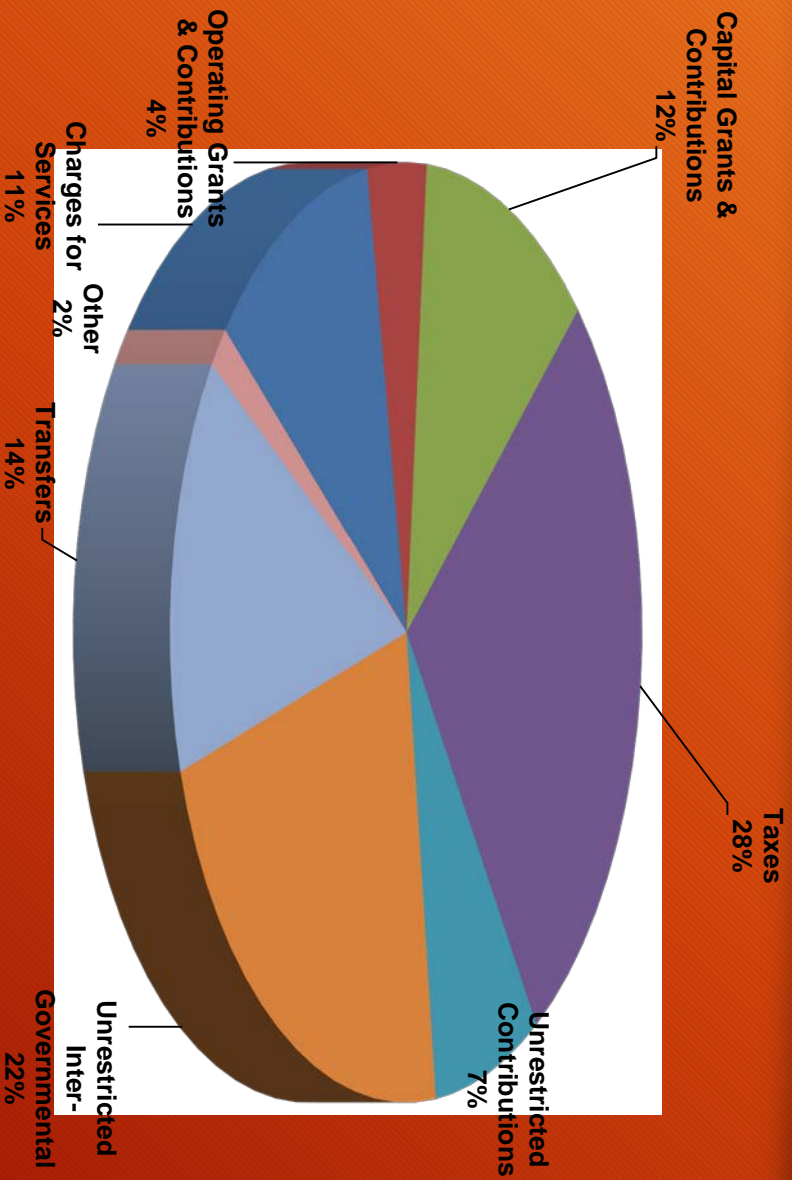
Chart Title



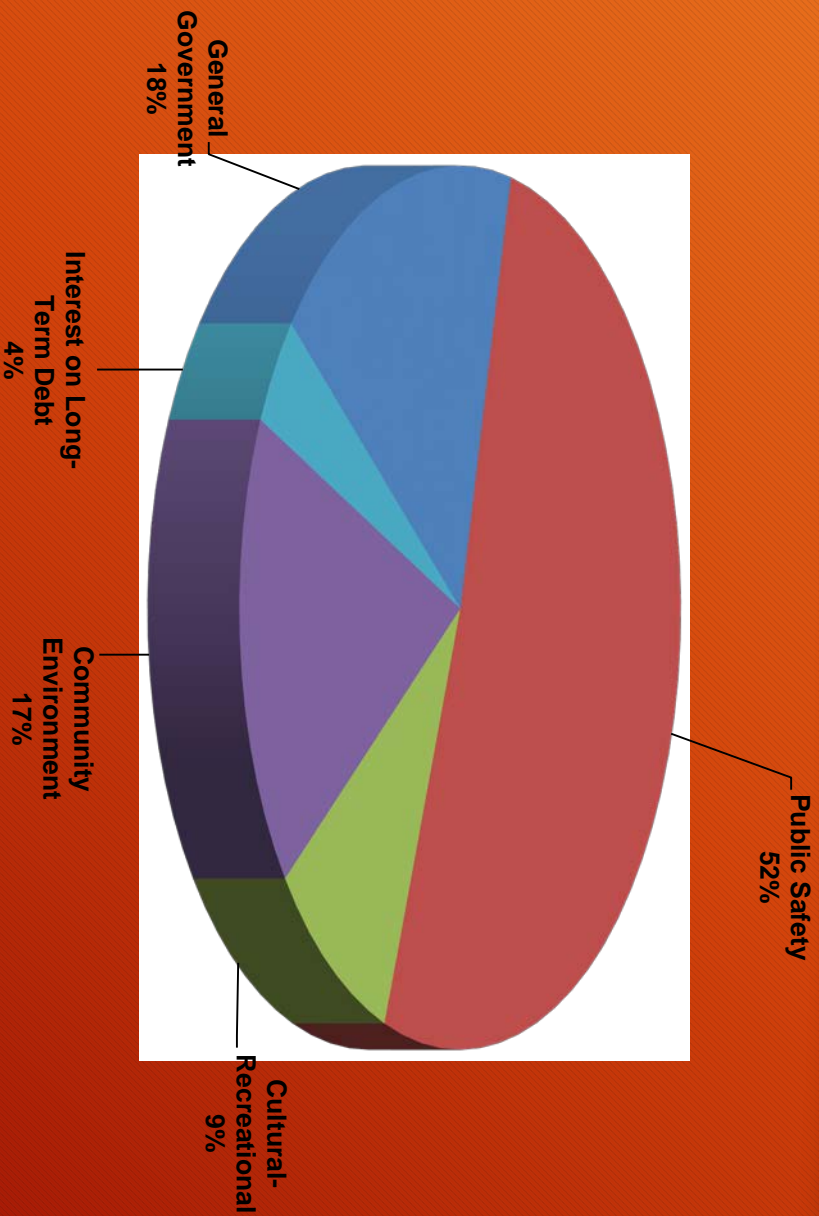
Citywide Long-term Debt (In Thousands)

Issue Type	Principal Outstanding	% of Total
General Obligation Bonds	\$ 337,190	20.69%
Highway User Revenue Bonds	100,285	6.15
Revenue Bonds	1,007,455	61.78
Excise Tax Obligations	94,060	5.77
Special Assessment Bonds	2,830	0.17
Community Facility District	10,974	0.67
HPAN Notes Payable	<u>77,835</u>	<u>4.77</u>
Total	<u>\$1,630,629</u>	100.0%

Revenue by Source - Governmental Activities



Functional Expenses - Governmental Activities



Questions ?

Irma Ashworth

Finance Director

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(480) 644-2605

Discount for Multi-Year Service Agreements

Environment Management and
Sustainability Department



Background

- State Legislation regarding Apartments 5 units or more
- Ordinance definition Updated



Background

- 250 existing apartment accounts
 - \$1.5 million in revenue
- Approx. 2,500 Business and Commercial accounts
 - \$5 million in revenue



Recommendation

- Ability to offer a discount rate for those who enter into a multi-year agreement
 - 2% cumulative each year
 - Not to exceed 6%

Questions?



CITY COUNCIL AUDIT, FINANCE & ENTERPRISE COMMITTEE

Proposed Amendment to Mesa City Code Section 1-5-7

January 21, 2016

1-5-7: AGENDA: (3213)

- (A) The City Manager will prepare and distribute all City Council meeting agendas. The City Manager will place such items on the agenda, and in such order, as necessary to accomplish the business of the City. (3213)
- (B) The City Manager will also place an item on the agenda at the request of the Mayor or ~~three Councilmembers~~ any Councilmember. (3213)
- (C) At the request of any Councilmember, an item on a Council consent agenda will be removed from the consent portion of the agenda and will be separately considered. (3213)