



AUDIT, FINANCE & ENTERPRISE COMMITTEE

March 10, 2011

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 March 10, 2011 at 10:50 a.m.

COMMITTEE PRESENT

Alex Finter, Chairperson
Dina Higgins
Scott Somers

COMMITTEE ABSENT

Christopher Brady, Ex-Officio

STAFF PRESENT

Patricia Sorensen
Jack Shaffer
Others

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss and make a recommendation on Parks, Recreation, and Commercial Facilities FY 2010/11 & FY 2011/12 fees and charges.

Parks, Recreation and Commercial Facilities Director Marc Heirshberg displayed a PowerPoint presentation (**See Attachment 1**) and briefly highlighted the review process for fees and charges. He said that Parks and Recreation hoped that the new fees and charges would be approved by full Council and applied to the Summer Registration scheduled to begin on April 15. (See Page 2 of Attachment 1)

Mr. Heirshberg reported that the fiscal impact for Commercial Operations for the fiscal year ending 2010/2011 was \$10,270 and for the fiscal year ending 2011/2012 was \$124,645. He stated that there had been some verbiage changes and minor adjustments made to the fees and charges policy. He added that Parks and Recreation wanted to continue to offer services that customers had come to expect and at the same time remain competitive with comparable facilities in the area. (See Page 3 of Attachment 1)

Mr. Heirshberg stated that changing the Commercial/Special Event fee to a fee ranging from \$1,500 to \$2,500 at HoHoKam Stadium and Fitch Park would allow more flexibility in marketing, make the facility more competitive with other stadiums in the area and attract more customers. He recommended that the minimum meeting room use time be changed from 2 hours to a minimum of 4 hours to ensure that the costs for staffing are recovered. He added that staff had

also recommended that the Scoreboard Rental fee be increased from \$50 to \$150 in an effort to remain competitive. (See Page 4 of Attachment 1)

Mr. Heirshberg reported that the majority of Commercial Operation Fees were generated from the cemetery. He stated that he had visited the site with Chairperson Finter and shared some of the plans for the cemetery with him. He said the cemetery expansion area was expected to be completed this year and would include premium plots where 40% of interments would occur. He explained there would be a slightly higher fee structure for the new area and that engineering was in the process of working out the number of plots that would be available in this new area as well as access and water delivery. He also reported that an estimated \$70,960 in new revenue would be generated from the cemetery expansion. He advised that by taking advantage of the lower construction costs the pump used to pump water out of the canal would be upgraded allowing the cemetery to be irrigated entirely by canal water saving an estimated \$200,000 a year. He added that there were also plans to install pipe to irrigate the new area and reduce future irrigation costs. (See Page 5 of Attachment 1)

Mr. Heirshberg advised that there would be a slight increase in fees for the Heritage Garden Section that would generate an additional \$14,595 in revenue. He reported that an estimated \$22,515 would be generated from the adjustments made to the fees for opening and closing grave sites. (See Page 5 of Attachment 1)

Chairperson Finter commented that the cost comparison sheet indicated that the City's fee structure was reasonable when compared to private and public cemeteries.

In response to a question from Committeewoman Higgins, Mr. Heirshberg explained that interment fees were placed in a Perpetual Care Fund that covered cemetery care. He said ways to increase the Perpetual Care Fund to ensure that operations could be sustained as they expanded are being explored. He estimated the balance of the Perpetual Care Fund to be at \$5.5 million this year and \$9.8 million by 2024-2025.

Committeewoman Higgins commented that unlike the funds from the Federal Government, the Perpetual Care Fund was protected and for cemetery use only.

Mr. Heirshberg added that a fee reduction for niche banks had been proposed in order to stimulate niche bank sales. (See Page 6 of Attachment 1)

Mr. Heirshberg reported that the fiscal impact for recreation operations for the fiscal year 2010/2011 was \$16,775 and \$68,568 for the 2011/2012 fiscal year. He advised that there would also be some verbiage changes and adjustments made in order to remain competitive with other facilities. He said that the implementation of non-resident fees would be extended to all recreation programs and facilities and that Mesa residents would receive a 20% cost savings on fees compared to non-residents. (See Page 7 of Attachment 1)

In response to a question from Committeewoman Higgins, Mr. Heirshberg explained that it was unlikely that there was full cost recovery in programs with non-resident fees. He stated that there would need to be a 55% or 60% differential in resident to non-resident fees in most programs to obtain full cost recovery. He advised that on special interest classes where there was a contract split of 60/40 or 70/30 the City would capture the entire non-resident dollar and would only be paying the contractor back at a resident rate.

Chairperson Finter commented that the fees and charges were reasonable and since Parks and Recreation was heavily subsidized by other areas of the City including the General Fund it was only reasonable to ask non-residents to pay non-resident fees. He added that people have traveled long distances to use the City's aquatics facilities.

Discussion ensued regarding non-resident fees and Mr. Heirshberg explained that last year a non-resident fee had been implemented for aquatics and this year would be the first year that the City had a non-resident fee for all programs.

In response to a series of questions from Committeewoman Higgins, Mr. Heirshberg explained that the majority of the pricing for the programs had been market driven. He said pricing should be somewhere in the middle to capture a large quantity of participants and recover the costs. He stated that it was better to run programs that were filled to capacity and capture that revenue than have only 10 residents and no non-residents participate because the price was too high.

Committeemember Somers suggested that this program run for a few seasons with the department managing the fees and evaluating cost recovery. He suggested that an audit be conducted after a few seasons of data had been collected.

Mr. Heirshberg reported that the new Skyline Aquatics Center scheduled to open this summer would generate over \$59,000 in revenue. He advised that a Birthday Party Program had been implemented at the Webster and Jefferson Recreation Centers that would generate \$3,000 in revenue. He said that the after school program at Webster and Jefferson was changed to a "Semester Pass" which had greatly increased participation. He added that the Summer Recreation Program would include a new Safe Kids Program that would teach bicycle safety and police and fire safety for kindergartners. (See Page 8 of Attachment 1)

In response to a question from Committeemember Somers, Mr. Heirshberg explained that the costs for the Birthday Party Program were completely recovered and additional staff was not necessary. He added that this program was another offering to the community at 100% cost recovery.

Committeemember Somers remarked that the City was trying to add value by bringing in more people and generating more fees. He said it was anticipated that \$60,000 would be generated from the aquatic center and \$3,000 from the Birthday Party Program, however if the pricing wasn't right the expected goal would not be reached. He expressed concern regarding implementation costs that might not be recovered in some of the programs. He added that the department should be cautious and continue to monitor the expenses through audits.

Mr. Heirshberg responded that the department was very cognizant of this and would make sure that they remained on track by paying attention to market demands and making adjustments accordingly.

Mr. Heirshberg reported that an adult kickball league had been implemented and with some changes and new locations an additional \$11,350 in revenue could be generated. He stated that Parks and Recreation was working with Mesa Public Schools to implement youth sports leagues that would benefit children who might not have those opportunities through the school. He said the City would be offering football, basketball, soccer and dodge ball as well as some special

events such as Punt, Pass and Kick and Hit, Pitch and Run. He reported that these programs should generate \$44,450 in revenue. (See Page 9 of Attachment 1)

Responding to a question from Committeewoman Higgins, Mr. Heirshberg explained that money had been allocated through the school and those funds had been readjusted to be used for youth activities. He said that there are costs associated with providing youth sports and that previous direction from Council had been that the costs for youth activities would not be completely recovered.

Committeemember Somers commented that he was in agreement regarding costs for youth sports not having a 100% cost recovery however the cost for adult sports should be recovered.

In response to a series of questions from Committeewoman Higgins, Mr. Heirshberg explained that fee increases on the Flowrider were based on the cost of operation last year as well as the use of the resident and non-resident fees. He added that the price ranges allowed for fluctuation as the market changed or when other communities raised their prices for swim lessons or guest passes. He said this flexibility would prevent having to come back to the Committee for every single fee change. He also explained how the punch card for the Flowrider worked and advised that after a person received 10 punches on their ticket they would be eligible to receive a discount.

Responding to a question from Committeemember Somers, Mr. Heirshberg explained that last year was the first year that the Flowrider was in operation and that it had not paid for itself. He said there had been some operational issues where the motor went out and left the Flowrider out of operation for a couple of weeks. He also said that due to that pool having been closed for so long it was a challenge to inform people that the pool was open again and operating better than before. He added that by increased marketing and keeping the pool open on Sundays it was expected that this would be a better year.

Responding to a question from Committeewoman Higgins, Mr. Heirshberg said that he was unaware of the number of participants that had signed up for the Flowrider classes. He stated that he believed that the classes were divided by age group and that by law it was required that two lifeguards be on duty during the hours of operation. He reported that there was an individual that came from Las Vegas and stayed a week in order to ride the Flowrider every day. He also advised of a country western band that while on tour in Phoenix, had privately rented the Flowrider for half the day for the band and crews enjoyment.

Chairperson Finter expressed his appreciation to staff for their efforts.

2-b. Hear presentation, discuss and accept the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2010.

City Controller, Doug Yeskey, addressed the Committee and introduced Sandy Cromstrom, a partner with LarsonAllen, LLP, the City's external audit firm. He explained that the Comprehensive Annual Financial Report (CAFR) for June 30, 2010 had an unqualified opinion or "clean opinion" which was desired on the financial statements. **(The CAFR is available for review in the City Clerk's Office and will be made part of the official minutes/attachments of the meeting.)**

Ms. Cromstrom explained that since the City had expended more than \$500 million in Federal funds, the Single Audit Report was a requirement under the Single Audit Act. She advised that an extreme amount of Federal work had been conducted due to numerous Recovery Act Funds and that in 2009/2010, an estimated \$40 million in Federal funds had been spent. She stated that normally only two or three programs were tested, however, this year eight programs had been tested. She reported that as a result of the test work seven Findings had been noted. She said that three of the Findings were related to the CAFR and four were Federal compliance or control issues which could cause a problem in the future. She also reported that fee schedules did not match with what had been reported in the CAFR and that when errors were found it was required that the errors be reported to the Committee. **(See Attachment 2)**

Responding to a question from Committeemember Somers, Ms. Cromstrom explained that considering the process used to prepare the CAFR, it could be expected that there would be errors. She stated that most municipalities did not prepare their own CAFR and that her office assisted those municipalities in the preparation of that report. She added that usually there was a finding in the report that defined the process used in preparing the report.

Responding to a question from Committeewoman Higgins, Ms. Cromstrom stated that the Financial Statement Findings began on Page 8 of the Single Audit Act Report. (See Page 8 of Attachment 2)

Mr. Yeskey explained that the mistakes that were reported were material mistakes that had been corrected before the CAFR was finalized. He stated that the normal review process did not occur this year and as a result mistakes were found. He explained that the department had been working on the CityEdge project but added that that was not an excuse for not completing the review process. He advised that in the future the normal review process would be followed before a draft was submitted for the CAFR.

Ms. Cromstrom explained that Finding #3 was due to the fact that there had been so many new grants and the Schedule of Federal Awards had not been submitted to them until late December. She said attempting to audit this moving target resulted in unnecessary testing of a program and caused a lag in the entire process. She advised that efforts were being made to work with staff and ensure that information would be provided in a timely manner in the future. (See Page 10 of Attachment 2)

Ms. Cromstrom reported that Finding #2 involved the reimbursement process where the City had spent funds up front but had not submitted the claim for reimbursement until late in the season. She noted that this made it difficult to determine what Federal dollars were actually received, what was spent and what would be claimed for reimbursement at a later date. (See Page 9 of Attachment 2)

Mr. Yeskey informed the Council that this issue was included in the Management Letter last year but was not a Finding at that time. He explained that because the issue had continued it became a Finding that was costing the City money. He said that the City was losing interest every day that the City funded government money. He advised that the Grant Coordinators position in the City Manager's Office was being redefined and that policies would be put in place that would require grants to be reimbursed on a monthly basis if allowable under the grant. He added that the importance of not funding the Federal government anymore than necessary was being stressed.

In response to a question from Chairperson Finter, Assistant to the City Manager Patricia Sorensen advised that the City was currently finalizing the job description for the Grants Coordinator position and hoped to have it out for recruitment in the next three or four weeks. She said that a process was being developed to increase the oversight of grants. She added that a new module for grants administration in the CityEdge system was being researched.

Mr. Yeskey commented that the grants portion of the CityEdge system would become available when the financial aspect of the program went into effect in July of 2012. He said that an option had been reviewed that could possibly bring the grants portion of the system in earlier, however it was found not to be feasible.

Responding to a question from Committeewoman Higgins, Mr. Yeskey explained that CityEdge had begun its 15-month implementation process and the financial portion of CityEdge was not expected to be implemented until July of 2012. He said that the grant module for CityEdge would be very "robust" and contain many options and tools that would alleviate problems. He added that instead of the manual process currently used, CityEdge would automatically be able to identify how many grants there were and where they were located.

Chairperson Finter commented that the problems identified were unusual and occurred as a result of the numerous grants received that were not received in prior years. He said there had been some challenges, however, there was a plan in place to correct the problems and get back on the right track.

Mr. Yeskey advised that some preliminary grant policies would be out by June 30th if not sooner. He said this would be a document that would continue to grow as the Grants Coordinator position was defined.

In response to a question from Committeewoman Higgins, Mr. Yeskey explained that the Grants Coordinator position would identify what grants could be available. He said currently the Grants Coordinator was not the only person involved in identifying grants as other departments are identifying them as well.

Ms. Sorensen advised that the Grants Coordinator would identify possible grants and funnel that information to the departments. She said currently there was a decentralized process of grant application and monitoring. She said each department was "doing their own thing" which had made it hard to pull all the information together. She added that this position would provide policies and procedures and some oversight at the City Manager's Office level.

Executive Manager Chuck Odom commented that with the new CityEdge program all grants would be distributed daily through email informing users of what grants were available. He said the centralized system would also help with grant lifecycle management. He added that users would know what each department was applying for and the awarding of grants could be controlled at a formal level.

In response to a question from Committeewoman Higgins, Assistant City Attorney Jack Shaffer explained that a piece of the new program could be moved ahead but in order to receive the benefits from the accounting aspect the whole financial system would need to be in place. He said to accelerate the process would require adjusting the schedule as well as additional consulting dollars from CGI, Inc.

Mr. Odom explained that it would be difficult to meet the timelines currently set for implementing the financial aspect of CityEdge.

Technology & Innovation Manager Alex Deshusk commented that it was anticipated that the City Manager's Office would have policies put in place that would require reimbursements to be completed on a monthly or at a minimum quarterly basis. He said automated tracking and reporting would not be available until CityEdge was in place, however, in the meantime reimbursements would be accomplished in a more timely manner.

Mr. Yeskey commented that there would be more controls in place once the CityEdge system was implemented.

Committeemember Somers advised that the problems reported did not come as a surprise and what was important was that the problems had been identified so that staff was aware of how to correct them. He said the placement of a Grant Administrator, a Chief Financial Officer and a new computer system that would automate the process would solve many of the issues. He remarked that the problems were the result of a very old computer system and an old style of management that did not meet the new way that the City does business.

Ms. Cromstrom advised that some of the Findings were specific to grants and payroll compliance requirements. She said that some of the grants were missing specific back up on the timesheets. She stated that time had been allocated based on the budget and not on the actual hours that were spent working on specific programs. She added that the Federal grantors required that the timesheets be very specific and well documented. (See Pages 11 & 12 of Attachment 2)

In response to a question from Committeewoman Higgins, Ms. Sorensen explained that the Legal and Engineering Departments were the only departments that were documenting timesheets based on hours worked.

Discussion ensued regarding hourly employees charging their time on an hourly basis for time worked in a specific area.

City Engineer Beth Huning stated that she had 90 employees who charged time to the Capital Improvement Plan and that Engineering had a timesheet process in place that charges by the hour.

Development Services Deputy Director Tammy Albright advised that a process has been implemented across her entire department that includes an hourly time sheet where the actual hours spent working on a specific program are documented. She said the time sheet is then signed off on a daily basis by the supervisor.

In response to a question from Chairperson Finter, Ms. Sorensen explained that Tom LaVell had been temporarily assigned as the Contract Administrator to help Development Services put new processes and systems in place.

Responding to a question from Chairperson Finter, Ms. Huning said that currently time keeping was very manual and that the CityEdge module would be able to do electronic time keeping. She said hours would be input by the employees and forwarded to the Supervisor for approval.

In response to a question from Committeewoman Higgins, Ms. Cromstrom advised that there could be Federal repercussions as a result of the Findings. She added that it was difficult to calculate questioned costs and that the Federal Government could conduct an audit.

Ms. Sorensen reported that the Office of the Inspector General had recently conducted an audit on one of the Findings, and due to the lack of supporting documentation, the City was required to reimburse approximately \$23,000 to the Neighborhood Stabilization Program (NSP). She said since documentation was not done that would have proven that the money was truly spent on NSP work, the money had to be reimbursed.

In response to a question from Committeewoman Higgins, Mr. Yeskey explained that due to the errors, there was a potential that the City would be analyzed more closely.

Ms. Albright said that her department had developed a new philosophy of welcoming the auditors and treating them as a partner to assist in departmental success. She reported that the auditor for the Community Development Block Grant (CDBG) Program had met with staff recently and advised that the audit for the Housing Program should be finished this week.

Further discussion ensued regarding assistance that was offered by the Maricopa County Consortium and consultants that the Department of Housing and Urban Development (HUD) would be providing.

Mr. Yeskey explained that the report had to be filed by a certain date with the Federal Clearinghouse and at that point every Federal Agency would have access to the report. He said any grantor mentioned in the report, for example, HUD, could come to the City to verify that the money was being used for what it had been reported to be used for.

Chairperson Finter advised that the Committee would appreciate an update on the full ramifications of the report.

Mr. Yeskey advised that LarsonAllen would need to re-test everything to make sure that what was reported was, in fact, being conducted. He said if testing was not done, then the same Findings would appear on the report again and the repercussions could become more severe.

Ms. Cromstrom advised that they would be following up on all of the Findings for next year's audit.

Ms. Cromstrom reported that one of the Findings was in regards to timesheets that had not been signed off on by the supervisor. She advised that a year-end report that had to be filed with the Arizona Department of Transportation (ADOT) did not indicate that the supervisor had reviewed it. (See Page 12 of Attachment 2)

Mr. Yeskey explained that the year-end report filed with ADOT was correct and had been reviewed by the supervisor, however, the supervisor had failed to sign off on the report. He said this issue had been addressed and that procedures were now in place.

Ms. Cromstrom advised that there was an offset problem where expenditures had been incurred by the City that did not match the reimbursement claims. She said that the reimbursements had

to be based on actual amounts spent to date and if conducted on a monthly basis there should not be an issue in the future. (See Page 14 of Attachment 2)

Ms. Cromstrom stated that other reports were issued as a result of the audit, for instance, the Local Transportation Assistance Fund (LTAF) and Highway User Revenue Fund (HURF) reports, the Expenditure Limitation Report, as well as the reports filed with the Auditor General's Office.

In response to a question from Committeewoman Higgins, Mr. Yeskey clarified that Page 2 of the State required Expenditure Limitation Report (**See Attachment 3**) indicated what the Economic Estimate Commission said the expenditure limitation was for the City. He said that due to "Home Rule," the City was not required to abide by that expenditure limitation. He explained that the second line showed the budget that was actually passed for the fiscal year 2010 and that line 4 showed all the amounts that were subject to that expenditure limitation. He said the amount on line 11 showed that the City was in compliance and was under the \$646 million expenditure limitation. (See Page 2 of Attachment 3)

Mr. Deshuk remarked that currently, the City's budget was still below the State limitation regardless of "Home Rule."

In response to a question from Committeewoman Higgins, Ms. Cromstrom explained that "Quasi-External Interfund Transactions" were all the exclusions that could be taken.

In response to a question from Chairperson Finter, Ms. Cromstrom advised that there were no other issues and that plans for next year's audit were already underway.

Responding to a question from Committeewoman Higgins, Ms. Cromstrom explained that the items under the Uncorrected Financial Statements Misstatements (**See Page 5 of Attachment 4**) were items that surfaced during the audit. She said that the items appeared too late to make the changes and were not posted to the CAFR or reflected in the bound document as it was determined that they were not material. She said that she realized that the items listed appeared to be very large numbers, however, once the CAFR was completed, the cost benefit of making a change that would result in changing an estimated 30 pages throughout the report had to be factored. She added that the purpose of the Schedule was to accumulate and acknowledge the items that were not included in the CAFR.

Mr. Yeskey explained that some of the items under Statements and Misstatements would carry over if corrections were not made before the next CAFR. He advised that the first item listed was in regards to a bond issue, which would remain on the list as long as the bond issue is outstanding. He added that corrections would be made to remove the items listed on the Uncorrected Financial Statements Misstatements. (See Page 5 of Attachment 4)

Mr. Shafer said that unless an inaccuracy existed or the CAFR was incorrect, it was requested that the Committee move to have the CAFR forwarded on to full Council.

It was moved by Committeemember Somers, seconded by Committeewoman Higgins, to recommend to the Council that the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2010, be accepted.

Carried unanimously.

Chairperson Finter thanked staff for their efforts.

3. Adjournment.

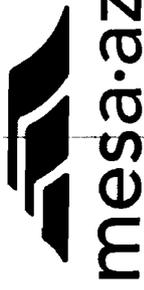
Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 11:44 a.m.

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 10th day of March 2011. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

bdw
(attachments – 4)

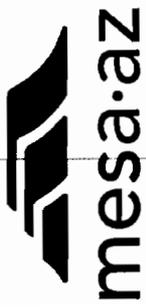
**Fees & Charges Review
FY 10/11 and FY 11/12
Parks, Recreation & Commercial
Facilities Department
(PRCF)**



Review Process

- **PRCF Department**
- **Parks & Recreation Advisory Board Fees and Charges Subcommittee**
- **Full Parks and Recreation Advisory Board**
- **City Council Audit & Finance Committee**
- **City Council**

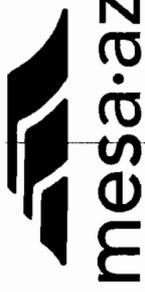




Commercial Operations

- Fiscal Impact
 - FY 10/11 - \$10,270
 - FY 11/12 - \$124,645
- Verbiage changes and minor adjustments to offer services that customers have come to expect, while remaining competitive with comparable facilities

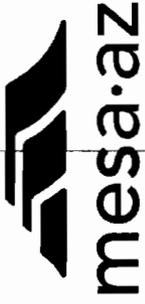




Commercial Operations

HoHoKam Stadium and Fitch

- Change the Commercial/Special Event fee to a fee range of \$1,500 - \$2,500.
- This flexibility will allow us the opportunity to market the facility for a greater number of rentals.
- This structure is also in range with other stadiums in the area.
- Recommend changing the minimum meeting room per hour fee from 2 hours to 4 hours.
- To remain competitive, staff is recommends a fee range on the Scoreboard rental fee of \$50 - \$150.

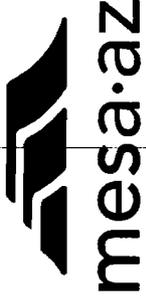


Commercial Operations

Mesa Cemetery

- \$70,960 in new revenue will be generated in the Cemetery expansion area where staff is estimating 40% of all interments will occur
- 3% increase in interment fees in the Heritage Garden Section will generate an additional \$14,595
- Adjustments to the opening and closing fees will generate an estimated \$22,515

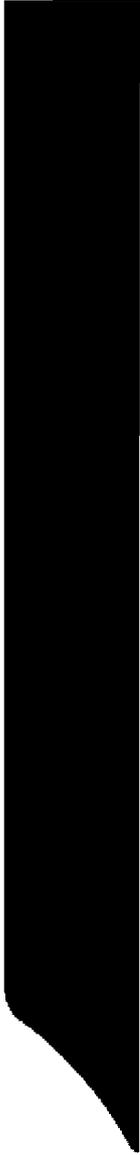




Commercial Operations

Mesa Cemetery

- A \$20 increase in container setting will result in \$8,750 of additional revenue
- Increases in the Perpetual Care Fund fee will generate an \$11,475 in revenue
- Niche bank fee reduction to help stimulate sales:
 - previously a niche was the same cost as a single level grave and families have been choosing to purchase the grave space rather than a niche





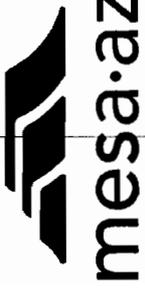
Recreation Operations

- Fiscal Impact
 - FY 10/11 - \$16,775
 - FY 11/12 - \$68,568
- Verbiage changes and minor adjustments to offer services that customers have come to expect, while remaining competitive with comparable facilities
- Recreation Programs/Facilities Non-Resident Fees
 - 20% Cost savings advantage for Mesa citizens



Recreation Operations

- **Aquatics Programs**
 - Addition of Skyline Aquatic Center; anticipated revenue of \$59,225
- **Recreation Centers**
 - Creation of a Birthday Party program at Webster and Jefferson will generate \$3,000
 - Semester Pass at Webster and Jefferson to increase participation after school
- **Summer Recreation**
 - Addition of a new Safe Kids program



Recreation Operations

- ***Sports Leagues***
 - Build on success of adult kickball, establish 3 seasons with an average of 10 teams to generate an additional \$11,250

- ***Youth Sports Leagues***
 - After restructuring done by Mesa Public Schools begin offering flag football, basketball, soccer, dodge ball and special events for grades 1-6
 - New programs will generate \$44,450 in revenue





Questions?





Audit & Finance Committee Report

Date: February 21, 2011
To: Audit and Finance Committee
Through: Kari Kent, Deputy City Manager
From: Marc Heirshberg, Parks, Recreation and Commercial Facilities Director
Subject: Parks, Recreation and Commercial Facilities Department Fees and Charges

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to submit for review and consideration recommended changes to fees and charges for certain services provided by the Parks, Recreation and Commercial Facilities (PRCF) Department.

The PRCF Department, in conjunction with the Parks and Recreation Advisory Board, requests Council approval of changes for the recommended FY10-11 and FY11-12 Schedule of Fees and Charges, as outlined in this report and detailed in the attached Exhibit "A."

Background

The PRCF Department is designed to offer diversified programs and services at facilities that include parks, recreation centers, swimming pools, golf courses, a stadium, convention center, amphitheatre and cemetery. The Department relies on its ability to generate revenues via fees and charges to provide these services and maintain its facilities. Fees and charges are continually monitored in order to adapt to current market and economic conditions.

Each year in October, PRCF staff contact local municipalities to gather data to compile a market comparison survey of fees and charges for similar recreation program offerings. The Parks and Recreation Advisory Board Fees and Charges Subcommittee members review and consider changes to the fee schedule and make decisions based on participant capacity, market demands, and fee structures of other cities. The recommended fees as outlined in this report have been approved by the Parks and Recreation Advisory Board.

Discussion

The Department is proposing ranges for program fees, adding new Youth Sports Leagues program fees and adding a non-resident fee to recreation programs. These ranges will allow for maximizing capacity in programs while providing flexibility to adjust fees to achieve cost recovery and respond to changes in market conditions. Detailed below are the related programs with new or adjusted fee ranges recommended for approval.

Commercial Facilities:

The total fiscal impact from the recommended changes to fees and charges for Commercial Facilities is estimated to be \$10,270 for FY10/11 and \$124,645 for FY11/12, for a total of \$134,915.

Hohokam Stadium & Fitch Park Sports Fields

The PRCF Department continues to look at opportunities to expand the use of Hohokam Stadium and Fitch Park Sports Fields.

To simplify the rate structure, staff has changed the Commercial/Special Event fee to a fee range of \$1,500 - \$2,500. This flexibility will allow us the opportunity to market the facility for a greater number of rentals. This structure is also in range with other stadiums in the area.

To provide better customer service, staff is proposing changing the minimum meeting room per hour fee from two hours to four hours.

To remain competitive, staff is implementing a fee range on the Scoreboard rental fee of \$50 - \$150.

Revenues at the Hohokam Stadium are not expected to show either a significant increase or decrease as a result of these proposed changes. The goal instead is to offer more options in order to remain competitive and comparable to facilities offering similar services.

Mesa Cemetery

The proposed fees will generate approximately a total of \$131,290 (FY10/11 at \$9,545 and FY11/12 at \$121,745), in additional revenues over the current fee schedule. The majority of this is due to the fee structure for the expansion area which is expected to have revenues of \$70,960. Staff anticipates forty percent of all interments will happen in the newly developed expansion area. An average of 350 sales from historical data has been used to determine the future sales and revenues.

The 3% increase in the Heritage Garden section will generate \$14,595 additional dollars over the current fee. Other proposed fee increases include perpetual care, which is anticipated to generate an additional \$11,475 per year, and opening and closing fees, which will generate an additional \$22,515. Container setting, again using the 350 average with a \$20 increase, will generate an estimated total of \$8,750 additional revenue. The 5% increase in both the disinterment and cremation fees will generate additional revenue of \$1,340 for disinterments and \$2,180 for cremations. Finally, canopy and chair fees, using an estimate of 300 services at a \$5.00 increase will bring in \$1,875 in additional revenues.

The fees for niche banks have been reduced because the cost for a niche is similar to a single level grave and families are choosing to purchase the grave space instead of the niche. In addition there has been a marked reduction in sales for niches after the last fee increase. The change in niche bank fees will decrease revenues of approximately \$2,400. The new niche bank has been

available for two years and there have been only 17 sales. The reduction in fees should help stimulate sales in this area. The reduction should not pose a loss of revenue to cover the cost of the new niche bank.

Dobson Ranch Golf Course

Dobson is at the top of the range in the areas that have been suggested to expand on the fee range. While there are no plans to increase fees this season due to the ongoing economic pressure, if an increase is deemed necessary, the proposed changes to the range allows for a modest adjustment. A new fee is proposed for Repeat Summer Cart Special and it is anticipated revenue for this new fee will be approximately \$3,625.

Mesa Convention Center/Amphitheatre

There are a number of verbiage changes as noted in the fee schedule. The additional fee staff is proposing is the Non-Commercial, Community or Fundraising Event fee. The PRCF Department is requesting to implement this fee as a fee range for package pricing, which is an expansion on the non-ticketed fees. The package price will include minimal amounts of security, staffing and clean up. Revenues at the Convention Center/Amphitheatre are expected to show no revenue increase with the changes being requested. The primary purpose of these changes is to offer services that clients have come to expect, while remaining competitive with comparable facilities.

Parks and Recreation:

The total fiscal impact from the recommended changes to Fees and Charges for Parks and Recreation is estimated to be \$16,775 for FY10/11 and \$68,568 for FY11/12, for a total of \$85,343.

Fees for Non-Mesa Residents

Remove verbiage, "an additional 20% fee increase will be applicable for non-Mesa residents for all facility, pool and Ramada rentals" from the fee schedule as the new proposed fees listed below will split out all resident and non-resident fees. Making this change will ensure Mesa residents receive the best pricing over non-residents for program registration and rentals.

Adaptive Leisure

Add a new non-resident fee of 20% to the current fee schedule for general programs and summer camp. Remove partial day, full day and after school programs fees since these programs are no longer offered. The annual fiscal impact of this change is minimal, at approximately \$228.

Aquatics

Adding the new Skyline Aquatic Complex to the fee schedule for all program areas within Aquatics; including non-resident fees of approximately 20% of the current fee schedule for competitive programs and aquatic lessons.

Anticipated revenue to be generated by these additions is \$59,225 annually. As indicated on the fees and charges, \$21,225 is anticipated revenue for pool rentals, public swim, passes and swim punch tickets. The remaining \$38,000 is expected revenues to be received through the competitive and lesson programs.

It is also recommended to change the structure of the FlowRider punch tickets to be consistent with the punch tickets at the pools and to expand on the range of the FlowRider rentals. It is anticipated that these fee changes will not generate a change in revenues.

Bandshell and Bleachers

The recommendation is to add a new non-resident fee of 20% to the current fee schedule for the bandshell and bleacher fees. It is anticipated that this fee change will generate a minimal increase in revenues.

Miscellaneous Fees

Staff recommends the addition of a new fee for Pro Shop sales. This new fee will allow for resale items such as t-shirts, socks, padlocks, etc. for all recreation programs. This fee will generate approximately \$1,250 in revenue.

Park Use Options

Add a new non-resident fee of 20% to the current fee schedule for miscellaneous park options. It is anticipated that this fee change will generate a minimal increase in revenues.

Recreation Centers/Gymnasiums

Staff is recommending the addition of new fees for providing birthday parties at Jefferson and Webster Recreation Centers. The non-resident rate is an additional 20% to the proposed resident rate. The annual fiscal impact is approximately \$3,000 for the addition of the new fee.

PRCF is recommending adding new fees for special activities and programs with resident and non-resident rates. The non-resident rate is an additional 20% to the proposed resident rate of \$2 - \$80. The fee would be a minimal charge for family events, etc. to cover center costs. The annual fiscal impact is approximately \$200.

Staff is proposing a new fee for semester passes, based on the Mesa school semesters for resident and non-resident fees. The non-resident rate is an additional 20% to the proposed resident rate. This fee is per semester versus a per week rate. It is anticipated that this will increase participation at the centers; thus increase revenues by an additional \$1,000.

The final recommendation in this area is to add a new non-resident fee of 20% to the current fee schedule for gymnasium use, open gym, and classroom rentals and expand on the fee range for resident rates; establish a fee range rather than a fee increase periodically to be consistent with the rest of the Parks and Recreation Fee Schedule for recreation staff, damage/clean up and open gym charges; and add a new equipment use charge at Webster and Jefferson Recreation Centers. The fiscal impact of all these proposed changes is approximately \$640.

Red Mountain Multigenerational Center

To be consistent with the rest of the Parks and Recreation Fee Schedule it is recommended that a fee range be established rather than periodical fee increases, as well as add a new non-resident fee of 20% to the proposed fee

range. It is anticipated that there will not be any fiscal impact with these changes.

Also, it is recommended to add a new non-resident fee of 20% to the current fee schedule for daily passes; 10-visit passes; 20-visit passes; monthly passes; 15% EFT discount/advance purchases; Kid's Club passes; and party packages. It is anticipated that these fee changes will generate a minimal increase in revenues of \$300.

Staff also recommends the creation of a fee range for climbing wall rentals rather than a fee increase periodically to be consistent with the rest of the Parks and Recreation Fee Schedule and add a new non-resident fee of 20% to the current fee range for orientation classes and the proposed fee range for rentals. It is anticipated that this fee change will generate a minimal annual increase in revenues of approximately \$100.

Special Interest Classes/Workshops

Fees for special interest classes will be collected differently than in the past, as all instructors are now independent contractors for this program. The recommendation is to adjust the fee range due to this change and add a new non-resident fee of 20% to the proposed fee schedule for special interest workshops and classes. It is anticipated that this fee change will not generate an increase in revenues.

Sports Equipment Use

The recommendation is to establish a fee range for sports equipment use rather than a fee increase periodically to be consistent with the rest of the Parks and Recreation Fee Schedule and add a new non-resident fee of 20% to the current fee range. It is anticipated that this fee change will not generate an increase in revenues.

Sports Field Use

Staff is recommending an increase in the fee range for the City and School lighted field fee and add a new non-resident fee of 20% to the proposed fee range. It is anticipated that this fee change will not generate an increase in revenues.

Sports Leagues

The recommended change is to add a new league fee for Adult Sports kickball. It is anticipated that this fee change will generate an annual increase in revenues to the Adult Sports program in the amount of \$11,250 based on 10 teams per season, holding 3 seasons each year.

Youth Sports Leagues

Due to a change with the Junior High Sports program (which no longer exists due to changes within Mesa Public Schools), it is recommended that new fees for the newly created Youth Sports Leagues programs be created. The new fees will be for flag football, basketball, soccer, dodge ball and special events. In addition to the new fee ranges for these sports, it is recommended to add new non-resident fees of 20% to the proposed fee ranges. It is anticipated that these new fees will generate approximately \$44,450 in new revenue.

Youth Sports (partners) Per Team

The recommended fee change to the Youth Sports Partner Team program is to change the fee from a range to a flat rate. It is anticipated that there will not be a change in revenue collected.

Summer Recreation Activities

It is recommended to add a new fee for the Safe Kids program and the Fun and Fitness mobile recreation unit. It is also recommended to add a new non-resident fee of 20% to existing programs and the new Safe Kids program. It is anticipated that these changes will generate an additional \$1,700 in revenues.

Alternatives

- (1) Take no action. Maintain the current fees and charges for services provided by the Department. No fiscal impact on current revenue projections based on the existing fee structure would result.
- (2) Recommend alternative adjustments to the proposed fees and charges. The fiscal impact of this decision would depend on the changes proposed.

Fiscal Impact

The total revenues estimated for FY10/11 and FY11/12 resulting from approval of the proposed fee changes is approximately \$27,045 and \$193,213, respectively, for a total impact of \$220,258.

The adjustments outlined in this report continue to strengthen cost recovery of the PRCF Department's vastly diverse programming while also recognizing Parks and Recreation's role in the community to provide affordable, accessible programs and facilities to its citizens. Staff continues to reassess cost recovery strategies in all programs and also pursues opportunities for maximizing revenue generation through program partnership and sponsors.

The current economic climate has prompted the recommendation to establish a fee range rather than a fee increase on certain line items, thereby enabling staff to react quickly to market volatility. Fees could be adjusted within the established ranges should market conditions change within the year.

Concurrence

The Parks and Recreation Advisory Board concurred unanimously with the recommendations to the Fees and Charges Schedule for the recreation and aquatics programs on January 12, 2011.

Stacy Cheaney-Thompson
Fiscal Analyst

Marc Heirshberg, PRCF Director

Kari Kent, Deputy City Manager

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges
 "EXHIBIT A"

Commercial

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
HOHOKAM STADIUM & FITCH SPORTSFIELDS							
Commercial/Special Event Uses/per day	\$2500 vs. 12% of Net Ticket Sales Plus Expenses, Whichever is Greater		\$1,500-\$2,500 vs. 12% of Net Ticket Sales Plus Expenses, Whichever is Greater	07/01/08	\$0.00	\$0.00	Implementing a fee range
Meeting Room/per hour (minimum FOUR two hours)	\$80.00-\$100.00			07/08/08	\$0.00	\$0.00	Verbiage change only
Scoreboard rental (does not include Diamond/division)	\$35.00 - \$45.00		\$50.00-\$150.00				Fee range change
Forklift w/Operator (1-hour minimum)	\$75.00 - 90.00/ hour	HOUR		07/01/09	\$0.00	\$0.00	verbiage change only
Lift Platform w/Operator (1-hour minimum)	\$75.00 - 90.00/ hour	HOUR					verbiage change only
CEMETERY							
<u>Cemetery Lots</u>							
Companion Grave	\$2,230.00		\$2,290.00	07/01/09	\$1,700.00	\$7,020.00	based on historical activity
Single Grave	\$1,750.00		\$1,800.00		\$1,000.00	\$4,650.00	based on historical activity
Infant Grave	\$500.00		\$515.00		\$0.00	\$225.00	based on historical activity
<u>EXPANSION CEMETERY LOTS</u>							
COMPANION GRAVE	NEW		\$2,800.00		\$0.00	\$55,860.00	Rates are higher in the expansion lots to encourage sales in the existing area
SINGLE GRAVE	NEW		\$2,100.00		\$0.00	\$14,700.00	Rates are higher in the expansion lots to encourage sales in the existing area
INFANT GRAVE	NEW		\$540.00		\$0.00	\$400.00	Rates are higher in the expansion lots to encourage sales in the existing area
<u>Cremains</u>							
Scattering Garden	\$130.00		-\$140.00	07/01/08	\$0.00	\$30.00	based on historical activity
Urn Garden	\$685.00		\$720.00	07/08/08	\$400.00	\$1,750.00	based on historical activity
<u>Niche Bank</u>							
Upper 3 Levels	\$2,000.00		\$1,750.00	07/01/09	(\$375.00)	(\$1,500.00)	Reduction in sales since last two increases so decreasing the price may boost sales
Lower 2 Levels	\$1,600.00		\$1,460.00		(\$105.00)	(\$420.00)	Reduction in sales since last two increases so decreasing the price may boost sales
<u>Perpetual Care</u>							
Single/Companion	\$270.00		\$300.00	07/01/08	\$0.00	\$10,500.00	\$30 increase with 350 interments
Infant/Ash Lot/Niche	\$135.00		\$150.00		\$0.00	\$975.00	\$15 increase with 65 remaining
<u>Opening and Closing</u>							
Single Grave	\$750.00		\$790.00	07/01/09	\$1,000.00	\$4,200.00	based on historical activity
Companion Upper	\$750.00		\$790.00		\$825.00	\$3,300.00	based on historical activity
Companion Lower	\$1,000.00		\$1,050.00		\$2,325.00	\$9,300.00	based on historical activity
Infant	\$300.00		\$315.00		\$100.00	\$375.00	based on historical activity
Cremation Urn	\$200.00		\$210.00		\$150.00	\$600.00	based on historical activity
Niche Interment	\$200.00		\$210.00		\$100.00	\$240.00	based on historical activity
Canopy & Chairs Set Up	\$100.00		\$105.00		\$375.00	\$1,500.00	Average 300 services per year et \$5 increase
<u>Disinterment</u>							
Single Grave	\$1,550.00		\$1,630.00	07/01/08	\$100.00	\$240.00	based on historical activity
Companion Top	\$1,550.00		\$1,630.00		\$0.00	\$0.00	based on historical activity
Companion Bottom (if upper is occupied)	\$3,100.00		\$3,260.00		\$0.00	\$0.00	based on historical activity
Companion Bottom (if upper is unoccupied)	\$1,800.00		\$1,995.00		\$0.00	\$0.00	based on historical activity
Infant	\$875.00		\$920.00		\$0.00	\$0.00	based on historical activity
Cremation	\$265.00		\$280.00		\$0.00	\$0.00	based on historical activity
Single Conversion to Companion	\$3,100.00		\$3,260.00		\$200.00	\$800.00	based on historical activity
<u>Miscellaneous Services</u>							
Container Setting	\$100.00		\$120.00		\$1,750.00	\$7,000.00	\$20 increase using an average of 350 per year
GOLF COURSES							
<u>DOBSON RANCH GOLF COURSE</u>							
Winter (November thru April)							
<u>Adult</u>							
9 holes	\$11.25-\$22.00		\$11.25-\$25.00		\$0.00	\$0.00	Expand fee range
Twilight	\$13.25-\$20.00		\$13.25-\$25.00		\$0.00	\$0.00	Expand fee range
<u>Junior</u>							
18 holes	\$6.00-\$25.00		\$12.00-\$25.00		\$0.00	\$0.00	Expand fee range
9 holes	\$5.00-\$15.00		\$8.00-\$15.00		\$0.00	\$0.00	Expand fee range
Summer (May thru October)							
18 holes	\$13.50-\$20.00		\$13.50-\$25.00		\$0.00	\$0.00	Expand fee range
9 holes	\$8.00-\$12.00		\$8.00-\$15.00		\$0.00	\$0.00	Expand fee range
Twilight (after 4 p.m., Fri-Sun and Holidays)	\$6.50-\$10.50		\$6.50-\$15.00		\$0.00	\$0.00	Expand fee range
Twilight (after 1 p.m., Mon-Thurs)	\$6.50-\$10.50		\$6.50-\$15.00		\$0.00	\$0.00	Expand fee range
Summer Cart Special (18 holes and Cart)	\$19.00-\$26.00		\$19.00-\$28.00		\$0.00	\$0.00	Expand fee range
REPEAT SUMMER CART SPECIAL	NEW		\$11.00-\$15.00		\$725.00	\$2,900.00	New fee
18 hole Regular	\$20.00-\$26.00		\$20.00-\$30.00	07/01/09	\$0.00	\$0.00	Expand fee range
9 hole Regular	\$12.25-\$16.00		\$12.25-\$20.00		\$0.00	\$0.00	Expand fee range
Adult-20-play	\$660.00-\$860.00			07/01/09			Remove Fee
<u>RIVERVIEW GOLF COURSE</u>							
Winter (November thru April)							
-16 Round Play Ticket	\$226.00-\$266.00						Remove Fee
MESA CONVENTION CENTER							

Plus Transaction Privilege (Sales) Tax, where applicable.

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges
 "EXHIBIT A"

Commercial

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
FACILITY RENTALS							
<u>Centennial Hall (Building C.)</u>							
Plaza/Wedding Garden	\$500.00-\$750.00	event-day PER RENTAL					Verbiage change
Gazebo/Wedding Garden	\$500.00-\$750.00	event-day PER RENTAL					Verbiage change
<u>Rendezvous Center (Building A.)</u>							
Entire Rendezvous Center (includes Superstition, Apache & Lobby) (7,502 s.f.)	\$1200.00-\$1500.00	event-day PER RENTAL		07/01/07			Verbiage change
Superstition Ballroom (5,252 s.f.)	\$950.00-\$1200.00	event-day PER RENTAL					Verbiage change
Superstition North (3,672 s.f.)	\$675.00-\$800.00	event-day PER RENTAL					Verbiage change
Superstition South (1,580 s.f.)	\$275.00-\$400.00	event-day PER RENTAL		07/01/07			Verbiage change
Apache Room (1,620 s.f.)	\$325.00-\$400.00	event-day PER RENTAL					Verbiage change
AMPHITHEATER							
Non-Ticket Events	\$1,000.00-\$2,500.00	event DAY		04/15/10	\$0.00	\$0.00	Verbiage change only
NON-COMMERCIAL, COMMUNITY OR FUNDRAISING EVENTS	NEW	DAY	\$2,000.00-\$3,000.00		\$0.00	\$0.00	Implementing a fee range for Package pricing (expanding on the non-ticketed fee)
					\$ 10,270.00	\$124,645.00	

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges

Recreation

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
Fees for Non-Mesa Residents—An additional 20% fee increase will be applicable for non-Mesa residents for all facility, pool and ramada rentals.							
Adaptive Leisure							
General Programs per person/per session-RESIDENT	\$6.00-\$475.00			07/01/07			
General Programs per person/per session-NON-RESIDENT	NEW		\$7.00-\$570.00	07/01/07	\$0.00	\$0.00	Fiscal impact will be minimal
Partial-Day/per person/per session	\$44.00-\$96.00						Remove Fee
Full-Day/per person/per week	\$20.00-\$160.00			07/01/04			Remove Verbiage
After-School Program/per person/per activity:							
Regular	\$24.00-\$48.00			07/01/07			Remove Fee
Reduced-Lunch	\$12.00-\$24.00						Remove Fee
Fees-Lunch	\$6.00-\$12.00						Remove Fee
Summer Camp/person-RESIDENT	\$300.00-\$450.00			07/01/09			Verbiage change
Summer Camp/person-NON-RESIDENT	NEW		\$360.00-\$540.00		\$0.00	\$228.00	3 participants at \$76
Aquatics							
Swim punch ticket							
Fremont/Taylor	\$28.00-\$40.00		\$8.00-\$40.00	04/15/10	\$0.00	\$0.00	Changing structure of punches-two different punch cards based on same fee formula
Brimhall/Carson/Shepherd/Stapley/Kno/Rhodes/SKYLINE	\$49.00-\$70.00		\$14.00-\$70.00		\$100.00	\$250.00	Estimate for Skyline Pool-new pool
Family pass (unlimited)							
Brimhall/Carson/Shepherd/Stapley/Kno/Rhodes/SKYLINE	\$100.00-\$300.00				\$1,550.00	\$6,200.00	Estimate for Skyline Pool-new pool
Public swim							
Brimhall/Carson/Shepherd/Stapley/Kno/Rhodes/SKYLINE							
Flowrider					\$1,375.00	\$5,500.00	Estimate for Skyline Pool-new pool
Rhodes							
Individual Daily Flowrider Pass ADMISSION	\$3.00-\$10.00			07/01/09			Verbiage change
Flowrider Season-Pass PUNCH TICKET	\$50.00-\$100.00		\$45.00-\$120.00				Verbiage change; expanding fee range
Public/Non-Profit Flowrider Rental Per-Hour	\$50.00-\$100.00	HOURLY	\$155.00-\$200.00				Verbiage change; expanding fee range
Commercial/Private Flowrider Rental Per-Hour	\$50.00-\$150.00	HOURLY	\$186.00-\$220.00				Verbiage change; expanding fee range
Pool Rentals							
<i>(A 10% surcharge is added for groups using aquatic facilities for profit-making activities.)</i>							
Fremont Pool/per-hour							
150 persons or less (5 staff) (resident rate)	\$100.00-\$150.00	HOURLY		07/01/08			Verbiage change
150 persons or less (5 staff) (non-resident rate)	\$120.00-\$170.00	HOURLY					Add unit
151-200 persons (6 staff) (resident rate)	\$120.00-\$170.00	HOURLY					Add unit
151-200 persons (6 staff) (non-resident rate)	\$140.00-\$200.00	HOURLY					Add unit
201-250 persons (7 staff) (resident rate)	\$140.00-\$200.00	HOURLY					Add unit
201-250 persons (7 staff) (non-resident rate)	\$168.00-\$250.00	HOURLY					Add unit
Shepherd, Brimhall, KINO, SKYLINE, RHODES, and Carson Pools/per-hour							
150 persons or less (7 staff) (resident rate)	\$140.00-\$200.00	HOURLY			\$1,250.00	\$5,000.00	Estimate for Skyline Pool-new pool
150 persons or less (7 staff) (non-resident rate)	\$168.00-\$250.00	HOURLY					Add unit
151-200 persons (8 staff) (resident rate)	\$160.00-\$250.00	HOURLY					Add unit
151-200 persons (8 staff) (non-resident rate)	\$192.00-\$300.00	HOURLY					Add unit
201-250 persons (9 staff) (resident rate)	\$180.00-\$300.00	HOURLY					Add unit
201-250 persons (9 staff) (non-resident rate)	\$216.00-\$350.00	HOURLY					Add unit
Stapley Pool/per-hour							
150 persons or less (8 staff) (resident rate)	\$160.00-\$250.00	HOURLY					Verbiage change
150 persons or less (8 staff) (non-resident rate)	\$192.00-\$300.00	HOURLY					Add unit
151-200 persons (9 staff) (resident rate)	\$180.00-\$300.00	HOURLY					Add unit
151-200 persons (9 staff) (non-resident rate)	\$216.00-\$300.00	HOURLY					Add unit
201-250 persons (10 staff) (resident rate)	\$200.00-\$300.00	HOURLY					Add unit
201-250 persons (10 staff) (non-resident rate)	\$240.00-\$350.00	HOURLY					Add unit
All Other City-Pools TAYLOR POOL							
75 persons or less (3 staff) (resident rate)	\$60.00-\$100.00	HOURLY		07/01/08			Verbiage change
75 persons or less (3 staff) (non-resident rate)	\$72.00-\$150.00	HOURLY					Add unit
150 persons or less (4 staff) (resident rate)	\$80.00-\$150.00	HOURLY					Add unit
150 persons or less (4 staff) (non-resident rate)	\$96.00-\$150.00	HOURLY					Add unit
151-200 persons (5 staff) (resident rate)	\$100.00-\$150.00	HOURLY					Add unit
151-200 persons (5 staff) (non-resident rate)	\$120.00-\$200.00	HOURLY					Add unit
201-250 persons (6 staff) (resident rate)	\$120.00-\$200.00	HOURLY					Add unit
201-250 persons (6 staff) (non-resident rate)	\$144.00-\$200.00	HOURLY					Add unit
26% Additional fee for groups using aquatic facilities for profit-making activities	10%-25%	GROSS SALES		07/01/03			Verbiage Change
Coalition group use/per-hour	\$2.00-\$20.00	HOURLY		07/01/07			Verbiage change/add unit
Bandshell							
14' x 28' stage/per day-RESIDENT	\$0.00-\$500.00			04/15/10	\$0.00	\$0.00	Verbiage change
14' x 28' stage/per day-NON-RESIDENT	NEW		\$0.00-\$600.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Second day rental = 50% discount-RESIDENT	\$0.00-\$250.00						
Second day rental = 50% discount-NON-RESIDENT	NEW		\$0.00-\$300.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Labor, per hour, minimum of 4 hours, 2 staff minimum, holiday rates may apply-RESIDENT	\$28.00-\$60.00			07/01/07			
Labor, per hour, minimum of 4 hours, 2 staff minimum, holiday rates may apply-NON-RESIDENT	NEW		\$34.00-\$72.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Bleachers (Mobile)							
Per day-RESIDENT	\$0.00-\$500.00			04/15/10	\$0.00	\$0.00	Verbiage change
Per day-NON-RESIDENT	NEW		\$0.00-\$600.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Second day rental = 50% discount-RESIDENT	\$0.00-\$250.00				\$0.00	\$0.00	Verbiage change
Second day rental = 50% discount-NON-RESIDENT	NEW		\$0.00-\$300.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Labor, per hour, minimum of 4 hours, 2 staff minimum, holiday rates may apply-RESIDENT	\$28.00-\$60.00			07/01/07			Verbiage change
Labor, per hour, minimum of 4 hours, 2 staff minimum, holiday rates may apply-NON-RESIDENT	NEW		\$34.00-\$72.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Miscellaneous Fees							
Pro-Shop Items	NEW		\$0.00-\$100.00		\$250.00	\$1,000.00	New Fee for re-sale items such as t-shirts, socks, pedlocks, etc.
Park Use Options							
Open Space Groups and Events (group size 10-3,000)-RESIDENT	\$10.00-\$500.00			07/01/05			Verbiage change
Open Space Groups and Events (group size 10-3,000)-NON-RESIDENT	NEW		\$12.00-\$600.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Inflatables and Tents/per event-RESIDENT	\$10.00-\$50.00	TENT		07/01/07			Verbiage change
Inflatables and Tents/per event-NON-RESIDENT	NEW	TENT	\$12.00-\$60.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Beer Permit - selected parks (ramada reservation also required)-RESIDENT	\$20.00	PERMIT		07/01/03			Verbiage change
Beer Permit - selected parks (ramada reservation also required)-NON-RESIDENT	NEW	PERMIT	\$24.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Park Use Options (Cont.):							

Plus Transaction Privilege (Sales) Tax, where applicable.

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges

Recreation

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
Water Hook-Up-RESIDENT	\$20.00-\$40.00						Verbiage change
Water Hook-Up-NON-RESIDENT	NEW		\$24.00-\$48.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Park ranger monitor/per-event-RESIDENT	\$60.00-\$100.00	EVENT		07/01/08	\$0.00	\$0.00	Verbiage change
Park ranger monitor/per-event-NON-RESIDENT	NEW	EVENT	\$72.00-\$120.00		\$0.00	\$0.00	New fee-minimal fiscal impact
Recreation Centers/Gymnasiums							
BIRTHDAY PARTIES-RESIDENT		NEW	\$100.00-\$300.00		\$600.00	\$2,400.00	
BIRTHDAY PARTIES-NON-RESIDENT		NEW	\$120.00-\$360.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
SPECIAL ACTIVITIES/PROGRAMS-RESIDENT		NEW	\$2.00-\$80.00		\$0.00	\$200.00	
SPECIAL ACTIVITIES/PROGRAMS-NON-RESIDENT		NEW	\$2.00-\$96.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
Youth Programs (per activity)*	\$1.00-\$36.00			07/01/08			Remove fee
SEMESTER PASS-RESIDENT		NEW	\$5.00-\$30.00		\$200.00	\$800.00	
SEMESTER PASS-NON-RESIDENT		NEW	\$6.00-\$36.00		\$0.00	\$0.00	All users Mesa Residents. No fiscal impact.
Facility Rentals							
Full Gymnasium - Non-Profit-RESIDENT	\$70.00-\$100.00/Hour	HOURLY	\$70.00-\$200.00	07/01/09			Verbiage change
Full Gymnasium -NON-RESIDENT	NEW	HOURLY	\$84.00-\$240.00		\$0.00	\$100.00	
Full Gymnasium - Commercial	\$100.00-\$130.00/Hour	HOURLY					Verbiage change
Half Gymnasium - Non-Profit-RESIDENT	\$35.00-\$50.00/Hour	HOURLY	\$35.00-\$100.00				Verbiage change
Half Gymnasium -NON-RESIDENT	NEW	HOURLY	\$42.00-\$120.00		\$0.00	\$100.00	
Half Gymnasium - Commercial	\$60.00-\$80.00/Hour	HOURLY					Verbiage change
Classroom - Non-Profit-RESIDENT	\$20.00-\$40.00/Hour	HOURLY	\$20.00-\$100.00				Verbiage change
Classroom -NON-RESIDENT	NEW	HOURLY	\$24.00-\$120.00		\$0.00	\$100.00	
Classroom - Commercial	\$40.00-\$80.00/Hour	HOURLY					Verbiage change
General Use							
Classrooms/Activity Room							
First Hour (resident)	\$32.00-\$76.00			07/01/08			Remove fee
Each additional hour (resident)	\$16.00-\$30.00						Remove fee
Gym Use							
Main Court, first hour (resident)	\$84.00			07/01/07			Remove fee
Main Court, each additional hour (resident)	\$42.00						Remove fee
Side Court, first hour (resident)	\$42.00						Remove fee
Side Court, each additional hour (resident)	\$21.00						Remove fee
Scoreboard operator/per hour	\$18.00			07/01/08			Remove fee
Recreation STAFF Leader/per hour (if activity requires more than one base staff person)	\$18.00	HOURLY	\$10.00-\$50.00				Verbiage change with newly established fee range
DAMAGE/Clean-up DEPOSIT (per hour (if user does not leave the facility clean after use))	\$30.00	HOURLY	\$30.00-\$500.00		\$0.00	\$240.00	Verbiage change with newly established fee range
EQUIPMENT CHARGE (SCOREBOARD, STAGE, SOUND SYSTEM)	NEW		\$10.00-\$50.00				1 charge per month x 2 centers x 12 months
Open Gym-RESIDENT	\$3.00	VISIT	\$3.00-\$5.00				Verbiage change with newly established fee range
OPEN GYM-NON-RESIDENT	NEW	VISIT	\$3.00-\$6.00		\$0.00	\$100.00	Most users Mesa Residents. Minimal fiscal impact.
Per-visit	\$3.00			07/01/07			Remove fee
Ball rental	\$1.00			07/01/04			Remove fee
Commercial Use							
Recreation Center rental/per hour (includes main gym, restrooms or locker room, classroom or activity room)				07/01/08			Remove
Resident:	\$350.00						Remove fee
Classroom/activity room/per hour (resident)	\$80.00						Remove fee
Recreation Leader/per hour (if activity requires more than one base staff person)	\$18.00						Remove fee
Clean-up/per hour (if user does not leave the facility clean after use)	\$30.00						Remove fee
insurance: For athletic events (on facility use permits) not directly sponsored by Mesa Parks and Recreation, a proof of liability insurance, held City harmless, is required.							Remove verbiage
Red Mountain Multigenerational Center							
User Fees							
Fitness Center-Enhanced Fitness Services	\$46.00-\$200.00			07/01/08			Remove fee
Express Pass 12PM - 3PM M-F-RESIDENT	\$2.00 per-visit	VISIT	\$2.00-\$3.00	07/01/09			Verbiage change with adding unit
Express Pass 12PM - 3PM M-F-NON-RESIDENT	NEW	VISIT	\$3.00-\$4.00				Most users Mesa Residents. Minimal fiscal impact.
Pass Extension/Adjustment Fee	\$5.00 per-visit	INSTANT					Verbiage change with adding unit
Daily Passes							
Youth/Teen (age 5-15)-RESIDENT	\$3.00-\$6.00						Verbiage change
YOUTH/TEEN (AGE 5-15)-NON-RESIDENT	NEW		\$3.00-\$8.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Adult (age 16-54)-RESIDENT	\$3.00-\$6.00						Verbiage change
ADULT (AGE 16-54)-NON-RESIDENT	NEW		\$3.00-\$8.00		\$0.00	\$50.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Senior (age 55+)-RESIDENT	\$3.00-\$6.00						Verbiage change
SENIOR (AGE 55+)-NON-RESIDENT	NEW		\$3.00-\$8.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Two-adult-pass	n/a						Remove fee
Family-pass	n/a						Remove fee
Single-parent-family-pass	n/a						Remove fee
10-Visit Passes							
Youth/Teen (age 5-15)-RESIDENT	\$22.00-\$35.00						Verbiage change
YOUTH/TEEN (AGE 5-15)-NON-RESIDENT	NEW		\$24.00-\$42.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Adult (age 16-54)-RESIDENT	\$22.00-\$35.00						Verbiage change
ADULT (AGE 16-54)-NON-RESIDENT	NEW		\$24.00-\$42.00		\$0.00	\$50.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Senior (age 55+)-RESIDENT	\$22.00-\$35.00						Verbiage change
SENIOR (AGE 55+)-NON-RESIDENT	NEW		\$24.00-\$42.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Two-adult-pass	n/a						Remove fee
Family-pass	n/a						Remove fee
Single-parent-family-pass	n/a						Remove fee
20-Visit Passes							
Youth/Teen (age 5-15)-RESIDENT	\$38.00-\$55.00						Verbiage change

Plus Transaction Privilege (Sales) Tax, where applicable.

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges

Recreation

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
YOUTH/TEEN (AGE 5-15)-NON-RESIDENT Adult (age 16-54)-RESIDENT	NEW \$38.00-\$55.00		\$45.00-\$61.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
ADULT (AGE 16-54)-NON-RESIDENT Senior (age 55+)-RESIDENT	NEW \$38.00-\$55.00		\$45.00-\$61.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
SENIOR (AGE 55+)-NON-RESIDENT Two-adult-pass Family-pass Single-parent-family-pass	NEW n/a n/a n/a		\$45.00-\$61.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Remove fee Remove fee Remove fee
<u>Monthly Passes</u> Youth/Teen (age 5-15)-RESIDENT	\$24.00-\$70.00						Verbiage change
YOUTH/TEEN (AGE 5-15)-NON-RESIDENT Adult (age 16-54)-RESIDENT	NEW \$24.00-\$70.00		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
ADULT (AGE 16-54)-NON-RESIDENT Senior (age 55+)-RESIDENT	NEW \$24.00-\$70.00		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
SENIOR (AGE 55+)-NON-RESIDENT Two adult pass-RESIDENT	NEW \$24.00-\$70.00		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
Two adult pass-NON-RESIDENT Family pass-RESIDENT	NEW \$24.00-\$70.00		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
Family pass-NON-RESIDENT Single parent family pass-RESIDENT	NEW \$24.00-\$70.00		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
Single parent family pass-NON-RESIDENT	NEW		\$28.00-\$84.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
<u>15% EFT Discount & ADVANCE PURCHASE - Monthly Rate</u> Youth/Teen (age 5-15)-RESIDENT	\$18.00-\$60.00						Verbiage change
YOUTH/TEEN (AGE 5-15)-NON-RESIDENT Adult (age 16-54)-RESIDENT	NEW \$18.00-\$60.00		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
ADULT (AGE 16-54)-NON-RESIDENT Senior (age 55+)-RESIDENT	NEW \$18.00-\$60.00		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
SENIOR (AGE 55+)-NON-RESIDENT Two adult pass-RESIDENT	NEW \$18.00-\$60.00		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
TWO ADULT PASS-NON-RESIDENT Family pass-RESIDENT	NEW \$18.00-\$60.00		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
FAMILY PASS-NON-RESIDENT Single parent family pass-RESIDENT	NEW \$18.00-\$60.00		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
SINGLE PARENT FAMILY PASS-NON-RESIDENT	NEW		\$21.00-\$72.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
<u>Annual Visit Fees/Pre-Pays</u> Youth/Teen (age 5-16) Adult (age 16-54) Senior (age 55+) Two-adult-pass Family-pass Single-parent-family-pass	\$200.00 \$299.00 \$259.00 \$459.00 \$593.00 \$414.00		\$200.00-\$800.00 \$200.00-\$800.00 \$200.00-\$800.00 \$200.00-\$800.00 \$200.00-\$800.00 \$200.00-\$800.00				Remove Remove Fee Remove Fee Remove Fee Remove Fee Remove Fee
Kids Club Per hour/per child-RESIDENT PER HOUR/PER CHILD-NON-RESIDENT Per hour/per child for two or more children-RESIDENT PER HOUR/PER CHILD FOR TWO OR MORE CHILDREN-NON-RESIDENT	\$2.00-\$5.00 NEW \$2.00-\$5.00 NEW		\$2.50-\$6.00 NEW \$2.50-\$6.00	07/01/08	\$0.00 \$0.00	\$50.00 \$50.00	Verbiage change Verbiage change
Kids Club Frequent Use Pass 10-visit pass-RESIDENT	\$18.00-\$50.00						Verbiage change
10-VISIT PASS-NON-RESIDENT 20-visit pass-RESIDENT	NEW \$36.00-\$50.00		\$21.00-\$60.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors. Verbiage change
20-VISIT PASS-NON-RESIDENT	NEW		\$21.00-\$60.00		\$0.00	\$0.00	Estimated that non-residents will not use service at higher fee. May result in negative fiscal impact. Fees will be higher than competitors.
Youth and Teen Programs (per-activity)	\$2.00-\$16.00			07/01/07			Remove Fee
Climbing Wall Orientation/per class (mandatory)-RESIDENT	\$5.00-\$10.00	CLASS		07/01/08			Verbiage change to add unit

Plus Transaction Privilege (Sales) Tax, where applicable.

Department: Parks, Recreation and Commercial Facilities
 Proposed Changes to Fees and Charges

Recreation

Document of Change: Resolution

Description of Services:	Current Fee/Charge	Unit	Proposed Fee Charge	Date Last Revised	FY 10/11 Fiscal Impact	FY 11/12 Fiscal Impact	Notes
ORIENTATION (MANDATORY)-NON-RESIDENT	NEW	CLASS	\$6.00-\$12.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
Rental per-hour-RESIDENT	\$30.00	HOURLY	\$30.00-\$40.00	07/01/05			Verbiage change with newly established fee range
RENTAL-NON-RESIDENT	NEW	HOURLY	\$36.00-\$48.00		\$0.00	\$100.00	Most users Mesa Residents. Minimal fiscal impact.
Recreation Center Party Packages-RESIDENT	\$70.00-\$300.00			07/01/09			
RECREATION CENTER PARTY PACKAGES-NON-RESIDENT	NEW		\$84.00-\$360.00		\$0.00	\$100.00	Most users Mesa Residents. Minimal fiscal impact.
Family-Events-and-Activities	\$6.00-\$20.00			07/01/09			Remove Fee
Special Interest Classes/Workshops	\$4.00-\$300.00			07/01/09			
REGISTRATION FEES FOR CLASSES IS 30% OF THE TOTAL CLASS FEE WITH A \$10.00 MINIMUM							Verbiage change. Department will be collecting fees differently, as all instructors are independent contractors.
RESIDENT	\$4.00-\$300.00		\$4.00-\$100.00				
NON-RESIDENT	NEW		\$5.00-\$120.00				Minimal fiscal impact.
Sports Camps - Youth							
8-hour, 12-hour, or 16-hour session	\$20.00-\$65.00			04/02			Remove Fee
Sports Equipment Use (All uses require a \$50 deposit)				07/02			
Family Sports Pak-RESIDENT	\$10.00		\$10.00-\$12.00				
FAMILY SPORTS PAK-NON-RESIDENT	NEW		\$12.00-\$15.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
Softball Sports Pak	\$10.00						Remove Fee
Bases-heavy-rubber	\$10.00						Remove Fee
Softball bases/per-day-RESIDENT	\$10.00		\$10.00-\$12.00				
SOFTBALL BASES-NON-RESIDENT	NEW		\$12.00-\$15.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
Field lines/per-day	\$10.00						Remove Fee
Sports Field Use							
Field use by permit/hour	\$4.00-\$45.00	HOURLY		07/01/09			Verbiage change to unit
Field preparation/per-field	\$15.00-\$120.00	FIELD					Verbiage change to unit
Field supervision/per-hour	\$17.00-\$25.00	HOURLY					Verbiage change to unit
Labor Charge	\$10.00-\$40.00 per-man-hr	HOURLY					Verbiage change to unit
Non-Partner Youth Tournament/Game use-per-game	\$90.00-\$130.00	USE PER GAME					Verbiage change to unit
City/School lighted fields/per-hour-RESIDENT	\$6.00-\$20.00	HOURLY	\$10.00-\$22.00	07/01/07			Verbiage change to unit
CITY/SCHOOL LIGHTED FIELDS-NON-RESIDENT	NEW	HOURLY	\$12.00-\$26.00		\$0.00	\$0.00	Most users Mesa Residents. Minimal fiscal impact.
Sports Leagues							
KICKBALL-ADULT							
1 GAME/WEEK/PER TEAM	NEW		\$300.00-\$600.00		\$2,250.00	\$9,000.00	\$300 per team x 10 teams x 3 seasons
Softball - Adult							
Used softballs, per-ball	\$1.00	BALL		07/01/07			Verbiage change and add unit
Used softballs, 1-dozen	\$10.00/dozen	DOZEN		07/01/09			Verbiage change and add unit
YOUTH SPORTS LEAGUES							
YOUTH FLAG FOOTBALL-RESIDENT	NEW		\$5.00-\$100.00		\$3,250.00	\$13,000.00	260 participants @ \$50 per participant
YOUTH FLAG FOOTBALL-NON-RESIDENT	NEW		\$6.00-\$120.00		\$0.00	\$0.00	Most users are Mesa Residents. Minimal fiscal impact.
YOUTH BASKETBALL-RESIDENT	NEW		\$5.00-\$100.00		\$1,900.00	\$7,500.00	150 participants @ \$50 per participant
YOUTH BASKETBALL-NON-RESIDENT	NEW		\$6.00-\$120.00		\$0.00	\$0.00	Most users are Mesa Residents. Minimal fiscal impact.
YOUTH SOCCER-RESIDENT	NEW		\$5.00-\$100.00		\$1,900.00	\$7,500.00	150 participants @ \$50 per participant
YOUTH SOCCER-NON-RESIDENT	NEW		\$6.00-\$120.00		\$0.00	\$0.00	Most users are Mesa Residents. Minimal fiscal impact.
YOUTH ODDGEBALL-RESIDENT	NEW		\$5.00-\$100.00		\$1,900.00	\$7,500.00	150 participants @ \$50 per participant
YOUTH DODGEBALL-NON-RESIDENT	NEW		\$6.00-\$120.00		\$0.00	\$0.00	Most users are Mesa Residents. Minimal fiscal impact.
YOUTH SPORTS SPECIAL EVENTS AND CLINICS-RESIDENT	NEW		\$0.00-\$200.00		\$0.00	\$0.00	Most events will be offered for free.
YOUTH SPORTS SPECIAL EVENTS AND CLINICS-NON-RESIDENT	NEW		\$0.00-\$240.00		\$0.00	\$0.00	Most users are Mesa Residents. Minimal fiscal impact.
Youth Sports (Partners)/Per Team							
Field lights/hour/youth sports partners	\$3.00-\$12.00		\$12.00	07/01/06			Change from fee range to flat rate
Field use/child/session	\$4.00-\$6.00		\$4.00	07/01/07			Change from fee range to flat rate
Summer Recreation Activities							
General programs/per session/per person	\$6.00-\$63.00			07/01/06			Remove Fee
Partial day programs/per session/per person-RESIDENT*	\$44.00-\$100.00			07/01/06			Verbiage change
PARTIAL DAY PROGRAMS/PER SESSION/PER PERSON-NON-RESIDENT*	NEW		\$53.00-\$120.00		\$0.00	\$200.00	16 participants at \$12
Full day programs/per week/per person-RESIDENT*	\$21.00-\$130.00			07/01/07			Verbiage change
FULL DAY PROGRAMS/PER WEEK/PER PERSON-NON-RESIDENT*	NEW		\$25.00-\$156.00		\$0.00	\$0.00	New fee with minimal fiscal impact
SAFE KIDS PROGRAM/PER WEEK/PER PERSON-RESIDENT	NEW		\$25.00-\$50.00		\$0.00	\$250.00	10 participants at \$10
SAFE KIDS PROGRAM/PER WEEK/PER PERSON-NON-RESIDENT	NEW		\$30.00-\$60.00		\$0.00	\$0.00	New fee with minimal fiscal impact
FUN AND FITNESS MOBILE RECREATION UNIT	NEW		\$100.00-\$500.00		\$250.00	\$1,000.00	3 reservations at approx \$330
					\$16,775.00	\$68,568.00	

CITY OF MESA, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2010

**CITY OF MESA, ARIZONA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and the City Council
City of Mesa
Mesa, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona, as of and for the year ended June 30, 2010, which collectively comprise the City of Mesa, Arizona's basic financial statements and have issued our report thereon dated December 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Mesa, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mesa, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mesa, Arizona's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-1 through 2010-3 to be material weaknesses.

Honorable Mayor and the City Council
City of Mesa, Arizona

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mesa, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain matter that we reported to management of the City of Mesa, Arizona in a separate letter dated December 23, 2010.

The City of Mesa, Arizona's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Mesa, Arizona's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larson Allen LLP

LarsonAllen LLP

Mesa, Arizona
December 23, 2010



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and the City Council
City of Mesa, Arizona
Mesa, Arizona

Compliance

We have audited the City of Mesa, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Mesa, Arizona's major federal programs for the year ended June 30, 2010. The City of Mesa, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Mesa, Arizona's management. Our responsibility is to express an opinion on the City of Mesa, Arizona's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mesa, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Mesa, Arizona's compliance with those requirements.

In our opinion, the City of Mesa, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-4 and 2010-7.



Honorable Mayor and the City Council
City of Mesa, Arizona

Internal Control over Compliance

Management of the City of Mesa, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mesa, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mesa, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-4 through 2010-7. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City of Mesa, Arizona's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Mesa, Arizona's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesa, Arizona as of and for the year ended June 30, 2010, and have issued our report thereon dated December 23, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Honorable Mayor and the City Council
City of Mesa, Arizona

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
December 23, 2010

CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? X yes no

**CITY OF MESA, ARIZONA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010**

SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)

Federal Awards (Continued)

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
14.218, 14.253	Community Development Block Grant, ARRA Community Development Block Grant
14.257	ARRA Homeless Prevention and Rapid Re- Housing Program
20.205	ARRA Highway Planning and Construction
20.500, 20.507	Federal Transit – Formula grants, ARRA Federal Transit – Formula Grants, ARRA Federal Transit – Capital Investment Grants
66.458	ARRA Capitalization Grants for Clean Water State Revolving Funds
66.468	ARRA Capitalization Grants for Drinking Water State Revolving Funds
81.128	ARRA Energy Efficiency and Conservation Block Grant Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$1,196,403

Auditee qualified as low-risk auditee?

 X yes no

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION II – FINANCIAL STATEMENT FINDINGS

2010-1	<i>Condition/Context</i>	The asset transfer of the Hohokam Stadium between the governmental activities and the business-type activities was recorded at cost and the related accumulated depreciation was recorded as current year depreciation expense rather than the transfer being recorded at the net book value. In addition, the Property and Public Liability Fund claim liability was not recorded at the value determined per the actuarial report at year-end. Lastly, several adjustments were necessary in order to ensure expenditures were recorded in the proper fiscal year.
	<i>Criteria</i>	Generally accepted accounting principles.
	<i>Effect</i>	Material audit adjustments were recommended as depreciation expense in the Enterprise Fund was overstated, the activity of the Property and Public Liability Fund was misstated and expenditures of several funds were understated.
	<i>Cause</i>	The City is currently in the planning stages of a City-wide software conversion. Several members of the City's Finance Department are serving an integral role in this conversion. As a result, several of the audit schedules were prepared by staff members who were not accustomed to completing these schedules. In addition, due to the significant time commitment for the software conversion, these schedules were not always properly reviewed by senior staff members.
	<i>Recommendation</i>	In order to ensure that the City's Comprehensive Annual Financial Report is accurately prepared, the City should exercise due care in the preparation and review of the audit schedules used to prepare the CAFR.
	<i>Corrective Action Plan</i>	Concur. The City will implement procedures to assure that all adjustments to the Comprehensive Annual Financial Report are reviewed by senior accounting staff prior to submission to the auditors for review. In addition, the City will meet with the auditors to review our procedures for accruing expenditures for fiscal year-end. These procedures will be implemented for the completion of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.
	<i>Contact Person</i>	Doug Yeskey, Controller

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2010-2	<i>Condition</i>	Most of the City's grants were funded on a reimbursement basis. The grants require the City first incur and fund an eligible expenditure and then apply for reimbursement of the expenditures. However, not all reimbursements were requested on a regular basis.
	<i>Context</i>	During our single audit compliance testwork, we noted reimbursement requests submitted in the Airport Improvement Program, Federal Transit - Formula Grants, Community Development Block Grants, Capitalization Grants for Clean Water and Capitalization for Drinking Water grants were submitted several months after the expenditures were incurred.
	<i>Criteria</i>	Internal control procedures.
	<i>Effect</i>	Internal control weakness. In addition, the City had incurred several million dollars of expenditures for which they were awaiting reimbursement.
	<i>Cause</i>	Managerial oversight.
	<i>Recommendation</i>	In order to strengthen internal controls over its grant accounting, the City should ensure that grant reimbursement claims are submitted in a timely manner.
	<i>Corrective Action Plan</i>	Concur. Procedures will be put into place to help ensure grant reimbursements are prepared monthly, as applicable, or quarterly if not monthly. Additionally, the City is in the process of implementing a new financial management system with a fully integrated grants life cycle management that will assist in monitoring timely grant reimbursements. These procedures will be implemented for the completion of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.
	<i>Contact Person</i>	Doug Yeskey, Controller

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2010-3	<i>Condition/Context</i>	The City had difficulty preparing a complete Schedule of Expenditures of Federal Awards in a timely manner. The ARRA Capitalization Grants for Clean Water and ARRA Capitalization Grants for Drinking Water were not valued properly. The ARRA Highway Planning and Construction Program was not included and several expenditure amounts were not updated to actual amounts expended for the year until late December 2010.
	<i>Criteria</i>	Internal control procedures.
	<i>Effect</i>	Internal control weakness. The City is required to undergo an audit of federal awards under the Single Audit Act. An accurate Schedule of Expenditures of Federal Awards is critical to the single audit process. Lack of timely and accurate information caused significant delays in the required testing of the City's federal awards.
	<i>Cause</i>	The City does not have a centralized grant accounting system. In many cases, City departments maintain their own grant agreements and accounting records without the City's Finance Department being aware of the grant's existence. In addition, the City received several new grants during the 2009-10 fiscal year which compounded the issue.
	<i>Recommendation</i>	In order to strengthen internal controls over its grant accounting, the City should consider centralizing the accounting for its grants.
	<i>Corrective Action Plan</i>	Concur. Assignment of CAFR responsibilities will be realigned to all Accounting staff to prepare an accurate and timely Schedule of Expenditures of Federal Awards. These procedures will be implemented for the completion of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.
	<i>Contact Person</i>	Doug Yeskey, Controller

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT
CFDA No.'s 14.218, 14.253**

2010-4	<i>Condition</i>	The City did not use timesheets to support wages charged to the Community Development Block Grant and Neighborhood Stabilization Program. Payroll charges were allocated based on budget amounts rather than actual time worked on each program.
	<i>Context</i>	Payroll charges for approximately half of the 2009-10 fiscal year.
	<i>Criteria</i>	OMB Circular A-133 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles.
	<i>Questioned Costs</i>	Due to the lack of payroll records to support the time actually worked in these programs, the questioned costs could not be determined.
	<i>Effect</i>	Noncompliance with OMB Circular A-133.
	<i>Cause</i>	The City's Housing Department was unaware of the requirements of the grant agreements until instructed by the State of Arizona Housing Department.
	<i>Recommendation</i>	In order to comply with OMB Circular A-133, the City should ensure that all costs charged to its grants programs are based on actual charges rather than estimates.
	<i>Corrective Action Plan</i>	Concur. The City's Neighborhood Services Department has implemented new procedures to ensure that payroll charges billed to federal grant programs are based on actual time worked on each program by each employee rather than charging time to programs based on budgeted amounts. Daily timesheets documenting employee's time spent working various programs are reviewed and approved each day. Programs will be charged using discrete work order numbers and employee time can be tracked using half-hour increments
	<i>Contact Person</i>	Tom LaVell, Contract Administrator

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ARRA – HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM
CFDA No. 14.257**

**U.S. DEPARTMENT OF TRANSPORTATION
PASSED THROUGH THE CITY OF PHOENIX
FEDERAL TRANSIT - FORMULA GRANTS
ARRA FEDERAL TRANSIT – FORMULA GRANTS
CFDA No. 20.507**

2010-5	<i>Condition</i>	Timesheets were not always approved by the employee's supervisor.
	<i>Context</i>	Three of three payroll transactions tested in the Homeless Prevention and Rapid Re-Housing Program and two of seventeen payroll transactions tested in the Federal Transit – Formula Grants.
	<i>Criteria</i>	Internal controls over compliance.
	<i>Effect</i>	Possibility that unallowable costs could be charged to the grant.
	<i>Cause</i>	Clerical error.
	<i>Recommendation</i>	In order to strengthen internal controls over compliance with OMB Circular A-133, the City should ensure that timesheets are properly approved by the employee's supervisor.
	<i>Corrective Action Plan</i>	Concur. For the Homeless Prevention and Rapid Re-Housing Program, procedures have been put in place to help ensure timesheets are reviewed and approved daily by the employee's supervisor. For the Federal Transit Formula Grant, current procedures related to daily review and approval of staff timesheets has been reviewed with supervisory staff to refresh their timesheet process responsibilities.
	<i>Contact Person</i>	Tom LaVell, Contract Administrator Beth Huning, City Engineer

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF TRANSPORTATION
PASSED THROUGH THE ARIZONA DEPARTMENT OF TRANSPORTATION
HIGHWAY PLANNING AND CONSTRUCTION, ARRA – HIGHWAY PLANNING AND CONSTRUCTION
CFDA No. 20.205**

2010-6 *Condition/Context* The City did not have a process in place for the review of the year-end reports filed with the Arizona Department of Transportation.

Criteria Internal controls over compliance.

Effect Possibility that reporting errors could go undetected.

Cause Clerical error.

Recommendation In order to strengthen internal controls over compliance with OMB Circular A-133, the City should ensure that reports are reviewed by an employee independent of its preparation.

*Corrective
Action Plan* Concur. The City currently has procedures in place that all reports are reviewed by an employee independent of the preparer. However, the independent review is not documented. Procedures have been prepared and put into place to denote the review and approval of the report prior to submittal to the Arizona Department of Transportation.

Contact Person Beth Huning, City Engineer

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT -
NEIGHBORHOOD STABILIZATION PROGRAM, ARRA COMMUNITY DEVELOPMENT BLOCK GRANT
CFDA No.'s 14.218, 14.253**

2010-7	<i>Condition</i>	Reimbursement requests were made based on estimated expenditures rather than actual amounts incurred to date in order to provide cash flow to the City. The City went back after the fact and matched actual expenditures to the reimbursement requests.
	<i>Context</i>	Reimbursement requests made early in the 2009-10 fiscal year.
	<i>Criteria</i>	OMB Circular A-133 – Cash Management.
	<i>Effect</i>	Noncompliance with OMB Circular A-133.
	<i>Cause</i>	The City's Housing Department was understaffed during this period of time and was unaware of this requirement.
	<i>Recommendation</i>	In order to comply with OMB Circular A-133, the City should ensure that all costs charged to its grants programs are based on actual charges rather than estimates.
	<i>Corrective Action Plan</i>	Concur. Procedures have been put into place to help ensure that reimbursement amounts are matched to financial reports and invoice prior to the reimbursement request being processed.
	<i>Contact Person</i>	Tom LaVell, Contract Administrator

**CITY OF MESA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2010**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None noted.

**CITY OF MESA, ARIZONA
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010**

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note3)	Federal Grant/ Pass-Through Number	Expenditures	Payments to Subrecipients
Department of Housing and Urban Development					
Community Development Block Grant - 2008 Entitlement Program	14.218	N/A	B-08-MC-04-0501	\$ 1,253,811	\$ 297,074
Community Development Block Grant - 2009 Entitlement Program	14.218	N/A	B-09-MC-04-0501	2,217,399	620,310
Community Development Block Grant - 2008 Entitlement Program			Program Income	110,987	-
ARRA - Community Development Block Grant - Neighborhood Stabilization Program	14.218	N/A	B-08-MN-04-0504	5,567,946	1,626,590
ARRA - Community Development Block Grant - Neighborhood Stabilization Program			Program Income	788,510	129,994
ARRA - Community Development Block Grant	14.253	N/A	B-09-MY-04-0501	75,236	62,190
Total Community Development Block Grant Cluster				<u>10,013,889</u>	<u>2,736,158</u>
Emergency Shelter Grants Program	14.231	N/A	S-09-MC-04-0501	137,800	133,685
HOME Investment Partnership Program	14.239	MCHC	M-08-UC-04-0501	871,213	661,664
HOME Investment Partnership Program	14.239	MCHC	M-09-UC-04-0501	742,620	564,000
Total Home Program				<u>1,613,833</u>	<u>1,225,664</u>
ARRA - Homeless Prevention & Rapid Response Housing Program (HPRP)	14.257	N/A	S09-MY-04-0501	1,060,575	-
Section 8 Housing Mainstream Voucher Program	14.181	N/A	AZ-005-DV	669,244	-
Section 8 Housing Voucher Program	14.871	N/A	AZ-005-VO	11,123,301	-
Section 8 Housing Voucher Program (VASH)	14.871	N/A	AZ-005-VA-0001	10,694	-
Total Section 8 Program				<u>11,133,995</u>	<u>-</u>
Total Department of Housing and Urban Development				<u>24,629,336</u>	<u>4,095,507</u>
Bureau of Reclamation					
Cultural Resource Management	15.224	N/A	BLM-AZ-NOI-09-1491	5,310	-
Water Reclamation and Reuse Program	15.504	COP	01-FC-32-0010	1,215	-
Historic Preservation Fund Grants-In-Aid	15.904	AZPB	AZ-08-018	1,125	-
Historic Preservation Fund Grants-In-Aid	15.904	AZPB	AZ-10-221	425	-
				<u>1,550</u>	<u>-</u>
Annual Calendar	15.BBM	N/A	08-FG-320110	12,169	-
Total Bureau of Reclamation				<u>20,244</u>	<u>-</u>

**CITY OF MESA, ARIZONA
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor (Note3)</u>	<u>Federal Grant/ Pass-Through Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
Department of Justice					
Juvenile Accountability Block Grant	16.523	GOCYF	JB-CSG-09-0273-05	6,085	6,085
Juvenile Accountability Block Grant	16.523	GOCYF	JB-CSG-10-1273-06	16,055	16,055
				<u>22,140</u>	<u>22,140</u>
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	GOCYF	J2-CSG-08-9273-00	22,173	22,173
Missing Children's Assistance	16.543	N/A	315-MESA-AZ-PS09	78	-
Missing Children's Assistance	16.543	COP	2009-MCCX-K013	8,276	-
				<u>8,354</u>	<u>-</u>
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	N/A	2009-DN-BX-K014	256,106	-
Crime Victim Assistance	16.575	ADPS	2009-193	20,302	-
Crime Victim Assistance	16.575	ADPS	2009-200	20,291	-
Crime Victim Assistance	16.575	ADPS	2009-201	155,191	-
				<u>195,784</u>	<u>-</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	MCSD	C-50-09-044-3-00	17,998	-
Community Prosecution and Project Safe Neighborhoods	16.609	ACJC	PSN 09-006	6,344	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	2006CKWX0301	5,785	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	2006CKWX0306	1,701	-
				<u>7,486</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCSD	2006-DJ-BX-1054	21,884	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCSD	2007-DJ-BX-0588	7,633	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCSD	2008-DJ-BX-0500	11,491	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MCSD	C-42-09-105-3-00	251,495	-
				<u>292,503</u>	<u>-</u>
Forensic DNA Backlog Reduction Program	16.741	ACJC	DNB-10-001	85,387	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV-09-004	15,517	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	ACJC	CV-10-003	19,113	-
				<u>34,630</u>	<u>-</u>
Anti-Gang Initiative	16.744	ACJC	ANTI-GANG-09-005	92,376	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government - Recovery	16.804	N/A	2009-SB-B9-2970	296,937	-
				<u>296,937</u>	<u>-</u>
Total Department of Justice				1,338,218	44,313

CITY OF MESA, ARIZONA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2010

<u>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor (Note3)</u>	<u>Federal Grant/ Pass-Through Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
Department of Transportation					
Airport Improvement Program	20.106	N/A	AIP-3-04-0023-014	56,565	-
Airport Improvement Program	20.106	N/A	AIP-3-04-0023-015	23,252	-
Airport Improvement Program	20.106	N/A	AIP-3-04-0023-017	175,449	-
Airport Improvement Program	20.106	N/A	AIP-3-04-0024-018	670,263	-
Airport Improvement Program	20.106	N/A	AIP-3-04-0024-019	6,704	-
Total Airport Improvement Program				<u>932,233</u>	-
ARRA - Highway Planning and Construction	20.205	ADOT	ARRA MES-0(209) SS794 RRD/01C	442,516	-
ARRA - Highway Planning and Construction	20.205	ADOT	ARRA MES-0(210) SS825 RRD/01C	986,793	-
ARRA - Highway Planning and Construction	20.205	ADOT	ARRA MES-0(212) SS835 RRD/01C	1,604,325	-
ARRA - Highway Planning and Construction	20.205	ADOT	ARRA MES-0(213) SS836 RRD/01C	915,642	-
ARRA - Highway Planning and Construction	20.205	ADOT	CM-MES-(202) 0000MA MES SS635 01C	171,675	-
Highway Planning and Construction	20.205	ADOT	CM-MES-0(032)X	538,198	-
Total Highway Planning and Construction				<u>4,659,149</u>	-
Federal Transit - Formula Grants	20.507	COP	AZ-90-X070 (MES04-203T)	4,106	-
Federal Transit - Formula Grants	20.507	COP	AZ-90-X084 (MES05-205T)	669	-
Federal Transit - Formula Grants	20.507	COP	AZ-90-X084 (MES05-205T)	272,987	-
Federal Transit - Formula Grants	20.507	COP	AZ-95-X004	38,059	-
ARRA - Federal Transit - Formula Grants	20.507	COP	AZ-96-X002-01 (MES10-804T)	23,984	-
ARRA - Federal Transit - Formula Grants	20.507	COP	AZ-96-X002-01 (MES10-801T)	275,745	-
ARRA - Federal Transit - Formula Grants	20.507	COP	AZ-96-X002-01 (MES10-802T)	3,092,917	-
ARRA - Federal Transit - Capital Investment Grants (Cluster - 20.500 & 20.507)	20.500	RPTA	145-44-2010	260,857	-
				<u>3,969,324</u>	-
State and Community Highway Safety	20.600	AGOHS	2010-PT-075	41,927	-
State and Community Highway Safety	20.600	AGOHS	2010-PT-076	24,800	-
				<u>66,727</u>	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	GOHS	2008-410-018	23,559	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	GOHS	2008-410-060	2,549	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	GOHS	2010-HF-009	55,717	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	GOHS	2010-163-010	22,798	-
				<u>104,623</u>	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	GOHS	2009-NG-010	32,302	-
PHMSA Pipeline Safety Program One Call Grant	20.721	N/A	DTPH56-09-G-PHPT08	18,396	-
Total Department of Transportation				<u>9,782,754.00</u>	-
National Endowment for the Arts					
ARRA Promotion of the Arts - Partnership Agreement	45.025	ACforA	AA100039	13,000	-
Total National Endowment for the Arts				<u>13,000</u>	-

**CITY OF MESA, ARIZONA
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010**

Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)	Federal CFDA Number	Pass- Through Grantor (Note3)	Federal Grant/ Pass-Through Number	Expenditures	Payments to Subrecipients
Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities					
State Library Program	45.310	LAPR	381-25-01-(03)	8,200	-
Total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities				8,200	-
Environmental Protection Agency					
ARRA Capitalization Grants for Clean Water State Revolving Funds					
	66.458	WIFA	91A127-10	126,000	-
ARRA - Capitalization Grants for Clean Water State Revolving Funds - Loan					
	66.458	WIFA	91A128-10	857,894	-
Total ARRA - Capitalization Grants for Clean Water State Revolving Funds				983,894	-
ARRA - Capitalization Grants for Drinking Water State Revolving Funds					
	66.468	WIFA	92A163-10	508,525	-
ARRA - Capitalization Grants for Drinking Water State Revolving Funds					
	66.468	WIFA	92A164-10	500,000	-
Capitalization Grants for Drinking Water State Revolving Funds					
	66.468	WIFA	92A164-10	322,835	-
				1,331,360	-
Total Environmental Protection Agency				2,315,254	-
Department of Energy					
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)					
	81.128	N/A	DE-EE0000840	311,353	-
Total Department of Energy				311,353	-
Department of Education					
Federal Work-Study Program					
	84.033	U of A	N/A	2,885	-
Total Department of Education				2,885	-
Department of Health and Human Services					
Immunization Grants					
	93.268	ADHS	HI452157-0	9,988	-
Immunization Grants					
	93.268	ADHS	HG954076	6,651	-
Immunization Grants					
	93.268	MCHSD	2007-C-86-07-058-2-00	70,132	-
				86,771	-
Investigations and Technical Assistance					
	93.283	MCHSD	2007-C-86-07-053-2-00	12,589	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations					
	93.779	AZPforI	E2108194	37,749	-
Total Department of Health and Human Services				137,109	-

**CITY OF MESA, ARIZONA
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor Agency/Pass-Through Grantor/ Program Title (Note 3)</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor (Note3)</u>	<u>Federal Grant/ Pass-Through Number</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT15	12,868	-
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT16-06-1114	40,579	-
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT18-08-0716	1,661	-
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT18-08-1114	590	-
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT19-09-0716	13,300	-
High Intensity Drug Trafficking Areas Program	95.001	ACJC	HT19-09-1114	5,807	-
Total Executive Office of the President				74,805	-
Department of Homeland Security					
Homeland Security Grant Program	97.067	AZDOHS	2007-GE-T7-0006 (333216-01) 2007-GE-T7-0006	21,268	-
Homeland Security Grant Program	97.067	AZDOHS	(333806-01, 02 & 03)	4,775	-
Homeland Security Grant Program	97.067	AZDOHS	2007-GE-T7-0006 (333815-04)	46,060	-
Homeland Security Grant Program	97.067	AZDOHS	08-AZDOHS-HSGP_444212-01	190,418	-
Homeland Security Grant Program	97.067	AZDOHS	08-AZDOHS-HSGP-444818-01	141,464	-
Homeland Security Grant Program	97.067	AZDOHS	08-AZDOHS-HSGP-444818-02	3,878	-
Homeland Security Grant Program	97.067	AZDOHS	09-AZDHS-HSGP-555202-01	130,438	-
Homeland Security Grant Program	97.067	AZDOHS	09-AZDHS-HSGP-555202-02	139,354	-
Homeland Security Grant Program	97.067	AZDOHS	09-AZDHS-HSGP-555812-02	2,465	-
Homeland Security Grant Program	97.067	AZDOHS	09-AZDHS-HSGP-555812-01	96,367	-
Homeland Security Grant Program	97.067	MCSO	09-AZDOHS-HSGP 555811-01	83,645	-
Homeland Security Grant Program	97.067	ADOHS	444819-01	25,809	-
Homeland Security Grant Program	97.067	ADOHS	444819-02	143,721	-
Homeland Security Grant Program	97.067	ADOHS	444819-03	24,124	-
Homeland Security Grant Program	97.067	ADOHS	444819-04	4,059	-
Homeland Security Grant Program	97.067	ADOHS	444819-05	3,201	-
Homeland Security Grant Program	97.067	ADOHS	09-AZDOHS-HSGP-555813-01	9,078	-
Homeland Security Grant Program	97.067	ADOHS	09-AZDOHS-HSGP-555813-02	4,640	-
Homeland Security Grant Program	97.067	ADOHS	09-AZDOHS-HSGP-555813-05	52,966	-
Homeland Security Grant Program	97.067	ADOHS	09-AZDOHS-HSGP-555209-01	92,644	-
Homeland Security Grant Program	97.067	ADOHS	09-AZDOHS-HSGP-555209-03	25,941	-
				1,246,315	-
FEMA & H.U.D.-Disaster Housing Assistance	97.109	AZ005F		642	-
Total Department of Homeland Security				1,246,957	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 39,880,115	\$ 4,139,820

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF MESA, ARIZONA
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

NOTE 1 BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

Federal awards provided to sub-recipients are treated as expenditures when it is paid to the sub-recipient.

NOTE 2 THE REPORTING ENTITY

The City of Mesa, Arizona, for purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*.

The City of Mesa, Arizona, administers certain federal financial assistance programs through sub-recipients. Those sub-recipients are not considered part of the City of Mesa, Arizona, reporting entity.

NOTE 3 PASS-THROUGH GRANTOR'S REFERENCE

The City of Mesa, Arizona, receives certain federal awards from the following non-Federal agencies. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

AZPforI	Arizona Partnership for Immunization
ACJC	Arizona Criminal Justice Commission
ADEM	Arizona Division of Emergency Management
ADHS	Arizona Department of Health Services
AZDOHS	Arizona Department of Homeland Security
ADPS	Arizona Department of Public Safety
AZPB	Arizona State Parks Board
COP	City of Phoenix
GOCYF	Governor's Office of Children, Youth and Families
GOHS	Governor's Office of Highway Safety
LAPR	Arizona Department of Library, Archives and Public Records
MCDEM	Maricopa County Department of Emergency Management
MCHC	Maricopa County Home Consortium
MCHSD	Maricopa County Health Services Department
MCSD	Maricopa County Sheriff Department
U or A	University of Arizona

City of Mesa, Arizona

**Annual Expenditure Limitation Report
For Fiscal Year Ended June 30, 2010
Independent Auditors' Report**

**CITY OF MESA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT**

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and the City Council
City of Mesa, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of City of Mesa, Arizona, for the year ended June 30, 2010. This report is the responsibility of City of Mesa, Arizona's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of City of Mesa, Arizona, for the year ended June 30, 2010, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of management, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
January 29, 2011

CITY OF MESA, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT PART I
 YEAR ENDED JUNE 30, 2010

1. Economic Estimates Commission expenditure limitation	\$ 511,715,387	
2. Voter-approved alternative expenditure limitation (Approved March 11, 2008)	<u>1,137,008,000</u>	
3. Enter applicable amount from line 1 or 2		\$ 1,137,008,000
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	\$ 490,319,497	
5. Board-authorized expenditures necessitated by disaster declared by the Governor [Article IX, @20[2][a], Arizona Constitution]	-	0
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, @20[2][b], Arizona Constitution]	-	0
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Article IX, @20[2][c], Arizona Constitution]	-	0
8. Subtotal	<u>\$ 490,319,497</u>	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Article IX, @20[2][b], Arizona Constitution]	+	<u>0</u>
10. Total adjusted amount subject to the expenditure limitation		<u>\$ 490,319,497</u>
11. Amount under the expenditure limitation		<u>\$ 646,688,503</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer:

Alex Deshuk, Manager of Technology and Innovation 

Telephone Number : (480) 644-6953 Date : January 29, 2011

See accompanying notes to report.

CITY OF MESA, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT- PART II
 YEAR ENDED JUNE 30, 2010

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 508,359,199	\$ 262,618,712	\$ 72,330,178	\$ -	\$ 841,308,089
B. Less exclusions claimed:					
1. Bond Proceeds	52,386,882	44,625,859	-	-	97,012,741
Debt service requirements on bonded indebtedness	49,776,708	46,562,561	-	-	96,339,269
Proceeds from other long-term obligations	394,936	3,486,902	-	-	3,881,838
Debt service requirements on other long term obligations	5,682,327	1,373,480	-	-	7,055,807
2. Dividends, interest, and gains on the sale or redemption of investment securities	-	12,564,802	-	-	12,564,802
3. Trustee or custodian	-	-	-	-	-
4. Grants and aid from the Federal Government	23,196,624	3,058,253	-	-	26,254,877
5. Grants, aid, contributions or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	6,491,091	1,323,568	-	-	7,814,659
6. Amounts received from the State	1,882,147	284,571	-	-	2,166,718
7. Quasi-external interfund transactions	-	6,057,142	62,478,468	-	68,535,610
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	20,047,412	-	-	-	20,047,412
10. Contracts with other political subdivisions	1,879,605	6,597,952	-	-	8,477,557
11. Refunds, reimbursements & other recoveries	836,733	569	-	-	837,302
12. Voter approved exclusions not identified above (attach resolution)	-	-	-	-	-
13. Prior years carryforward	-	-	-	-	-
14. Total exclusions claimed	\$ 162,574,465	\$ 125,935,659	\$ 62,478,468	\$ -	\$ 350,988,592
C. Amount subject to the expenditure limitation (if an individual fund type amount is negative, reduce exclusions claimed to net to zero)	\$ 343,784,734	\$ 136,683,053	\$ 9,851,710	\$ -	\$ 490,319,497

See accompanying notes to report

CITY OF MESA, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT-RECONCILIATION
 YEAR ENDED JUNE 30, 2010

	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items and extraordinary items reported within the fund-based financial statements	\$ 507,480,119	\$ 263,921,369	\$ 79,059,024	\$ -	(1) \$ 850,460,512
B. Deductions:					
1. Items not requiring the use of working Capital:					
Depreciation & Amoritization		52,030,215	397,805		(2) \$ 52,428,020
Loss on disposal of capital assets		1,836,689	79,417		(3) \$ 1,916,106
Bad debt expense		1,101,861			(4) \$ 1,101,861
Claims incurred but not reported			5,114,031		(5) \$ 5,114,031
Non-cash Equity Interest in Joint Venture		8,826,203			(10) \$ 8,826,203
Other postemployment benefits expense		14,467,680	1,350,042		(11) \$ 15,817,722
Landfill closure and postclosure care costs					
2. Expenditures of separate legal entities established under Arizona Revised Statutes	1,120,920 SAR				(6) \$ 1,120,920
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-	\$ -
4. Involuntary court judgments	-	-	-	-	\$ -
5. Total Deductions	\$ 1,120,920	\$ 78,262,648	\$ 6,941,295	\$ -	\$ 86,324,863
C. Additions:					
1. Principal payments on long-term debt		11,496,142	0		(9) \$ 11,496,142
2. Acquisition of capital assets		63,720,068	49,729		(7,8) \$ 63,769,797
3. Claims paid in the current year but reported as expenses incurred but not reported in previous years					\$ -
4. Landfill closure and postclosure care costs recorded as expended in previous years					
5. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	1,743,781	162,720	-	(12) \$ 1,906,501
6. Total Additions	\$ -	\$ 76,959,991	\$ 212,449	\$ -	\$ 77,172,440
D. Amounts reported on Part II, Line A	\$ 506,359,199	\$ 262,618,712	\$ 72,330,178	\$ -	\$ 841,308,089

See accompanying notes to report

CITY OF MESA, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT
 REVENUE EXCLUSIONS AND CARRY FORWARDS
 YEAR ENDED JUNE 30, 2010

	07/01/2009 Beginning Carry Forward Exclusions	08/30/2010 Earned Exclusions	Total Excludable Revenue Available	08/30/2010 Exclusions Used	06/30/2010 Ending Carry Forward Exclusions
Bond Proceeds					
Capital Projects Fund	\$ 44,627,738	\$ 31,286,322 (2)	\$ 75,914,060	\$ 52,386,882 (3.a)	\$ 23,527,178
Enterprise Fund	\$ 37,933,415	\$ 51,134,189 (4)	\$ 89,067,604	\$ 44,825,859 (5)	\$ 44,441,745
Debt Service Requirements-Bonds					
Debt Service Fund	\$ -	\$ 49,776,708 (1)	\$ 49,776,708	\$ 49,776,708	\$ -
Enterprise Fund	\$ -	\$ 46,562,581 (8)	\$ 46,562,581	\$ 46,562,581	\$ -
Other L-T Proceeds					
Capital Projects Fund	\$ 398,637	\$ - (17)	\$ 398,637	\$ 394,936 (3.b)	\$ 3,701
Enterprise Fund	\$ -	\$ 3,486,902 (4)	\$ 3,486,902	\$ 3,486,902 (5)	\$ -
Debt Service Requirements-Other					
Debt Service Fund	\$ -	\$ 51,021,086 (16)	\$ 51,021,086	\$ 5,682,327	\$ 45,338,759
Enterprise Fund	\$ -	\$ 1,373,480 (6)	\$ 1,373,480	\$ 1,373,480	\$ -
Interest Earnings					
General Fund	\$ 12,515,418	\$ 159,520 (7)	\$ 12,674,938	\$ -	\$ 12,674,938
HURF	\$ -	\$ - (7)	\$ -	\$ -	\$ -
All Other Special Revenues	\$ 5,437,040	\$ 22,613 (8)	\$ 5,459,653	\$ -	\$ 5,459,653
Internal Service Fund	\$ 3,575,425	\$ 78,932 (18)	\$ 3,654,357	\$ -	\$ 3,654,357
Enterprise Fund	\$ 77,593,039	\$ 530,813 (9)	\$ 78,123,852	\$ 12,564,802	\$ 65,559,050
Grants Federal Government					
General Fund	\$ 63,455,842	\$ 25,692,099 (10)	\$ 89,147,741	\$ 7,437,811	\$ 81,709,930
HURF	\$ -	\$ - (10)	\$ -	\$ -	\$ -
All Other Special Revenues	\$ 1,060,756	\$ 16,061,122 (19)	\$ 17,121,878	\$ 15,758,813	\$ 1,363,065
Enterprise Fund	\$ -	\$ 3,058,253 (11)	\$ 3,058,253	\$ 3,058,253	\$ -
Grants, Aid, Contributions					
General Fund	\$ -	\$ 6,491,091 (10)	\$ 6,491,091	\$ 6,491,091	\$ -
Enterprise Fund	\$ -	\$ 1,323,568 (12)	\$ 1,323,568	\$ 1,323,568	\$ -
State Appropriations					
General Fund	\$ -	\$ 1,862,426 (10)	\$ 1,862,426	\$ 1,862,426	\$ -
HURF	\$ -	\$ - (10)	\$ -	\$ -	\$ -
All Other Special Revenues	\$ -	\$ 19,721 (19)	\$ 19,721	\$ 19,721	\$ -
Capital Projects	\$ -	\$ - (10)	\$ -	\$ -	\$ -
Enterprise Fund	\$ -	\$ 284,571 (11)	\$ 284,571	\$ 284,571	\$ -
Quasi-External Interfund Transactions					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
HURF	\$ -	\$ - (7)	\$ -	\$ -	\$ -
All Other Special Revenues	\$ 270,000	\$ - (8)	\$ 270,000	\$ -	\$ 270,000
Internal Service Funds	\$ 15,463,791	\$ 58,837,152 (18)	\$ 74,300,943	\$ 62,478,468	\$ 11,822,475
Enterprise Fund	\$ 11,393,818	\$ 6,057,142 (15)	\$ 17,450,960	\$ 6,057,142	\$ 11,393,818
Highway User Fund Revenues	\$ 8,854,478	\$ 29,876,159 (10)	\$ 38,530,637	\$ 20,047,412	\$ 18,483,225
Contracts with Other Political Subdivisions					
General Fund	\$ -	\$ 1,843,550 (10)	\$ 1,843,550	\$ 1,843,550	\$ -
HURF	\$ -	\$ 36,055 (10)	\$ 36,055	\$ 36,055	\$ -
Capital Projects	\$ -	\$ - (10)	\$ -	\$ -	\$ -
Enterprise Fund	\$ 12,836,664	\$ 6,597,952 (15)	\$ 19,434,616	\$ 6,597,952	\$ 12,836,664
Refunds, reimbursements and other recoveries					
General Fund	\$ -	\$ 83,462 (13)	\$ 83,462	\$ 83,462	\$ -
HURF	\$ -	\$ - (13)	\$ -	\$ -	\$ -
All Other Special Revenues	\$ 23,904	\$ 777,559 (14)	\$ 801,463	\$ 753,271	\$ 48,192
Enterprise Fund	\$ -	\$ 569 (15)	\$ 569	\$ 569	\$ -
TOTALS	\$ 295,439,765	\$ 394,135,577	\$ 689,575,342	\$ 350,988,592	\$ 338,586,750

See accompanying notes to report

CITY OF MESA, ARIZONA
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2010

NOTE 1— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes, Section 41-1279.07, and in accordance with the voter approved alternative expenditure limitation adopted March 11, 2008, as authorized by the Arizona Constitution, Article IX, Section 20(9).

In accordance with UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund-based financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Fiduciary Net Assets for the Fiduciary Funds.

NOTE 2 - ANNUAL EXPENDITURE LIMITATION REPORT- RECONCILIATION REFERENCES

- (1) For Enterprise and Internal Service figures, Exhibit A-8, pages 27 - 28, includes: Total Operating Expenses, Depreciation and Amortization, Nonoperating (Expenses) amounts, and the Gain (Loss) on Disposal calculated in (3) below that is used in the calculation of the Net Gain on Disposal of Capital Assets. Governmental Funds figure from Exhibit A-5, page 23.
- (2) Exhibit A-8, pages 27 - 28
- (3) For Enterprise Fund: Exhibit A-9 page 30, Noncash transaction for Loss on Disposal of Capital Assets
- (3) For Internal Service Fund: Exhibit A-8 pages 27 - 28, Loss on Disposal of Capital Assets
- (4) Exhibit D-6, page 128
- (5) Exhibit C-11, pages 105 - 106, Increase (Decrease) in Other Accrued Expenses
- (6) Exhibit C-8, pages 95 - 96
- (7) For the Enterprise figure: Exhibit D-5, page 127, Actual Total Expenditures, plus Exhibit D-7, page 129, Timing Differences, Capital Expenditures, minus Exhibit C-8, pages 99 - 100, Total Expenditures (except capital leases)
- (8) For the Internal Service figure: Exhibit D-9, page 135
- (9) Exhibit A-9, pages 29 - 30
- (10) Depreciation expense associated with the Investment in Joint Ventures
- (11) For Enterprise figure, Note 5.a., page 63, Post Employment Benefits, Additions
For Internal Service figure, Note 5.a., page 63, Post Employment Benefits, Additions amount is 2% of Governmental Activities
- (12) For Enterprise figure, Note 5.a., page 63, Post Employment Benefits, Reductions
For Internal Service figure, Note 5.a., page 63, Post Employment Benefits, Reductions amount is 2% of Governmental Activities

NOTE 3 - ANNUAL EXPENDITURE LIMITATION REPORT- REVENUE EXCLUSIONS AND CARRYFORWARD REFERENCES

- (1) Exhibit C-6 pages 95 - 96 minus Capital Leases, Special Assessments and Highway Project Advancement Notes
- (2) Exhibit C-8, pages 99 - 100 minus Capital Leases
- (3.a) Exhibit C-8, pages 99 - 100, excluding Intergovernmental Revenues and Capital Leases
- (3.b) Exhibit C-8, pages 99 - 100, Capital Leases excluding Intergovernmental Revenues
- (4) Exhibit A-9, pages 29 - 30
- (5) Part of Actual, "Capital Outlay," D-5, page 127
- (6) Exhibit A-9, page 29, Principal Paid & Exhibit A-8, page 28, Interest Expenses
- (7) Exhibit A-5, page 23
- (8) Exhibit C-4, pages 91 - 92
- (9) Capitalization of Interest, Footnote 1.m., page 46
- (10) Part of Intergovernmental Revenue, Exhibit A-5, page 23
- (11) Part of Exhibit A-9, Capital Contributed by Other Governments page 29
- (12) Footnote 7 page 75
- (13) Part of Misc. Revenue, Exhibit A-5, page 23
- (14) Part of Misc. Revenue, Exhibit C-4, pages 91 - 92
- (15) Recorded as part of Operating Revenue Exhibit A-8, pages 27 - 28
- (16) Exhibit C-6, pages 95 - 96, Capital Lease Redemption & Highway Project Advancement Notes
- (17) Exhibit C-8, pages 99 - 100, Capital Leases
- (18) Exhibit C-10, pages 103 - 104
- (19) Part of Intergovernmental Revenue, Exhibit C-4, pages 91 - 92

Attn: Finance
Tom
TAM
TAM
Beth

To: City of Mesa, Arizona

LarsonAllen
LLP

CPAs, Consultants & Advisors
www.larsonallen.com

Int. Review of Financials
Fin. FY 10/11 - Hon. Audit Committee

Audit, Finance & Enterprise Committee
March 10, 2011
Attachment 4
Page 1 of 5

City Council, Audit Committee, and Management
City of Mesa, Arizona
Mesa, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mesa, Arizona (City) for the year ended June 30, 2010, and have issued our report thereon dated December 23, 2010. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 7, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered City of Mesa, Arizona's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether City of Mesa, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about City of Mesa, Arizona's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on City of Mesa, Arizona's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on City of Mesa, Arizona's compliance with those requirements.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.



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Other information in documents containing audited financial statements

Our audit opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a client prepared document, such as an annual report, should be done only with our prior approval and review of the document. Our responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. We do not have an obligation to perform any procedures to corroborate other information contained in such documents.

Planned scope and timing of the audit

We performed the audit according to the planned scope and timing previously communicated to you in our communication about planning matters dated September 10, 2010.

Significant audit findings

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Mesa, Arizona are described in Note 1 to the financial statements. The City has implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. We did not identify any significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the capital assets' remaining useful lives is based on an analysis of the current rate of use of certain assets. We evaluated the key factors and assumptions used to develop the capital assets' remaining useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible accounts related to the City's court receivables is based on an analysis of the history of court receivable collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts related to the City's court receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts related to the City's utility receivables is based on historical utility revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Other Postemployment Benefit Liability (OPEB) is based on actuarial methods and assumptions of the substantive benefit plan. We evaluated the key factors and assumptions used to develop the OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties encountered in performing the audit

The City was not able to provide us with a complete Schedule of Federal Awards until late December 2010. This made it difficult to complete the City's single audit in a timely manner. In addition, the City was not able to meet its deadlines for completing audit schedules and the draft of the Comprehensive Annual Financial Report due to the staff of the Finance Department having to spend significant time on the planning phase of the City's software conversion.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2010.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

City Council, Audit Committee, and Management
City of Mesa, Arizona
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As part of our audit, we issued separate reports attesting to the City's Highway Users Revenue and Local Transportation Assistance Fund reports for the fiscal year ended June 30, 2010. The City was in compliance with the applicable statutory requirements as indicated in those reports.

This information is intended solely for the use of the City Council, Audit Committee, and management of City of Mesa, Arizona and is not intended to be and should not be used by anyone other than these specified parties.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
December 23, 2010

Uncorrected Financial Statement Misstatements

Governmental Activities

Account	Description	Debit	Credit
To defer premium on bond issue.			
	Beginning net assets	436,509.00	
	Bonds Payable		436,509.00
	Bonds Payable	21,825.00	
	Amortization of Bond Premium		21,825.00
To record disposal of capital asset.			
	Miscellaneous Revenue	1,792,608.00	
	Capital Assets		1,792,608.00
	Capital Assets	52,705.00	
	Depreciation Expense		52,705.00
To record accounts payable.			
	Beginning Net Assets	472,887.00	
	General Government	89,026.00	
	Accounts Payable		561,913.00
Total		<u>2,865,560.00</u>	<u>2,865,560.00</u>

What FY?

*12/31/2010
 Interest Income*

General Fund

To record grant accrual.			
	Due from Other Governments	235,255.00	
	Intergovernmental Revenue		235,255.00
To record accounts payable.			
	Beginning Net Assets	472,887.00	
	General Government	89,026.00	
	Accounts Payable		561,913.00
Total		<u>797,168.00</u>	<u>797,168.00</u>

*From FY 10
 5/1/10 - 12/31/10*

Enterprise Fund

To defer premium on bond issue.			
	Beginning Net Assets	407,355.00	
	Bonds Payable		407,355.00
	Bonds Payable	16,973.00	
	Amortization of Bond Premium		16,973.00
To record long-term liability			
	Operating expenses	350,263.00	
	Accounts Payable		350,263.00
Total		<u>774,591.00</u>	<u>774,591.00</u>

*From FY 10
 1/1/10 - 12/31/10*