



CITY OF MESA, AZ

ANNUAL COMPREHENSIVE FINANCIAL REPORT



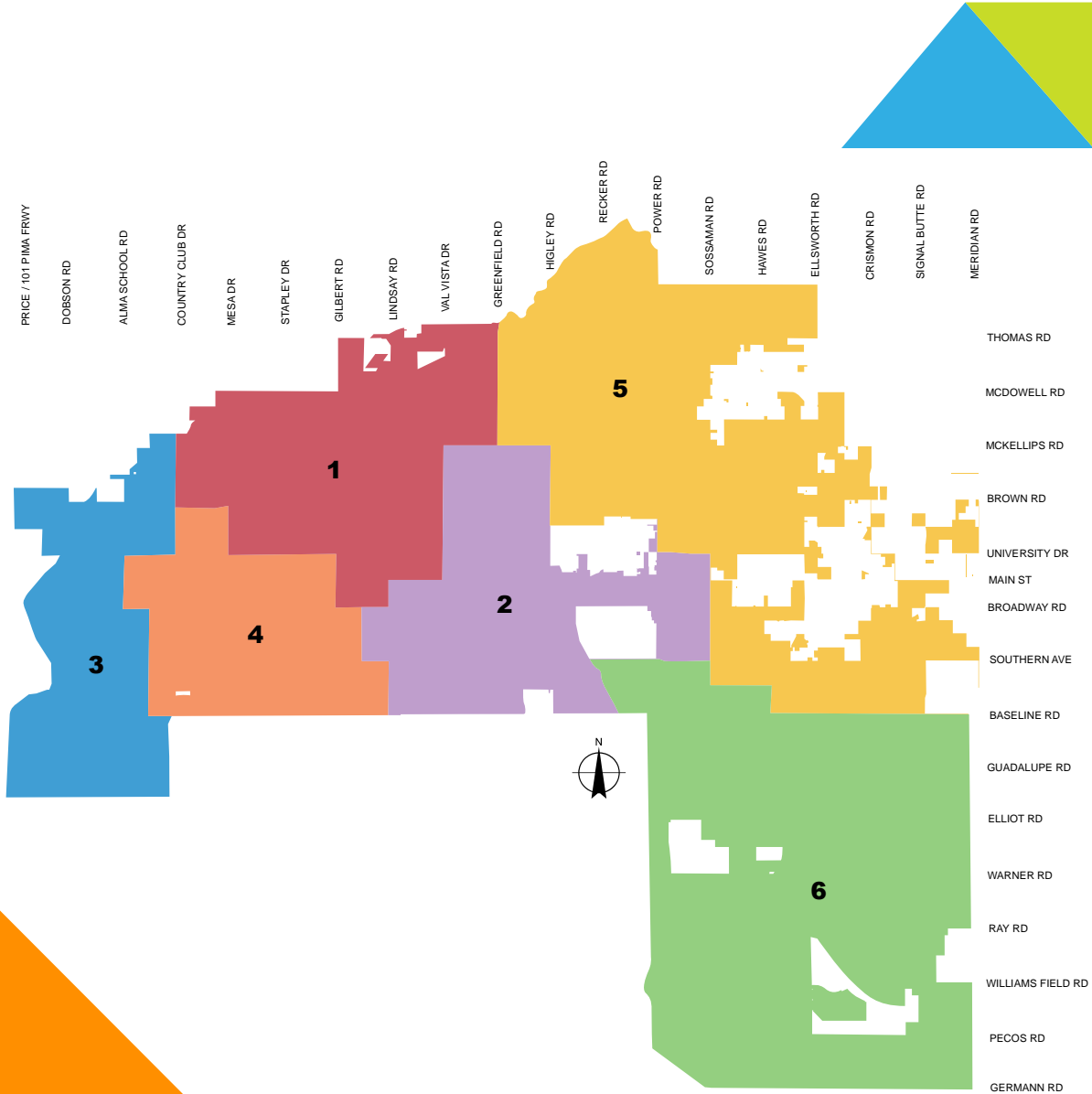
Bell Bank Park

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022



DISTRICT MAP

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Mayor John Giles

Vice Mayor Jenn Duff – District 4

Councilmember Mark Freeman – District 1

Councilmember Julie Spilsbury – District 2

Councilmember Francisco Heredia – District 3

Councilmember David Luna – District 5

Councilmember Kevin Thompson – District 6

Chris Brady, City Manager

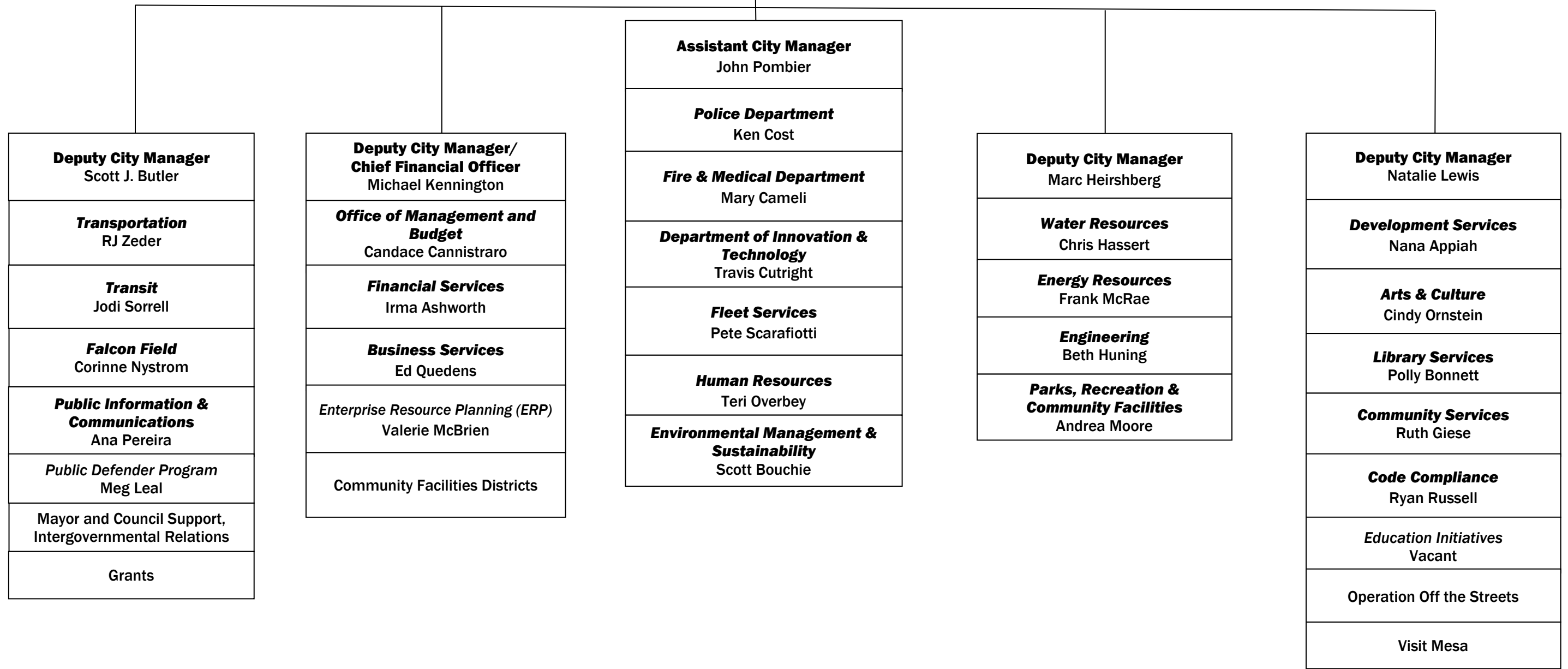
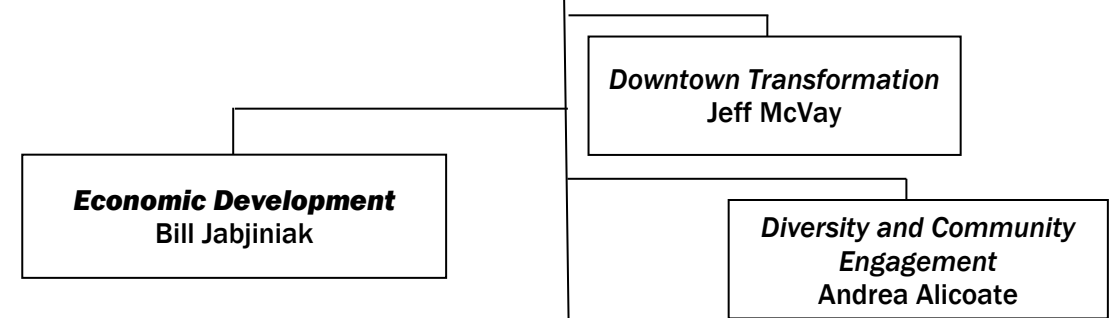
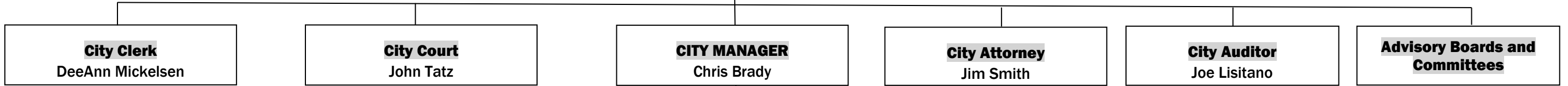
John Pombier, Assistant City Manager

Prepared by: Financial Services Department

P.O. Box 1466 Mesa, Arizona 85211-1466 | (480) 644-2275 | www.mesaaz.gov

Citizens of Mesa

Mayor and City Council





INTRODUCTORY SECTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Gulf Stream Aerospace

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

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December 19, 2022

To the Citizens, Honorable Mayor, City Council and City Manager:

The Annual Comprehensive Financial Report of the City of Mesa (the “City”) for the fiscal year ended June 30, 2022, is hereby submitted.

Prepared by the Financial Services Department, this report consists of management’s representations concerning the finances of the City of Mesa. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A) and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City was founded in 1878 and incorporated July 15, 1883, with an approximate population of 300 and an area of one square mile. Today, the City's estimated population, as measured by the US Census Bureau is 509,475 as compared with the 2020 decennial census count of 504,258. Total land area encompasses 138.7 square miles. The City is the 36th largest city in the United States and is the third largest city in the State of Arizona. Mesa is located 16 miles east of Phoenix, the State Capitol. The City operates under a charter form of government with citizens electing a Mayor and six Councilmembers to set policy for the City. City Councilmembers are elected from districts and serve terms of four years, with three members being elected every two years. The Mayor is elected at-large every four years. The Mayor and Council are elected on a non-partisan basis, and the Vice Mayor is selected by the City Council.

The Mayor and City Council are responsible for appointing the City Manager, City Attorney, City Auditor, City Clerk and the Presiding City Magistrate. The City Manager has full responsibility for carrying out City Council policies and administering City operations and is responsible for the hiring of City employees. Additionally, City employees are hired under merit system procedures as specified in the City Charter.

An allocated staff of 4,399 full-time (equivalent) City employees working within 28 different City departments undertakes the various functions of Mesa's city government and its operation. The City provides a full range of municipal services, including police and fire protection, parks and recreation, library, transportation, health and certain social services and general administration; and the City owns and operates enterprises including operations of electric, gas, water, wastewater, solid waste, and an airport.

Since 1952, Mesa has hosted the Chicago Cubs for Spring Training baseball. In 2014, the Cubs moved into the newly constructed Sloan Park where they continue to lead Major League Baseball in Spring Training attendance, averaging nearly 14,000 fans per game. The Oakland A's also call Mesa home for Spring Training, playing at the recently renovated Hohokam Stadium.

The annual budget serves as the foundation for the City's financial planning and control. Historical data is analyzed during the creation of a multi-year financial forecast. The forecast provides a framework to assist Mesa's elected officials and executive team make important decisions about the direction of the City.

The City Council sets the City's long-term strategic direction and provides staff with budget priorities for the upcoming fiscal year. A proposed budget is presented to the City Council for review and discussion in mid spring with the final adoption of the operating budget by resolution in late spring. The City of Mesa begins the fiscal year on July 1st.

Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total, and from the resolution itself that sets the limit. The residents of Mesa approved a Home Rule exemption to the State of Arizona's expenditure limitation requirement. The City can determine the budget level as long as the City can identify resources to cover the expenses.

The budget is annually appropriated for all funds and consists of all planned expenditures and the associated resources to cover them. While the State does not require trust fund expenditures to be appropriated, the City chooses to include them in order to fully represent City activity.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City of Mesa continues to be on the path of full recovery from the historic health crisis and period of economic uncertainty. As the City of Mesa continues to prosper and grow, the City continues to push and support the services needed by businesses and citizens for today and the future. The City is committed to ensuring fiscal sustainability and providing essential services to assist with the community's needs.

During this past fiscal year, the financial position of the City has strengthened with a steady increase in local sales tax revenues due to unanticipated growth in retail and growth in development and construction activity. For the year ending June 30, 2022, local retail sales tax revenue was up 13.4% while local sales tax in contracting grew by 55.4%. Overall local sales tax revenue increased by 18.9%. In addition, tourism has rebounded from the prior year with a 60.7% increase in the transient lodging ('bed') tax.

The City's economic indicator for residential construction in fiscal year (FY) 21/22 is up 20% from FY 20/21. Commercial construction increased 27% in FY 21/22 over the previous year and up 150% from FY 19/20. The corresponding dollar valuation associated with all FY 21/22 permits increased approximately \$432 million from the prior fiscal year and up 67% from FY 19/20.

Conservative budget practices and willingness to respond to economic indicators continues to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies. The FY 2023 budget continues the City's fiscally conservative approach and reinforces the City's effort to invest in economic development, improve public safety and attract and retain excellent employees. All fund balances were maintained at or above the levels prescribed by financial policy and prudent practice.

Major Initiatives

During the year, various major accomplishments were realized. Some of these were:

- Mesa's strong and resilient financial position was recognized this year as Fitch Ratings reaffirmed the top rating of AAA to the City's 2022 General Obligation (GO) bonds. S&P maintained their rating of AA for the City's GO bonds and reaffirmed their A+ rating on the City's utility revenue obligations. Moody's maintained their Aa3 rating on the City's utility revenue obligations.
- At the end of 2021, work began at the site of the Mesa Arts District Lofts, a 335-unit multifamily development that will include close to 13,000 square feet of retail space. The project will have five buildings of three, four and five stories on approximately 10 acres along Main Street, east of Serrine, on the former Brown and Brown auto dealership site.

When completed, the Arts District Lofts will have a diverse mix of housing choices ranging from studios and courtyard-facing lofts to three-bedroom apartments and three-bedroom townhomes. The complex will include a state-of-the-art fitness center, clubhouse, swimming pool and spa, fire pit, bocce court, dog washing station and eight electric vehicle charging stations (with infrastructure in place to service an additional 78 electrical vehicles). The design also allows for two future mid-rise residential buildings.

- At the beginning of 2022, the Federal Transit Administration awarded Mesa a \$920,000 grant to conduct comprehensive Transit-Oriented Development (TOD) planning along a proposed 5-mile streetcar route in west Mesa. The Mesa streetcar route would connect four major economic activity centers within the City – Riverview Marketplace, Asian District, Fiesta District, and downtown Mesa. The City will use the grant funding to conduct comprehensive planning efforts, define design

guidelines, and develop economic strategies. The Federal Transit Administration awarded Mesa the second-largest TOD grant in the country, after MARTA in Atlanta.

- In January, Bell Bank Park opened as a 320-acre sports and entertainment center in Mesa. The park includes a mixture of softball fields, basketball courts, football fields, volleyball courts, arcades, fitness centers and a 20,000 square foot sports bar and restaurant.
- In January, Wharton Industrial announced that it has acquired a 101-acre parcel of land in Mesa. The company plans to invest over \$200M into the site to develop an 11-building, 1.5 million-square foot Class A industrial park.
- In March, the Phoenix-Mesa Gateway Airport experienced the busiest month in their history with almost 240,000 people passing through. The airport offers 60 destinations over 5 airlines.
- In March, the National League of Cities selected Mesa as the 2022 Cultural Diversity Awards winner for its two-day Día de los Muertos celebration. For almost two decades, thousands have gathered annually in Mesa to celebrate this rich Mexican tradition with electric musical and Ballet Folklórico performances, a bustling mercado, mouth-watering traditional foods, and a community alter featuring a local artist.
- In April, Fujifilm Electronic Materials USA completed an \$88M expansion of a factory in Mesa to supply the semiconductor industry. The development includes plans to create 120 positions in chemistry, manufacturing, engineering, maintenance, and warehousing by the completion date of 2024. The 80,000 square-foot expansion will increase the Mesa plant's chemical manufacturing capacity, R&D, and warehousing.
- In April, JX Nippon Mining & Metals USA, Inc., an industry leader in semiconductor materials, announced the completion of a \$29M land acquisition deal in Mesa, Arizona. The 65-acre Greenfield site will serve as JX's new base of operations for its semiconductor business serving the North American and European markets. Phase one is targeted to start operations in early 2024 and will be capable of more than double the production of JX's existing Chandler Plant, which opened in 1991. It will include two manufacturing buildings and an adjacent office building, totaling approximately 240,000 and 27,000 square feet respectively. The project will also lead to the creation of more than 100 jobs by 2025.
- In May, the City of Mesa purchased a 14,000 SF building that will be the future home to the ARPA-funded Downtown Restaurant and Food Business Incubator project. The final purchase price was \$1.6M. Mesa will run the Downtown Restaurant Incubator in partnership with Local First Arizona. The Downtown Restaurant Incubator will provide programming that will support small, Mesa restaurant and food business development and expansion in response to the impacts of the Covid-19 pandemic, which negatively impacted the restaurant industry.
- In June, CO+HOOTS, a fast-growing coworking community, opened in downtown Mesa. CO+HOOTS Mesa is a private-public partnership involving the City of Mesa, Benedictine University and CO+HOOTS. It is part of the Downtown Mesa Innovation District, combining business startups, incubators and accelerators with a diverse population. CO+HOOTS is Arizona's largest coworking space. It has been ranked number one by Inc.com as the most innovative coworking space and the fourth best coworking space in the nation.

- In June, a groundbreaking ceremony was held for Gateway Grand, a three-building industrial park totaling more than two million square feet, at the northwest corner of Sossaman and Pecos Roads in Mesa. The industrial park is expected to be completed in May 2023. It will be adjacent to the forthcoming Pecos Industrial Rail and Train Extension planned by Union Pacific Railroad, which will provide significant rail freight access to companies in the area.
- In June, KP Aviation celebrated the grand opening of its new headquarters in the Mesa Gateway District. KP Aviation's new facility in Mesa features more than 93,000 square feet, more than twice the size of its Reno operation, plus an additional 15,000 square feet for outdoor storage. KP Aviation qualified for the Inc. 5000 fastest growing privately owned companies for two consecutive years.
- In July, Virgin Galactic, an aerospace and space travel company, announced a new final assembly manufacturing facility for its next generation Delta class spaceships. The facility will be capable of producing up to six spaceships per year and will bring hundreds of highly skilled aerospace engineering and manufacturing jobs to the area. The facility is expected to be fully operational by late 2023.
- In July, Mekong Real Estate Investment Group broke ground on a more than 35,000-square foot expansion of Mekong Plaza. The \$10M expansion project is expected to be completed by July 2023. The existing 100,000-square foot Mekong Plaza opened in 2008 with fewer than 10 Asian-owned businesses. Today, at full capacity with 30 tenants, Mekong Plaza is well known across the state for its eclectic mix of Asian cuisine, groceries, shops, and service providers.
- In July, Mesa City Council unanimously approved license agreements with Google Fiber, SiFi, Ubiquity and Wyyerd, allowing for more high-speed internet options to bridge the digital divide. This approval will bring high-speed internet to every premise in the City.
- In August, after two and a half years of construction and a \$100M investment by Mesa and ASU, the City and downtown businesses welcomed students to ASU's Media and Immersive eXperience Center (MIX). The state-of-the-art facility opened to hundreds of students in film, video production and digital technology and is expected to have a tremendous economic impact in downtown. Direct revenue to the City from ASU is estimated to be \$7M annually, while indirect economic activity is expected to generate an estimated \$9M annually.

The MIX Center is part of the ASU at Mesa City Center complex, a collaboration between the City of Mesa and ASU. While students expand their knowledge and create new applications for film and digital technologies, The Studios, will be the public's front door to innovation. ASU and the City of Mesa will collaborate to foster business partnership and provide educational and professional training in entrepreneurship, digital literacy, future technology, and small business.

The Plaza at Mesa City Center will create a major public civic space. It includes an interactive water feature, an iconic shade canopy over an area for the Merry Main Street ice rink and other events and a large lawn space to view movies and videos on an exterior high-resolution screen on the adjacent MIX Center.

- In August, Phoenix-Mesa Gateway Airport put into service its new \$30M Air Traffic Control Tower, naming it after John S. McCain III, the late U.S. Senator from Arizona. The new tower is 60 percent higher and twice as large as the existing tower. Senator McCain and Arizona's

Congressional Delegation were instrumental in efforts to remove the \$2M federal funding cap for construction of contract air traffic control towers.

- In September, Boeing announced a contract to produce 96 Apache helicopters for the Polish Armed Forces as the company scales up its manufacturing capabilities in Mesa. No terms have been released, but a recent deal between Boeing and the Australian government for 29 AH-64E Apache helicopters came in at \$3.83B. In the same month, Boeing also opened the 155,000 square-foot Advanced Composition Fabrication Center, a \$150M facility which will produce advanced composite components for future combat aircraft programs.
- In October, Mesa was awarded the Golden Prospector Award for Economic Development Deal of the Year from the Arizona Association for Economic Development (AAED) for Mesa's attraction of Meta's 396-acre, 2.5 million-square-foot mission critical data center campus. The project is a capital investment of \$1B and brings 2,000 construction jobs and more than 200 high-tech operational jobs once finished. Based on industry assumptions over the first 10 years of operations, the Meta project is conservatively expected to generate more than \$27M in construction sales tax and electricity sales tax for the City of Mesa.

The most innovative component of the project is the unique approach to sustainability and water stewardship. Meta and the City of Mesa entered into a Sustainable Water Services Agreement, the first of its kind in the City of Mesa. This agreement allows Meta to transfer 1.79B gallons in Long-Term Water Storage Credits (LTSCs) to the City of Mesa to offset the Meta facility's anticipated water use for the next 20 years. These credits allow Mesa to maintain its critical Certificate of Assured Water Supply with the Arizona Department of Water Resources, which is necessary to continue to develop and grow. The Golden Prospector Awards were established by AAED to encourage and recognize excellence, innovation, and creativity in economic development.

- In November, Mesa made the top 10 list among cities with populations of 500,000 or more in the Center for Digital Government's 2022 Digital Cities Survey and is the highest-ranked Arizona city in that category. For five consecutive years, Mesa has made the top 10 list in the category of 500,000 or more population. The annual survey recognizes cities using technology to tackle social challenges, enhance services, strengthen security and more.
- In November, the Mesa Cemetery received a Community Greening Grant from NFL Green to plant 65 Italian Cypress trees in the Mesa Cemetery. This grant was used to replace the large number of trees lost in recent monsoon storms. The National Football League, Verizon, the Arizona Super Bowl LVII Host Committee, and APS have developed this community matching grant program to fund a variety of community "greening" projects including tree-planting, community gardens, habitat restoration, pollinator projects, and reforestation initiatives throughout Arizona.

The Mesa Cemetery was established in 1891. The 72-acre property is rich with history. There is an area dedicated to Royal Air Force pilots who lost their lives while training to fight in World War II, and a section dedicated to those lost during the Great Depression. In addition to being the final resting place for thousands of people, famous individuals including Waylon Jennings and Mesa's four "Founding Fathers" were laid to rest there.

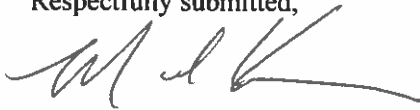
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The efficient and dedicated services of the City's Financial Services Director, Irma Ashworth, and the devoted staff of the Financial Services Division has made the preparation of the annual comprehensive financial report possible. Also, I want to thank the Mayor, members of the City Council and the City Manager for their continued interest and support of the staff's efforts in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'M. Kennington', with a long horizontal flourish extending to the right.

Michael Kennington,
Deputy City Manager/Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mesa
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



ElectraMeccanica

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council
City of Mesa, Arizona
Mesa, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

During the fiscal year ended June 30, 2022, the City ceased accounting for the Ambulance Transport activities as a Special Revenue Fund and began accounting for these activities within the General Fund. As a result, the beginning balances of the General Fund and Non-Major Governmental Funds were restated. See Note 17 for further information on the restatement. Our auditors' opinion was not modified with respect to the restatement.

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources and lessees to recognize a right to use asset and corresponding lease liability for all leases with lease terms greater than 12 months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members of City Council
City of Mesa, Arizona

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios, Schedule of City Pension Contributions, Schedule of Changes in the City's Total OPEB Liability, and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

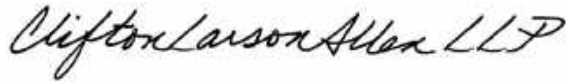
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor and Members of City Council
City of Mesa, Arizona

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
December 19, 2022

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

As management of the City of Mesa, Arizona (the City), we offer this discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. The reader is encouraged to consider the information presented here in conjunction with the transmittal letter presented on pages V - XI, as well as the financial statements beginning on page 17 and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total revenues increased by \$102 million from \$1.22 billion to \$1.32 billion. The increase in revenues is primarily from Sales Tax revenues (\$48 million), Charges for Services (\$59.4 million) and Capital Grants & Contributions (\$50.2 million).
- The City's Relief Fund expenditures were \$56 million as the City continued to respond to the COVID-19 pandemic. The City utilized Federal Funds from the American Rescue Plan Act (ARPA), Emergency Rental Assistance program (ERAP) and General Fund transfers to meet the needs of the community.
- The City's Governmental Funds reported a combined ending fund balance of \$681.4 million, a \$61.1 million increase from the previous year. Approximately 56 percent of the total governmental fund balance amount, or \$380.7 million, is designated by the City as committed, assigned and unassigned. The remaining 44 percent or \$300.7 million is designated as non-spendable or restricted.
- Total fund balance for the General Fund was \$331.8 million, which represents an increase of \$46.4 million over prior year. The increase is a combination of an increase in Sales Tax and Intergovernmental revenues.
- The City's Enterprise Fund reported combined total net position of \$444.9 million, which represents an increase of \$24.6 million over prior year. The increase is primarily due to an increase in Charges for Services and Capital Contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial statements. This report also contains other Supplementary Information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements (pages 17-19) are designed to provide a broad overview of the City's finances in a manner similar to private businesses.

The *Statement of Net Position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as *net position*. Over time increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* shows how the net position changed over the most recent fiscal year. All changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental activities of the City include general government, public safety, community environment and cultural-recreational. The Business-Type activities include private sector type activities such as the City-owned utilities (electric, gas, water, wastewater, solid waste and district cooling), as well as the City-owned airport.

Fund Financial Statements

The fund financial statements (pages 20-29) focus on individual parts of the City government, reporting the City's operations in more detail than the Government Wide Financial Statements. They are used to maintain control over resources that have been segregated for specific activities or objectives and to ensure compliance with finance-related legal requirements. Fund financial statements are presented for Governmental Funds and Proprietary Funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near-term financing requirements. Since the Governmental Fund Financial Statements focus on near-term spendable resources, while the Governmental Activities on the Government-Wide Financial Statements have a longer-term focus, a reconciliation of the differences between the two is provided with the fund financial statements and in Note 2 to the basic financial statements.

Proprietary funds are generally used to account for services for which the City charges customers (either outside customers, or internal departments of the City). Proprietary Funds provide the same type of information as shown in the Government-Wide Financial Statements only with more detail. Proprietary funds utilize the same method used by the private sector businesses, the accrual basis of accounting. The City maintains the following two types of Proprietary Funds:

- Enterprise Funds are used to report the same functions as Business-Type Activities in the Government-Wide Financial Statements. The City uses separate funds to account for the operations of the City-owned utilities (electric, gas, water, wastewater, solid waste and district cooling), as well as the City-owned airport. The Utility fund is considered a major fund and the Airport is a nonmajor Enterprise Fund.
- The Internal Service Funds are used to account for its fleet support; materials and supplies; printing and graphics; property and public liability; workers' compensation; and employee benefits self-insurance programs. Since the primary customers of the internal service funds are the Governmental Activities, the assets and liabilities of those funds are included in the Governmental Activities' column of the Government-Wide Statement of Net Position. The Internal Service Funds are combined into a single column on the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds can be found in the combining statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-Wide and Fund Financial Statements and should be read with the financial statements. The notes to the financial statements can be found on pages 30-96 of this report.

Required Supplementary Information (RSI)

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information including the city-wide budgetary comparison schedule, changes in net pension liability, employer pension contributions, and changes in other post-employment benefits (OPEB) liability. RSI and accompanying notes can be found on pages 97-111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the years ending June 30, 2022, and 2021.

Condensed Statement of Net Position As of June 30 (In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Cash and Other Assets	\$ 1,367,060	\$ 1,212,196	\$ 788,135	\$ 704,269	\$ 2,155,195	\$ 1,916,465
Capital Assets	1,680,031	1,611,328	1,377,394	1,372,616	3,057,425	2,983,944
Total Assets	<u>3,047,091</u>	<u>2,823,524</u>	<u>2,165,529</u>	<u>2,076,885</u>	<u>5,212,620</u>	<u>4,900,409</u>
Deferred Amounts on Refunding	5,128	6,062	22,896	25,771	28,024	31,833
Deferred Outflows on Pensions & OPEB	295,552	314,399	22,457	26,708	318,009	341,107
Total Deferred Amounts	<u>300,680</u>	<u>320,461</u>	<u>45,353</u>	<u>52,479</u>	<u>346,033</u>	<u>372,940</u>
Non-Current Liabilities, Due Within One Year	53,565	55,935	52,483	48,701	106,048	104,636
Non-Current Liabilities, Due In More Than One Year	515,214	507,280	1,368,213	1,356,669	1,883,427	1,863,949
Net Pension & OPEB Liability	1,694,472	1,789,600	133,955	178,972	1,828,427	1,968,572
Other Liabilities	271,002	223,508	137,524	122,230	408,526	345,738
Total Liabilities	<u>2,534,253</u>	<u>2,576,323</u>	<u>1,692,175</u>	<u>1,706,572</u>	<u>4,226,428</u>	<u>4,282,895</u>
Deferred Inflows on Pensions & OPEB	151,757	21,140	17,239	2,397	168,996	23,537
Deferred Inflows on Leases	54,791	-	56,517	-	111,308	-
	<u>206,548</u>	<u>21,140</u>	<u>73,756</u>	<u>2,397</u>	<u>280,304</u>	<u>23,537</u>
Net Investment in Capital Assets	1,246,582	1,184,908	24,204	30,965	1,270,786	1,215,873
Restricted Net Position	249,626	203,284	95,840	70,940	345,466	274,224
Unrestricted Net Position	(889,238)	(841,670)	324,907	318,490	(564,331)	(523,180)
Total Net Position	<u>\$ 606,970</u>	<u>\$ 546,522</u>	<u>\$ 444,951</u>	<u>\$ 420,395</u>	<u>\$ 1,051,921</u>	<u>\$ 966,917</u>

Changes in Net Position
Year Ended June 30
(In thousands of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for Services	\$ 125,132	\$ 100,747	\$ 439,343	\$ 404,362	\$ 564,475	\$ 505,109
Operating Grants & Contributions	105,858	100,923	452	452	106,310	101,375
Capital Grants & Contributions	44,369	10,696	30,888	34,719	75,257	45,415
General Revenues:						
Sales Taxes	301,862	253,825	-	-	301,862	253,825
Property Taxes	52,005	47,247	-	-	52,005	47,247
Occupancy Taxes	6,427	3,990	-	-	6,427	3,990
Unrestricted Intergovernmental	211,534	206,397	-	-	211,534	206,397
Utility Development Fees	-	-	21,021	-	21,021	-
Contributions	7,771	19,052	-	-	7,771	19,052
Unrestricted Investment Income (loss)	(29,788)	2,308	(9,155)	45	(38,943)	2,353
Gain on Disposal of Capital Assets	1,856	17,229	-	-	1,856	17,229
Miscellaneous	14,758	21,315	1,199	192	15,957	21,507
Total Revenues	841,784	783,729	483,748	439,770	1,325,532	1,223,499
Governmental Activities Expenses:						
General Government	183,242	175,608	-	-	183,242	175,608
Public Safety	416,563	409,549	-	-	416,563	409,549
Community Environment	195,594	172,840	-	-	195,594	172,840
Cultural-Recreational	86,824	66,020	-	-	86,824	66,020
Interest on Long-Term Debt	14,720	18,201	-	-	14,720	18,201
Business-Type Activities:						
Electric	-	-	43,206	30,259	43,206	30,259
Gas	-	-	43,125	41,386	43,125	41,386
Water	-	-	119,329	126,797	119,329	126,797
Wastewater	-	-	89,219	77,488	89,219	77,488
Solid Waste	-	-	41,001	45,848	41,001	45,848
Airport	-	-	6,002	5,958	6,002	5,958
District Cooling	-	-	1,703	1,299	1,703	1,299
Total Expenses	896,943	842,218	343,585	329,035	1,240,528	1,171,253
Increase (Decrease) in Net						
Position Before Transfers	(55,159)	(58,489)	140,163	110,735	85,004	52,246
Transfers	115,607	113,982	(115,607)	(113,982)	-	-
Change in Net Position	60,448	55,493	24,556	(3,247)	85,004	52,246
Net Position - As Adjusted	546,522	491,029	420,395	423,642	966,917	914,671
Net Position - Ending	\$ 606,970	\$ 546,522	\$ 444,951	\$ 420,395	\$ 1,051,921	\$ 966,917

Analysis of Government-Wide Net Position

The City's overall Net Position increased \$85 million from \$967 million to \$1.05 billion at the end of fiscal year 2022. The Restricted portion of the City's Net Position increased \$67.8 million from \$274.2 million to \$342 million. Restricted Net Position represents resources that are subject to external restrictions on how they may be used. The restricted balances that increased in current year include restrictions for debt service, public safety, and transportation programs. The Unrestricted Net Position of (\$561) million is primarily due to the impact of the long-term liability associated with pensions and OPEB of (\$1.83 billion).

Several factors contributed to the overall increase in Net Position:

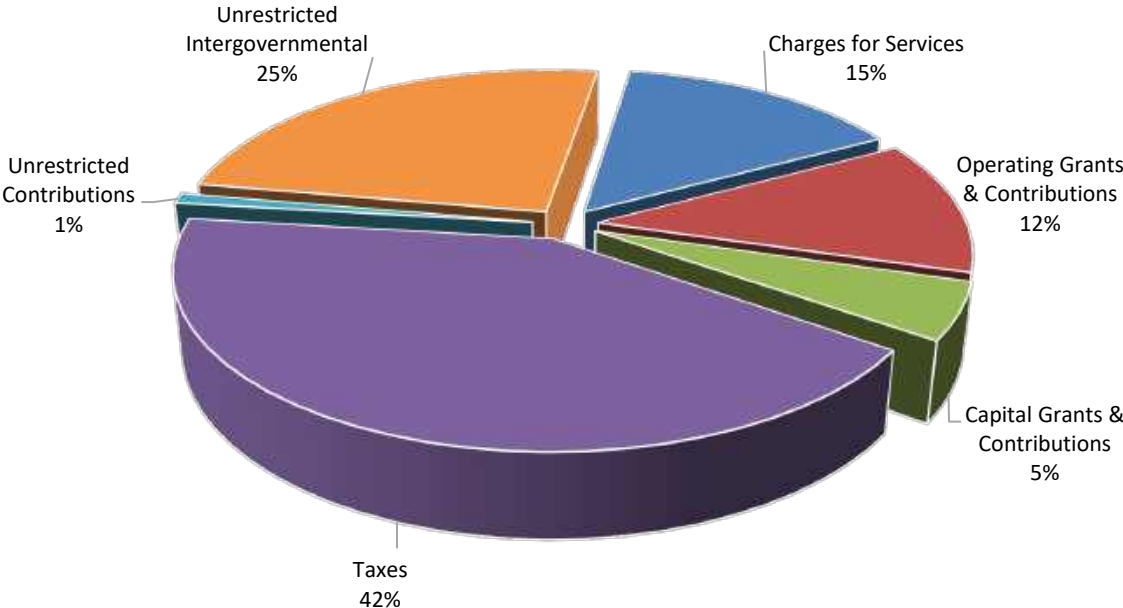
- Sales Tax revenues continued to come in strong, in all categories, increasing \$48 million. Retail Sales Tax continues to be the largest contributor (increasing \$19.2 million and 13.4%) as City residents continue to shop locally and on-line. Contracting Sales Tax increased \$13.7 million (55.4%) due to the increase in construction (commercial, industrial, and residential). Restaurants and Bars increased 18% as residents enjoyed going out.
- Program Revenues increased \$114.5 million because of (1) Increase in Charges for Services by \$59.3 million primarily due to Utility rate increases (\$36 million), the expansion of Ambulance Transport services (\$8 million); and ticket sales & event related revenues (\$11 million) as fiscal year 2022 was the first full year that entertainment venues were open since COVID-19. (2) Operating and Capital Grants & Contributions increased \$34.7 million due to ARPA and ERAP revenues and other federal/state grants.
- General Government, Community Environment, Cultural Recreational all saw an increase in expenses in the current year. The increase can be attributed to ARPA and ERAP expenses. The overall increase in revenues in fiscal year 2022 offset this increase in expenses.

Governmental Activities

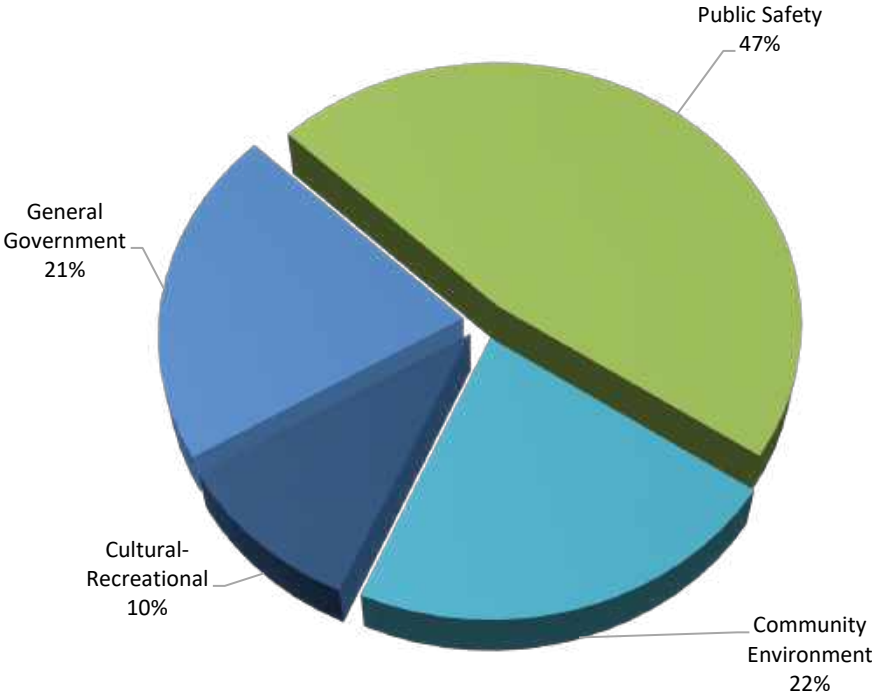
In fiscal year 2022, Governmental Activities increased their Net Position by \$60.4 million from \$546.5 million to \$606.9 million. The increase in Net Position for the Governmental Activities is from the overall increase in revenues, as described above.

As presented in the following two graphs, the largest funding sources for the governmental activities are Taxes (42%), Unrestricted Intergovernmental (25%) and Charges for Services (15%). The largest users of resources for the governmental activities are Public Safety (47%), Community Environment (22%) and General Government (21%).

**Governmental Activities
Revenues by Source
Fiscal Year Ended June 30, 2022**

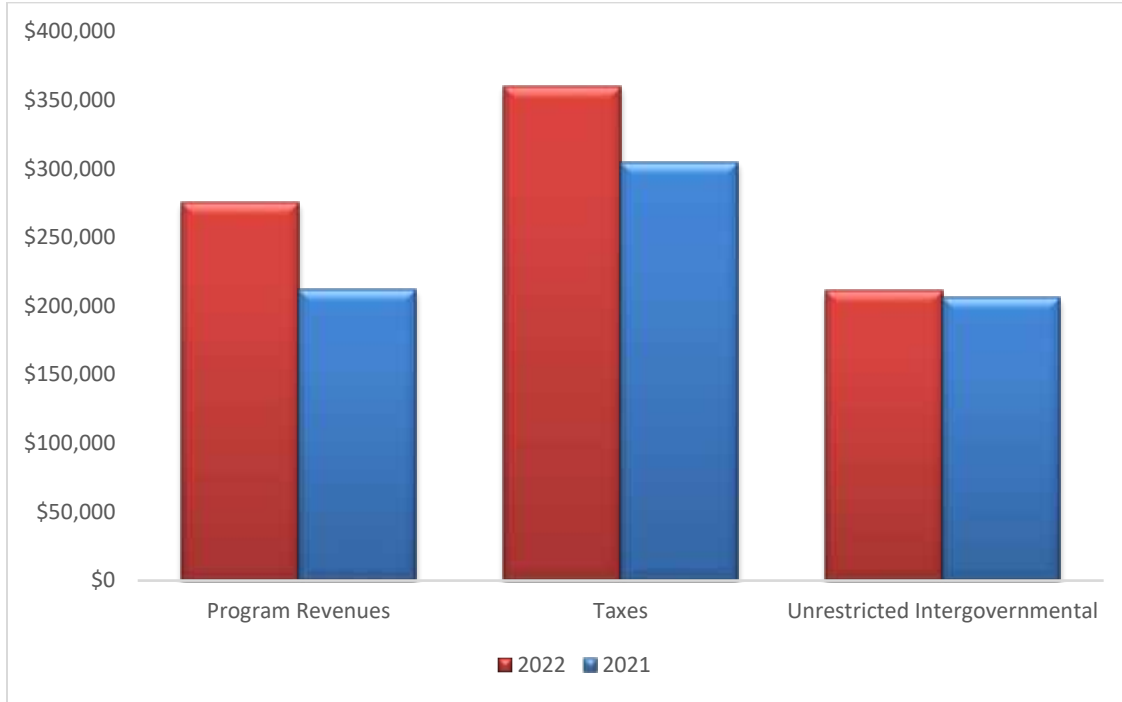


**Governmental Activities
Functional Expenses
Fiscal Year Ended June 30, 2022**

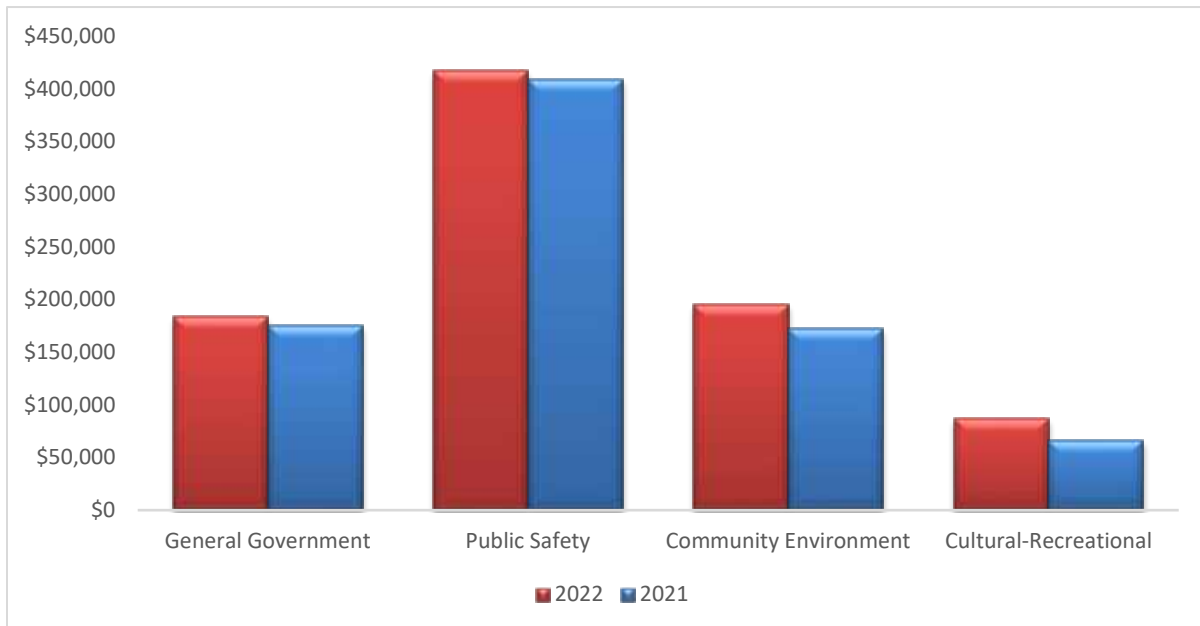


The following two graphs compare Governmental Activities revenues and expenses from fiscal year 2022 to fiscal year 2021.

Governmental Activities - Revenues by Source
Two Year Comparison
(In thousands of dollars)



Governmental Activities - Functional Expenses
Two Year Comparison
(In thousands of dollars)



Fund Financial Statement Analysis

The following is a brief discussion of some of the funds within the Governmental Activities.

General Fund

The General Fund is the primary operating fund of the City and accounts for many of the major functions of the government including general government, public safety, community environment and cultural-recreational. Total fund balance of the General Fund was \$331.7 million, while unassigned fund balance was \$152.5 million.

Total fund balance of the City's General Fund increased by \$46.4 million during the current fiscal year from \$285.3 million to \$331.7 million. The increase is due to an increase in revenues see below for specifics:

- Sales Tax revenues increased \$28.7 million. As previously stated, sales tax related to Retail Sales, Restaurant and Bars and Contracting were the largest contributors.
- Intergovernmental Revenues increased \$9.1 million due to increase in State Income Tax shared revenues.
- Charges for Services increased primarily due to large contributors. (1) expansion of Ambulance Transport Services (\$8 million) and (2) the Mesa Arts Center, which was closed most of fiscal year 2021 (\$6 million). A continued increase in permit revenue also contributed to the increase in charges for services.

Relief Fund

The Relief fund is used to account for the City's response to the COVID-19 pandemic. In fiscal year 2022 the City received and expended federal funds from ARPA and ERAP. The Fund balance of the Relief Fund decreased \$3 million primarily due to Investment Income loss. Although the net change in the fund balance (excluding investment loss) was minimal, there was a lot of activity in the Relief fund in the current year. The City recognized \$55.8 million in federal funds; \$25 million in ARPA funds and \$30.8 million in ERAP funds. The Relief fund expenditures were \$55.9 million. Specifically, the City spent funds on the following activities:

- \$27.8 million in rental assistance
- \$15.3 million in utility assistance
- \$6.6 million in premium pay for essential city workers
- \$2.4 million in public safety support for ambulances and Real Time Crime Center.

Non-Major Governmental Funds

The Non-Major Governmental Funds include Special Revenue, Capital Project and Debt Service funds. The fund balance of the Non-Major Governmental Funds was \$352.3 million, with the majority classified as Restricted.

Total fund balance of the Non-Major Governmental Funds increased by \$17.7 million during the current fiscal year. The increase was primarily in the Special Revenue Funds. The Public Safety Tax, Quality of Life Sales Tax, and Highway User Revenue funds contributed to the \$27 million increase in the Special Revenue Funds. Consistent with the General Fund, these funds saw an increase in Sales Tax Revenue and Intergovernmental Revenues.

Budgetary Highlights

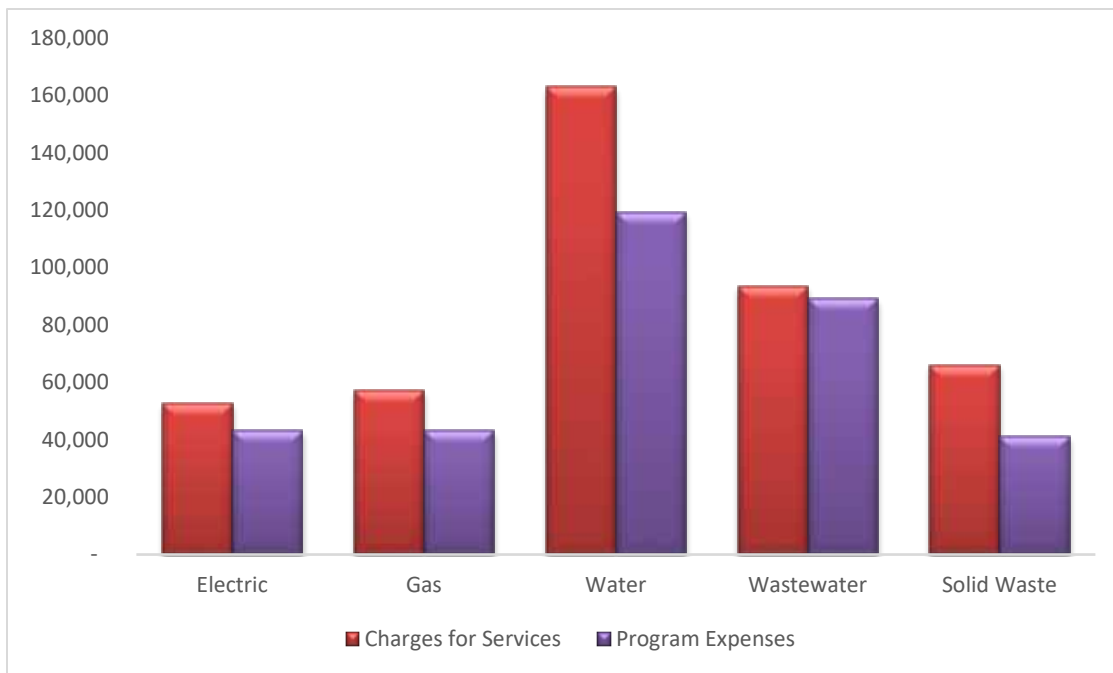
The City’s annual budget is the legally adopted expenditure control document of the City. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section. The schedule compares the original adopted budget, the budget as amended throughout the year, and the actual expenditures prepared on a budgetary basis.

Budgeted amounts may change within funds and between funds. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action (see Note 1.f. of the notes to the financial statements for more information on budget policies). There were no budget amendments that increased the overall City adopted budget during fiscal year 2022.

Business-Type Activities

The following graphs present utility revenues and expenses for fiscal year 2022. The City’s largest utility, Water, had a net revenue/expense gain of \$44 million. Whereas the remaining Utilities saw a more moderate net revenue/expense gain.

**Utility Revenues
Charges for Services and Program Expenses
Fiscal Year 2022**



Total Business-Type Activities program and general revenues increased by \$44 million from \$439.8 million to \$483.7 million. The increase is primarily related to an increase in utility rates, which increased Charges for Services by \$35 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$3.1 billion (net of accumulated depreciation/amortization) as of June 30, 2022. This net investment in capital assets includes land, buildings, other improvements, machinery and equipment, intangibles, infrastructure, and leases. Infrastructure assets are items that are normally immovable and have value only to the City, such as streets, street lighting systems, and storm drainage systems.

The following table provides a breakdown of the City's capital assets on June 30, 2022, and 2021:

Capital Assets
(net of accumulated depreciation/amortization)
As of June 30
(In thousands of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 405,282	\$ 403,086	\$ 28,715	\$ 28,339	\$ 433,997	\$ 431,425
Infrastructure - Nondepr	3,597	3,597	17,666	17,666	21,263	21,263
Construction-in-Progress	204,782	198,056	99,689	106,831	304,471	304,887
Buildings	280,976	278,040	29,145	30,030	310,121	308,070
Other Improvements	127,795	122,980	38,864	40,453	166,659	163,433
Machinery & Equipment	86,160	75,047	25,457	25,219	111,617	100,266
Intangibles	97	1,181	3,802	5,152	3,899	6,333
Infrastructure	548,012	529,341	1,134,057	1,118,925	1,682,069	1,648,266
Leases	23,332	-	-	-	23,332	-
Total	<u>\$ 1,680,033</u>	<u>\$ 1,611,328</u>	<u>\$ 1,377,395</u>	<u>\$ 1,372,616</u>	<u>\$ 3,057,428</u>	<u>\$ 2,983,944</u>

The City's total capital asset balances on June 30, 2022, increased slightly in comparison with prior year balances. Infrastructure assets increased \$33.8 million, primarily due to Water and Streets Infrastructure projects. Machinery & Equipment increased \$11.4 million due to various projects (HVAC, cooling, street sweeper purchases, and public safety equipment).

Additional information on the City's capital assets can be found in Note 8 of the notes to the basic financial statements.

Debt Administration

At the end of the fiscal year 2022, the City had total long-term bond obligations and notes payable outstanding of \$1.8 billion. Of this amount, \$319 million comprises debt backed by the full faith and credit of the City, \$1.5 billion represents bonds secured by specified revenue sources (i.e., Utility System Revenue, Highway User Revenue, Sales Tax) and \$23 million in lease liability. The City's outstanding long-term debt (considering new borrowings, debt retirements, and defeasance) is substantially unchanged from prior year. The change in debt includes new borrowings during the fiscal year totaling \$105 million, principal payments of \$102 million.

The City's total outstanding debt includes \$91.8 million in Community Facility District (CFD) bonds. Special Assessment revenues and secondary property tax are collected to make the annual Community

Facility District bond debt payments. The City has no liability for the Community Facility District bonds. However, the City is contingently liable in the event that the Special Assessment revenues are insufficient to satisfy the Special Assessment Bond debt payments.

The following schedule shows the outstanding long-term debt of the City as of June 30, 2022, and 2021.

Outstanding Long-term Debt
As of June 30
(In thousands of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$318,950	\$ 334,377	\$ -	\$ 28	\$ 318,950	\$ 334,405
Utility System Revenue Bonds	0	-	1,227,750	1,275,640	1,227,750	1,275,640
Utility Revenue Obligations	-	-	84,795	14,015	84,795	14,015
Highway User Revenue Fund Bonds	39,030	49,105	-	-	39,030	49,105
Excise Tax Obligations	34,180	35,365	-	-	34,180	35,365
Community Facility District	91,816	83,948	-	-	91,816	83,948
Notes Payable	-	-	1,135	1,285	1,135	1,285
Leases	23,025	-	-	-	23,025	-
Total	<u>\$507,001</u>	<u>\$ 502,795</u>	<u>\$ 1,313,680</u>	<u>\$ 1,290,968</u>	<u>\$ 1,820,681</u>	<u>\$ 1,793,763</u>

The City's current bond ratings are as follows:

	Rating Agency		
	Standard and Poor's Corporation	Moody's Investors Service	Fitch Ratings
General Obligation Bonds	AA	Aa2	AAA
Highway User Revenue Bonds	AA	A2	N/A
Utility Systems Revenue Bonds	AA-	Aa2	N/A

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's full cash net assessed valuation.

The City's total debt margin available on June 30, 2022, was \$352.4 million in the 6% capacity and \$859.6 million in the 20% capacity. Additional information on the City's long-term obligations can be found in Note 9 of the notes to the basic financial statements and Table X in the Statistical Section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On May 16, 2022, the City Council approved a \$2.3 billion budget, which is an increase of \$200 million compared to prior year's budget. The adopted fiscal year 2023 budget continues the City's fiscally conservative approach. The Governmental Funds financial principles include 10%-15% fund balance over a 5-year forecasted period, sustainability of programs and services, competitive wages and benefits for employees, and investment in capital and lifecycle replacement projects. The Utility Fund financial principles includes 20% or higher reserve fund balance, and affordable utility services. The City's conservative budget practices and willingness to respond to economic indicators continues to allow the City to maintain unrestricted fund balance reserve levels as established in the City's financial policies.

The City plans to continue to utilize American Rescue Plan Act (ARPA) funds in fiscal year 2023. The main areas of focus continue to be Public Safety Support (9%); Households and Small Business Assistance (47%); Homeless Support Programs (26%); Premium Pay for Essential Workers (14%); and Cybersecurity (4%).

As of September 2022, the non-seasonally adjusted unemployment rate for Mesa was 3.5%. The City's current rate remains competitive locally, and sits below the state (3.9%), and national (3.7%) unemployment rates.

The fiscal year 2022-23 assessed valuation increased 6% to \$4.23 billion. On June 20, 2022, the City Council voted to decrease the City' secondary property tax rate to \$0.9157 from \$1.1319 per \$100 assessed valuation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Mesa, Arizona's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mesa Finance Director, P.O. Box 1466, Mesa, Arizona, 85211-1466.



BASIC FINANCIAL SECTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Elliot Road Technology Corridor

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

City of Mesa, Arizona
Statement of Net Position
June, 30, 2022

(in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled Cash and Investments	\$ 803,559	\$ 123,529	\$ 927,088
Accounts Receivable, Net	68,706	96,827	165,533
Accrued Interest Receivable	2,245	688	2,933
Due from Other Governments	69,038	5,207	74,245
Inventory	9,139	-	9,139
Prepaid and Deposits	5,726	3,212	8,938
Restricted Assets:			
Pooled Cash and Investments	14,263	180,846	195,109
Cash with Fiscal Agent	58,228	74,809	133,037
Cash with Trustee	695	-	695
Accounts Receivable, Net	22,281	-	22,281
Due from Other Governments	1,407	-	1,407
Customer Deposits	-	3,918	3,918
Joint Venture Construction Deposits	-	14,588	14,588
Investment in Joint Ventures	311,773	284,511	596,284
Capital Assets, Not Being Depreciated	613,659	146,070	759,729
Capital Assets, Being Depreciated, Net	1,066,372	1,231,324	2,297,696
Total Assets	<u>3,047,091</u>	<u>2,165,529</u>	<u>5,212,620</u>
Deferred Outflows of Resources			
Debt Refunding	5,128	22,896	28,024
Pensions and OPEB	295,552	22,457	318,009
Total Deferred Outflows of Resources	<u>300,680</u>	<u>45,353</u>	<u>346,033</u>
Liabilities			
Accounts Payable and Accrued Liabilities	54,282	10,986	65,268
Claims Payable	46,810	-	46,810
Customer and Defendant Deposits	10,287	-	10,287
Unearned Revenue	97,184	-	97,184
Liabilities Payable from Restricted Assets	62,439	126,538	188,977
Noncurrent Liabilities:			
Due Within One Year	53,565	52,483	106,048
Due in More Than One Year:			
Lease Liability	21,932	-	21,932
Bonds Payable	462,638	1,364,455	1,827,093
Compensated Absences	30,644	3,758	34,402
Net Pension and OPEB Liability	1,694,472	133,955	1,828,427
Total Liabilities	<u>2,534,253</u>	<u>1,692,175</u>	<u>4,226,428</u>
Deferred Inflows of Resources			
Pensions and OPEB	151,757	17,239	168,996
Leases	54,791	56,517	111,308
Total Deferred Inflows of Resources	<u>206,548</u>	<u>73,756</u>	<u>280,304</u>
Net Position			
Net Investment in Capital Assets	1,246,582	24,204	1,270,786
Restricted For:			
Bond Indentures	-	41,418	41,418
Construction	-	14,588	14,588
Debt Service	48,765	39,834	88,599
Public Safety	82,212	-	82,212
Transportation Programs	108,918	-	108,918
Other Programs	9,731	-	9,731
Unrestricted	(889,238)	324,907	(564,331)
Total Net Position	<u>\$ 606,970</u>	<u>\$ 444,951</u>	<u>\$ 1,051,921</u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Statement of Activities
For the Fiscal Year Ended June 30, 2022
(in thousands)

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 183,242	\$ 27,380	\$ 2,957	\$ 29,125
Public Safety	416,563	55,333	12,669	963
Community Environment	195,594	21,567	81,549	14,183
Cultural-Recreational	86,824	20,852	8,683	98
Interest on Long-Term Debt	14,720	-	-	-
Total Governmental Activities	<u>896,943</u>	<u>125,132</u>	<u>105,858</u>	<u>44,369</u>
Business-type Activities:				
Electric	43,206	52,613	-	450
Gas	43,125	57,313	-	14,994
Water	119,329	163,263	-	6,445
Wastewater	89,219	93,727	-	6,637
Solid Waste	41,001	66,132	-	-
Airport	6,002	4,808	452	2,362
District Cooling	1,703	1,487	-	-
Total Business-type Activities	<u>343,585</u>	<u>439,343</u>	<u>452</u>	<u>30,888</u>
Total Government	<u>\$ 1,240,528</u>	<u>\$ 564,475</u>	<u>\$ 106,310</u>	<u>\$ 75,257</u>

General Revenues:
Sales Taxes
Property Taxes
Occupancy Taxes
Unrestricted Intergovernmental Revenues
Utility Development Fees
Contributions Not Restricted to Specific Programs
Investment Income (Loss)
Gain on Sale of Asset
Miscellaneous Revenues
Transfers
 Total General Revenues and Transfers

Change in Net Position

Total Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

(Continued)

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (123,780)	\$ -	\$ (123,780)
(347,598)	-	(347,598)
(78,295)	-	(78,295)
(57,191)	-	(57,191)
(14,720)	-	(14,720)
<u>(621,584)</u>	<u>-</u>	<u>(621,584)</u>
-	9,857	9,857
-	29,182	29,182
-	50,379	50,379
-	11,145	11,145
-	25,131	25,131
-	1,620	1,620
-	(216)	(216)
<u>-</u>	<u>127,098</u>	<u>127,098</u>
(621,584)	127,098	(494,486)
301,862	-	301,862
52,005	-	52,005
6,427	-	6,427
211,534	-	211,534
-	21,021	21,021
7,771	-	7,771
(29,788)	(9,155)	(38,943)
1,856	-	1,856
14,758	1,199	15,957
115,607	(115,607)	-
<u>682,032</u>	<u>(102,542)</u>	<u>579,490</u>
60,448	24,556	85,004
<u>546,522</u>	<u>420,395</u>	<u>966,917</u>
<u>\$ 606,970</u>	<u>\$ 444,951</u>	<u>\$ 1,051,921</u>

City of Mesa, Arizona
Balance Sheet
Governmental Funds
June, 30, 2022
(in thousands)

	<u>General Fund</u>	<u>Relief Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Pooled Cash and Investments	\$ 320,457	\$ 76,620	\$ 348,264	\$ 745,341
Accounts Receivable, Net	66,100	1	1,890	67,991
Accrued Interest Receivable	907	208	976	2,091
Due from Other Governments	27,243	5,185	36,610	69,038
Due from Other Funds	9,522	-	-	9,522
Advances to Other Funds	-	-	1,760	1,760
Prepaid Costs	3,185	225	498	3,908
Restricted Assets:				
Pooled Cash and Investments	-	-	14,263	14,263
Cash with Fiscal Agent	-	-	58,228	58,228
Cash with Trustee	-	-	695	695
Accounts Receivable	-	-	22,281	22,281
Due from Other Governments	-	-	1,407	1,407
Total Assets	<u>\$ 427,414</u>	<u>\$ 82,239</u>	<u>\$ 486,872</u>	<u>\$ 996,525</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 29,403	\$ 1,072	\$ 20,390	\$ 50,865
Due to Other Funds	-	-	8,403	8,403
Advances from Other Funds	1,760	-	-	1,760
Customer and Defendant Deposits	1,966	-	8,321	10,287
Unearned Revenue	5,432	83,891	7,861	97,184
Payable from Restricted Assets:				
Accrued Interest Payable	-	-	9,550	9,550
Matured Bonds Payable	-	-	52,889	52,889
Total Liabilities	<u>38,561</u>	<u>84,963</u>	<u>107,414</u>	<u>230,938</u>
Deferred Inflows of Resources				
Unavailable Revenue	2,295	-	27,142	29,437
Deferred Inflows Related to Leases	54,791	-	-	54,791
Total Deferred Inflows of Resources	<u>57,086</u>	<u>-</u>	<u>27,142</u>	<u>84,228</u>
Fund Balances				
Nonspendable	3,185	225	498	3,908
Restricted	-	-	296,748	296,748
Committed	4,313	-	25,677	29,990
Assigned	171,743	-	39,153	210,896
Unassigned	152,526	(2,949)	(9,760)	139,817
Total Fund Balances	<u>331,767</u>	<u>(2,724)</u>	<u>352,316</u>	<u>681,359</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 427,414</u>	<u>\$ 82,239</u>	<u>\$ 486,872</u>	<u>\$ 996,525</u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June, 30, 2022
(in thousands)

Fund Balances - total governmental funds	\$ 681,359
<p>Amounts reported for governmental activities in the statement of net position are different because (also see Note 2 to the basic financial statements):</p>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	1,677,650
Other assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	312,201
Deferred outflows related to deferred amounts on refunding and pensions are not financial resources and therefore not reported in the funds.	294,690
Long-term liabilities, including bonds payable, lease liabilities and net pension liabilities are not due and payable in the current period and therefore not reported in the governmental funds.	(2,223,750)
Deferred inflows relating to pensions represent a future acquisition of net position that is not reported in the funds. Also, because the focus of governmental funds is on short term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by unavailable revenue in the funds.	(118,444)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(16,736)</u>
Net position of the governmental activities - statement of net position	<u><u>\$ 606,970</u></u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>General Fund</u>	<u>Relief Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Sales Taxes	\$ 181,277	\$ -	\$ 120,585	\$ 301,862
Property Taxes	-	-	51,926	51,926
Occupancy Taxes	1,937	-	4,490	6,427
Special Assessments	-	-	1,830	1,830
Licenses and Permits	39,363	-	9,211	48,574
Intergovernmental	176,137	55,848	115,593	347,578
Charges for Services	45,768	-	20,152	65,920
Fines and Forfeitures	7,689	-	1,983	9,672
Investment Income (Loss)	(11,667)	(2,905)	(13,144)	(27,716)
Contributions	-	-	1,081	1,081
Miscellaneous Revenue	5,105	-	2,227	7,332
Total Revenues	<u>445,609</u>	<u>52,943</u>	<u>315,934</u>	<u>814,486</u>
Expenditures				
Current:				
General Government	99,480	39	11,089	110,608
Public Safety	305,069	6,578	54,240	365,887
Community Environment	13,783	45,062	68,792	127,637
Cultural-Recreational	50,513	61	11,968	62,542
Debt Service:				
Principal	1,058	-	52,974	54,032
Interest	464	-	18,819	19,283
Service Charges	-	-	12	12
Cost of Issuance	-	-	540	540
Capital Outlay	20,117	4,225	143,286	167,628
Total Expenditures	<u>490,484</u>	<u>55,965</u>	<u>361,720</u>	<u>908,169</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,875)</u>	<u>(3,022)</u>	<u>(45,786)</u>	<u>(93,683)</u>
Other Financing Sources (Uses)				
Transfers In	116,674	-	27,140	143,814
Transfers Out	(27,140)	-	(1,067)	(28,207)
Sale of Capital Asset	1,773	-	231	2,004
Face Amount of Bonds Issued	-	-	34,155	34,155
Premium on Issuance of Bonds (Net)	-	-	3,059	3,059
Total Other Financing Sources (Uses)	<u>91,307</u>	<u>-</u>	<u>63,518</u>	<u>154,825</u>
Net Change in Fund Balances	46,432	(3,022)	17,732	61,142
Fund Balance - As Restated	<u>285,335</u>	<u>298</u>	<u>334,584</u>	<u>620,217</u>
Fund Balances - Ending	<u>\$ 331,767</u>	<u>\$ (2,724)</u>	<u>\$ 352,316</u>	<u>\$ 681,359</u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Reconciliation of the Statement of Revenues, Expenditures
and Changes In Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022
(in thousands)

Net change in fund balances - total governmental funds \$ 61,142

Amounts reported for governmental activities in the statement of activities are different because (also see Note 2 to the basic financial statements):

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds. (1,966)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (55,357)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlay \$116,243 exceeded depreciation/amortization (\$71,258) in the current period. 44,985

The net effect of miscellaneous transactions involving capital assets (e.g., donations, transfers and disposals) is to decrease net position. (383)

Change in equity in Joint Venture (5,577)

The issuance of long-term debt and financing of leases provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position. 19,877

Governmental funds report the effect of premiums and deferred amounts related to refunding when the new debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 2,056

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (4,329)

Change in net position of the governmental activities - statement of activities \$ 60,448

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Statement of Net Position
Proprietary Funds
June, 30, 2022
(in thousands)

	Business-type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Assets				
Current Assets:				
Pooled Cash and Investments	\$ 118,258	\$ 5,271	\$ 123,529	\$ 58,218
Accounts Receivable (Net of Allowances)	39,154	57,673	96,827	504
Accrued Premiums Receivable	-	-	-	211
Accrued Interest Receivable	670	18	688	154
Due from Other Governments	2,934	2,273	5,207	-
Inventory	-	-	-	9,139
Prepaid and Deposits	3,212	-	3,212	1,390
Restricted Assets:				
Pooled Cash and Investments	180,846	-	180,846	-
Cash with Fiscal Agents	74,809	-	74,809	-
Customer Deposits	3,918	-	3,918	-
Joint Venture Construction Deposits	14,588	-	14,588	-
Total Current Assets	438,389	65,235	503,624	69,616
Noncurrent Assets:				
Investment in Joint Ventures	284,511	-	284,511	-
Capital Assets, Not Being Depreciated	137,470	8,600	146,070	11
Capital Assets, Being Depreciated, Net	1,211,489	19,835	1,231,324	2,370
Total Noncurrent Assets	1,633,470	28,435	1,661,905	2,381
Total Assets	2,071,859	93,670	2,165,529	71,997
Deferred Outflows of Resources				
Refundings	22,896	-	22,896	-
Pensions and OPEB	21,930	527	22,457	5,990
Total Deferred Outflows of Resources	44,826	527	45,353	5,990
Total Assets and Deferred Outflows of Resources	\$ 2,116,685	\$ 94,197	\$ 2,210,882	\$ 77,987

The accompanying notes are an integral part of the financial statements.

(Continued)

City of Mesa, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2022
(in thousands)

	Business-type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
LIABILITIES				
Current Liabilities-Payable From Current Assets:				
Accounts Payable and Accrued Liabilities	\$ 10,723	\$ 263	\$ 10,986	\$ 3,417
Due to Other Funds	-	-	-	1,119
Claims Payable	-	-	-	46,810
Current Liabilities-Payable From Restricted Assets:				
Accounts Payable and Accrued Liabilities	6,217	450	6,667	-
Interest Payable	26,892	-	26,892	-
Matured Bonds Payable	47,918	-	47,918	-
Customer Deposits and Prepayments	44,524	537	45,061	-
Current Portion of Long-Term Liabilities:				
Current Portion of Bonds Payable	51,660	-	51,660	-
Current Portion of Notes Payable	153	-	153	-
Current Portion of Compensated Absences	634	36	670	112
Total Current Liabilities	<u>188,721</u>	<u>1,286</u>	<u>190,007</u>	<u>51,458</u>
Long-Term Liabilities:				
Bonds Payable	1,363,473	-	1,363,473	-
Notes Payable	982	-	982	-
Compensated Absences	3,513	245	3,758	881
Net Pension and OPEB Liability	131,042	2,913	133,955	38,508
Total Long-Term Liabilities	<u>1,499,010</u>	<u>3,158</u>	<u>1,502,168</u>	<u>39,389</u>
Total Liabilities	<u>1,687,731</u>	<u>4,444</u>	<u>1,692,175</u>	<u>90,847</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions and OPEB	16,776	463	17,239	3,876
Deferred Inflows Related to Leases	-	56,517	56,517	-
Total Deferred Inflows of Resources	<u>16,776</u>	<u>56,980</u>	<u>73,756</u>	<u>3,876</u>
NET POSITION				
Net Investment in Capital Assets	(4,231)	28,435	24,204	2,381
Restricted For:				
Bond Indentures	41,418	-	41,418	-
Construction	14,588	-	14,588	-
Debt Service	39,834	-	39,834	-
Unrestricted	320,569	4,338	324,907	(19,117)
Total Net Position	<u>\$ 412,178</u>	<u>\$ 32,773</u>	<u>\$ 444,951</u>	<u>\$ (16,736)</u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Statement of Revenues, Expenditures
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Business-type Activities			Governmental
	Non-Major			Activities
	Utility	Fund Airport	Total	Internal Service Funds
Operating Revenues:				
Electric Charges	\$ 52,613	\$ -	\$ 52,613	\$ -
Gas Charges	57,313	-	57,313	-
Water Sales	163,263	-	163,263	-
Wastewater Charges	93,727	-	93,727	-
Solid Waste Charges	66,132	-	66,132	-
Airport Fees	-	4,808	4,808	-
District Cooling Charges	1,487	-	1,487	-
Charges For Services	-	-	-	33,025
Self-Insurance Contributions	-	-	-	110,206
Other Revenue	-	-	-	8,607
Total Operating Revenues	<u>434,535</u>	<u>4,808</u>	<u>439,343</u>	<u>151,838</u>
Operating Expenses:				
Electric	37,798	-	37,798	-
Gas	33,813	-	33,813	-
Water	66,309	-	66,309	-
Wastewater	42,219	-	42,219	-
Solid Waste	38,729	-	38,729	-
Airport	-	3,995	3,995	-
District Cooling	1,306	-	1,306	-
Warehouse, Maintenance & Services	-	-	-	34,830
Self-Insurance	-	-	-	119,187
Total Operating Expenses	<u>220,174</u>	<u>3,995</u>	<u>224,169</u>	<u>154,017</u>
Operating Income (Loss) Before Depreciation and Amortization	214,361	813	215,174	(2,179)
Depreciation and Amortization	<u>(62,910)</u>	<u>(1,958)</u>	<u>(64,868)</u>	<u>(232)</u>
Operating Income (Loss)	<u>151,451</u>	<u>(1,145)</u>	<u>150,306</u>	<u>(2,411)</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

City of Mesa, Arizona
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Business-type Activities			Governmental
	Non-Major			Activities
	Utility	Fund Airport	Total	Internal Service Funds
Nonoperating Revenues (Expenses):				
Investment Income	\$ (8,917)	\$ (238)	\$ (9,155)	\$ (2,072)
Intergovernmental	208	2,814	3,022	-
Lease Interest	-	1,101	1,101	-
Interest Expense:				
Bonds	(45,009)	-	(45,009)	-
Notes Payable	(28)	-	(28)	-
Gain/(Loss) on Disposal of Capital Assets	(333)	(49)	(382)	-
Net Gain from Joint Venture	(8,654)	-	(8,654)	-
Utility Development Fees	21,021	-	21,021	-
Bond Issuance Costs	(476)	-	(476)	-
Miscellaneous Revenue	49	49	98	-
Total Nonoperating Revenues (Expenses)	(42,139)	3,677	(38,462)	(2,072)
Income before Transfers and Capital Contributions	109,312	2,532	111,844	(4,483)
Capital Contributions	28,319	-	28,319	154
Transfers Out	(115,607)	-	(115,607)	-
Change in Net Position	22,024	2,532	24,556	(4,329)
Total Net Position - Beginning	390,154	30,241	420,395	(12,407)
Total Net Position - Ending	<u>\$ 412,178</u>	<u>\$ 32,773</u>	<u>\$ 444,951</u>	<u>\$ (16,736)</u>

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Business-type Activities			Governmental
	Non-Major			Activities
	Utility	Fund Airport	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 439,836	\$ 3,705	\$ 443,541	\$ -
Cash Received from Users				151,888
Cash Payments to Suppliers	(179,728)	(2,647)	(182,375)	(133,524)
Cash Payments to Employees	(42,660)	(1,855)	(44,515)	(19,037)
Other Non-Operating Revenue	49	50	99	-
Net Cash Provided By (Used For) Operating Activities	217,497	(747)	216,750	(673)
Cash Flows From Noncapital Financing Activities:				
Intergovernmental	558	605	1,163	-
Transfers In from Other Funds		-	-	(1,093)
Transfers Out to Other Funds	(115,607)	-	(115,607)	-
Net Cash Provided by (Used For) Noncapital Financing Activities	(115,049)	605	(114,444)	(1,093)
Cash Flows From Capital and Related Financing Activities:				
Proceeds from Bond Sales	75,495	-	75,495	-
Proceeds From Sale of Capital Assets	92	-	92	-
Acquisition and Construction of Capital Assets	(41,890)	(2,651)	(44,541)	(65)
Principal Paid on Bonds and Notes Maturities	(41,947)	-	(41,947)	-
Interest Paid on Bonds and Notes	(53,407)	-	(53,407)	-
Contributions from Other Governments			-	(30)
Interest on Leases	-	1,101	1,101	-
Bond Issuance Costs	(476)	-	(476)	-
Contributions and Capital Grants	25,950	-	25,950	-
Net Cash Used For Capital and Related Financing Activities	(36,183)	(1,550)	(37,733)	(95)
Cash Flows From Investing Activities:				
Interest Received on Investments	(9,037)	(237)	(9,274)	(2,078)
Net Cash Provided By Investing Activities	(9,037)	(237)	(9,274)	(2,078)
Net Change in Pooled Cash and Investments	57,228	(1,929)	55,299	(3,939)
Total Cash and Investments at Beginning of Year	316,685	7,200	323,885	62,157
Total Cash and Investments at End of Year	\$ 373,913	\$ 5,271	\$ 379,184	\$ 58,218

The accompanying notes are an integral part of the financial statements.

(Continued)

City of Mesa, Arizona
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Business-type Activities			Governmental Activities
	Utility	Non-Major Fund Airport	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:				
Operating Income	\$ 151,451	\$ (1,145)	\$ 150,306	\$ (2,411)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	62,910	1,958	64,868	232
Miscellaneous Revenue	49	50	99	-
Changes in Assets and Liabilities:				
(Increase)/Decrease in Receivables	936	(57,620)	(56,684)	17
(Increase)/Decrease in Inventory	-	-	-	(498)
(Increase)/Decrease in Deposits and Prepaid Costs	25,134	93	25,227	(205)
Increase/(Decrease) in Accounts Payable	2,301	134	2,435	481
Increase/(Decrease) in Unearned Revenue	-	-	-	-
Increase/(Decrease) in Pension and OPEB Liability	(43,700)	(1,317)	(45,017)	156
Increase (Decrease) in Deferred Outflows	4,149	102	4,251	(276)
Increase (Decrease) in Deferred Inflows	14,436	56,923	71,359	3,359
Increase/(Decrease) in Other Accrued Expenses	(169)	75	(94)	(1,528)
Total Adjustments	66,046	398	66,444	1,738
Net Cash Provided By (Used For) Operating Activities	\$ 217,497	\$ (747)	\$ 216,750	\$ (673)
Noncash Transactions Affecting Financial Position:				
Contributions of Capital Assets	\$ 23,390	\$ -	23,390	\$ 174
Gain (Loss) on Disposal of Capital Assets	(382)	(50)	(432)	-
Amortization of Bond Premium	12,007	-	12,007	-
Amortization of Deferred Amounts on Refunding	(2,875)	-	(2,875)	-

The accompanying notes are an integral part of the financial statements.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The City of Mesa, Arizona, (the City) was incorporated July 15, 1883 with an approximate population of 300 and an area of one square mile. The City's population as of the 2020 census is 504,258 within an area of approximately 138 square miles. The City's charter was adopted August 18, 1967 providing for a Council-Manager form of government. The City provides a full range of municipal services including police and fire protection, parks and recreation, library and transportation. In addition, the City owns and operates an airport and a utility whose activities include operations of electricity, gas, water, wastewater, solid waste and district cooling.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's other significant accounting policies are described below:

a. Reporting Entity

The accompanying financial statements include the City and its blended component units, Eastmark and Cadence Community Facilities Districts, collectively referred to as "the financial reporting entity". In accordance with GASB Statement No. 14, and as amended by GASB Statements No. 61 and No. 80, the component units discussed below have been included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Community Facilities District ("Districts") The City has three municipal corporation political subdivisions of the State of Arizona that are organized to provide a vehicle for financing certain public infrastructure that is necessary for development of the land within the boundaries of the Districts. The City Council serves as the board of directors of the Districts and the City Manager currently serves as the Manager of the Districts

Although the Districts are legally separate from the City, the Districts are reported as if they are part of the primary government because the District's governing body is substantively the same as the governing body of the City and management of the City has operational responsibility for the Districts. Separate financial statements for Eastmark Community Facilities District #1 can be obtained from the City's Finance Department, through Accounting Services at 20 E. Main Street, 3rd Floor, Mesa, Arizona 85211. Separate financial statements for Eastmark Community Facilities District #2 and Cadence Community Facilities District are not prepared.

b. Jointly Governed Organizations

Phoenix – Mesa Gateway Airport Authority ("PMGAA") is a Joint-Powers Airport Authority established and funded by the City, the City of Phoenix, the Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September of 1993 to become PMGAA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City contributed \$1.7 million to the PMGAA operating and capital budget during this fiscal year

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Valley Metro Regional Public Transportation Authority (“the Authority”) is a voluntary association of local governments, including the cities of Mesa, Tempe, Scottsdale, Glendale, Phoenix and Maricopa County. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those cities and a member of the County Board of Supervisors.

Arizona Municipal Water Users Association (“AMWUA”) is a nonprofit corporation established and funded by cities in Maricopa County for the development of an urban water policy and to represent the cities’ interests before the Arizona legislature. In addition, AMWUA performs certain accounting, administrative and support services for the cities who are jointly using the 91st Avenue Water Treatment Plant.

c. **Basic Financial Statements**

Government-Wide Financial Statements: The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report on the City as a whole. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on fees and charges for services. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements; the exception is any interfund activity between Governmental and Business-Type Activities, such as transfers. Interfund services provided and used are not eliminated.

The Statement of Net Position reports all financial and capital resources of the City. It is presented in a format of assets plus deferred outflows of resources less liabilities less deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be presented in three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use externally either imposed by creditors (such as bond covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position are those not otherwise classified as restricted, and are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Statement of Activities demonstrates the degree to which the direct expenses of the various functional activities of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional activity (General Government, Public Safety, Cultural-Recreational, etc.). Expenses reported for the various functional activities include indirect expenses, such as overhead costs. Interest on long-term debt is not allocated to the various functions in the Governmental Activities. Program revenues include charges to customers or applicants who directly benefit from goods, services or privileges provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, including special assessments. Taxes and other items not properly included as program revenues are reported as general revenues. The general revenues support the net costs of the functions not covered by program revenues.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Fund Financial Statements: The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Separate financial statements are provided for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Major individual governmental funds are reported as separate columns in the fund financial statements. The City has two enterprise funds. The Utility Fund is reported as a major fund and the Airport Fund is a non-major Fund. Non-Major Governmental Funds, as well as the Internal Service Funds, are summarized into a single column on the fund financial statements and are detailed in combining statements included as Supplementary Information.

d. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-wide Financial Statements: The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements: The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current period. Principal revenue sources considered to be susceptible to accrual are City sales taxes, property taxes, intergovernmental revenues and interest on investments.

In applying the susceptible to accrual concept to intergovernmental revenues pursuant to GASB Statement No. 33, receivables and revenues are recognized when all the applicable eligibility requirements, including time requirements, have been met. Resources transmitted before the eligibility requirements are met are reported as unearned revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

City sales taxes, State shared revenues, including sales and income taxes, highway user and auto lieu taxes, and lottery distributions for transportation assistance, which are collected and held by the State at year-end, on behalf of the City, are also recognized as revenue. Special assessments are recognized as revenue only to the extent that individual installments are considered current assets. Annual installments not currently receivable are reflected as unavailable revenue.

Licenses and permits, charges for services and miscellaneous revenues are recorded as revenue when received as cash because they are generally not available until actually received. Changes in the fair value of investments are recognized in revenue at the end of each year.

Expenditures are generally recognized when the related fund liability is incurred, as under accrual accounting.

Since the Governmental Fund Financial Statements are presented on a different measurement focus and basis of accounting than the Government-Wide Financial Statements, a reconciliation is presented on the page following each Governmental Fund Financial Statement, which briefly

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

explains the adjustments necessary to transform the fund-based financial statements into the Governmental Activities column of the Government-Wide Financial Statements. Additional reconciliations are also provided in Note 2.

Proprietary Funds Financial Statements: The financial statements of the Proprietary Fund are reported using the economic resources measurement focus and accrual basis of accounting, similar to the Government-Wide Financial Statements described above.

The Proprietary Fund Financial Statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition, such as investment income and interest expense are reported as non-operating revenues and expenses.

Internal Service Funds of the City, which provide services primarily to the other funds of the City, are presented in summary form as part of the Proprietary Fund Financial Statements. Since the principal users of internal services are the City's Governmental Activities, financial statements of the internal service funds are consolidated into the Governmental Activities column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity on the Statement of Activities and the revenues and expenses within the Internal Service Funds are eliminated from the Government-Wide Financial Statements to avoid any doubling up effect of these revenues and expenses.

e. **Fund Accounting**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the fund financial statements. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports on the following major Governmental Funds and Proprietary Funds:

Major Governmental Funds:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Relief Fund** is a special revenue fund that accounts for federal expenditures dedicated to supporting the City's response to COVID-19.

Major Proprietary (Enterprise) Fund:

The **Utility Fund** has been established to account for all utility functions. This includes the City-owned electric, gas, water, wastewater and solid waste systems, plus district cooling.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Non-major Governmental Funds:

Twelve **Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Five **Capital Project Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Four **Debt Service Funds** are used to account for the accumulation of resources for the payment of long-term obligation principal, interest, and service charges.

Proprietary Funds:

The **Airport Fund** is a Non-major Enterprise Fund and is used to account for the City-owned airport.

Internal Service Funds are used to account for operations that provide services to other departments of the government on a cost-reimbursement basis. These services include fleet support, materials and supply, printing and graphics, self-insurance for property and public liability, workers' compensation and employee benefit programs.

f. **Budgets and Budgetary Accounting**

Each year the City Manager issues a budget calendar giving specific completion dates for various phases of the budget preparation process. Prior to June 1, the City Manager submits a proposed operating budget to the City Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain citizen comments. Prior to June 30, the budget for the ensuing year is legally adopted through passage of an ordinance; these appropriations lapse at the end of each fiscal year.

Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget in total. Transfers between funds or departmental groups may be made upon City Manager approval and do not require council action. The legally adopted budget is at a citywide level that includes all Governmental and Enterprise Funds. A budget schedule at the citywide level is presented in the Required Supplementary Information Section, and the other funds are located in the Supplementary Information Section.

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a Home Rule option, any City can adopt its own alternative expenditure limitation if a majority of the qualified electors vote in favor of the issue at a regular election. On November 6, 2018, the City of Mesa voters approved to continue under Home Rule for the next four years.

Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Mesa City Charter. There are certain differences between the basis used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. For additional detail, see the Notes to Budgetary Comparison Schedule. Budgeted amounts are as originally adopted by the City Council on May 17, 2021.

g. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

h. **Pooled Cash and Investments**

The City maintains an invested pool that is available for use by all City funds. Each fund's portion of this pool is reported on the financial statements as "pooled cash and investments". Assets related to long-term investments of the invested pool are held by a single master custodian. In addition, certain cash deposits and short-term investments are held separately in State of Arizona Local Government Investment Pools (LGIP).

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Interest income from investments is recorded as revenue within the fund that made the investment.

i. **Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption. The warehouse inventory is valued at the lower of average cost or market, while fleet support services inventory is valued at cost on a first-in, first out (FIFO) basis. The cost of inventory is reported as an expense/expenditure at the time individual items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

j. **Capital Assets**

Capital assets, including infrastructure (streets, sidewalks, street lighting, storm drainage and other assets that are immovable and of value only to the City) are defined as assets with an initial cost of \$10,000 or more and an estimated useful life of more than one year. Intangible assets for the City include goodwill, right of way, easements and computer software. The City has elected to capitalize software with an initial cost of \$100,000 or more. All capital assets, whether owned by governmental activities or business-type activities, are required to be recorded and depreciated in the government-wide financial statements.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributions of assets are stated at acquisition value or engineering estimates of acquisition value

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

at the time of receipt. When assets are retired or sold, the costs of the assets and the related accumulated depreciation are eliminated from the accounts, and any resultant gain or loss is charged to income or expense.

Depreciation has been provided using the straight-line method based on the estimated useful lives of the assets. Amortization of the leased assets has been provided using the straight-line method based on the shorter of the lease period or estimated useful life of the leased asset.

The estimated useful lives are as follows:

Buildings	15-50 Years
Other Improvements	5-50 Years
Machinery and Equipment	3-30 Years
Intangibles	6-15 Years
Infrastructure	5-50 Years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

k. Compensated Absences

Vacation, compensatory time and sick leave benefits are accrued as liabilities as employees earn the benefits to the extent that they meet both of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; and 2) it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash.

For Governmental Funds a liability for vacation, compensatory time and sick leave are reported only if they have matured, for example, as a result of employee resignations and retirements. The entire amount of accumulated unpaid vested vacation pay, compensatory time and an estimated amount for sick leave related to the Proprietary Funds is included as a liability in the fund financial statements. The remaining long-term balances related to Governmental Activities are included in the Government-Wide Financial Statement.

l. Reserve for Loss and Loss Adjustment Expenses

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds establish claim liabilities based on actuarial estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expenses in the periods in which they are made.

m. Long-Term Obligations

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Statement of Net Position.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

n. **Pension and Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o. **Fund Balance Policies**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balances represent restricted classifications and Committed, Assigned, and Unassigned represent unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) it is legally or contractually required to be maintained intact. Restricted fund balance has externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation (changes in City Charter). Committed fund balance has self-imposed limitations imposed at the highest level of decision making authority, namely, Mayor and Council. Mayor and Council approval is required by resolution to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Chief Financial Officer for approval/nonapproval. City Charter authorizes the City Manager or Designee the authority to perform all financial transactions. The City Manager has authorized the Chief Financial Officer this responsibility. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

p. **Statement of Cash Flows**

A statement of cash flows classifies cash receipts and payments according to whether they stem from operating, non-capital financing, capital and related financing, or investing activities.

For purposes of the statements of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes all monies

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

in the State Treasurer's Local Government Investment Pools since the City may deposit or withdraw cash at any time without prior notice or penalty.

q. **Contingency Services**

The principal purpose of a contingency is to cover any unforeseen expenditures that may arise after the budget is adopted, and to cover expenditures resulting from prior year encumbrances. It is impossible to estimate revenues exactly or to determine in a prior year the exact expenditure of each program or activity for the ensuing year. Thus, a contingency is essential for budgetary purposes.

Any balance of a contingency fund not used during one fiscal year is available to help finance the following year's budget. The contingency applications are reflected in the budget basis financial statements for the fiscal year ended June 30, 2022 and are made in accordance with State Statutes.

r. **Property Taxes**

The City's secondary property tax is levied each year on or before the third Monday in August based on the previous February limited property values as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent after November 1 and after May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16.0%. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of tax liens on properties which have delinquent real estate taxes are held in February.

Secondary property taxes are levied to pay principal and interest on bonded indebtedness. The dollar amount of the secondary property tax levy is "unlimited" and the limited property value is used in determining the tax rate.

In fiscal year 2021-2022, current property tax collections were \$44,706,239 or 97.69% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax is recorded as a receivable. Revenue is recognized for those payments expected to be collected within 60 days and the remaining balance is reported as unavailable revenue. The receivable on June 30, 2022 was \$1,310,266 of which \$711,757 was recorded as revenue and \$598,509 as unavailable revenue.

s. **New Accounting Pronouncements**

GASB Statement No. 87, *Leases*, provides new guidance for recognition of operating leases and the related assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City implemented this Statement in fiscal year 2022.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The requirements of this Statement will take effect for reporting periods beginning after December 31, 2020. The City implemented this Statement in fiscal year 2022, with no effect.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Implementation Guide No. 2020-1, *Implementation Guidance Update – 2020*, provides guidance that clarifies, explains or elaborates on GASB Statements and Interpretations. The requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2021. The requirements of this Implementation Guide was implemented in fiscal year 2022, with no effect.

GASB Statement No. 96 *Subscription-Based Information Technology* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The City will implement this Statement in fiscal year 2023.

Although expected to be significant, the City has not fully determined the effects that implementation of Statement No. 96 will have on the City’s financial statements.

2. RECONCILIATION OF GOVERNMENTAL FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each governmental fund financial statement.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position (in thousands):

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Internal Service Funds (2)	Reclassifications and Eliminations	Statement of Net Position Total
Assets					
Pooled Cash and Investments	\$ 745,341	\$ -	\$ 58,218	\$ -	\$ 803,559
Account and Misc Receivables, Net	67,991	-	715	-	68,706
Accrued Interest Receivable	2,091	-	154	-	2,245
Due from Other Governments	69,038	-	-	-	69,038
Due from Other Funds	9,522	-	-	(9,522)	-
Advances to Other Funds	1,760	-	-	(1,760)	-
Inventory	-	-	9,139	-	9,139
Prepaid and Deposits	3,908	428	1,390	-	5,726
Restricted Assets:			-		
Pooled Cash and Investments	14,263	-	-	-	14,263
Cash with Fiscal Agent	58,228	-	-	-	58,228
Cash with Trustee	695	-	-	-	695
Accounts Receivable	22,281	-	-	-	22,281
Due from Other Governments	1,407	-	-	-	1,407
Investment in Joint Ventures	-	311,773	-	-	311,773
Capital Assets	-	1,677,650	2,381	-	1,680,031
Total Assets	<u>996,525</u>	<u>1,989,851</u>	<u>71,997</u>	<u>(11,282)</u>	<u>3,047,091</u>
Deferred Outflows of Resources					
Deferred Amounts on Refunding	-	5,128	-	-	5,128
Pensions and OPEB	-	289,562	5,990	-	295,552
Total Deferred Outflows of Resources	<u>-</u>	<u>294,690</u>	<u>5,990</u>	<u>-</u>	<u>300,680</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 996,525</u>	<u>\$ 2,284,541</u>	<u>\$ 77,987</u>	<u>\$ (11,282)</u>	<u>\$ 3,347,771</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 50,865	\$ -	\$ 3,417	\$ -	\$ 54,282
Due To Other Funds	8,403	-	1,119	(9,522)	-
Claims Payable	-	-	46,810	-	46,810
Advances from Other Funds	1,760	-	-	(1,760)	-
Customer and Defendant Deposits	10,287	-	-	-	10,287
Unearned Revenue	97,184	-	-	-	97,184
Liabilities Payable from Restricted Assets	62,439	-	-	-	62,439
Pension and OPEB	-	1,655,964	38,508	-	1,694,472
Long-term Liabilities	-	567,786	993	-	568,779
Total Liabilities	<u>230,938</u>	<u>2,223,750</u>	<u>90,847</u>	<u>(11,282)</u>	<u>2,534,253</u>
Deferred Inflows of Resources					
Unavailable Revenue	29,437	(29,437)	-	-	-
Deferred Inflows Related to Leases	54,791	-	-	-	54,791
Pension	-	147,881	3,876	-	151,757
Total Deferred Inflows of Resources	<u>84,228</u>	<u>118,444</u>	<u>3,876</u>	<u>-</u>	<u>206,548</u>
Fund Balance/Net Position					
Total Fund Balance/Net Position	<u>681,359</u>	<u>(57,653)</u>	<u>(16,736)</u>	<u>-</u>	<u>606,970</u>
Total Liabilities and Fund Balance/Net Position	<u>\$ 996,525</u>	<u>\$ 2,284,541</u>	<u>\$ 77,987</u>	<u>\$ (11,282)</u>	<u>\$ 3,347,771</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

- (1) Investment in joint ventures that are to be used in governmental activities are also reported in the governmental funds as expenditures as constructed. These assets are included in the statement of net position for the City as a whole.

Investment in joint ventures	\$	311,773
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When capital assets (land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds, and thus a reduction in fund balance. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Costs of capital assets	\$	2,980,285
Accumulated depreciation		(1,302,635)
Total	\$	1,677,650

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental fund statement.

Bonds payable	\$	483,976
Lease Liability		23,025
Compensated absences		33,728
Post-employment benefits		868,489
Unamortized bond premiums		27,057
Pension liability		787,475
Total	\$	2,223,750

Deferred outflows represent a consumption of net assets that applies to future reporting period(s) and do not meet the definition of an asset. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. The pension-related amounts result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period.

Deferred charge on refunding	\$	5,128
Pensions and OPEB		289,562
Total	\$	294,690

Deferred inflows relating to pensions represent acquisition of net assets that applies to future periods.

Deferred Inflows – Pensions & OPEB	\$	147,881
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City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Prepaid expense consists of items that will consume net position in a future reporting period(s):

Prepaid Cost of Issuance	\$	<u>428</u>
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Unavailable revenues shown on the governmental fund statements are not deferred on the statement of net position.

Unavailable property tax revenues	\$	(599)
Unavailable special assessment revenue		(22,297)
Receivables not yet collected		<u>(6,541)</u>
Total	\$	<u>(29,437)</u>

(2) Internal service funds are used by management to charge the costs of certain activities, such as fleet support, materials and supplies, printing and graphics, and self-insurance, to the individual funds. The assets, liabilities, deferred inflows and deferred outflows of the internal service funds are included in the governmental activities in the statement of net position, but are not included on the governmental funds balance sheet.

Internal Service Funds total	\$	<u>(16,736)</u>
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City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Activities (in thousands):

	Total Governmental Funds	Long-term Revenues/ Expenses(1)	Capital - Related Items(2)	Internal Service Funds(3)	Long-term Debt (4)	Eliminations (5)	Statement of Activities
Revenues and Other Sources							
Revenues:							
Sales Taxes	\$ 301,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,862
Property Taxes	51,926	79	-	-	-	-	52,005
Occupancy Taxes	6,427	-	-	-	-	-	6,427
Special Assessments	1,830	(864)	-	-	-	-	966
Licenses and Permits	48,574	-	-	-	-	-	48,574
Intergovernmental	347,578	-	-	-	-	-	347,578
Charges for Services	65,920	-	-	-	-	-	65,920
Fines and Forfeitures	9,672	-	-	-	-	-	9,672
Investment Income	(27,716)	-	-	(2,072)	-	-	(29,788)
Contributions	1,081	-	-	20,873	-	-	21,954
Miscellaneous	7,332	(1,181)	-	8,607	-	-	14,758
Other Sources:							
Transfers In	143,814	-	-	-	-	(28,207)	115,607
Sale of Capital Assets	2,004	-	(148)	-	-	-	1,856
Face Amount of Bonds Issued	34,155	-	-	-	(34,155)	-	-
Premiums on Issuance of Bonds	3,059	-	-	-	(3,059)	-	-
Total Revenue and Other Sources	\$ 997,518	\$ (1,966)	\$ (148)	\$ 27,408	\$ (37,214)	\$ (28,207)	\$ 957,391
Expenditures/Expenses and Other Financing Uses							
Expenditures/Expenses:							
Current:							
General Government	\$ 110,608	\$ 32,657	\$ 26,475	\$ 13,502	\$ -	\$ -	\$ 183,242
Public Safety	365,887	17,127	20,550	12,999	-	-	416,563
Community Environment	127,637	2,102	62,070	3,785	-	-	195,594
Cultural-Recreational	62,542	3,471	19,360	1,451	-	-	86,824
Debt Service:							
Principal	54,032	-	-	-	(54,032)	-	-
Interest	19,283	-	-	-	(5,061)	-	14,222
Service Charge	12	-	-	-	-	-	12
Cost of Issuance	540	-	-	-	(54)	-	486
Capital Outlay	167,628	-	(167,628)	-	-	-	-
Other Financing Uses:							
Transfers Out	28,207	-	-	-	-	(28,207)	-
Total Expenditures\Expenses & Other Financing Uses	936,376	55,357	(39,173)	31,737	(59,147)	(28,207)	896,943
Net Change for the Year	\$ 61,142	\$ (57,323)	\$ 39,025	\$ (4,329)	\$ 21,933	\$ -	\$ 60,448

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

- (1) Revenues in the statement of activities that do not provide current financial resources include unavailable revenues. Revenues that are “unavailable” and do not provide current financial resources are not reported in the governmental funds. However, the subsequent collection of these revenues in the governmental funds will reduce the amount reported in the statement of activities.

Property tax revenue	\$	79
Special assessment revenue		(864)
Unavailable revenue		(1,181)
Total	\$	<u>(1,966)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrual of long-term compensated absences	\$	4,261
OPEB Expense		68,435
Pension Expense		(17,339)
Total	\$	<u>55,357</u>

- (2) When capital assets that are to be used in the governmental activities are purchased or constructed the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation/amortization expense. As a result, fund balance decreases by the amount of the financial resources expended, whereas net position decreases by the amount of depreciation/amortization expense charged for the year.

Capital outlay for capital assets	\$	116,243
Depreciation expense		(71,258)
Total	\$	<u>44,985</u>

The net effect of miscellaneous transactions involving capital assets (donations, transfers and disposals) and investment in joint venture activity is to increase net position.

Change in equity interest for joint venture	\$	(5,577)
Donations, transfers and disposals		(383)
	\$	<u>(5,960)</u>

- (3) Internal service funds are used by management to charge the costs of certain activities, such as fleet support, materials and supplies, printing and graphics, and self-insurance, to the individual funds. The adjustments for internal service funds “close” those funds by charging the additional amounts to participating governmental activities to completely cover the internal service funds’ costs for the year.

Revenue and other sources	\$	27,408
Expenditures and other uses		(31,737)
Change in net position	\$	<u>(4,329)</u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

- (4) Bond and note proceeds are reported as financing sources and the repayment of principal consumes financial resources in the governmental funds. Neither transaction has any effect on the statement of activities.

General Obligation Bond Proceeds	(22,620)
Community Facilities District Bonds	(11,535)
Principal repayments	54,032
Total	<u>\$ 19,877</u>

Governmental funds report bond premium, deferred amounts and prepaids relating to refunding when first issued. In the statement of activities these amounts are amortized.

Amortization of deferred refunding amounts	\$ (934)
Premiums on bonds	(3,059)
Amortization of bond issuance costs	(20)
Prepaid bond issuance costs	74
Amortization of bond premiums	5,995
Total	<u>\$ 2,056</u>

- (5) Interfund transfers between governmental activities, other than Internal Service Funds, are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of transfers in and transfers out to eliminate the doubling up effect of these transactions within the governmental activities. Elimination of transfers to/from the Internal Service Funds is netted into the results of the Internal Service Funds in (3) above.

Transfers out	\$ (28,207)
Transfers in	28,207
Total	<u>\$ -</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

3. FUND BALANCE

As of June 30, 2022, the fund balance details by classification are listed below (in thousands):

Fund Balances:	General Fund	Relief Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Costs	\$ 3,185	\$ 225	\$ 498	\$ 3,908
Nonspendable Sub-total	3,185	225	498	3,908
Restricted:				
Capital Projects	-	-	72,455	72,455
Community Facility District	-	-	334	334
Court	-	-	2,262	2,262
Debt Service	-	-	25,869	25,869
Fire	-	-	26,434	26,434
Housing	-	-	634	634
Library	-	-	230	230
Parks & Recreation	-	-	100	100
Police	-	-	55,778	55,778
Spring Training & Tourism	-	-	6,171	6,171
Transportation Programs	-	-	106,481	106,481
Restricted Sub-total	-	-	296,748	296,748
Committed To:				
Arts & Culture	-	-	517	517
Cemetery	2,671	-	3,615	6,286
Environmental Compliance	-	-	18,703	18,703
Fire	1,642	-	-	1,642
Technology	-	-	2,842	2,842
Committed To Sub-total	4,313	-	25,677	29,990
Assigned To:				
Capital Projects	-	-	29,167	29,167
Development Services	481	-	-	481
Economic Development	18,387	-	-	18,387
Fire	7,933	-	-	7,933
General Government	126,550	-	357	126,907
Parks & Recreation	2,973	-	280	3,253
Police	15,212	-	-	15,212
Sustainability	56	-	-	56
Transit	151	-	-	151
Vehicle Replacement	-	-	9,349	9,349
Assigned To Sub-total	171,743	-	39,153	210,896
Unassigned	152,526	(2,949)	(9,760)	139,817
Total Fund Balances	\$ 331,767	\$ (2,724)	\$ 352,316	\$ 681,359

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

4. POOLED CASH AND INVESTMENTS

Total Pooled City Cash and Investments at fair value are as follows (in thousands):

Cash on Hand	\$	137
Carrying Amount of City Deposits		46,298
Cash in a local bank		15,921
Investments in Local Govt Invest Pools		20,035
Cash with Custodian (1)		18,396
Cash with Fiscal Agent (2)		133,037
Cash with Trustee (3)		695
Long-Term Investments		1,021,410
Total City Pooled Cash and Investments	<u>\$</u>	<u>1,255,929</u>

(1) Represents cash sent by the City to Custodian on June 30, 2022 for investing purposes.

(2) Represents cash sent by the City to fiscal agents on June 30, 2022 for debt service payments due to bondholders on July 1, 2022.

(3) Represents bond and note proceeds held with trustee in compliance with bond / note agreements. The excise tax obligation proceeds with UMB are invested in US Treasury obligations and a US government money market mutual fund.

Deposits

At year end, the City’s cash totaled \$62,356,455 which included \$15,920,798 in a local bank and \$137,430 in petty cash. The carrying amount of the City’s deposits was \$46,298,227 and the bank balance was \$47,917,318. The difference of \$1,619,091 represents outstanding checks and deposits in transit.

Custodial Risk

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of bank failure, the City’s deposits may not be returned. To mitigate this risk, on July 1, 2014 Arizona House Bill 2619 Arizona Revised Statute (§35-1201 et. seq.) went into effect establishing a pooled collateral program for public deposits and creating a Statewide Collateral Pool Administrator (the “Administrator”) in the State Treasurer’s Office. The purpose of this Bill is to ensure that public deposits of governmental entities placed with participating banks are backed with collateral of 102% of the amount on deposit less applicable FDIC Deposit Insurance. The Administrator will monitor, audit and report on each bank’s compliance. Collateral under this program is pledged in the name of the Administrator and the City’s current bank is a participant in this program. The City’s cash balances on deposit as of June 30, 2022 are covered under House Bill 2619.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Investments

The City's Investment Policy is consistent with the City Charter. The investment policy authorizes the investment of City funds in accordance with Arizona Revised Statute §35-323. These investments include obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state, State Treasurer's Investment Pool, and investment grade corporate bonds, debentures, notes and other evidence of indebtedness issued or guaranteed by solvent U.S. corporations which are not in default as to principal or interest.

Interest Rate Risk

The City's investment policy for limiting its exposure from rising interest rates complies with Arizona Revised Statute §35-323, which limits investments of public monies to maturities of five years or less.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy for credit risk complies with Arizona Revised Statute §35-323. The City's portfolio is primarily invested in securities issued by the U.S. Treasury and by U.S. Government agencies that carry a minimum "A" or better rating, at the time of purchase, from two nationally recognized rating agencies.

The City's portfolio also invests in Corporate Notes rated "A" or better by two nationally recognized rating agencies and participates in the State Treasurer's Investment Pool (LGIP), which is overseen according to Arizona State Statute by the State Board of Investment. Within the State Treasurer's Investment Pools, the City participates in Investment Pool 7. Pool 7 is a short-term fund which invests only in products backed by the full faith and credit of the United States Government. Pool 7 carries a weighted average credit rating of AAA. The City also maintains a short term checking account held by one local bank.

Associated with credit risk is concentration of credit risk and custodial credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The City's investments had the following credit risk structure as of June 30, 2022 (in thousands):

Investment Type	S & P Rating	Fair value
U.S. Treasuries	AA+	\$ 281,080
U.S. Agencies	AA+	491,841
U.S Agency Collateralized Mortgage Obligation	AA+	3,953
Foreign Issues	AAA	7,656
Corporate Notes	AA+	5,473
Corporate Notes	A-	46,522
Corporate Notes	A	38,838
Corporate Notes	AA-	32,583
Corporate Notes	A+	30,774
Corporate Notes	AA	5,295
Corporate Notes	AAA	1,141
Corporate Notes	BBB+	18,574
Negotiable Certificate of Deposit	A-1+	4,525
First American Gov't Obligation MM Fund	AAAm	18,396
Municipal Bonds	N/R*	2,167
Municipal Bonds	N/R**	3,540
Municipal Bonds	AA	14,384
Municipal Bonds	AA-	8,626
Municipal Bonds	AA+	6,371
Municipal Bonds	AAA	18,067
Total		\$ 1,039,806

*Rated Aaa by Moodys

** No Rating

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

On June 30, 2022, the City had the following recurring fair value measurements (in thousands):

<u>Investment by Fair Value Level</u>	Fair Value 6/30/2022	<u>Fair Value Measurements Using:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Debt Securities</u>				
U.S. Treasuries & Agencies	\$ 772,921	\$ -	\$ 772,921	\$ -
Federal Agency Collateralized Mortgage Obligations	3,953	-	\$ 3,953	-
Corporate Notes	179,200	-	\$ 179,200	-
Negotiable Certificates of Deposit	4,525	-	\$ 4,525	-
Foreign Issues	7,656	-	\$ 7,656	-
Municipal Bonds	53,155	-	\$ 53,155	-
Total Debt Securities at Fair Value	<u>\$ 1,021,410</u>	<u>\$ -</u>	<u>\$1,021,410</u>	<u>\$ -</u>
<u>Investments Measured at Fair Value</u>				
Arizona State Treasurers Investment Pools	\$ 20,035			
First American Gov't Obligation MM Fund	<u>18,396</u>			
Total Investments Measured At Fair Value	<u>\$ 1,059,841</u>			

Debt securities classified in Level 2 are valued using quoted prices for similar securities in active markets.

Investments valued using the net asset value (NAV) per share (or its equivalent) are City investments in Arizona State Treasurers Investment Pool (LGIP) and unlike more traditional investments, generally do not have readily obtainable fair values. Investments valued at NAV utilized Net Asset Values as provided by State of Arizona Treasurer's Office on June 30, 2022.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The City's investment maturities on June 30, 2022 are as follows (in thousands):

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				<u>Concentration of Credit Risk %</u>
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-3</u>	<u>3-5</u>	
U.S. Treasuries & Agencies	\$ 772,921	\$ 208,764	\$ 373,423	\$ 190,734	74.33%
Federal Agency Collateralized Mortgage Obligations	3,953	3,180	773		0.38%
Corporate Notes	179,200		109,013	70,187	17.23%
Negotiable Certificates of Deposit	4,525	4,525			0.44%
First American Gov't Obligation MM Fund	18,396	18,396			1.77%
Foreign Issues	7,656		1,255	6,401	0.74%
Municipal Bonds	53,155	6,350	17,045	29,760	5.11%
Total	<u>\$1,039,806</u>	<u>\$ 241,215</u>	<u>\$ 501,509</u>	<u>\$ 297,082</u>	<u>100.00%</u>

On June 30, 2022 the following investments had callable dates (in thousands):

<u>U.S. Treasuries & Agencies</u>	<u>Date</u>	<u>Fair Value</u>
Fannie Mae	Aug-22	\$ 555
Fannie Mae	Sep-22	8,040
Fannie Mae	Oct-22	9,645
Fannie Mae	Nov-22	11,143
Federal Farm Credit Banks	Sep-22	4,961
Federal Farm Credit Banks	Mar-22	1,852
Federal Farm Credit Banks	May-22	1,982
Federal Farm Credit Banks	Continuous	29,253
Federal Home Loan Banks	Aug-21	44,422
Federal Home Loan Banks	Sep-21	30,552
Federal Home Loan Banks	Oct-22	8,612
Federal Home Loan Banks	Dec-22	9,414
Federal Home Loan Banks	Mar-23	1,931
Federal Home Loan Banks	Apr-23	3,966
Federal Home Loan Banks	Jun-23	7,152
Federal Home Loan Banks	Continuous	19,272
Federal Home Loan Mortgage Corp.	Aug-22	11,143
Federal Home Loan Mortgage Corp.	Sep-22	19,880
Federal Home Loan Mortgage Corp.	Oct-22	1,891
Federal Home Loan Mortgage Corp.	Open	928
Total		<u>\$ 226,594</u>

<u>Foreign Issues</u>	<u>Date</u>	<u>Fair Value</u>
Canada Gov't	Continuous	<u>\$ 1,255</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

<u>Corporate/Bank Notes</u>	<u>Date</u>	<u>Fair Value</u>
Abbott Laboratories	Jun-25	\$ 1,616
Amazon.com	Mar-27	980
American Express	Jun-24	1,491
American Express	Oct-26	1,360
American Express	Feb-27	930
AstraZeneca	Apr-26	1,354
Bank of America	Oct-23	1,144
Bank of America	Apr-24	2,821
Bank of NY Mellon	Mar-25	1,413
Bank of NY Mellon	Dec-25	900
BMW US Capital	Mar-25	478
BMW US Capital	Jan-26	1,194
Bristol Myers Squibb	Jun-24	641
Brown-Forman	Feb-25	996
Burlington Northern Sante Fe	Jan-25	1,085
Charles Schwab	Feb-24	1,429
Charles Schwab	Feb-27	931
Citigroup	May-23	1,470
Citigroup	Nov-24	547
Comcast Corp	Mar-24	1,504
DNB Bank ASA	Sep-24	907
General Dynamics	Mar-25	947
Goldman Sachs	Nov-25	1,471
Hershey	May-25	927
Home Depot	Mar-27	721
Honeywell	Feb-27	888
HSBC Holdings PLC	May-24	1,963
JP Morgan Chase & Co	Sep-23	1,509
JP Morgan Chase & Co	Feb-24	924
Merck and Co Inc	Nov-24	1,135
Microsoft Corp	Nov-24	1,141
Mitsubishi Ufj Financial Group	Sep-23	1,614
Morgan Stanley	May-24	2,234
Morgan Stanley	Oct-24	921
Morgan Stanley	Feb-25	1,123
National Bank of Canada	Nov-23	1,345
Nestle	Sep-23	3,071
Northern Trust	Apr-27	1,508
Pepsico	Jan-25	1,083
Roche Holdings Inc	Feb-25	1,250
State Street Corp	Feb-25	427
State Street Corp	Mar-25	971
Truist Financial	Mar-26	899
UBS AG London	Dec-24	1,408
United Health	Apr-26	4,089
US Bank NA Cincinnati	Dec-22	1,124
Wells Fargo & Co	May-24	876
Total	52	<u>\$ 60,760</u>

(Continued)

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

5. ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable are recorded in the various funds and displayed in the financial statements net of an allowance for uncollectible accounts as follows (in thousands):

Fund	Receivables	Allowance	Net
Governmental Activities:			
General Fund:			
Other Customers	15,846	(5,577)	10,269
Leases	55,831	-	55,831
Due from Other Governments:	27,243	-	27,243
Relief Fund			
Other Customers	1	-	1
Due from Other Governments	5,185	-	5,185
Non-Major Governmental Funds:			
Other Customers	2,940	(1,050)	1,890
Restricted-Spec. Assessments	22,281	-	22,281
Restricted-Due from Other Governments	1,407	-	1,407
Due from Other Governments			
Sales Tax Revenues	26,046	-	26,046
Other	10,564	-	10,564
Internal Service Funds:			
Premiums	211	-	211
Other Customers	504	-	504
Total Governmental Activities	\$ 168,059	\$ (6,627)	\$ 161,432
Business-Type Activities:			
Utility Customers	\$ 41,102	\$ (1,948)	\$ 39,154
Other Customers	122	(51)	71
Leases	57,602	-	57,602
Due from Other Governments	5,207	-	5,207
Total Business-type Activities	\$ 104,033	\$ (1,999)	\$ 102,034

Unbilled Accounts Receivable

Unbilled utility service receivables are recorded in the year in which the services are provided. At June 30, 2022, unbilled utility service receivables are recorded in the Enterprise Fund as follows (in thousands):

Electric	\$ 2,941
Gas	1,666
Water	9,393
Wastewater	4,366
Solid Waste	2,822
	\$21,188

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Additionally, governmental and business-type funds record unearned revenue when resources have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported were as follows (in thousands):

	Governmental Activities			Total
	General Fund	Relief Fund	Non-Major Funds	
<u>Unearned Revenue</u>				
Advance ticket sales	\$3,958	\$ -	\$ 240	\$ 4,198
Grants received prior to meeting all eligibility requirements	-	83,891	1,902	85,793
Unspent ABC Donations	-	-	185	185
Amounts paid in advance	1,474	-	5,534	7,008
	<u>\$5,432</u>	<u>\$ 83,891</u>	<u>\$ 7,861</u>	<u>\$ 97,184</u>

	General Fund	Non-Major Funds	Total
	<u>Unavailable Revenue</u>		
Receivables not yet collected	\$2,295	\$ 4,246	\$ 6,541
Delinquent Property Taxes	-	599	599
Special Assessments not yet due	-	22,297	22,297
	<u>\$2,295</u>	<u>\$ 27,142</u>	<u>\$ 29,437</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund activities are included in the fund financial statements on June 30, 2022 (in thousands):

Fund	Due from	Due to
	Other Funds	Other Funds
General Fund	\$ 9,522	\$ -
Non-major Governmental Funds	-	8,403
Proprietary Funds	-	1,119
Total	<u>\$ 9,522</u>	<u>\$ 9,522</u>

Interfund balances on June 30, 2022 are short-term loans used to cover temporary cash deficits in various funds and are expected to be repaid within one year.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Fund	Advances to Other Funds	Advances from Other Funds
Governmental Funds:		
General Fund	\$ -	\$ 1,760
Non-Major Governmental Fund:		
Public Safety Sales Tax	1,760	-
Total Governmental Funds	\$ 1,760	\$ 1,760

The Advances on June 30, 2022 are an advance from the Public Safety Sales Tax Fund to the General Fund for property acquisition. The advances outstanding at June 30, 2022 are not expected to be repaid within one year.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2022 (in thousands):

		Transfers Out			
Transfers In	Fund	Non-major			Total
	Fund	General Funds	Governmental Funds	Enterprise Fund	
General Fund	\$ -	\$ 1,067	\$ 115,607	\$ 116,674	
Non-major Governmental Funds	27,140	-	-	27,140	
Total	\$ 27,140	\$ 1,067	\$ 115,607	\$ 143,814	

The transfer from business-type activities to governmental activities on the government-wide statement of activities is a \$115,607,000 operational subsidy from the Enterprise Fund to the General Fund. The remaining interfund transfers generally fall within one of the two following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; and 2) subsidy transfers.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

7. LEASES

City as Lessee

The City, as a lessee, has entered into a lease agreement for a building located at a local commercial airport under a long-term, non-cancelable lease agreement. The City subleases this building to an aircraft parts engineering and maintenance company. This lease agreement provides for increases in future minimum annual rental payments based on defined increases in the consumer price index, subject to certain minimum increases. The total of the City's lease assets is recorded at a cost of \$24,082,754, less accumulated amortization of \$750,631.

Total future minimum lease payments under this lease agreement are as follows (in thousands):

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,093	\$ 442	\$ 1,535
2024	1,115	420	1,535
2025	1,138	397	1,535
2026	1,161	373	1,534
2027	1,182	350	1,532
2028-2032	6,276	1,375	7,651
Thereafter	11,060	762	11,822
Totals	<u>\$ 23,025</u>	<u>\$ 4,119</u>	<u>\$ 27,144</u>

City as Lessor

The City, as a lessor, has entered into lease agreements for land, air, buildings, and equipment under long-term, non-cancelable lease agreements. The building that is leased from a local commercial airport is subleased to an aircraft parts engineering and maintenance company. These leases expire at various dates through 2070 and provide for renewal options ranging from 1 to 50 years. During the year ended June 30, 2022, the City recognized \$2,191,341 and \$6,325,179 in lease revenue and interest revenue, respectively, pursuant to these contracts.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

8. CAPITAL ASSETS

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2022 follows (in thousands):

	Restated Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-depreciable Assets:				
Land	\$ 403,086	\$ 2,196		\$ 405,282
Infrastructure	3,597	-	-	3,597
Construction-in-Progress	198,056	127,337	(120,613)	204,780
Total Non-depreciable Assets	<u>604,739</u>	<u>129,533</u>	<u>(120,613)</u>	<u>613,659</u>
Depreciable Assets:				
Buildings	431,269	12,016	-	443,285
Other Improvements	279,527	14,125	(2,214)	291,438
Machinery & Equipment	270,370	24,510	(6,316)	288,564
Intangibles	24,485	-	(148)	24,337
Infrastructure	1,251,041	56,923	(905)	1,307,059
Total Depreciable Assets	<u>2,256,692</u>	<u>107,574</u>	<u>(9,583)</u>	<u>2,354,683</u>
Less Accumulated Depreciation for:				
Buildings	(153,229)	(9,080)	-	(162,309)
Other Improvements	(156,547)	(9,308)	2,212	(163,643)
Machinery & Equipment	(194,384)	(13,968)	5,948	(202,404)
Intangibles	(24,243)	(145)	148	(24,240)
Infrastructure	(721,701)	(38,238)	892	(759,047)
Total Accum. Depreciation	<u>(1,250,104)</u>	<u>(70,739)</u>	<u>9,200</u>	<u>(1,311,643)</u>
Total Depreciable Assets, net	<u>1,006,588</u>	<u>36,834</u>	<u>(382)</u>	<u>1,043,040</u>
Leased Assets				
Buildings	24,083	-	-	24,083
Total Leased Assets	<u>24,083</u>	<u>-</u>	<u>-</u>	<u>24,083</u>
Less Accumulated Amortization for:				
Buildings	-	(751)	-	(751)
Total Accum. Amortization	<u>-</u>	<u>(751)</u>	<u>-</u>	<u>(751)</u>
Total Amortizable Assets, net	<u>24,083</u>	<u>(751)</u>	<u>-</u>	<u>23,332</u>
Governmental Activities				
Capital Assets, net	<u>\$ 1,635,410</u>	<u>\$ 165,616</u>	<u>\$ (120,995)</u>	<u>\$ 1,680,031</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Depreciation and Amortization expense was charged to functions in the government-wide financial statements as follows (in thousands):

General Government	\$ 5,475
Public Safety	12,290
Community Environment	39,622
Cultural-Recreational	13,871
Capital assets held by the City's Internal Service funds are charged to the various functions based on their usage of assets	<u>232</u>
	<u>\$ 71,490</u>

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type Activities:				
Non-depreciable Assets:				
Land	\$ 28,339	\$ 376	\$ -	\$ 28,715
Water Rights	17,560	-	-	17,560
Collections of Art	106	-	-	106
Construction-in-Progress	106,831	57,399	(64,541)	99,689
Total Non-depreciable Assets	<u>152,836</u>	<u>57,775</u>	<u>(64,541)</u>	<u>146,070</u>
Depreciable Assets:				
Buildings	46,702	-	-	46,702
Other Improvements	85,863	735	(17)	86,581
Machinery & Equipment	86,113	4,401	(1,147)	89,366
Intangibles	27,190	-	(16)	27,174
Infrastructure	2,135,682	71,721	(2,079)	2,205,324
Total Depreciable Assets	<u>2,381,550</u>	<u>76,857</u>	<u>(3,259)</u>	<u>2,455,146</u>
Less Accumulated Depreciation for:				
Buildings	(16,672)	(885)	-	(17,557)
Other Improvements	(45,410)	(2,324)	17	(47,717)
Machinery & Equipment	(60,894)	(4,161)	1,146	(63,909)
Intangibles	(23,275)	(113)	16	(23,372)
Infrastructure	(1,015,519)	(57,385)	1,637	(1,071,267)
Total Accum. Depreciation	<u>(1,161,770)</u>	<u>(64,868)</u>	<u>2,816</u>	<u>(1,223,822)</u>
Total Depreciable Assets, net	<u>1,219,780</u>	<u>11,988</u>	<u>(442)</u>	<u>1,231,324</u>
Business-type Activities				
Capital Assets, net	<u>\$ 1,372,616</u>	<u>\$ 69,764</u>	<u>\$ (64,983)</u>	<u>\$ 1,377,394</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Depreciation and Amortization expense was charged to enterprise functions in the government-wide financial statements as follows (in thousands):

Electric	\$ 3,530
Gas	4,980
Water	31,894
Wastewater	20,064
Solid Waste	2,045
Airport	1,958
District Cooling	397
	<u>\$ 64,868</u>

Construction in progress and related construction commitments are composed of the following (in thousands):

<u>Governmental Activities</u>	<u>Construction in Progress</u>	<u>Commitments</u>
General Government	\$ 197,582	\$ 76,514
Public Safety	2,050	389
Community Environment	3,853	41
Cultural-Recreational	1,295	67
Total	<u>\$ 204,780</u>	<u>\$ 77,011</u>

<u>Business-type Activities</u>	<u>Construction in Progress</u>	<u>Commitments</u>
Electric	\$ 18,603	\$ 1,245
Gas	23,395	2,410
Water	19,145	22,396
Wastewater	31,665	10,821
Solid Waste	339	1,758
Airport	6,542	536
Total	<u>\$ 99,689</u>	<u>\$ 39,166</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

9. LONG-TERM OBLIGATIONS

a. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations (in thousands).

	Restated Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 334,377	\$ 22,620	\$ (38,047)	\$ 318,950	\$ 33,995
Highway User Revenue Bonds	49,105	-	(10,075)	39,030	10,000
Excise Tax Revenue Obligations	35,365	-	(1,185)	34,180	1,245
Community Facility District	83,948	11,535	(3,667)	91,816	3,155
Total Bonds Payable	<u>502,795</u>	<u>34,155</u>	<u>(52,974)</u>	<u>483,976</u>	<u>48,395</u>
Leases	24,083	-	(1,058)	23,025	1,093
Unamortized Premiums	29,993	3,059	(5,995)	27,057	-
Compensated Absences	30,427	35,790	(31,496)	34,721	4,077
Governmental Activities Total	<u>\$ 587,298</u>	<u>\$ 73,004</u>	<u>\$ (91,523)</u>	<u>\$ 568,779</u>	<u>\$ 53,565</u>
Business-type Activities:					
Bonds Payable:					
Utility Revenue Bonds	\$ 1,275,640	\$ -	\$ (47,890)	\$ 1,227,750	\$ 47,935
Utility Revenue Obligations	14,015	70,780	-	84,795	3,725
General Obligation Bonds	28	-	(28)	-	-
Total Bonds Payable	<u>1,289,683</u>	<u>70,780</u>	<u>(47,918)</u>	<u>1,312,545</u>	<u>51,660</u>
Notes Payable	1,285	-	(150)	1,135	153
Unamortized Bond Premiums	109,880	-	(11,738)	98,142	-
Unamortized Obligation Premiums	-	4,715	(269)	4,446	-
Compensated Absences	4,522	4,662	(4,756)	4,428	670
Business-type Activities Total	<u>\$ 1,405,370</u>	<u>\$ 80,157</u>	<u>\$ (64,831)</u>	<u>\$ 1,420,696</u>	<u>\$ 52,483</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$993,000 of internal service funds compensated absences are included in the above amounts.

For governmental activities, compensated absences are generally liquidated by the general fund.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

b. Bonds Payable

On June 30, 2022, long-term bonds payable consisted of:

Classified in Governmental Activities on the government-wide financial statements:

<u>General Obligation Bonds</u>	<u>Bonds Outstanding (In Thousands)</u>
\$27,290,000 2012 general obligation serial bonds due in annual installments ranging from \$840,000 to \$8,550,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2032.	\$ 18,150
\$8,915,000 2013 general obligation refunding serial bonds due in annual installments ranging from \$30,000 to \$3,250,000, plus semi-annual interest ranging from .7 percent to 5 percent through July 1, 2024.	6,355
\$59,960,000 2013 general obligation serial bonds due in annual installments ranging from \$1,635,000 to \$12,675,000, plus semi-annual interest ranging from 1.5 percent to 4 percent through July 1, 2033.	40,750
\$37,550,000 2014 general obligation serial bonds due in annual installments ranging from \$1,050,000 to \$5,575,000, plus semi-annual interest ranging from 2 percent to 3.6 percent through July 1, 2034.	23,450
\$13,690,000 2015 general obligation serial bonds due in annual installments ranging from \$250,000 to \$6,700,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 1, 2035.	5,315
\$37,700,000 2016 general obligation serial bonds due in annual installments ranging from \$825,000 to \$2,775,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2036.	29,325
\$20,475,000 2016 general obligation refunding serial bonds due in annual installments ranging from \$60,000 to \$5,300,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2027.	18,580
\$22,935,000 2016 taxable general obligation refunding serial bonds due in annual installments ranging from \$1,000,000 to \$3,565,000, plus semi-annual interest ranging from 0.85 percent to 3 percent through July 1, 2029.	13,855
\$47,180,000 2017 general obligation serial bonds due in annual installments ranging from \$1,500,000 to \$5,725,000, plus semi-annual interest ranging from 3 percent to 3.25 percent through July 1, 2037.	35,105
\$47,450,000 2017 general obligation refunding serial bonds due in annual installments ranging from \$50,000 to \$9,920,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2029.	37,820

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

\$16,120,000	2018 general obligation serial bonds due in annual installments ranging from \$275,000 to \$8,795,000, plus semi-annual interest ranging from 3 percent to 4 percent through July 1, 2038.	\$ 6,475
\$33,065,000	2019 general obligation serial bonds due in annual installments ranging from \$640,000 to \$16,700,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2039.	15,065
\$22,075,000	2020 general obligation serial and term bonds due in annual installments ranging from \$465,000 to \$1,920,000, plus semi-annual interest ranging from 1.875 percent to 3 percent through July 1, 2040.	10,280
\$23,390,000	2020 general obligation refunding serial bonds due in annual installments ranging from \$730,000 to \$12,480,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 1, 2030.	21,470
\$19,030,000	2021 general obligation serial and term bonds due in annual installments ranging from \$80,000 to \$17,080,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2041.	1,950
\$14,495,000	2021 general obligation refunding serial bonds due in annual installments ranging from \$665,000 to \$6,380,000, plus semi-annual interest ranging of 5 percent through July 1, 2031.	12,385
\$22,620,000	2022 general obligation serial bonds due in annual installments ranging from \$905,000 to \$12,665,000, plus semi-annual interest of 5 percent through July 1, 2032.	<u>22,620</u>
	Total General Obligation Bonds	<u>\$ 318,950</u>

Street and Highway User Revenue Bonds

\$23,800,000	2005 street and highway user revenue refunding bonds, due in annual principal installments ranging from \$25,000 to \$8,000,000, plus semi-annual interest ranging from 2.75 percent to 5.0 percent through July 1, 2023.	8,000
\$10,225,000	2005 street and highway user revenue bonds, partially refunded by street and highway users revenue refunding bond series 2013, due in annual principal installments ranging from \$50,000 to \$8,500,000, plus semi-annual interest ranging from 4.0 percent to 5.0 percent through July 1, 2023.	150
\$11,675,000	2006 street and highway user revenue bonds, partially refunded by street and highway users revenue refunding bond series 2015, due in annual installments ranging from \$850,000 to \$9,850,000, plus semi-annual interest ranging from 4.50 percent to 5.25 percent through July 1, 2024.	1,825

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

\$10,675,000 2007 street and highway user revenue bonds, partially refunded by street and highway users revenue refunding bond series 2015, due in annual principal installments ranging from \$1,000,000 to \$3,900,000, plus semi-annual interest ranging from 4.25 percent to 5.0 percent through July 1, 2025.	\$ 3,000
\$8,500,000 2013 street and highway user revenue refunding bonds, due in one installment of \$8,500,000 plus semi-annual interest of 5 percent through July 1, 2024.	8,500
\$17,555,000 2015 street and highway user revenue refunding bonds, due in annual installments ranging from \$15,000 to \$9,880,000 plus semi-annual interest of 3 to 5 percent through July 1, 2027.	<u>17,555</u>
Total Street and Highway User Revenue Bonds	<u>\$ 39,030</u>

Community Facilities District

\$2,712,000 2013 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 1 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$62,000 to \$180,000, plus semi-annual interest ranging from 2 percent to 5.25 percent through July 1, 2038.	1,918
\$3,250,000 2014 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$65,000 to \$225,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 15, 2038.	2,550
\$3,367,000 2014 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 2 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$85,000 to \$225,000, plus semi-annual interest ranging from 2 percent to 5.375 percent through July 1, 2039.	2,540
\$1,942,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$52,000 to \$135,000, plus semi-annual interest ranging from 2.3 percent to 5.2 percent through July 1, 2039.	1,548
\$6,800,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$165,000 to \$680,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 15, 2039.	5,495
\$970,000 2015 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 4 Special Assessment Revenue	

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Bonds, due in annual principal installments ranging from \$15,000 to \$65,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 1, 2040.	\$ 700
\$1,060,000 2016 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 5 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$30,000 to \$70,000, plus semi-annual interest ranging from 1.85 percent to 4.75 percent through July 1, 2040.	855
\$502,000 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 6 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$7,000 to \$35,000, plus semi-annual interest ranging from 3.5 percent to 5.25 percent through July 1, 2041.	430
\$8,160,000 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$215,000 to \$510,000, plus semi-annual interest ranging from 2 percent to 5 percent through July 15, 2042.	6,955
\$1,326,500 2017 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 7 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$36,500 to \$85,000, plus semi-annual interest ranging from 2 percent to 4.5 percent through July 1, 2042.	1,152
\$770,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 8 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$21,000 to \$49,000, plus semi-annual interest ranging from 2.5 percent to 4.5 percent through July 1, 2042.	663
\$368,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 9 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$8,000 to \$24,000, plus semi-annual interest ranging from 2.85 percent to 4.75 percent through July 1, 2042.	311
\$10,830,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$240,000 to \$1,240,000, plus semi-annual interest ranging from 3.75 percent to 5.0 percent through July 15, 2043.	8,840
\$969,000 2018 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 11 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$24,000 to \$65,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2043.	885

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City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

\$287,000 2019 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 2 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$7,000 to \$20,000, plus semi-annual interest ranging from 3.25 percent to 4.50 percent through July 1, 2043.	\$ 247
\$1,883,000 2019 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 10 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$48,000 to \$130,000, plus semi-annual interest ranging from 2.75 percent to 5.20 percent through July 1, 2043.	1,712
\$261,000 2019 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$5,000 to \$16,000, plus semi-annual interest ranging from 2.00 percent to 5.00 percent through July 15, 2043.	230
\$2,012,000 2019 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 1 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$55,000 to \$130,000, plus semi-annual interest ranging from 2.25 percent to 4.50 percent through July 1, 2043.	1,804
\$1,235,000 2019 Second Series, Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$35,000 to \$350,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2044.	1,130
\$14,120,000 2019 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$285,000 to \$3,950,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2044.	13,060
\$707,000 2020 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) Assessment District "A" Special Assessment Revenue Bonds, due in annual principal installments ranging from \$20,000 to \$270,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 1, 2044.	657
\$2,803,000 2020 Cadence Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 3 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$78,000 to \$170,000, plus semi-annual interest ranging from 1.50 percent to 4.00 percent through July 1, 2045.	2,637
\$5,935,000 2020 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$180,000 to \$1,410,000, plus semi-annual interest ranging from 2.00 percent to 3.00 percent through July 15, 2044.	5,535

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

\$14,000,000 2020 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$425,000 to \$3,250,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 15, 2044.	\$ 12,875
\$2,315,000 2020 Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$65,000 to \$1,105,000, plus semi-annual interest ranging from 2.00 percent to 4.00 percent through July 15, 2044.	2,175
\$4,469,000 2021 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 12 Special Assessment Revenue Bonds, due in annual principal installments ranging from \$134,000 to \$2,300,000, plus semi-annual interest ranging from 1.60 percent to 3.75 percent through July 1, 2045.	4,327
\$1,580,000 2021 Cadence Community Facilities District (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$10,000 to \$41,000, plus semi-annual interest ranging from 3.00 percent to 4.00 percent through July 15, 2045.	1,475
\$9,955,000 2021 Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, due in annual principal installments ranging from \$10,000 to \$1,965,000, plus semi-annual interest of 4.00 percent through July 15, 2045.	<u>9,110</u>
Total Community Facilities District Bonds	<u>\$ 91,816</u>
<u>Excise Tax Revenue Obligation</u>	
\$36,010,000 2020 excise tax revenue serial obligations, due in annual principal installments ranging from \$645,000 to \$2,595,000, plus semi-annual interest ranging from 3.00 percent to 5.00 percent through July 1, 2040.	<u>\$ 34,180</u>
Total bonds payable recorded in governmental activities	<u>\$ 483,976</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Classified in Business-type Activities on the government-wide financial statements:

Utility Systems Revenue Bonds

\$91,200,000 2005 utility systems revenue serial bonds, (partially refunded by 2006, 2012 & 2016 utility systems revenue refunding bonds), due in annual principal installments ranging from \$750,000 to \$24,000,000, plus semi-annual interest ranging from 4.125 percent to 5.0 percent through July 1, 2023.	\$ 9,250
\$105,400,000 2006 utility systems revenue serial bonds, (partially refunded by 2006 (Series 2), 2014, 2016, 2017 and 2018 utility systems revenue refunding bonds), due in annual principal installments ranging from \$8,650,000 to \$36,750,000, plus semi-annual interest ranging from 4.375 percent to 5.0 percent through July 1, 2024.	7,595
\$127,260,000 2006 (Series 2) utility systems revenue refunding serial and term bonds, (partially refunded by 2017 utility systems revenue refunding bonds), due in annual principal installments ranging from \$50,000 to \$25,845,000, plus semi-annual interest ranging from 4.0 percent to 5.25 percent through July 1, 2024.	27,805
\$65,550,000 2007 utility systems revenue serial bonds, (partially refunded by 2016 and 2017 utility systems revenue refunding bonds), due in annual principal installments ranging from \$2,500,000 to \$41,800,000, plus semi-annual interest ranging from 4.25 percent to 6.25 percent through July 1, 2025.	6,315
\$52,875,000 2008 utility systems revenue serial bonds, (partially refunded by 2016 and 2018 utility systems revenue refunding bonds), due in annual principal installments ranging from \$700,000 to \$44,675,000, plus semi-annual interest ranging from 4.875 percent to 5.25 percent through July 1, 2029.	2,125
\$67,300,000 2012 utility systems revenue serial bonds, due in one principal installment, plus semi-annual interest of 4.0 percent through July 1, 2036.	67,300
\$47,290,000 2013 utility systems revenue bonds, due in one principal installment plus semi-annual interest of 4.0 percent through July 1, 2037.	47,290
\$36,385,000 2014 utility systems revenue bonds, due in two principal installments of \$20,000,000 and \$16,385,000, plus semi-annual interest of 4.0 percent through July 1, 2038.	36,385
\$102,945,000 2014 utility systems revenue refunding serial bonds, (partially refunded by 2018 utility systems revenue refunding bonds) due in annual principal installments ranging from \$475,000 to \$31,345,000, plus semi-annual interest ranging from 2 percent to 4 percent through July 1, 2030.	85,325

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

\$30,220,000 2015 utility systems revenue bonds, due in principal installments ranging from \$1,000,000 to \$2,375,000, plus semi-annual interest of 2 percent to 5 percent through July 1, 2039.	\$ 27,070
\$90,500,000 2016 utility systems revenue serial bonds, due in annual principal installments ranging from \$1,000,000 to \$22,550,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2040.	87,400
\$138,035,000 2016 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$3,375,000 to \$44,890,000, plus semi-annual interest ranging from 4 percent to 5 percent through July 1, 2032.	138,035
\$123,875,000 2017 utility systems revenue serial bonds, due in annual principal installments ranging from \$2,000,000 to \$18,900,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2041.	119,550
\$75,435,000 2017 utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$885,000 to \$26,565,000, plus semi-annual interest of 4 percent through July 1, 2028.	75,435
\$112,120,000 2018 utility systems revenue serial and term bonds, due in annual principal installments ranging from \$3,000,000 to \$12,825,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2042.	100,120
\$93,825,000 2019A utility systems revenue serial and term bonds, due in annual principal installments ranging from \$850,000 to \$13,455,000, plus semi-annual interest of 5 percent through July 1, 2043.	84,825
\$54,225,000 2019B utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$200,000 to \$42,420,000, plus semi-annual interest 3 percent to 5 percent through July 1, 2033.	53,595
\$79,335,000 2019C utility systems revenue refunding serial bonds, due in annual principal installments ranging from \$2,950,000 to \$7,800,000 plus semi-annual interest of 5 percent through July 1, 2035.	69,810
\$71,070,000 2020 utility systems revenue serial bonds, due in annual principal installments ranging from \$1,000,000 to \$10,100,000, plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2044.	67,880
\$37,675,000 2020 utility systems revenue refunding serial bond due in a single principal installment of \$37,675,000 plus semi-annual interest of 4 percent through July 1, 2034.	37,675

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

\$34,685,000 2021 utility systems revenue serial and term bonds, due in annual principal installments ranging from \$1,000,000 to \$11,395,000 plus semi-annual interest ranging from 3 percent to 5 percent through July 1, 2045. \$ 32,095

\$44,870,000 2021 utility systems revenue refunding serial bond due in a single principal installment of \$44,870,000 plus semi-annual interest of 4 percent through July 1, 2035. 44,870

Total Utility Systems Revenue Bonds \$ 1,227,750

Utility System Revenue Obligations

\$14,015,000 2021 utility revenue serial and term obligations, due in annual principal installments ranging from \$1,000,000 to \$4,780,000, plus semi-annual interest ranging from 4.00 percent to 5.00 percent through July 1, 2045. 14,015

\$16,075,000 2022 utility revenue serial and term obligations, due in annual principal installments ranging from \$2,660,000 to \$7,845,000, plus semi-annual interest of 5.00 percent through July 1, 2046. 54,705

\$54,705,000 2022 taxable utility revenue serial obligations, due in annual principal installments ranging from \$2,630,000 to \$2,725,000, plus semi-annual interest ranging from 2.90 percent to 3.95 percent through July 1, 2028. 16,075

Total Utility Systems Revenue Obligations \$ 84,795

Total bonds payable recorded in business-type activities \$ 1,312,545

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The following tables summarize the City’s debt service requirements to maturity for its long-term bonds payable at June 30, 2022 (in thousands). The deferred amounts on refundings are not included.

Governmental Activities

<u>General Obligation Bonds</u>				<u>Highway User Revenue Bonds</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 33,995	\$ 11,197	\$ 45,192	2023	\$ 10,000	\$ 1,812	\$ 11,812
2024	23,070	9,829	32,899	2024	10,490	1,312	11,802
2025	24,745	9,049	33,794	2025	10,880	785	11,665
2026	26,235	8,170	34,405	2026	3,755	344	4,099
2027	27,195	7,286	34,481	2027	3,905	156	4,061
2028-2032	123,775	21,724	145,499	2028-2032	-	-	-
2033-2037	54,610	4,535	59,145	2033-2037	-	-	-
2038-2042	5,325	242	5,567	2038-2042	-	-	-
TOTALS	\$ 318,950	\$ 72,032	\$ 390,982	TOTALS	\$ 39,030	\$ 4,409	\$ 43,439

<u>Excise Tax Revenue Obligations</u>				<u>Community Facilities District</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,245	\$ 1,451	\$ 2,696	2023	\$ 3,155	\$ 3,530	\$ 6,685
2024	1,305	1,389	2,694	2024	3,239	3,423	6,662
2025	1,375	1,324	2,699	2025	3,343	3,312	6,655
2026	1,440	1,255	2,695	2026	3,427	3,195	6,622
2027	1,515	1,183	2,698	2027	3,535	3,068	6,603
2028-2032	8,780	4,702	13,482	2028-2032	19,234	13,182	32,416
2033-2037	10,965	2,520	13,485	2033-2037	22,323	9,148	31,471
2038-2042	7,555	536	8,091	2038-2042	23,468	4,413	27,881
2043-2047	-	-	-	2043-2047	10,092	688	10,780
TOTALS	\$ 34,180	\$ 14,360	\$ 48,540	TOTALS	\$ 91,816	\$ 43,959	\$ 135,775

Business-type Activities

<u>Revenue Bonds</u>				<u>Utility Revenue Obligations</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 47,935	\$ 50,737	\$ 98,672	2023	\$ 3,725	\$ 4,011	\$ 7,736
2024	49,390	48,351	97,741	2024	3,705	3,799	7,504
2025	50,840	45,891	96,731	2025	3,690	3,666	7,356
2026	52,185	43,612	95,797	2026	3,670	3,524	7,194
2027	54,655	41,337	95,992	2027	3,655	3,379	7,034
2028-2032	314,185	170,384	484,569	2028-2032	16,340	14,483	30,823
2033-2037	341,960	103,491	445,451	2033-2037	9,360	10,885	20,245
2038-2042	272,905	39,241	312,146	2038-2042	6,800	9,819	16,619
2043-2047	43,695	2,851	46,546	2043-2047	33,850	4,122	37,972
TOTALS	\$1,227,750	\$ 545,895	\$1,773,645	TOTALS	\$ 84,795	\$ 57,688	\$ 142,483

General Obligation Bonds

The Arizona Constitution provides that the general obligation bonded indebtedness of a city for general municipal purposes may not exceed 6 percent of the secondary assessed valuation of the taxable property in that city. In addition to the 6 percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the secondary assessed valuation for supplying such city with water, artificial light or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreation facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities. General obligation bonds of community facilities districts are not subject to or included in this calculation.

The total debt margin available June 30, 2022 is (in thousands):

6% Bonds	\$ 352,449
20% Bonds	<u>859,573</u>
Total Available	<u>\$ 1,212,022</u>

Community Facilities Districts Special Assessment and General Obligation Bonds

Community Facilities District Special Assessment and General Obligation Bonds are issued by Community Facilities Districts (CFDs), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. The City has no liability for CFD bonds.

CFD general obligation bonds are repaid by ad valorem taxes levied directly by the districts and collected by the county. Property owners in the districts are assessed for district taxes and thus for all costs associated with the districts. As of June 30, 2022, total principal and interest outstanding for CFD general obligation bonds was \$101,516,144.

CFD special assessment bonds are collateralized by properties within established districts. In the event of default by the property owner, the CFD may enforce an auction sale to satisfy the debt service requirements of the assessment bonds. On June 30, 2022, the special assessments receivable for CFDs, together with amounts paid in advance and interest to be received over the life of the assessment period, is adequate for the scheduled maturities of the bonds payable and the related interest. The total principal and interest remaining to be paid on the bonds is \$34,259,316. Principal and interest paid for the current year and total assessments collected were \$1,795,611, and \$1,829,519 respectively.

Utility System Revenue Bonds

City revenue bond indenture ordinances require that the net amount of revenues of the electric, gas, water, wastewater and solid waste systems (total revenues less operations and maintenance expenses) equal 120 percent of the principal and interest requirement in each fiscal year. The above covenant and all other bond covenants have been met.

Pursuant to the provisions of the Bond Resolution of the City of Mesa Utility System Revenue and Refunding bonds, Replacement and Reserve Funds are required to be established, into which a sum equal to 2 percent of the gross revenues – as determined on a modified accrual basis – must be deposited until a sum equal to 2 percent of all tangible assets of the Utility System is accumulated. For the year ended June 30, 2022, the amount provided in the Replacement and Extension Funds

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

equaled \$8,718,213 which is in compliance with the bond provisions. As of June 30, 2022, the amount available is \$41,418,415.

c. **Notes Payable**

Business Type Activities

The City entered into four separate loan agreements with the Water Infrastructure Finance Authority of Arizona. The purposes of the loans are to make improvements and upgrades to existing water and wastewater projects. The loans utilize funds from the United States Environmental Protection Agency pursuant to the Federal American Reinvestment and Recovery Act of 2009. Subject to the City meeting the required specifications of the loan documents, two of the loans include a combined interest and fee rate subsidy and the two remaining loans include a principal forgiveness portion. Total principal (without principal forgiveness) is \$3,486,902 and the loans have a 20-year repayment period. The total principal forgiveness is \$626,000. Total interest over the 20 years with principal forgiveness and the combined interest and fee rate subsidy is \$635,736.

The following table reflects the annual requirements to amortize all notes outstanding as of June 30, 2022 (in thousands):

Fiscal Year	Business-type Activities		
	Principal	Interest & Fees	Total
2023	\$ 153	\$ 25	\$ 178
2024	156	22	178
2025	159	18	177
2026	163	15	178
2027	167	11	178
2028-2029	337	11	348
Totals	<u>\$ 1,135</u>	<u>\$ 102</u>	<u>\$ 1,237</u>

d. **Short-term Debt**

The City had no short-term debt activity for the fiscal year ended June 30, 2022.

e. **Series 2012 Special Activity Revenue Bonds**

PMGAA issued \$19,220,000 in special facility Revenue Bonds on February 29, 2012. The City has entered into a memorandum of understanding (MOU) with PMGAA and Able Engineering and Component Services for the development, construction and lease of an aircraft maintenance repair and overhaul facility at Phoenix-Mesa Gateway Airport. In general, the MOU addresses PMGAA issuing Special Facility Revenue Bonds, constructing the facility and leasing the facility to the City. The City, in turn, will sublease the facility to Able Engineering. The City pledged a portion of its excise taxes as security for payment of the base rent. The pledge of such excise taxes will be a junior lien subordinate to certain outstanding senior obligations. The bonds are payable from the future revenues from the City through 2038. During that time frame, total principal and interest to be paid on the bonds will be \$35,216,300. The bonds are not considered the debt of the City.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

f. **Pledged Revenues**

Utility System Revenue Bonds

The City has pledged future utility customer revenues, net of specified operating expenses, to repay approximately \$1.23 billion in utility system revenue bonds issued since 2004. Proceeds from the bonds provided financing for the construction of various utility related projects including new gas pipelines and water and wastewater treatment plants. The bonds are payable solely from utility customer net revenues and are payable through 2045. Annual principal and interest payments on the bonds were 48.9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1.774 billion. Principal and interest paid for the current year and total customer net revenues were \$101,359,208 and \$211,826,242, respectively.

Highway User Revenue Bonds

The City has pledged future Highway User Taxes Revenue to repay \$49.105 million in highway user revenue bonds issued since 2004. Proceeds from the bonds provided financing for streets projects. The bonds are payable solely from the state shared Highway User Tax revenues and are payable through 2027. Annual principal and interest payments on the bonds were 25.8 percent of eligible revenues. The total principal and interest remaining to be paid on the bonds is \$43,439,500. Principal and interest paid for the current year and total highway user tax revenues were \$12,389,663 and \$47,988,669, respectively.

10. REFUNDED, REFINANCED AND DEFEASED OBLIGATIONS

Liabilities to be Paid from Assets Held in Escrow

Liabilities to be paid from assets held in escrow include bonded debt of the City that has been provided for through an Advanced Refunding Bond Issue or a Defeasance. Under an advanced refunding arrangement, refunding bonds are issued and the net proceeds, plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. Under a Defeasance City resources are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds.

In accordance with GASB Statement No. 7, the refunded debt outstanding on June 30, 2022 as reflected below is not included in the City’s financial statements (in thousands).

Utility System Revenue Bond Issue dated June 28, 2006	\$ 10,055
Utility System Revenue Bond Issue dated May 30, 2007	1,685
Utility System Revenue Bond Issue dated May 29, 2008	3,975
Utility System Revenue Refunding Bond Issue dated September 25, 2014	4,980
Utility System Revenue Bond Issue Dated June 5, 2014	<u>9,230</u>
Total Refunded and Defeased Bonds Outstanding	<u>\$ 29,925</u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

11. SELF-INSURANCE INTERNAL SERVICE FUND

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds have been established to account for the costs of claims incurred by the City under self-insurance programs. The City is fully self-insured for all public liability risks, up to a maximum of \$3,000,000 per occurrence, for the current policy year under the Property and Public Liability Insurance program. In addition, the City carries full property insurance with a \$50,000 per occurrence deductible. Under the Workers' Compensation Program, the City is subject to a maximum deductible of \$1,000,000 liability per occurrence. In the Employee Benefits Fund, the City has excess insurance coverage when an individual's claims exceed \$225,000 per contract year. There were no changes in insurance coverage during this fiscal year for any of the three Self-Insurance Funds.

The Property and Public Liability, Workers' Compensation and Employee Benefits Internal Service Funds do not have stop loss receivables on June 30, 2022 and did not received any settlements in excess of insurance coverage over the past three fiscal years.

The various funds of the City include, as expenditures, amounts contributed to each of the self-insurance funds during the fiscal year. The estimated liability for claims outstanding is determined by a yearly actuarial study in the Property and Public Liability Fund and the Workers Compensation Fund. The claims liability in the Employee Benefits Fund is generated by a third-party claims processing company.

Changes in the balances of claims liabilities during the past two fiscal years are as follows (in thousands):

	Property & Public Liability	Workers' Compensation	Employee Benefits	Total
Unpaid Claims, 6/30/20	\$ 15,568	\$ 26,267	\$ 2,826	\$ 44,661
Adjustments to Reserves	(817)	2,062	70,965	72,210
Claim Expense	190	194	(68,883)	(68,499)
Unpaid Claims, 6/30/21	14,941	28,523	4,908	48,372
Adjustments to Reserves	(2,890)	(290)	71,902	68,722
Claims Expense	359	322	(70,965)	(70,284)
Unpaid Claims, 6/30/22	<u>\$ 12,410</u>	<u>\$ 28,555</u>	<u>\$ 5,845</u>	<u>\$ 46,810</u>

All unpaid claims are reported as current liabilities in the Statement of Net Position as the change in these amounts have already been expensed in the statement of activities.

12. COMMITMENTS AND CONTINGENT LIABILITIES

a. **Pending Litigation**

The City is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial position.

b. **Sick Leave Benefits**

Sick leave benefits provided for ordinary sick pay are not vested with the employee. Fifty percent of unused benefits are payable only upon retirement of an employee. In accordance with the criteria, sick leave paid within 60 days of the year-end has been recorded as a liability in the governmental fund financial statements. Long-term liabilities of governmental funds are not shown on the fund financial statements. In the government-wide financial statements as well as the proprietary fund financial statements, an amount of estimated sick leave payable to employees has been expensed and the liability is shown in the appropriate funds. These amounts have been calculated based on the vested method.

The total sick leave balance recorded as a liability on June 30, 2022, is \$13,739,119.

13. NET POSITION

a. **Restricted Net Position**

The government-wide statement of net position reports \$345,466,000 of restricted net position, of which \$191,130,000 is restricted by enabling legislation.

b. **Designated Net Position**

The net position in the Employee Benefits Self Insurance Fund is designated for anticipated future losses and is a result of excess premiums charged to increase the fund balance specifically for this purpose.

c. **Deficit in Net Position and Fund Balance**

The deficit in the Worker's Compensation Self-Insurance Fund consists of prior years' deficit where claims expenses exceeded revenues received and other postemployment benefit charges and pension expense. The City's funding plan calls for yearly contributions from various funds to equal the years estimated claims and claim related expenses. Future claim liabilities are not considered in determining funding for each year.

The deficit in the Property and Public Liability Fund was a result of other post-employment benefit charges and pension expense. The City's funding plan calls for yearly contributions from the

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

general fund to equal the years estimated claims and claim related expenses. Post-employment benefit charges and pension expense are not considered in determining funding for each year.

The deficit in the Warehouse, Maintenance and Services fund was a result of other post-employment benefit charges and pension expense. The City's funding plan calls for Charges for Services to cover operational expenses. Post-employment benefit charges and pension expense are not considered in determining Charges for Services.

The deficit in the Grants Special Revenue Fund will be covered by future revenues.

14. ENTERPRISE ACTIVITIES OPERATIONS DETAIL

The Enterprise Fund includes operations of electricity, gas, water, wastewater, solid waste, airport and district cooling. Although the City's Enterprise Fund does not meet the requirements for disclosing segment information, the services provided by the City are of such significance as to warrant certain additional disclosures. Operating revenue, expenses and operating income (loss) for the year ended June 30, 2022 for these services are as follows (in thousands):

Functions	Operating Revenues	Operating Expenses		Operating Income (Loss)
		Depreciation	Other	
Electric	\$ 52,613	\$ 3,530	\$ 37,798	\$ 11,285
Gas	57,313	4,980	33,813	18,520
Water	163,263	31,894	66,309	65,060
Wastewater	93,727	20,064	42,219	31,444
Solid Waste	66,132	2,045	38,729	25,358
Airport	4,808	1,958	3,995	(1,145)
District Cooling	1,487	397	1,306	(216)
Total	<u>\$ 439,343</u>	<u>\$ 64,868</u>	<u>\$ 224,169</u>	<u>\$ 150,306</u>

15. JOINT VENTURES

The City currently participates in five joint ventures. The Greenfield Water Reclamation Plant and TOPAZ Regional Wireless Cooperative are managed by the City of Mesa, while the Subregional Operating Group, the Val Vista Water Treatment Plant, and Valley Metro Rail, Inc. are managed externally.

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The City's investment in these Joint Ventures as of June 30, 2022, is as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Valley Metro Rail Inc.	\$ 305,610	\$ -	\$ 305,610
TOPAZ Regional Wireless Cooperative	6,163	-	6,163
Subregional Operating Group	-	77,569	77,569
Val Vista Water Treatment Plant	-	54,010	54,010
Greenfield Water Reclamation Plant	-	152,932	152,931
Joint Ventures Construction Deposits	-	14,588	14,588
Total Investment in Joint Ventures	<u>\$ 311,773</u>	<u>\$ 299,099</u>	<u>\$ 610,871</u>

Valley Metro Rail, Inc. "VMRI"

The City currently participates in the Central Phoenix/East Valley Light Rail Transit (LRT) along with the cities of Phoenix, Tempe and Glendale. Valley Metro Rail, Inc. (VMRI) is the management agency that was incorporated to administer the joint agreement between the cities and has oversight responsibility for the planning, design, construction and operation of the system. The agreement provides voting rights for members of the representative cities, including passage of an annual budget. The City has ongoing financial responsibility as a result of the joint agreement including participation in the cost to construct and to operate the light rail project less any Federal reimbursements and operating fares. The City's equity in the joint venture is \$305,610,269 and is reflected in the governmental activities.

Separate financial statements can be obtained through Valley Metro Rail Inc. at 101 North First Avenue, Suite 1300, Phoenix, Arizona, 85003.

TOPAZ Regional Wireless Cooperative

The City of Mesa currently participates with the City of Apache Junction, Superstition Fire and Medical, the Town of Gilbert, the Town of Queen Creek, Fort McDowell and Rio Verde Fire District (the Parties) in an intergovernmental agreement to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (TOPAZ). TOPAZ is a 700/800 MHz Network procured and built by the City of Mesa. The City acts as the lead agency and is responsible for the planning, budgeting, construction, operation and maintenance of the network. As lead agent, the City provides all management personnel and financing arrangements. The Parties participate in ownership of the network and are charged for operating and capital expenses based on six month rolling average of airtime. The City's equity in the joint venture is \$6,162,821 and is reflected in the governmental activities. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2022, is (in thousands):

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

TOPAZ Regional Wireless Cooperative

City of Mesa	\$	6,163
Town of Gilbert		1,483
City of Apache Junction		547
Superstition Fire and Medical		162
Town of Queen Creek		107
Fort McDowell		51
Rio Verde Fire District		12
Total Joint Venture	\$	<u>8,525</u>

Wastewater

Subregional Operating Group

The City participates with the cities of Phoenix, Glendale, Scottsdale and Tempe in the Subregional Operating Group (SROG). SROG was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) in order to govern the construction, operation and maintenance of a multi-city sanitary sewer system (the "System"). The System includes the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor and related transportation facilities.

The City of Phoenix acts as the lead agency in SROG and is responsible for the planning, budgeting, construction, operation and maintenance of the plant in addition to providing all management personnel and financing arrangements. The various cities participate in ownership of the plant and are charged for operating expenses based on gallons of flow. The different agencies participate in each facility at varying rates depending on their needs at the time each facility was constructed. The City's equity in the joint venture is \$77,569,071 and is reflected in the proprietary funds financial statements.

SROG has no bonded debt outstanding. Separate financial statements for the activity under the joint venture agreement can be obtained through the AMWUA office at 3003 N. Central Avenue, Suite 1550, Phoenix, Arizona, 85012.

Greenfield Water Reclamation Project

The City of Mesa acts as the lead agency in a joint water reclamation plant with the Towns of Gilbert and Queen Creek and is responsible for the planning, budgeting, construction, operation, and maintenance of the plant. As lead agent, the city provides all management personnel and financing arrangements. Mesa, Gilbert, and Queen Creek participate in ownership of the plant and are charged for operating expenses based on gallons of flow. The City's equity in the joint venture is \$152,931,466 and is reflected in the proprietary funds financial statements. Separate financial statements are not prepared.

Total investment in the joint venture as of June 30, 2022, is (in thousands):

Greenfield Water Reclamation Project

Mesa's Share	\$	152,932
Gilbert's Share		99,988
Queen Creek's Share		30,221
Total Joint Venture	\$	<u>283,141</u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

Water

Val Vista Water Treatment Plant

The City also participates with the City of Phoenix in the Val Vista Water Treatment Plant and Transmission Line. The City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the plant. As lead agency, Phoenix provides all management personnel and financing arrangements. Phoenix and Mesa participate in ownership of the plant and are charged for operating expenses based on gallons of water treated. The City's investment in the joint venture is \$54,010,470 and is reflected in the proprietary funds financial statements.

The water treatment plant has no bonded debt outstanding. Separate financial statements for the activity can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division at 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

16. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

All benefitted employees of the City are covered by one of three pension systems. The Arizona State Retirement System (ASRS) is for the benefit of the employees of the state and certain other governmental jurisdictions. All benefitted City employees, except sworn fire and police personnel and the Mayor and City Council Members, are included in the plan that is a multiple-employer cost-sharing defined benefit pension plan. All sworn fire and police personnel participate in the Public Safety Personnel Retirement System that is an agent plan. The Mayor and City Council Members contribute to the State's Elected Officials Retirement Plan that is also a multiple-employer cost-sharing pension plan. The Elected Officials Retirement Plan is not described below because of its relative insignificance to the financial statements.

In addition, eligible employees are covered by other postemployment benefit plans. All sworn fire and police personnel participate in the Public Safety Personnel Retirement System (PSPRS) that is an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. Eligible City employees also participate in the City's OPEB plan. Eligible City employees covered by Arizona State Retirement System also participate in the ASRS OPEB plan. The ASRS OPEB plan is not described below because of its relative insignificance to the financial statements.

On June 30, 2022, the City reported the following aggregate amounts related to pensions for all plans to which it contributes (in thousands):

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net Pension Liabilities	\$ 796,642	\$ 44,171	\$ 840,813
Deferred Outflows of Resources - Pension	183,724	11,319	195,043
Deferred Inflows of Resources - Pension	125,871	14,734	140,605
Pension Expense	82,971	3,562	86,533
Net OPEB Liabilities	897,830	89,784	987,614
Deferred Outflows of Resources - OPEB	111,828	11,138	122,966
Deferred Inflows of Resources - OPEB	25,886	2,505	28,391
OPEB Expense	66,450	6,613	73,063

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Arizona State Retirement System Defined Benefit Plan:

a. **Plan Description**

All of the City’s eligible benefitted general employees participate in the Arizona State Retirement System (“ASRS”), a multiple-employer, cost-sharing defined benefit pension plan. ASRS was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. ASRS is administered by the ASRS Governing Board in accordance with Title 38, Chapter 5 Articles 2 and 2.1 of the Arizona Revised Statutes (“A.R.S.”). ASRS provides for retirement, disability, and death and survivor benefits. ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Arizona State Retirement System, P.O. Box 33910, Phoenix, Arizona, 85067-3910 or by calling 1-800-621-3778.

b. **Benefits Provided**

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percentage per year of service	2.1% to 2.3 %	2.1% to 2.3 %

* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions

The A.R.S. provide statutory authority for determining the employees’ and employers’ contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

as employees. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, the city and covered employees were required by state statute to contribute at the actuarially determined rate of 12.41% (12.22% pension plus 0.19% long-term disability) of the active members' annual covered payroll. The City's contributions to the System for the year ending June 30, 2022 was \$23,717,056, 74.4% paid from governmental funds, 4.40% paid from internal service funds, and 21.20% paid from enterprise funds.

Additionally, the City is required by Statute to pay an ASRS Alternate Contribution Rate (ACR) for retired members who return to work on or after July 1, 2012, in any capacity and in a position ordinarily filled by an employee of the City to mitigate the potential impact that retired members who return to work may have on the ASRS Trust Fund. The contribution rate for the year ended June 30, 2022 was 10.22% (10.13% pension plus, 0.09% long-term disability). The City's ACR contributions to the System for the year ending June 30, 2022 were \$85,986.

c. Pension Liability

On June 30, 2022, the City reported a liability of \$208,352,625 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The City's proportion measured as of June 30, 2021, was 1.58569%, which was a decrease of 0.03306% from its proportion measured as of June 30, 2020.

d. Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the City recognized pension expense for ASRS of \$16,802,648. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,176	\$ -
Changes of assumptions	27,119	-
Net difference between projected and actual earnings on pension plan investments	-	66,013
Changes in proportion and differences between City contributions	-	3,489
City contributions subsequent to the measurement date	23,097	-
Total	<u>\$ 53,392</u>	<u>\$ 69,502</u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The \$23,097,402 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows (in thousands):

	<u>Year Ended June 30,</u>	
2023	\$	(1,056)
2024		(850)
2025		(14,552)
2026		<u>(22,749)</u>
	\$	<u>(39,207)</u>

e. **Actuarial Assumptions**

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0%
Projected Salary Increases	2.9 - 8.4%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	4.90%
Fixed Income - Credit	20%	5.20%
Fixed Income - Interest Rate Sensitive	10%	0.70%
Real Estate	<u>20%</u>	5.70%
Total	<u>100%</u>	

f. **Discount Rate**

The discount rate used to measure the ASRS total pension liability was 7.0%. The rate has been lowered in the roll forward from 7.5% which was used for the actuarial assumptions at the valuation date. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. **Sensitivity of the City’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate**

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 %, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0 %) than the current rate (in thousands):

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City's proportionate share of the net pension liability	\$ 327,721	\$ 208,353	\$ 108,832

h. **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System:

a. **Plan Description**

All sworn fire and police personnel regularly assigned hazardous duty are eligible to participate in the Public Safety Personnel Retirement System (“PSPRS”). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. The PSPRS is jointly administered by a nine-member board known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report is available on the PSPRS website at www.psprs.com.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

b. Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or After July 1, 2017
<u>Retirement and Disability</u>			
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5*; 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percentage			
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service, not to exceed 80%	1.5% to 2.5% for each year of credited service not to exceed 80%	
Accidental Disability Retirement		50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement		90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement		Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor Benefit</u>			
Retired Members		80% to 100% of retired member's pension benefit	
Active Members		80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

* With actuarially reduced benefits

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

The PSPRS-Fire OPEB plan is not presented because of its relative insignificance to the financial statements.

Employees Covered by Benefit Terms

On June 30, 2022, the following employees were covered by the agent plans' benefit terms:

	PSPRS Fire	PSPRS Police	
	Pension	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	289	660	660
Inactive employees entitled to but not yet receiving benefits	93	243	112
Active employees	375	690	690
Total	757	1,593	1,462

c. **Contributions and annual OPEB Cost**

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active Member Pension	City Pension	City OPEB
PSPRS - Fire	7.65% - 11.65%	55.62%	0.55%
PSPRS - Police	7.65% - 11.65%	55.54%	1.35%
PSPRS Tier 3 - Fire	10.84%	10.69%	0.15%
PSPRS Tier 3 - Police	10.23%	10.13%	0.10%

Also, statute required the City to contribute a legacy cost of pension unfunded liability at the actuarially determined rate expressed as a percent of annual covered payroll of 40.42% and 41.72% for City fire and police employees respectively, who were PSPRS Tier 3 members.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

The City’s required contributions to the plans for the year ended June 30, 2022, were:

	<u>Pension</u>	<u>OPEB</u>
PSPRS - Fire	\$ 17,038,866	\$ 168,489
PSPRS - Police	29,433,758	19,038
PSPRS Tier 3 - Fire	3,138,748	715,441
PSPRS Tier 3 - Police	8,023,743	160,939

The City’s contribution to the system was paid from the general fund.

The City is also required to pay a PSPRS Alternate Contribution Rate (ACR) for retired members who return to work in any capacity and in a position ordinarily filled by an employee of the City, unless the retired member is required to participate in another state retirement system and the retired member returned to work before July 20, 2011. The ACR rate is equal to the portion of the total required contribution that is applied to the amortization of the unfunded actuarial accrued liability for the fiscal year beginning July 1, based on the actuarial calculation of the total required contribution for the preceding fiscal year ended on June 30. The contribution rate for the year ended June 30, 2020 was 40.42% and 41.72% for fire and police, respectively. The City did not have any ACR contributions for the year ending June 30, 2021.

d. **Liability**

On June 30, 2022, the City reported the following pension liabilities of \$213,314,058 and \$419,146,680 for fire and police, respectively. The City also reported an OPEB liability of \$9,576,678 for police. The net liabilities were measured as of June 30, 2021, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

e. **Pension/OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2022, the City recognized pension expense of \$22,309,364 and \$47,421,558 for fire and police, respectively. City also recognized OPEB expense of \$1,030,049 for police.

On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources (in thousands):

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

PSPRS - Fire Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,222	\$ 2,332
Changes in assumptions	12,050	-
Net difference between projected and actual earnings on pension plan investments	-	24,558
City contributions subsequent to the measurement date	<u>27,797</u>	<u>-</u>
Total	<u>\$ 54,069</u>	<u>\$ 26,890</u>

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police				
Differences between expected and actual experience	\$ 20,719	\$ 94	\$ 567	\$ -
Changes in assumptions	13,491	-	237	60
Net difference between projected and actual earnings on plan investments	-	44,119	-	1,049
City contributions subsequent to the measurement date	<u>53,372</u>	<u>-</u>	<u>838</u>	<u>-</u>
Total	<u>\$ 87,582</u>	<u>\$ 44,213</u>	<u>\$ 1,642</u>	<u>\$ 1,109</u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	PSPRS Fire Pension	PSPRS Police Pension	PSPRS Police OPEB
2023	\$ 1,287	\$ 3,291	36
2024	1,087	(247)	23
2025	(769)	(1,940)	(86)
2026	(4,409)	(11,460)	(295)
2027	1,077	352	16
Thereafter	1,108	-	-
	<u>\$ (619)</u>	<u>\$ (10,004)</u>	<u>\$ (306)</u>

f. **Actuarial Methods and Assumptions**

The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial Assumptions:

Measurement Date	June 30, 2021
Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.3% for contribution rates,
Wage Inflation	3.5%, N/A for OPEB
Price Inflation	2.5%, N/A for OPEB
Cost-of-living adjustment	1.75%, N/A for OPEB
Mortality Rates for Pension and OPEB	PubS-2010 tables
Healthcare cost trend rate	N/A

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 % using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Geometric Real
Cash - Mellon	1%	-0.31%
Core Bonds	2%	0.42%
Capital Appreciation	7%	5.43%
Diversifying Strategies	10%	3.99%
International Public Equity	16%	5.20%
Global Private Equity	20%	7.67%
Private Credit	20%	5.74%
U.S. Public Equity	24%	4.08%
Total	100%	

g. **Discount Rate**

A discount rate of 7.30% for Tier 1 and Tier 2 members was used to measure the total pension/OPEB liability. A discount rate of 7.00% for Tier 3 members was used to measure the total Pension/OPEB Liability. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

h. **Sensitivity of the City's Net Pension/OPEB Liability to Changes in the Discount Rate**

The following table presents the City's net pension/ OPEB liabilities calculated using the discount rates noted above, as well as what the City's net pension/OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3%) or 1 percentage point higher (8.3%) than the current rate (in thousands):

	1% Decrease	Current Discount Rate	1% Increase
Fire Net Pension Liability	\$ 274,697	\$ 213,314	\$ 162,859
Police Net Pension Liability	539,969	419,147	320,710
Police OPEB Liability	11,818	9,577	7,686

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

i. Changes in the Net Pension/OPEB Liability

The following tables present changes in the City’s net pension/OPEB liability for the PSPRS – Fire and Police plans as follows (in thousands):

Fire	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balance - Beginning of Year	\$ 449,531	\$ 202,690	\$ 246,841
Changes for the Year:			
Service Cost	7,645	-	7,645
Interest on the Total Liability	32,539	-	32,539
Changes of Benefit Terms	-	-	-
Differences Between Expected & Actual Experience in the Measurement of the Liability	7,760	-	7,760
Changes of Assumptions / Other Inputs	-	-	-
Contributions - Employer	-	21,601	(21,601)
Contributions - Employee	-	3,321	(3,321)
Net Investment Income	-	56,815	(56,815)
Benefit Payments, Including Refunds of Employee Contributions	(22,868)	(22,868)	-
Administrative Expenses	-	(266)	266
Net Changes	<u>25,076</u>	<u>58,603</u>	<u>(33,527)</u>
Balances - End of Year	<u>\$ 474,607</u>	<u>\$ 261,293</u>	<u>\$ 213,314</u>

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Police						
Balance - Beginning of Year	\$ 850,268	\$ 362,771	\$ 487,497	\$ 21,097	\$ 9,969	\$ 11,128
Changes for the Year:						
Service Cost	13,861	-	13,861	351	-	351
Interest on the Total Liability	61,557	-	61,557	1,511	-	1,511
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected & Actual Experience in the Measurement of the Liability	2,112	-	2,112	100	-	100
Changes of Assumptions / Other Inputs	-	-	-	-	-	-
Contributions - Employer	-	38,561	(38,561)	-	853	(853)
Contributions - Employee	-	6,268	(6,268)	-	88	(88)
Net Investment Income	-	101,528	(101,528)	-	2,583	(2,583)
Benefit Payments, Including Refunds of Employee Contributions	(41,764)	(41,764)	-	(1,494)	(1,494)	-
Administrative Expenses	-	(477)	477	-	(10)	10
Net Changes	35,766	104,116	(68,350)	468	2,020	(1,552)
Balances - End of Year	\$ 886,034	\$ 466,887	\$ 419,147	\$ 21,565	\$ 11,989	\$ 9,576

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, note that trend rates are not applied in the valuation due to the nature of the benefits provided.

j. **Plan Fiduciary Net Position**

Detailed information about the pension/OPEB plan's fiduciary net position is available in the separately issued PSPRS financial report.

City of Mesa OPEB:

a. **Plan Description**

The City provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's self-insurance health insurance plan which covers both active and retired members. The benefits, benefit levels and contribution rates are determined annually by the City's Benefits Advisory Board and approved by the Mesa City Council. The plan is not accounted for as a trust fund, and an irrevocable trust has not been established to account for the plan.

City of Mesa, Arizona
Notes to Financial Statements
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b. Benefits Provided

The City provides post-employment medical care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the state retirement plans for public employees and be covered under the City’s medical plan during their active status. Employees must enroll in a City plan immediately after they retire or their eligibility for this benefit ceases. All medical care benefits are provided through the City’s self-insured health plan. The benefit levels are the same as those afforded to active employees. Upon a retiree’s death, the retiree’s dependents are no longer eligible for City coverage.

To receive maximum benefits an employee must meet the following:

- Ten years of service for employees hired prior to January 1, 2001
- Fifteen years of service for employees hired at January 1, 2001 but before January 1, 2006.
- Twenty years of service for employees hired on or after January 1, 2006.
- As of January 1, 2009, new hires are no longer eligible for benefits.

Employees Covered by Benefit Terms

As of June 30, 2021 (Date of most recent valuation), membership consisted of:

Active Employees	3,383
Retirees	2,377
Spouses	<u>1,415</u>
Total	<u><u>7,175</u></u>

c. OPEB Liability

The plan operates on a pay-as-you-go basis and thus has no assets. The total OPEB liability measured as of June 30, 2022 is \$978,037,396.

d. OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the City recognized OPEB expense of \$72,033,107. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,051	\$ 2,036
Changes of assumptions	62,462	25,246
City benefit payments subsequent to the measurement date	<u>20,811</u>	<u>-</u>
Total	<u><u>\$ 121,324</u></u>	<u><u>\$ 27,282</u></u>

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

The amounts reported as deferred outflows of resources resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows (in thousands):

	<u>Year Ended June 30,</u>
2023	\$ 20,778
2024	28,142
2025	20,547
2026	2,971
2027	<u>793</u>
	<u>\$ 73,231</u>

e. **Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for this fiscal year valuation were as follows:

Actuarial Assumptions:

Actuarial Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	2.18%
Consumer Price Index	3.00%
Projected Salary Increases	2.90 - 7.50%
Mortality Rates	Based on the rates used for the June 30, 2021 valuations of the ASRS Plan and the PSPRS Plan.
Health care cost trend rate:	
Medical, Drugs	4.50 -7.00%
Dental, Vision	4.50%

Actuarial assumptions used in the June 30, 2021 valuation were projected on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.

Future Salary Increase

Consistent with the June 30, 2021, valuations of the Arizona State Retirement System (ASRS) Plan and the Arizona Public Safety Personnel Retirement System (PSPRS) Plan. The ASRS salary increase assumption has been updated since the prior valuation based on the 2021 ASRS experience study. Salary increases assumptions range from 2.9% to 7.50%, based on years of service and the applicable plan.

Aging Factors

The age morbidity curve was developed by Dale Yamamoto for the Society of Actuaries. This curve is used to measure the annual increases in per capita claim costs for each age as well as relative cost by gender, adjusting the male age 65 per capita claims cost. The factors range from 0.4612 to 1.6944, based on age and gender.

Cost, Contribution and Premium Trend Rates

Medical and prescription drug costs and administrative costs are assumed to increase according to the rates below. This assumption is consistent with the prior valuation. The initial medical trend rate was developed using our National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and PBMs. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HMO, POS). The healthcare cost trend range is 4.0% to 7.0%.

f. **Discount Rate**

The discount rate at the measurement date is 2.18%. The discount rate decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021. Benefit payments are funded on a pay-as-you go basis. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

City of Mesa, Arizona
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

g. Changes in OPEB Liability

The below table outlines the changes in OPEB Liability for the fiscal year ending June 30, 2020 (in thousands):

OPEB Liability at Beginning of Year	\$ 942,634
Service Cost	26,157
Interest	25,492
Differences between Expected and Actual Experience	26,062
Changes in Assumptions	(21,298)
Employer contributions *	<u>(21,010)</u>
Net Change in Total OPEB Liability	<u>35,403</u>
OPEB Liability at End of Year	<u><u>\$ 978,037</u></u>

* Because the City funds OPEB benefits on a “pay-as-you-go” basis, employer contributions are equal to benefit payments.

The City’s benefit payments to the plan was paid 87.8% from governmental funds, 3.0% from internal service funds, and 9.2% from enterprise funds

h. Sensitivity of the City’s OPEB Liability to Changes in the Discount Rate and the Healthcare Cost Trend Rates

The following table presents the City’s net OPEB liabilities calculated using the municipal bond rates and healthcare cost trend rates noted above, as well as what the City’s net OPEB liability would be if it were calculated using rate that is 1 percentage point lower or 1 percentage point higher than the current rate (in thousands):

	<u>1% Decrease</u>	<u>Current Municipal Bond Rate</u>	<u>1% Increase</u>
City OPEB Plan	\$ 1,157,179	\$ 978,037	\$ 836,909

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
City OPEB Plan	\$ 839,246	\$ 978,037	\$ 1,155,012

City of Mesa, Arizona

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

17. RESTATEMENT OF BEGINNING FUND BALANCES

As of July 1, 2021, the City changed its accounting policy in regard to its Ambulance Transport activities and ceased accounting for them as a Special Revenue Fund and began accounting for these activities within the General Fund. As a result, the beginning balances of the General Fund and Non-Major Governmental Funds were restated as follows:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Beginning Fund Balance	\$ 288,608	\$ 331,312
Adjustments:		
Ambulance Fund Balance	<u>(3,273)</u>	<u>3,273</u>
Adjusted Beginning Fund Balance	<u>\$ 285,335</u>	<u>\$ 334,585</u>

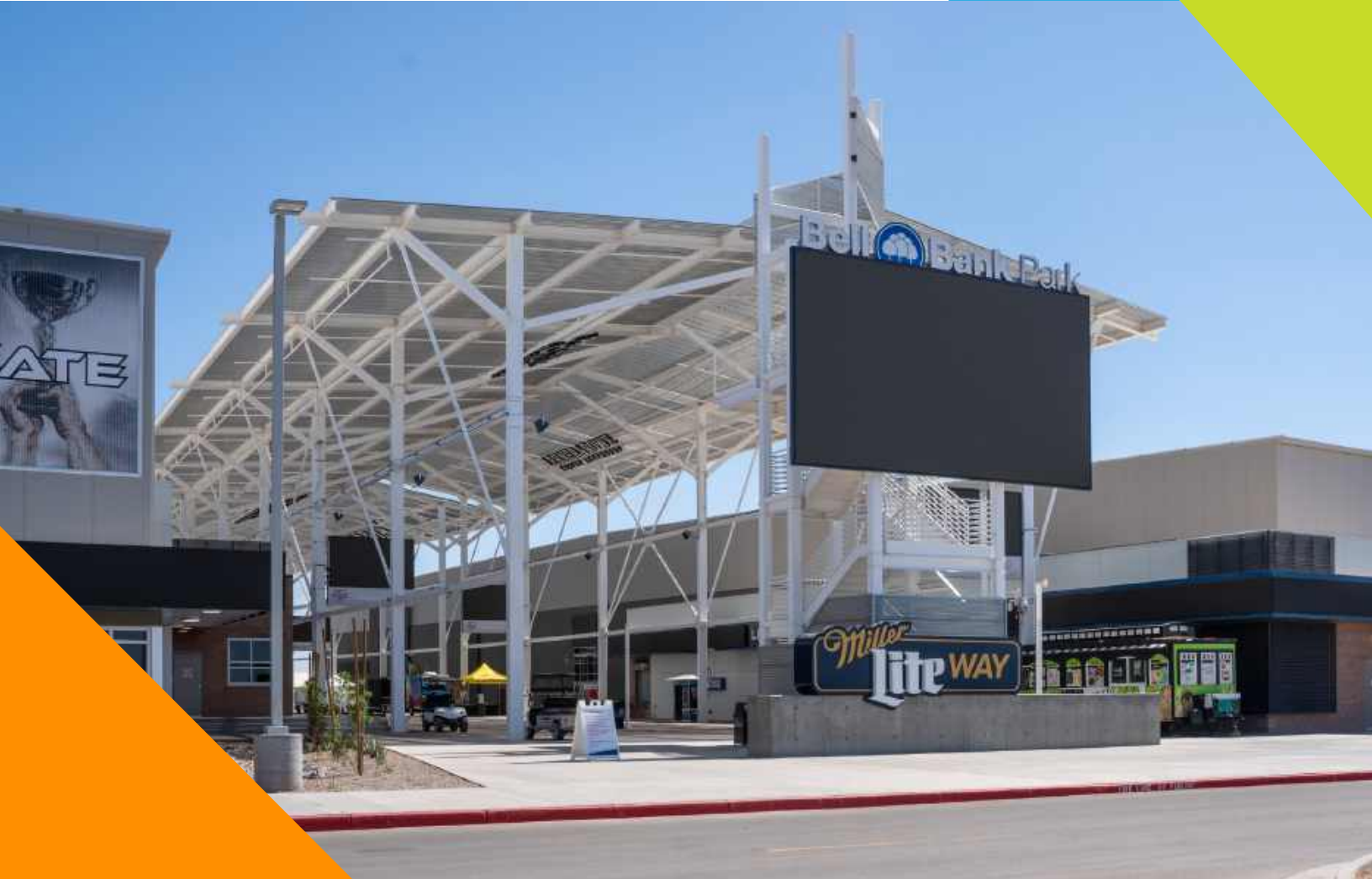
18. SUBSEQUENT EVENTS

On August 25, 2022, the City issued \$57,655,000 of Series 2022C Utility System Revenue Refunding Bonds (refunding \$67,300,000 of the Series 2012 Utility System Revenue Bonds and accrued interest). The purpose of the issuance was to take advantage of lower interest rates and reduce future payments.



REQUIRED SUPPLEMENTARY INFORMATION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Bell Bank Park

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022



City of Mesa, Arizona
Schedule of the City's Proportionate Share Of Net Pension Liability
Cost-Sharing Pension Plan
June 30, 2022
(in thousands)

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
City's Proportion of Net Pension Liability	1.5857%	1.6188%	1.6209%
City's Proportionate Share of Net Pension Liability	\$ 208,353	\$ 280,473	\$ 235,853
City's Covered Payroll	\$ 178,405	\$ 175,767	\$ 169,900
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	116.79%	159.57%	138.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year
(Measurement Date)

2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
1.6293%	1.6416%	1.6605%	1.6393%	1.6341%	Information not available
\$ 227,233	\$ 255,729	\$ 268,013	\$ 255,337	\$ 241,792	
\$ 162,089	\$ 158,958	\$ 155,868	\$ 151,154	\$ 147,402	
140.19%	160.88%	171.95%	168.93%	164.04%	
73.40%	69.92%	67.06%	68.35%	69.49%	

City of Mesa, Arizona
Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios
Agent Plans
June 30, 2022
(in thousands)

Public Safety Personnel Retirement System - Fire

	Reporting Fiscal Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
Total Pension Liability			
Service Cost	\$ 7,645	\$ 7,871	\$ 7,663
Interest on the Total Pension Liability	32,539	31,397	29,147
Changes of Benefit Terms	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Pension Liability	7,760	(221)	11,844
Changes of Assumptions or Other Inputs	-	-	8,488
Benefit Payments, Including Refunds of Employee Contributions	(22,868)	(23,473)	(18,809)
Net Change in Total Pension Liability	25,076	15,574	38,333
Total Pension Liability - Beginning	449,531	433,957	395,624
Total Pension Liability - Ending (a)	474,607	449,531	433,957
Plan Fiduciary Net Position			
Contributions - Employer	21,601	18,107	16,708
Contributions - Employee	3,321	2,845	2,805
Net Investment Income	56,815	2,587	10,339
Benefit Payments, Including Refunds of Employee Contributions	(22,868)	(23,473)	(18,809)
Hall/Parker Settlement	-	-	-
Administrative Expense	(266)	(211)	(181)
Other Changes	-	58	-
Net Change in Plan Fiduciary Net Position	58,603	(87)	10,862
Plan Fiduciary Net Position - As Previously Reported	202,690	202,777	191,986
Adjustment to Beginning Balance	-	-	(71)
Plan Fiduciary Net Position - Beginning	202,690	202,777	191,915
Plan Fiduciary Net Position - Ending (b)	261,293	202,690	202,777
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 213,314</u>	<u>\$ 246,841</u>	<u>\$ 231,180</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.05%	45.09%	46.73%
City's Covered Payroll	\$ 34,198	\$ 32,562	\$ 34,136
City's Net Pension Liability as a Percentage of its Covered Payroll	623.76%	758.06%	677.23%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year
(Measurement Date)

2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
					Information not available
\$ 7,271	\$ 7,724	\$ 6,439	\$ 6,127	\$ 6,281	
27,446	25,687	23,654	23,086	20,708	
-	2,125	21,380	-	4,044	
1,951	(2,670)	(4,423)	(3,518)	(6,961)	
-	12,613	11,970	-	23,097	
<u>(16,608)</u>	<u>(17,095)</u>	<u>(19,893)</u>	<u>(17,323)</u>	<u>(16,309)</u>	
20,060	28,384	39,127	8,372	30,860	
375,564	347,180	308,053	299,681	268,821	
<u>395,624</u>	<u>375,564</u>	<u>347,180</u>	<u>308,053</u>	<u>299,681</u>	
16,733	13,558	12,735	9,828	9,157	
3,035	3,923	4,396	3,847	3,488	
12,464	19,308	954	5,878	19,840	
(16,608)	(17,095)	(19,893)	(17,323)	(16,309)	
(5,150)	-	-	-	-	
(190)	(174)	(138)	(144)	(160)	
2	43	(12)	45	(113)	
<u>10,286</u>	<u>19,563</u>	<u>(1,958)</u>	<u>2,131</u>	<u>15,903</u>	
181,700	162,137	164,095	161,964	146,061	
-	-	-	-	-	
<u>181,700</u>	<u>162,137</u>	<u>164,095</u>	<u>161,964</u>	<u>146,061</u>	
<u>191,986</u>	<u>181,700</u>	<u>162,137</u>	<u>164,095</u>	<u>161,964</u>	
<u>\$ 203,638</u>	<u>\$ 193,864</u>	<u>\$ 185,043</u>	<u>\$ 143,958</u>	<u>\$ 137,717</u>	
48.53%	48.38%	46.70%	53.27%	54.05%	
\$ 32,445	\$ 32,941	\$ 32,453	\$ 31,661	\$ 30,782	
627.64%	588.52%	570.19%	454.69%	447.39%	

City of Mesa, Arizona

Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios

Agent Plans

June 30, 2022

(in thousands)

Public Safety Personnel Retirement System - Police Pension

	Reporting Fiscal Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
Total Pension Liability			
Service Cost	\$ 13,861	\$ 14,016	\$ 15,015
Interest on the Total Liability	61,557	57,794	53,953
Changes of Benefit Terms	-	-	-
Diff Between Expected and Actual Experience in the Measurement of the Liability	2,112	19,067	10,259
Changes of Assumptions or Other Inputs	-	-	21,092
Benefit Payments, Including Refunds of Employee Contributions	(41,764)	(36,572)	(36,864)
Net Change in Total Pension Liability	35,766	54,305	63,455
Total Pension Liability - Beginning	850,268	795,963	732,508
Total Pension Liability - Ending (a)	886,034	850,268	795,963
Plan Fiduciary Net Position			
Contributions - Employer	38,561	34,340	32,387
Contributions - Employee	6,268	6,045	5,718
Net Investment Income	101,528	4,551	18,270
Benefit Payments, Including Refunds of Employee Contributions	(41,764)	(36,572)	(36,864)
Hall/Parker Settlement	-	-	-
Administrative Expense	(477)	(371)	(319)
Other Changes	-	(2)	340
Net Change in Plan Fiduciary Net Position	104,116	7,991	19,532
Plan Fiduciary Net Position - As Previously Reported	362,771	354,780	335,631
Adjustment to Beginning Balance	-	-	(383)
Plan Fiduciary Net Position - Beginning	362,771	354,780	335,248
Plan Fiduciary Net Position - Ending (b)	466,887	362,771	354,780
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 419,147</u>	<u>\$ 487,497</u>	<u>\$ 441,183</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.69%	42.67%	44.57%
City's Covered Payroll	\$ 64,419	\$ 63,232	\$ 63,993
City's Net Pension Liability as a Percentage of its Covered Payroll	650.66%	770.97%	689.42%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year (Measurement Date)					
2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
\$ 13,826	\$ 15,841	\$ 12,438	\$ 12,216	\$ 12,481	Information not available
50,926	47,572	43,573	41,908	36,514	
-	5,718	34,005	-	8,728	
3,862	365	(4,001)	(2,173)	(11,331)	
-	19,037	23,614	-	51,228	
(34,755)	(32,522)	(31,689)	(29,998)	(27,566)	
33,859	56,011	77,940	21,953	70,054	
698,649	642,638	564,698	542,745	472,691	
732,508	698,649	642,638	564,698	542,745	
31,596	26,819	24,067	19,680	17,443	
6,058	7,693	8,157	7,613	6,784	
21,889	34,221	1,667	10,065	33,360	
(34,754)	(32,522)	(31,689)	(29,998)	(27,566)	
(10,096)	-	-	-	-	
(333)	(306)	(240)	(246)	(269)	
514	420	382	28	288	
14,874	36,325	2,344	7,142	30,040	
320,757	284,432	282,088	274,946	244,906	
-	-	-	-	-	
320,757	284,432	282,088	274,946	244,906	
335,631	320,757	284,432	282,088	274,946	
\$ 396,877	\$ 377,892	\$ 358,206	\$ 282,610	\$ 267,799	
45.82%	45.91%	44.26%	49.95%	50.66%	
\$ 63,003	\$ 64,740	\$ 61,211	\$ 62,461	\$ 59,688	
629.93%	583.71%	585.20%	452.46%	448.66%	

City of Mesa, Arizona
Schedule of Changes in the City's Net Pension/OPEB Liability and Related Ratios
Agent Plans
June 30, 2022
(in thousands)

Public Safety Personnel Retirement System - Police OPEB

	Reporting Fiscal Year (Measurement Date)					2017 through 2013
	2021 (2020)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	
Total Liability						Information
Service Cost	\$ 351	\$ 322	\$ 200	\$ 190	\$ 213	not
Interest on the Total Liability	1,511	1,477	1,416	1,359	1,356	available
Changes of Benefit Terms	-	-	-	-	35	
Difference Between Expected and Actual Experience in the Measurement of the Liability	100	381	43	472	312	
Changes of Assumptions or Other Inputs	-	-	474	-	(335)	
Benefit Payments, Including Refunds of Employee Contributions	(1,494)	(1,455)	(1,391)	(1,325)	(1,239)	
Net Change in Total OPEB Liability	468	725	742	696	342	
Total OPEB Liability - Beginning	21,097	20,372	19,630	18,934	18,592	
Total OPEB Liability - Ending (a)	21,565	21,097	20,372	19,630	18,934	
Plan Fiduciary Net Position						
Contributions - Employer	853	934	736	231	639	
Contributions - Employee	88	46	14	-	-	
Net Investment Income	2,583	123	530	695	1,141	
Benefit Payments, Including Refunds of Employee Contributions	(1,494)	(1,455)	(1,391)	(1,325)	(1,239)	
Administrative Expense	(10)	(10)	(9)	(11)	(10)	
Net Change in Plan Fiduciary Net Position	2,020	(362)	(120)	(410)	531	
Plan Fiduciary Net Position - As Previously Reported	9,969	10,331	10,067	10,477	9,946	
Adjustment to Beginning Balance	-	-	384	-	-	
Plan Fiduciary Net Position - Beginning	9,969	10,331	10,451	10,477	9,946	
Plan Fiduciary Net Position - Ending (b)	11,989	9,969	10,331	10,067	10,477	
City's Net OPEB Liability - Ending (a) - (b)	<u>\$ 9,576</u>	<u>\$ 11,128</u>	<u>\$ 10,041</u>	<u>\$ 9,563</u>	<u>\$ 8,457</u>	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	55.59%	47.25%	50.71%	51.28%	55.33%	
City's Covered Payroll	\$ 64,419	\$ 63,232	\$ 63,993	\$ 63,003	\$ 64,740	
City's Net OPEB Liability as a Percentage of its Covered Payroll	14.87%	17.60%	15.69%	15.18%	13.06%	

See accompanying notes to pension plan schedules.



City of Mesa, Arizona
Schedule of City Pension Contributions
June 30, 2022
(in thousands)

Arizona State Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily Required Contribution	\$ 23,097	\$ 20,763	\$ 20,258	\$ 19,124
City's Contribution in Relation to the Statutorily Required Contribution	23,097	20,763	20,258	19,124
City's Contribution (Deficiency) / Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 192,542	\$ 178,405	\$ 175,767	\$ 169,900
City's Contributions as a Percentage of Covered Payroll	12.00%	11.64%	11.53%	11.26%

Public Safety Personnel Retirement System - Fire Pension

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 20,178	\$ 19,617	\$ 18,035	\$ 16,431
City's Contribution in Relation to the Actuarially Determined Contribution	27,797	19,617	18,035	16,431
City's Contribution (Deficiency) / Excess	<u>\$ 7,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 36,776	\$ 34,198	\$ 32,562	\$ 34,136
City's Contributions as a Percentage of Covered Payroll	75.58%	57.36%	55.39%	48.13%

See accompanying notes to plan schedules.

2018	2017	2016	2015	2014	2013
\$ 17,650	\$ 17,423	\$ 16,955	\$ 16,146	\$ 15,750	Information not available
17,650	17,423	16,955	16,146	15,750	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 162,089	\$ 158,958	\$ 155,868	\$ 151,154	\$ 147,402	
10.89%	10.96%	10.88%	10.67%	10.68%	

2018	2017	2016	2015	2014	2013
\$ 14,289	\$ 13,490	\$ 11,197	\$ 9,827	\$ 9,157	Information not available
15,509	13,490	12,735	9,827	9,157	
\$ 1,220	\$ -	\$ 1,538	\$ -	\$ -	
\$ 32,446	\$ 32,941	\$ 32,453	\$ 31,661	\$ 30,782	
47.80%	40.95%	39.24%	31.04%	29.75%	

City of Mesa, Arizona
Schedule of City Pension Contributions
June 30, 2022
(in thousands)

Public Safety Personnel Retirement System - Police Pension

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 37,457	\$ 37,484	\$ 34,308
City's Contribution in Relation to the Actuarially Determined Contribution	53,372	37,484	34,308
City's Contribution (Deficiency) / Excess	<u>\$ 15,915</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 68,471	\$ 64,419	\$ 63,232
City's Contributions as a Percentage of Covered Payroll	77.95%	58.19%	54.26%

Public Safety Personnel Retirement System - Police OPEB

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 838	\$ 713	\$ 815
City's Contribution in Relation to the Actuarially Determined Contribution	838	713	815
City's Contribution (Deficiency) / Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 68,471	\$ 64,419	\$ 63,232
City's Contributions as a Percentage of Covered Payroll	1.22%	1.11%	1.29%

See accompanying notes to plan schedules.

2019	2018	2017	2016	2015	2014	2013
\$ 29,314	\$ 29,048	\$ 26,809	\$ 21,697	\$ 19,680	\$ 17,443	Information not available
29,314	21,726	26,809	24,067	19,680	17,443	
<u>\$ -</u>	<u>\$ (7,322)</u>	<u>\$ -</u>	<u>\$ 2,370</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 63,993	\$ 63,003	\$ 64,740	\$ 61,211	\$ 62,461	\$ 59,688	
45.81%	34.48%	41.41%	39.32%	31.51%	29.22%	

2019	2018	2017	2016 through 2013
\$ 733	\$ 772	\$ 641	Information not available
733	772	641	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 63,993	\$ 63,003	\$ 64,740	
1.15%	1.23%	0.99%	

City of Mesa, Arizona
Notes to Pension Plan Schedules
June 30, 2022
(in thousands)

Note 1 - Actuarially determined contribution rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll, closed
Remaining Amort Period	18 years for unfunded actuarial accrued liability, 18 years for excess
Asset Valuation Method	7-year smoothed market value; 80%/120% market corridor.

Actuarial Assumptions:

Investment Rate of Return	PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Projected Salary Increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0 to 3.5%–7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage Growth	In the 2017 actuarial valuation, wage growth was decreased from 4.0%–3.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 4.0%.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females). In the 2017 actuarial valuation, changed to RP 2014 tables with 75% of MP 2016 fully generational projection scales.

Note 2 - Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law’s effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members’ employee contribution rates. These changes are reflected in the plans’ pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law’s effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law’s effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law’s effective date. These changes will increase the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law’s effective date.

Also, the City refunded excess employee contributions to PSPRS. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City’s pension contributions were less than the actuarially or statutorily determined contributions for 2018.

City of Mesa, Arizona
Schedule of Changes in the City's Total OPEB Liability
June 30, 2022
(in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 through 2013</u>
Total Liability						Information
Service Cost	\$ 26,157	\$ 24,165	\$ 20,818	\$ 19,997	\$ 21,430	not
Interest on the Total Liability	25,492	25,425	22,584	22,447	20,112	available
Differences Between Expected and Actual Experience in the Measurement of the Liability	26,062	(2,548)	34,022	(1,133)	-	
Changes of Assumptions or Other Inputs	(21,298)	18,858	92,823	17,023	(46,955)	
Benefit Payments, Including Refunds of Employee Contributions *	<u>(21,010)</u>	<u>(20,641)</u>	<u>(19,687)</u>	<u>(17,232)</u>	<u>(19,013)</u>	
Net Change in Total OPEB Liability	35,403	45,259	150,560	41,102	(24,426)	
Total OPEB Liability - Beginning	<u>942,634</u>	<u>897,375</u>	<u>746,815</u>	<u>705,713</u>	<u>730,139</u>	
Total OPEB Liability - Ending	<u>\$ 978,037</u>	<u>\$ 942,634</u>	<u>\$ 897,375</u>	<u>\$ 746,815</u>	<u>\$ 705,713</u>	
City's Covered Payroll	\$ 277,022	\$ 271,561	\$ 268,029	\$ 257,537	\$ 256,639	
City's Contributions as a % of Covered Payroll	7.6%	7.6%	7.3%	6.7%	7.4%	

* Because the City funds OPEB benefits on a "pay-as-you-go" basis, employer contributions are equal to benefit payments.

City of Mesa, Arizona
Budgetary Comparison Schedule (Non-GAAP Basis)
Combined Governmental & Enterprise Funds
For the Fiscal Year Ended June 30, 2022
 (in thousands)

	<u>Budgeted Amounts</u>		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final		
City Total Resources	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,565,825</u>	<u>\$ 534,175</u>
City Total Expenditures	<u>2,100,000</u>	<u>2,100,000</u>	<u>1,438,307</u>	<u>661,693</u>
Net Change in Fund Balances	-	-	127,518	(127,518)
Fund Balance - Beginning	<u>989,627</u>	<u>989,627</u>	<u>989,627</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 989,627</u></u>	<u><u>\$ 989,627</u></u>	<u><u>\$ 1,117,145</u></u>	<u><u>\$ (127,518)</u></u>

Note: The City of Mesa's legally adopted budget is at the Citywide level and includes all governmental and proprietary funds. Legal control over the budget derives from State statutes that prohibit the City from exceeding its adopted budget. Transfers between funds and departmental groups may be made upon City Manager approval and do not require Council action or approval.

See accompanying note to budgetary comparison schedule.

City of Mesa, Arizona
Notes to Budgetary Comparison Schedule
June 30, 2022
(in thousands)

The financial statements for the City are prepared in accordance with generally accepted accounting principles – “GAAP basis”. Since Mesa, like most other Arizona cities, prepares its annual budget on a modified cash basis that differs from the “GAAP basis”, additional schedules of revenues and expenditures are presented for the General Fund to provide a meaningful comparison of actual results to budget on the “budget basis”.

Adjustments necessary to convert the results of operations of the General Fund for the year ended June 30, 2022 on the “GAAP basis” to the “budget basis” as follows:

Net Change in Fund Balance-Budget Basis -	\$	127,518
Bond related		86,901
Capital Related items		110,386
Depreciation and Amortization		(136,359)
Lease Related items		2,126
Differences in Revenue Recognition		(30,552)
Payroll and Other Accruals		(5,905)
Pension and OPEB Expense		(29,011)
Joint Ventures - Change in Equity		(14,231)
Joint Venture entities budgeted but not GAAP		20,335
Unrealized Gain on Investments		(46,204)
		<hr/>
Net Change in Fund Balance-GAAP Basis -	\$	<u><u>85,004</u></u>





COMBINING STATEMENTS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Gulf Stream Aerospace

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Cemetery is designed to provide an accumulation of monies from which the interest earnings will provide perpetual care of the Cemetery.

Community Facilities District accounts for the operations of the Eastmark 1, Eastmark 2 and Cadence Community Facilities Districts which are paid from special assessments levied against the benefited properties.

Development Impact Fees is designed to provide a balance of monies to ensure that new development bears a proportionate share of the cost of improvements to the City's parks, libraries, fire facilities and equipment, police facilities and equipment, and storm sewers. These funds are provided through the collection of development impact fees.

Environmental Compliance accounts for expenditures that are a result of federal and state environmental requirements. Financing for this fund is derived from a monthly environmental compliance fee that is charged to each utility customer.

Grants accounts for federal and state grant expenditures. The principle financing source is federal and state grant revenues.

Highway User Revenue accounts for capital projects and maintenance of the City's streets and highways, as mandated by the Arizona Revised Statutes. Financing for this fund is provided by the state shared fuel taxes.

Mesa Arts Center Restoration is designed to provide an accumulation of monies to be used to replace or refurbish the Mesa Arts Center facilities. These funds are provided through a fee on all ticketed events at the facility.

Mesa Housing Authority accounts for federal expenditures of the City's housing assistance programs that provide rent subsidy payments to private sector owners of dwelling units.

Public Safety Sales Tax accounts for expenditures of the voter-approved sales tax dedicated to Public Safety.

Quality of Life Sales Tax accounts for expenditures of the voter-approved sales tax to improve the quality of life for Mesa residents.

Restricted Programs Fund accounts for expenditures of legally imposed fees and taxes.

Street Sales Tax accounts for expenditures of the voter-approved sales tax that is used as the City match for the MAG Proposition 400 sales tax funds and also provides a local revenue source that is dedicated for street programs.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and special revenue funds.

Community Facilities District accounts for the bond proceeds to be used for the costs of construction of drains, basins, channels and other storm sewer improvements and street improvements in the Eastmark 1, Eastmark 2 and Cadence Community Facilities Districts.

General Capital Projects accounts for the costs of general City construction projects and for expenditures related to the acquisition of replacement vehicles for the City's governmental funds. The funds are provided through bonds, excise tax obligations and transfers from the City's General Fund

Parks accounts for the bond proceeds to be used for the costs of park facilities and improvements.

Public Safety accounts for the bond proceeds to be used for the cost of public safety facilities.

Streets accounts for the bond proceeds to be used for the cost of right-of-way acquisitions and street improvements.

Debt Service Funds

These funds are established to account for the accumulation of resources for, and the payment of, principal and interest not serviced by the Enterprise Fund.

Community Facilities District accumulates monies for the payment of Eastmark 1, Eastmark 2 and Cadence Community Facilities District Bonds that are issued to finance the costs of improvements which are to be paid from special assessments levied against the benefited properties.

Excise Tax Obligation accumulates monies for the payment of principal and interest requirements of the City's Excise Tax Obligation Bonds.

General Obligation Bonds accumulates monies for the payment of principal and interest requirements of the City's General Obligation Bonds.

Highway User Revenue Bonds accumulates monies for the payment of principal and interest requirements of the City's Highway User Revenue Bonds.



City of Mesa, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June, 30, 2022
 (in thousands)

Special Revenue Funds

	<u>Cemetery</u>	<u>Community Facilities District</u>	<u>Development Impact Fees</u>	<u>Environmental Compliance</u>	<u>Grants</u>
Assets					
Pooled Cash and Investments	\$ 3,594	\$ 460	\$ 15,008	\$ 19,446	\$ -
Accounts Receivable, Net	12	-	-	45	160
Accrued Interest Receivable	12	1	-	54	-
Due from Other Governments	-	5	-	-	3,737
Advances to Other Funds	-	-	-	-	-
Prepaid Costs	-	-	-	12	173
Restricted Assets:					
Pooled Cash and Investments	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-
Cash with Trustee	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Total Assets	<u>\$ 3,618</u>	<u>\$ 466</u>	<u>\$ 15,008</u>	<u>\$ 19,557</u>	<u>\$ 4,070</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ -	\$ 62	\$ -	\$ 842	\$ 3,005
Due to Other Funds	-	-	-	-	8,403
Advances from Other Funds	-	-	-	-	-
Customer and Defendant Deposits	-	-	8	-	-
Unearned Revenue	-	70	-	-	557
Payable from Restricted Assets:					
Accrued Interest Payable	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-
Rebatable Arbitrage	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>132</u>	<u>8</u>	<u>842</u>	<u>11,965</u>
Deferred Inflows of Resources					
Unavailable Revenue	3	-	-	-	1,692
Total Deferred Inflows of Resources	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,692</u>
Fund Balances					
Nonspendable	-	-	-	12	173
Restricted	-	334	15,000	-	-
Committed	3,615	-	-	18,703	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(9,760)
Total Fund Balances	<u>3,615</u>	<u>334</u>	<u>15,000</u>	<u>18,715</u>	<u>(9,587)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,618</u>	<u>\$ 466</u>	<u>\$ 15,008</u>	<u>\$ 19,557</u>	<u>\$ 4,070</u>

(Continued)

Special Revenue Funds

Highway User Revenue	Mesa Arts Center Restoration	Mesa Housing Authority	Public Safety Sales Tax	Quality of Life Sales Tax	Restricted Funds	Street Sales Tax	Total Special Revenue Funds
\$ 37,586	\$ 842	\$ 1,768	\$ 45,300	\$ 18,989	\$ 15,968	\$ 68,255	\$ 227,216
1	2	86	-	-	430	925	1,661
132	2	-	129	58	42	193	623
4,644	-	1,069	6,564	6,597	213	8,241	31,070
-	-	-	1,760	-	-	-	1,760
-	-	-	39	-	-	51	275
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 42,363</u>	<u>\$ 846</u>	<u>\$ 2,923</u>	<u>\$ 53,792</u>	<u>\$ 25,644</u>	<u>\$ 16,653</u>	<u>\$ 77,665</u>	<u>\$ 262,605</u>
\$ 1,367	\$ (1)	\$ 944	\$ 544	\$ -	\$ 793	\$ 3,380	\$ 10,936
-	-	-	-	-	-	-	8,403
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,309	8,317
-	240	1,345	-	-	235	-	2,447
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,367</u>	<u>239</u>	<u>2,289</u>	<u>544</u>	<u>-</u>	<u>1,028</u>	<u>11,689</u>	<u>30,103</u>
-	-	-	-	-	114	440	2,249
-	-	-	-	-	114	440	2,249
-	-	-	39.00	-	-	51	275
40,996	-	634	53,209	25,644	12,122	65,485	213,424
-	607	-	-	-	2,752	-	25,677
-	-	-	-	-	637	-	637
-	-	-	-	-	-	-	(9,760)
<u>40,996</u>	<u>607</u>	<u>634</u>	<u>53,248</u>	<u>25,644</u>	<u>15,511</u>	<u>65,536</u>	<u>230,253</u>
<u>\$ 42,363</u>	<u>\$ 846</u>	<u>\$ 2,923</u>	<u>\$ 53,792</u>	<u>\$ 25,644</u>	<u>\$ 16,653</u>	<u>\$ 77,665</u>	<u>\$ 262,605</u>

City of Mesa, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June, 30, 2022
(in thousands)

	Capital Projects Funds					Total Capital Projects Funds
	Community Facilities District	General Capital Projects	Parks	Public Safety	Streets	
Assets						
Pooled Cash and Investments	\$ 306	\$ 43,519	\$ 6,815	\$ 10,410	\$ 59,998	\$ 121,048
Accounts Receivable, Net	-	46	-	-	183	229
Accrued Interest Receivable	-	111	7	26	180	324
Due from Other Governments	-	-	-	-	5,540	5,540
Advances to Other Funds	-	-	-	-	-	-
Prepaid Costs	-	221	-	-	2	223
Restricted Assets:	-	-	-	-	-	-
Pooled Cash and Investments	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	-	-	-
Cash with Trustee	-	695	-	-	-	695
Accounts Receivable	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	<u>\$ 306</u>	<u>\$ 44,592</u>	<u>\$ 6,822</u>	<u>\$ 10,436</u>	<u>\$ 65,903</u>	<u>\$ 128,059</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 4,867	\$ 1,846	\$ 712	\$ 2,029	\$ 9,454
Due to Other Funds	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Customer and Defendant Deposits	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	5,414	5,414
Payable from Restricted Assets:	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-
Matured Bonds Payable	-	-	-	-	-	-
Rebatable Arbitrage	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,867</u>	<u>1,846</u>	<u>712</u>	<u>7,443</u>	<u>14,868</u>
Deferred Inflows of Resources						
Unavailable Revenue	-	-	-	-	1,997	1,997
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,997</u>	<u>1,997</u>
Fund Balances						
Nonspendable	-	221	-	-	2	223
Restricted	306	988	4,976	9,724	56,461	72,455
Committed	-	-	-	-	-	-
Assigned	-	38,516	-	-	-	38,516
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>306</u>	<u>39,725</u>	<u>4,976</u>	<u>9,724</u>	<u>56,463</u>	<u>111,194</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 306</u>	<u>\$ 44,592</u>	<u>\$ 6,822</u>	<u>\$ 10,436</u>	<u>\$ 65,903</u>	<u>\$ 128,059</u>

(Concluded)

Debt Service Funds					
Community Facilities District	Excise Tax Obligation	General Obligation Bonds	Highway User Revenue Bonds	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,264
-	-	-	-	-	1,890
18	-	11	-	29	976
-	-	-	-	-	36,610
-	-	-	-	-	1,760
-	-	-	-	-	498
6,863	27	7,373	-	14,263	14,263
1,221	1,940	43,835	11,232	58,228	58,228
-	-	-	-	-	695
22,281	-	-	-	22,281	22,281
97	-	1,310	-	1,407	1,407
<u>\$ 30,480</u>	<u>\$ 1,967</u>	<u>\$ 52,529</u>	<u>\$ 11,232</u>	<u>\$ 96,208</u>	<u>\$ 486,872</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,390
-	-	-	-	-	8,403
-	-	-	-	-	-
4	-	-	-	4	8,321
-	-	-	-	-	7,861
1,850	755	5,788	1,157	9,550	9,550
3,582	1,185	38,047	10,075	52,889	52,889
-	-	-	-	-	-
<u>5,436</u>	<u>1,940</u>	<u>43,835</u>	<u>11,232</u>	<u>62,443</u>	<u>107,414</u>
22,297	-	599	-	22,896	27,142
<u>22,297</u>	<u>-</u>	<u>599</u>	<u>-</u>	<u>22,896</u>	<u>27,142</u>
-	-	-	-	-	498
2,747	27	8,095	-	10,869	296,748
-	-	-	-	-	25,677
-	-	-	-	-	39,153
-	-	-	-	-	(9,760)
<u>2,747</u>	<u>27</u>	<u>8,095</u>	<u>-</u>	<u>10,869</u>	<u>352,316</u>
<u>\$ 30,480</u>	<u>\$ 1,967</u>	<u>\$ 52,529</u>	<u>\$ 11,232</u>	<u>\$ 96,208</u>	<u>\$ 486,872</u>

City of Mesa, Arizona
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>Cemetery</u>	<u>Community Facilities District</u>	<u>Development Impact Fees</u>	<u>Environmental Compliance</u>
Revenues:				
Sales Taxes	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	433	-	-
Occupancy Taxes	-	-	-	-
Special Assessments	-	-	-	-
Licenses and Permits	-	-	7,954	-
Intergovernmental	-	-	-	-
Charges for Services	163	-	-	17,243
Fines and Forfeitures	-	-	-	-
Investment Income (Loss)	(158)	(19)	-	(709)
Contributions	-	-	-	-
Miscellaneous Revenues	-	-	-	2
Total Revenues	<u>5</u>	<u>414</u>	<u>7,954</u>	<u>16,536</u>
Expenditures:				
Current:				
General Government	-	304	-	1,315
Public Safety	-	-	-	71
Community Environment	-	-	-	5,258
Cultural-Recreational	-	-	-	7,261
Miscellaneous Expense	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest on Bonds	-	-	-	-
Service Charges	-	-	-	-
Cost of Issuance	-	-	-	-
Capital Outlay	-	-	-	1,115
Total Expenditures	<u>-</u>	<u>304</u>	<u>-</u>	<u>15,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5</u>	<u>110</u>	<u>7,954</u>	<u>1,516</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(971)	-	(3,343)	-
Sale of Capital Assets	-	-	-	-
Face Amount of Bonds Issued	-	-	-	-
Premium on Issuance of Bonds (Net)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(971)</u>	<u>-</u>	<u>(3,343)</u>	<u>-</u>
Net Change in Fund Balances	(966)	110	4,611	1,516
Fund Balances - Beginning	4,581	224	10,389	17,199
Fund Balances - Ending	<u>\$ 3,615</u>	<u>\$ 334</u>	<u>\$ 15,000</u>	<u>\$ 18,715</u>

Special Revenue Funds

Grants	Highway User Revenue	Mesa Arts Center Restoration	Mesa Housing Authority	Public Safety Sales Tax	Quality of Life Sales Tax	Restricted Funds	Street Sales Tax	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 37,659	\$ 37,694	\$ -	\$ 45,232	\$ 120,585
-	-	-	-	-	-	-	-	433
-	-	-	-	-	-	4,490	-	4,490
-	-	-	-	-	-	-	-	-
-	-	-	-	-	136	827	294	9,211
15,665	47,989	-	26,222	-	-	5,300	1,950	97,126
-	-	-	-	-	-	556	1,604	19,566
-	-	332	-	-	-	914	-	1,246
-	(1,793)	(29)	5	(1,739)	(797)	(558)	(2,590)	(8,387)
-	-	-	-	-	-	166	-	166
38	-	-	-	-	-	1,601	586	2,227
<u>15,703</u>	<u>46,196</u>	<u>303</u>	<u>26,227</u>	<u>35,920</u>	<u>37,033</u>	<u>13,296</u>	<u>47,076</u>	<u>246,663</u>
608	-	-	21	-	-	5,549	3,292	11,089
2,214	-	-	-	20,810	28,939	1,804	402	54,240
71	17,475	-	24,260	-	-	108	21,620	68,792
3,523	-	-	-	-	-	1,184	-	11,968
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,070	6,358	1,069	-	6,205	-	5,176	4,419	36,412
<u>18,486</u>	<u>23,833</u>	<u>1,069</u>	<u>24,281</u>	<u>27,015</u>	<u>28,939</u>	<u>13,821</u>	<u>29,733</u>	<u>182,501</u>
<u>(2,783)</u>	<u>22,363</u>	<u>(766)</u>	<u>1,946</u>	<u>8,905</u>	<u>8,094</u>	<u>(525)</u>	<u>17,343</u>	<u>64,162</u>
-	-	-	8	-	-	546	-	554
-	(12,391)	-	-	-	-	-	-	(16,705)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>(12,391)</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>546</u>	<u>-</u>	<u>(16,151)</u>
(2,783)	9,972	(766)	1,954	8,905	8,094	21	17,343	48,011
<u>(6,804)</u>	<u>31,024</u>	<u>1,373</u>	<u>(1,320)</u>	<u>44,343</u>	<u>17,550</u>	<u>15,490</u>	<u>48,193</u>	<u>182,242</u>
<u>\$ (9,587)</u>	<u>\$ 40,996</u>	<u>\$ 607</u>	<u>\$ 634</u>	<u>\$ 53,248</u>	<u>\$ 25,644</u>	<u>\$ 15,511</u>	<u>\$ 65,536</u>	<u>\$ 230,253</u>

City of Mesa, Arizona
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Capital Projects Funds					Total Capital Projects Funds
	Community Facilities District	General Capital Projects	Parks	Public Safety	Streets	
Revenues:						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	-	-	-	-	-
Occupancy Taxes	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	18,467	18,467
Charges for Services	-	46	-	-	540	586
Fines and Forfeitures	-	-	-	-	-	-
Investment Income (Loss)	-	(1,522)	(139)	(388)	(2,408)	(4,457)
Contributions	-	-	-	-	915	915
Miscellaneous Revenues	-	-	-	-	-	-
Total Revenues	-	(1,476)	(139)	(388)	17,514	15,511
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Community Environment	-	-	-	-	-	-
Cultural-Recreational	-	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest on Bonds	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-
Cost of Issuance	379	-	81	67	13	540
Capital Outlay	12,654	52,320	14,825	7,895	19,180	106,874
Total Expenditures	13,033	52,320	14,906	7,962	19,193	107,414
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,033)	(53,796)	(15,045)	(8,350)	(1,679)	(91,903)
Other Financing Sources (Uses):						
Transfers In	-	23,712	-	32	-	23,744
Transfers Out	-	-	-	(32)	(96)	(128)
Sale of Capital Assets	-	231	-	-	-	231
Face Amount of Bonds Issued	11,535	-	11,310	9,426	1,884	34,155
Premium on Issuance of Bonds (Net)	1,507	-	775	646	129	3,057
Total Other Financing Sources (Uses)	13,042	23,943	12,085	10,072	1,917	61,059
Net Change in Fund Balances	9	(29,853)	(2,960)	1,722	238	(30,844)
Fund Balances - Beginning	297	69,578	7,936	8,002	56,225	142,038
Fund Balances - Ending	\$ 306	\$ 39,725	\$ 4,976	\$ 9,724	\$ 56,463	\$ 111,194

(Concluded)

Debt Service Funds

Community Facilities District	Excise Tax Obligation	General Obligation Bonds	Highway User Revenue Bonds	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,585
5,557	-	45,936	-	51,493	51,926
-	-	-	-	-	4,490
1,830	-	-	-	1,830	1,830
-	-	-	-	-	9,211
-	-	-	-	-	115,593
-	-	-	-	-	20,152
-	-	737	-	737	1,983
(257)	-	(43)	-	(300)	(13,144)
-	-	-	-	-	1,081
-	-	-	-	-	2,227
<u>7,130</u>	<u>-</u>	<u>46,630</u>	<u>-</u>	<u>53,760</u>	<u>315,934</u>
-	-	-	-	-	11,089
-	-	-	-	-	54,240
-	-	-	-	-	68,792
-	-	-	-	-	11,968
-	-	-	-	-	-
3,667	1,185	38,047	10,075	52,974	52,974
3,446	1,483	11,576	2,314	18,819	18,819
6	-	4	2	12	12
-	-	-	-	-	540
-	-	-	-	-	143,286
<u>7,119</u>	<u>2,668</u>	<u>49,627</u>	<u>12,391</u>	<u>71,805</u>	<u>361,720</u>
<u>11</u>	<u>(2,668)</u>	<u>(2,997)</u>	<u>(12,391)</u>	<u>(18,045)</u>	<u>(45,786)</u>
-	2,695	4,263	12,391	19,349	43,647
-	-	(741)	-	(741)	(17,574)
-	-	-	-	-	231
-	-	-	-	-	34,155
-	-	2	-	2	3,059
<u>-</u>	<u>2,695</u>	<u>3,524</u>	<u>12,391</u>	<u>18,610</u>	<u>63,518</u>
11	27	527	-	565	17,732
<u>2,736</u>	<u>-</u>	<u>7,568</u>	<u>-</u>	<u>10,304</u>	<u>334,584</u>
<u>\$ 2,747</u>	<u>\$ 27</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 10,869</u>	<u>\$ 352,316</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Warehouse, Maintenance and Services Fund was established to finance and account for services and commodities furnished by Fleet Support, Materials and Supply, and Printing and Graphics.

Property and Public Liability Self-Insurance Fund was established to account for the cost of claims incurred by the City under a self-insurance program.

Workers' Compensation Self-Insurance Fund was established to account for the costs of maintaining a self-insurance program for industrial insurance at the City.

Employee Benefits Self-Insurance Fund was established to account for the costs of maintaining the City's self-insurance health program.

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Net Position
June, 30, 2022
(in thousands)

	<u>Warehouse, Maintenance and Services</u>	<u>Property and Public Liability Self Insurance</u>	<u>Workers' Compensation Self Insurance</u>	<u>Employee Benefits Self Insurance</u>	<u>Total</u>
Assets					
Current Assets:					
Pooled Cash and Investments	\$ -	\$ 9,446	\$ 6,696	\$ 42,076	\$ 58,218
Accounts Receivable	449	-	-	55	504
Accrued Premiums Receivable	-	-	-	211	211
Accrued Interest Receivable	-	25	18	111	154
Inventory	9,139	-	-	-	9,139
Deposits and Prepaid Costs	9	1,089	260	32	1,390
Total Current Assets	<u>9,597</u>	<u>10,560</u>	<u>6,974</u>	<u>42,485</u>	<u>69,616</u>
Noncurrent Assets:					
Capital Assets, Not Being Depreciated	11	-	-	-	11
Capital Assets, Being Depreciated, Net	2,363	-	-	7	2,370
Total Noncurrent Assets	<u>2,374</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>2,381</u>
Total Assets	<u>11,971</u>	<u>10,560</u>	<u>6,974</u>	<u>42,492</u>	<u>71,997</u>
Deferred Outflows of Resources					
Pensions and OPEB	4,463	461	306	760	5,990
Total Deferred Outflows of Resources	<u>4,463</u>	<u>461</u>	<u>306</u>	<u>760</u>	<u>5,990</u>
Total Assets and Deferred Outflows of Resources	<u>16,434</u>	<u>11,021</u>	<u>7,280</u>	<u>43,252</u>	<u>77,987</u>
Liabilities					
Current Liabilities					
Accounts Payable and Accrued Liabilities	1,011	36	50	2,320	3,417
Claims Payable	-	12,410	28,555	5,845	46,810
Due to Other Funds	1,119	-	-	-	1,119
Current Portion of Compensated Absences	76	18	6	12	112
Total Current Liabilities	<u>2,206</u>	<u>12,464</u>	<u>28,611</u>	<u>8,177</u>	<u>51,458</u>
Long-Term Liabilities					
Compensated Absences	636	102	41	102	881
Net Pension and OPEB Liability	28,868	2,607	1,799	5,234	38,508
Total Long-Term Liabilities	<u>29,504</u>	<u>2,709</u>	<u>1,840</u>	<u>5,336</u>	<u>39,389</u>
Total Liabilities	<u>31,710</u>	<u>15,173</u>	<u>30,451</u>	<u>13,513</u>	<u>90,847</u>
Deferred Inflows of Resources					
Pensions and OPEB	2,843	391	241	401	3,876
Total Deferred Inflows of Resources	<u>2,843</u>	<u>391</u>	<u>241</u>	<u>401</u>	<u>3,876</u>
Net Position					
Net Investment in Capital Assets	2,374	-	-	7	2,381
Unrestricted	(20,493)	(4,543)	(23,412)	29,331	(19,117)
Total Net Position	<u>\$ (18,119)</u>	<u>\$ (4,543)</u>	<u>\$ (23,412)</u>	<u>\$ 29,338</u>	<u>\$ (16,736)</u>

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Net Position
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>Warehouse, Maintenance and Services</u>	<u>Property and Public Liability Self Insurance</u>	<u>Workers' Compensation Self Insurance</u>	<u>Employee Benefits Self Insurance</u>	<u>Total</u>
Operating Revenues:					
Charges For Services:					
Warehouse	\$ 8,049	\$ -	\$ -	\$ -	\$ 8,049
Fleet Support Services	23,972	-	-	-	23,972
Printing and Graphics	1,004	-	-	-	1,004
Self-Insurance Contributions:					
Employee	-	-	-	15,854	15,854
City	-	8,931	7,485	72,917	89,333
State Retirement System	-	-	-	5,019	5,019
Other	430	-	135	8,042	8,607
Total Operating Revenues	<u>33,455</u>	<u>8,931</u>	<u>7,620</u>	<u>101,832</u>	<u>151,838</u>
Operating Expenses:					
Warehouse, Maintenance & Services:					
Warehouse	7,639	-	-	-	7,639
Fleet Support Services	26,659	-	-	-	26,659
Printing and Graphics	532	-	-	-	532
Self-Insurance:					
Administrative Costs	-	174	2,116	10,404	12,694
Claims and Premiums Paid	-	6,119	5,277	95,097	106,493
Total Operating Expenses	<u>34,830</u>	<u>6,293</u>	<u>7,393</u>	<u>105,501</u>	<u>154,017</u>
Operating Income (Loss) Before Depreciation	(1,375)	2,638	227	(3,669)	(2,179)
Depreciation	(231)	-	-	(1)	(232)
Operating Income (Loss)	<u>(1,606)</u>	<u>2,638</u>	<u>227</u>	<u>(3,670)</u>	<u>(2,411)</u>
Nonoperating Revenues (Expense):					
Investment Income	(46)	(327)	(233)	(1,466)	(2,072)
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(46)</u>	<u>(327)</u>	<u>(233)</u>	<u>(1,466)</u>	<u>(2,072)</u>
Income (Loss) Before Capital Contributions	(1,652)	2,311	(6)	(5,136)	(4,483)
Capital Contributions	154	-	-	-	154
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Change in Net Position	(1,498)	2,311	(6)	(5,136)	(4,329)
Total Net Position - Beginning	<u>(16,621)</u>	<u>(6,854)</u>	<u>(23,406)</u>	<u>34,474</u>	<u>(12,407)</u>
Change in Accounting Principle	-	-	-	-	-
Total Net Position - Restated	<u>(16,621)</u>	<u>(6,854)</u>	<u>(23,406)</u>	<u>34,474</u>	<u>(12,407)</u>
Total Net Position - Ending	<u>\$ (18,119)</u>	<u>\$ (4,543)</u>	<u>\$ (23,412)</u>	<u>\$ 29,338</u>	<u>\$ (16,736)</u>

City of Mesa, Arizona
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(in thousands)

	Warehouse, Maintenance and Services	Property and Public Liability Self Insurance	Workers' Compensation Self Insurance	Employee Benefits Self Insurance	Total
Cash Flows from Operating Activities:					
Cash Received from Users	\$ 33,433	\$ 8,931	\$ 7,620	\$ 101,904	\$ 151,888
Cash Payments to Suppliers	(19,741)	(8,618)	(6,732)	(98,433)	(133,524)
Cash Payments to Employees	(12,458)	(1,623)	(1,342)	(3,614)	(19,037)
Net Cash Provided by (Used For) Operating Activities	<u>1,234</u>	<u>(1,310)</u>	<u>(454)</u>	<u>(143)</u>	<u>(673)</u>
Cash Flows From Noncapital Financing Activities:					
Operating Transfers-In From Other Funds	(1,093)	-	-	-	(1,093)
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(1,093)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,093)</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(65)	-	-	-	(65)
Proceeds from the Sale of Capital Assets	-	-	-	-	-
Contributions	(30)	-	-	-	(30)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(95)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95)</u>
Cash Flows from Investing Activities:					
Interest Received on Investments	(46)	(326)	(233)	(1,473)	(2,078)
Net Cash Provided By (Used For) Investing Activities	<u>(46)</u>	<u>(326)</u>	<u>(233)</u>	<u>(1,473)</u>	<u>(2,078)</u>
Net Change in Cash and Cash Equivalents	-	(1,636)	(687)	(1,616)	(3,939)
Pooled Cash and Investments at Beginning of Year	-	11,082	7,383	43,692	62,157
Pooled Cash and Investments at End of Year	<u>\$ -</u>	<u>\$ 9,446</u>	<u>\$ 6,696</u>	<u>\$ 42,076</u>	<u>\$ 58,218</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (1,606)	\$ 2,638	\$ 227	\$ (3,670)	\$ (2,411)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	231	-	-	1	232
Changes in Assets and Liabilities:					
(Increase)/Decrease in Receivables	(22)	-	-	39	17
(Increase)/Decrease in Inventory	(498)	-	-	-	(498)
(Increase)/Decrease in Deposits and Prepaid Costs	(1)	(216)	(25)	37	(205)
(Decrease)/Increase in Accounts Payable	426	(92)	(58)	205	481
(Decrease)/Increase in Pension and OPEB Liability	479	(1,623)	(927)	2,227	156
(Decrease)/Increase in Deferred Outflows	(234)	168	97	(307)	(276)
(Decrease)/Increase in Deferred Inflows	2,460	334	203	362	3,359
(Decrease)/Increase in Other Accrued Expenses	(1)	(2,519)	29	963	(1,528)
Total Adjustments	<u>2,840</u>	<u>(3,948)</u>	<u>(681)</u>	<u>3,527</u>	<u>1,738</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,234</u>	<u>\$ (1,310)</u>	<u>\$ (454)</u>	<u>\$ (143)</u>	<u>\$ (673)</u>
Noncash Transactions Affecting Financial Position:					
Contributions of Capital Assets	\$ 174	\$ -	\$ -	\$ -	\$ 174
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-	-





SUPPLEMENTAL INFORMATION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



ElectraMeccanica

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

City of Mesa, Arizona
Supplemental Information
Budgetary Comparison Schedule (Non-GAAP Basis)
Community Facilities Districts - Cadence
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual - Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 625	\$ 625	\$ 624	\$ (2)
Special Assessments	372	372	346	(26)
Investment Income	-	-	3	3
Contributions	75	75	-	(75)
Total Revenues	<u>1,072</u>	<u>1,072</u>	<u>972</u>	<u>(100)</u>
Expenditures:				
Current:				
General Government	121	121	42	79
Debt Service:				
Principal Retirement	532	532	487	45
Interest on Bonds	418	418	430	(13)
Service Charges	2	2	2	0
Cost of Issuance	155	155	143	12
Capital Outlay	3,339	3,339	1,599	1,740
Total Expenditures	<u>4,566</u>	<u>4,566</u>	<u>2,703</u>	<u>1,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,494)</u>	<u>(3,494)</u>	<u>(1,731)</u>	<u>1,763</u>
Other Financing Uses:				
Face Amount of Bonds Issued	4,400	4,400	1,580	2,820
Premium on Issuance of Bonds	-	-	168	(168)
Total Other Financing Uses	<u>4,400</u>	<u>4,400</u>	<u>1,748</u>	<u>2,652</u>
Net Change in Fund Balances	906	906	17	(889)
Fund Balance - Beginning	<u>461</u>	<u>461</u>	<u>461</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,367</u>	<u>\$ 1,367</u>	<u>\$ 479</u>	<u>\$ (889)</u>

Note: Eastmark #1 is a blended component unit. Budget is approved by the Board at the District Level

City of Mesa, Arizona
Supplemental Information
Budgetary Comparison Schedule (Non-GAAP Basis)
Community Facilities Districts - Eastmark 1
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual - Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 4,976	\$ 4,976	\$ 4,980	\$ 4
Special Assessments	2,231	2,231	1,434	(797)
Investment Income	-	-	30	30
Total Revenues	<u>7,207</u>	<u>7,207</u>	<u>6,444</u>	<u>(763)</u>
Expenditures:				
Current:				
General Government	360	360	205	155
Debt Service:				
Principal Retirement	3,020	3,020	3,097	(77)
Interest on Bonds	3,821	3,821	2,909	912
Service Charges	6	6	4	2
Cost of Issuance	450	450	236	214
Capital Outlay	20,044	20,044	11,055	8,989
Total Expenditures	<u>27,700</u>	<u>27,700</u>	<u>17,507</u>	<u>10,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,494)</u>	<u>(20,494)</u>	<u>(11,063)</u>	<u>9,431</u>
Other Financing Uses:				
Face Amount of Bonds Issued	23,500	23,500	9,955	13,545
Premium on Issuance of Bonds	-	-	1,338	(1,338)
Total Other Financing Uses	<u>23,500</u>	<u>23,500</u>	<u>11,293</u>	<u>12,207</u>
Net Change in Fund Balances	3,006	3,006	230	(2,776)
Fund Balance - Beginning	<u>2,780</u>	<u>2,780</u>	<u>2,780</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,786</u>	<u>\$ 5,786</u>	<u>\$ 3,011</u>	<u>\$ (2,776)</u>

Note: Eastmark #1 is a blended component unit. Budget is approved by the Board at the District Level

City of Mesa, Arizona
Supplemental Information
Budgetary Comparison Schedule (Non-GAAP Basis)
Community Facilities Districts - Eastmark 2
For the Fiscal Year Ended June 30, 2022
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual - Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 385	\$ 385	\$ 386	\$ 1
Special Assessments	341	341	50	(291)
Investment Income	-	-	1	1
Contributions	70	70	-	(70)
Total Revenues	<u>796</u>	<u>796</u>	<u>438</u>	<u>(359)</u>
Expenditures:				
Current:				
General Government	803	803	57	746
Debt Service:				
Principal Retirement	274	274	83	191
Interest on Bonds	424	424	107	317
Service Charges	1	1	0	0
Cost of Issuance	250	250	-	250
Capital Outlay	6,744	6,744	-	6,744
Total Expenditures	<u>8,496</u>	<u>8,496</u>	<u>247</u>	<u>8,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,700)</u>	<u>(7,700)</u>	<u>190</u>	<u>7,890</u>
Other Financing Uses:				
Face Amount of Bonds Issued	<u>7,700</u>	<u>7,700</u>	<u>-</u>	<u>7,700</u>
Total Other Financing Uses	<u>7,700</u>	<u>7,700</u>	<u>-</u>	<u>7,700</u>
Net Change in Fund Balances	-	-	190	190
Fund Balance - Beginning	<u>97</u>	<u>97</u>	<u>97</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 97</u>	<u>\$ 97</u>	<u>\$ 287</u>	<u>\$ 190</u>

Note: Cadence is a blended component unit. Budget is approved by the Board at the District Level





STATISTICAL SECTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT 2022



Elliot Road Technology Corridor

FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

STATISTICAL SECTION

This part of the City of Mesa’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	126
Revenue Capacity These schedules contain information to help readers assess the City’s most significant local revenue source, the sales tax.	138
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.	141
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	149
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	151

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Mesa, Arizona
Table I
Net Position By Components
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 1,246,582	\$ 1,184,908	\$ 1,075,182	\$ 1,038,928
Restricted	249,626	203,284	143,839	103,164
Unrestricted	<u>(889,238)</u>	<u>(841,670)</u>	<u>(833,300)</u>	<u>(834,016)</u>
Total Governmental Activities Net Position	<u>\$ 606,970</u>	<u>\$ 546,522</u>	<u>\$ 385,721</u>	<u>\$ 308,076</u>
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	\$ 24,204	\$ 30,965	\$ 213,576	\$ 170,427
Restricted	95,840	70,940	63,113	47,857
Unrestricted	<u>324,907</u>	<u>318,490</u>	<u>252,261</u>	<u>350,006</u>
Total Business-type Activities	<u>\$ 444,951</u>	<u>\$ 420,395</u>	<u>\$ 528,950</u>	<u>\$ 568,290</u>
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 1,270,786	\$ 1,215,873	\$ 1,288,758	\$ 1,209,355
Restricted	345,466	274,224	206,952	151,021
Unrestricted	<u>(564,331)</u>	<u>(523,180)</u>	<u>(581,039)</u>	<u>(484,010)</u>
Total Primary Government	<u>\$ 1,051,921</u>	<u>\$ 966,917</u>	<u>\$ 914,671</u>	<u>\$ 876,366</u>

Table I
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 1,019,888	\$ 986,354	\$ 965,148	\$ 932,660	\$ 866,332	\$ 902,397
88,305	88,721	81,941	72,170	60,555	56,719
<u>(858,392)</u>	<u>(711,367)</u>	<u>(666,986)</u>	<u>(666,758)</u>	<u>(120,803)</u>	<u>(184,355)</u>
<u>\$ 249,801</u>	<u>\$ 363,708</u>	<u>\$ 380,103</u>	<u>\$ 338,072</u>	<u>\$ 806,084</u>	<u>\$ 774,761</u>
\$ 266,012	\$ 247,598	\$ 302,521	\$ 327,743	\$ 393,720	\$ 346,352
40,440	43,046	49,139	47,576	43,023	37,795
<u>199,531</u>	<u>228,160</u>	<u>158,756</u>	<u>160,934</u>	<u>178,702</u>	<u>271,619</u>
<u>\$ 505,983</u>	<u>\$ 518,804</u>	<u>\$ 510,416</u>	<u>\$ 536,253</u>	<u>\$ 615,445</u>	<u>\$ 655,766</u>
\$ 1,285,900	\$ 1,233,952	\$ 1,267,669	\$ 1,260,403	\$ 1,260,052	\$ 1,248,749
128,745	131,767	131,080	119,746	103,578	94,514
<u>(658,861)</u>	<u>(483,207)</u>	<u>(508,230)</u>	<u>(505,824)</u>	<u>57,899</u>	<u>87,264</u>
<u>\$ 755,784</u>	<u>\$ 882,512</u>	<u>\$ 890,519</u>	<u>\$ 874,325</u>	<u>\$ 1,421,529</u>	<u>\$ 1,430,527</u>

City of Mesa, Arizona
Table II
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

EXPENSES	2021-22	2020-21	2019-20	2018-19
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 183,241	\$ 175,608	\$ 134,299	\$ 119,819
Public Safety	416,563	409,549	384,800	355,752
Community Environment	195,594	172,840	152,847	119,506
Cultural-Recreational	86,824	66,020	62,014	58,345
Interest on Long-term Debt	14,720	18,201	17,841	18,078
Total Governmental Activities Expenses	896,942	842,218	751,801	671,500
BUSINESS-TYPE ACTIVITIES:				
Electric	43,206	30,259	25,028	22,475
Gas	43,125	41,386	29,096	33,124
Water	119,329	126,797	128,244	103,821
Wastewater	89,219	77,488	80,548	57,468
Solid Waste	41,001	45,848	41,719	38,524
Airport	6,002	5,958	6,004	5,029
Golf Course	-	-	1,233	2,117
Convention Center	-	-	4,150	4,413
Hohokam Stadium/Fitch Complex	-	-	2,615	2,748
Cubs Stadium	-	-	408	7,867
District Cooling	1,703	1,299	1,163	1,186
Interest on Long-term Debt	-	-	-	-
Total Business-type Activities Expenses	343,585	329,035	320,208	278,772
Total Primary Government Expenses	\$ 1,240,527	\$ 1,171,253	\$ 1,072,009	\$ 950,272

Table II
(Continued)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 105,140	\$ 101,301	\$ 96,860	\$ 102,396	\$ 103,819	\$ 105,410
334,905	379,505	305,376	302,633	277,614	287,451
113,916	104,173	117,120	101,531	125,700	129,164
54,828	55,739	54,967	52,430	49,275	61,717
19,514	19,279	20,424	23,939	24,431	23,443
<u>628,303</u>	<u>659,997</u>	<u>594,747</u>	<u>582,929</u>	<u>580,839</u>	<u>607,185</u>
25,573	26,561	27,647	28,495	30,044	28,897
31,636	37,109	31,549	32,104	35,020	35,653
101,005	95,608	95,574	101,863	93,871	103,432
74,157	71,782	73,877	71,161	65,637	91,739
37,988	37,911	36,586	36,979	32,908	33,694
5,308	5,125	4,865	2,863	4,343	4,300
1,965	2,028	2,575	2,210	2,555	3,353
4,481	4,711	4,252	3,715	3,060	3,946
3,174	3,687	2,913	1,200	2,879	9,094
5,870	6,042	5,271	8,581	6,201	-
1,181	1,268	1,182	885	1,153	1,081
-	-	-	4,124	-	3,653
<u>292,338</u>	<u>291,832</u>	<u>286,291</u>	<u>294,180</u>	<u>277,671</u>	<u>318,842</u>
<u>\$ 920,641</u>	<u>\$ 951,829</u>	<u>\$ 881,038</u>	<u>\$ 877,109</u>	<u>\$ 858,510</u>	<u>\$ 926,027</u>

City of Mesa, Arizona
Table II (Continued)
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

PROGRAM REVENUES	2021-22	2020-21	2019-20	2018-19
GOVERNMENTAL ACTIVITIES:				
Charges for services:				
Licenses and Permits	\$ 48,574	\$ 42,635	\$ 24,126	\$ 23,812
Charges for Services	65,920	41,394	40,489	43,214
Fines and Forfeitures	9,672	8,573	9,253	10,838
Other activities	966	8,145	3,791	3,439
Operating Grants and Contributions	105,858	100,923	70,633	25,326
Capital Grants and Contributions	44,369	10,696	24,719	13,780
Total Governmental Activities Program Revenues	275,359	212,366	173,011	120,409
BUSINESS-TYPE ACTIVITIES:				
Charges for services:				
Electric	52,613	32,666	29,855	29,986
Gas	57,313	45,141	39,986	43,547
Water	163,263	169,473	152,266	144,896
Wastewater	93,727	87,573	81,464	84,220
Solid Waste	66,132	64,344	63,267	62,432
Airport	4,808	4,007	4,018	4,339
Golf Course	-	-	-	1,608
Convention Center	-	-	2,595	3,153
Hohokam Stadium/Fitch Complex	-	-	40	75
Cubs Stadium	-	-	221	250
District Cooling	1,487	1,158	1,143	1,148
Economic Investment	-	-	-	-
Operating Grants and Contributions	452	452	1,632	2,316
Capital Grants and Contributions	30,888	34,719	35,896	19,692
Total Business-type Activities Program Revenues	470,683	439,533	412,383	397,662
Total Primary Government Program Revenues	\$ 746,042	\$ 651,899	\$ 585,394	\$ 518,071
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (621,583)	\$ (629,852)	\$ (578,790)	\$ (551,091)
Business-type Activities	127,098	110,498	92,175	118,890
Total Primary Government Net Expense	\$ (494,485)	\$ (519,354)	\$ (486,615)	\$ (432,201)

Table II
(Continued)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 25,119	\$ 23,152	\$ 23,254	\$ 20,892	\$ 18,797	\$ 17,693
40,222	38,348	38,178	36,260	32,106	27,675
10,436	9,873	11,049	10,505	9,890	9,885
2,979	1,330	9,385	5,741	400	2,945
34,446	26,955	26,361	26,418	29,514	55,312
23,618	24,451	35,925	75,907	20,714	25,049
<u>136,820</u>	<u>124,109</u>	<u>144,152</u>	<u>175,723</u>	<u>111,421</u>	<u>138,559</u>
31,425	33,534	32,254	33,601	31,198	31,075
39,171	39,752	38,962	39,422	38,600	39,125
147,667	138,335	130,674	121,205	112,003	111,933
83,078	79,056	79,523	77,172	66,457	64,413
60,522	58,117	55,354	52,748	47,452	47,369
3,983	3,846	3,623	3,454	3,813	3,484
1,635	1,545	1,645	1,737	1,622	1,472
2,809	3,299	2,798	2,475	2,057	2,597
51	54	63	2	36	5,496
238	291	201	202	174	-
1,215	1,231	1,234	1,274	1,142	975
-	-	-	-	-	148
2,406	158	267	157	9,056	9,401
23,474	28,711	16,929	18,107	17,331	7,997
<u>397,674</u>	<u>387,929</u>	<u>363,527</u>	<u>351,556</u>	<u>330,941</u>	<u>325,485</u>
<u>\$ 534,494</u>	<u>\$ 512,038</u>	<u>\$ 507,679</u>	<u>\$ 527,279</u>	<u>\$ 442,362</u>	<u>\$ 464,044</u>
\$ (491,483)	\$ (535,888)	\$ (450,595)	\$ (407,206)	\$ (469,418)	\$ (468,626)
<u>105,336</u>	<u>96,097</u>	<u>77,236</u>	<u>57,376</u>	<u>53,270</u>	<u>6,643</u>
<u>\$ (386,147)</u>	<u>\$ (439,791)</u>	<u>\$ (373,359)</u>	<u>\$ (349,830)</u>	<u>\$ (416,148)</u>	<u>\$ (461,983)</u>

City of Mesa, Arizona
Table II (Continued)
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

**GENERAL REVENUES AND OTHER CHANGES
IN NET POSITION**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
GOVERNMENTAL ACTIVITIES:				
Sales Taxes	\$ 301,862	\$ 253,825	\$ 219,932	\$ 189,871
Property Taxes	52,005	47,247	45,068	36,013
Occupancy Taxes	6,427	3,990	2,564	3,246
Unrestricted Intergovernmental Revenues	211,534	206,397	183,189	175,278
Contributions Not Restricted to Specific Programs	7,771	19,052	36,912	65,189
Investment Income (Loss)	(29,788)	2,308	16,002	13,729
Miscellaneous	14,758	21,315	16,374	11,531
Gain (Loss) on Sale of Capital Assets	1,856	17,229	-	(27)
Transfers	115,607	113,982	136,394	114,535
Total Governmental Activities	<u>682,032</u>	<u>685,345</u>	<u>656,435</u>	<u>609,365</u>
BUSINESS-TYPE ACTIVITIES:				
Occupancy Taxes	-	-	1,459	1,602
Utility Development Fees	21,021	-	-	-
Investment Income (Loss)	(9,155)	45	7,618	8,004
Gain (Loss) on Sale of Capital Assets	-	-	(801)	44,056
Miscellaneous	1,199	192	(3,397)	4,290
Transfers	(115,607)	(113,982)	(136,394)	(114,535)
Total Business-type Activities	<u>(102,542)</u>	<u>(113,745)</u>	<u>(131,515)</u>	<u>(56,583)</u>
Total Primary Government	<u>\$ 579,490</u>	<u>\$ 571,600</u>	<u>\$ 524,920</u>	<u>\$ 552,782</u>
Change in Net Position				
Governmental Activities	\$ 60,448	\$ 55,493	\$ 77,645	\$ 58,275
Business-type Activities	24,556	(3,247)	(39,340)	62,307
Total Primary Government	<u>\$ 85,004</u>	<u>\$ 52,246</u>	<u>\$ 38,305</u>	<u>\$ 120,582</u>

Table II
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 169,024	\$ 159,735	\$ 151,826	\$ 146,337	\$ 140,567	\$ 137,280
35,571	34,684	33,825	33,241	22,549	14,354
2,628	2,536	2,331	2,081	1,919	1,903
167,540	158,916	149,350	145,266	135,075	104,462
80,312	46,817	44,928	47,761	88,646	49,569
1,912	448	2,210	1,786	966	1,692
5,418	11,161	6,008	7,844	5,550	7,424
(2,462)	(1,411)	-	-	-	-
<u>116,006</u>	<u>106,607</u>	<u>102,148</u>	<u>94,427</u>	<u>109,520</u>	<u>83,615</u>
<u>575,949</u>	<u>519,493</u>	<u>492,626</u>	<u>478,743</u>	<u>504,792</u>	<u>400,299</u>
1,192	1,085	1,161	999	851	825
-	-	-	-	-	-
1,691	983	3,020	1,141	1,453	860
261	16,364	(6,145)	5,157	18,697	-
1,915	466	1,039	233	288	-
<u>(116,006)</u>	<u>(106,607)</u>	<u>(102,148)</u>	<u>(94,427)</u>	<u>(109,520)</u>	<u>(83,615)</u>
<u>(110,947)</u>	<u>(87,709)</u>	<u>(103,073)</u>	<u>(86,897)</u>	<u>(88,231)</u>	<u>(81,930)</u>
<u>\$ 465,002</u>	<u>\$ 431,784</u>	<u>\$ 389,553</u>	<u>\$ 391,846</u>	<u>\$ 416,561</u>	<u>\$ 318,369</u>
\$ 84,466	\$ (16,395)	\$ 42,031	\$ 71,537	\$ 35,374	\$ (68,327)
<u>(5,611)</u>	<u>8,388</u>	<u>(25,837)</u>	<u>(29,521)</u>	<u>(34,961)</u>	<u>(75,287)</u>
<u>\$ 78,855</u>	<u>\$ (8,007)</u>	<u>\$ 16,194</u>	<u>\$ 42,016</u>	<u>\$ 413</u>	<u>\$ (143,614)</u>

City of Mesa, Arizona
Table III
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
GENERAL FUND				
Nonspendable	3,185	2,680	\$ 2,301	\$ 794
Restricted	-	-	-	26
Committed	4,313	18,529	19,910	14,016
Assigned	171,743	79,024	42,515	30,869
Unassigned	<u>152,526</u>	<u>188,375</u>	<u>130,342</u>	<u>90,190</u>
Total General Fund	<u>\$ 331,767</u>	<u>\$ 288,608</u>	<u>\$ 195,068</u>	<u>\$ 135,895</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	723	928	\$ 576	\$ 1,196
Restricted (1)	296,748	274,623	184,980	159,745
Committed	25,677	66,679	63,866	57,432
Assigned	39,153	897	786	459
Unassigned	<u>(12,709)</u>	<u>(11,517)</u>	<u>(1,043)</u>	<u>(134)</u>
Total All Other Governmental Funds	<u>\$ 349,592</u>	<u>\$ 331,610</u>	<u>\$ 249,165</u>	<u>\$ 218,698</u>

Table III
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 2,304	\$ 2,145	\$ 4,035	\$ 3,490	\$ 2,956	\$ 1,724
-	146	184	184	188	284
10,377	528	227	126	1,484	1,185
28,346	19,367	10,703	-	-	-
<u>89,347</u>	<u>92,240</u>	<u>79,657</u>	<u>74,145</u>	<u>72,683</u>	<u>50,426</u>
<u>\$ 130,374</u>	<u>\$ 114,426</u>	<u>\$ 94,806</u>	<u>\$ 77,945</u>	<u>\$ 77,311</u>	<u>\$ 53,619</u>
\$ 135	\$ 37	\$ 77	\$ 138	\$ 23	\$ 55
132,462	112,105	95,701	172,316	190,609	243,831
41,641	30,928	28,580	30,092	21,379	23,005
22	2	6	-	-	-
<u>(176)</u>	<u>(69)</u>	<u>(155)</u>	<u>(31)</u>	<u>(675)</u>	<u>(1,177)</u>
<u>\$ 174,084</u>	<u>\$ 143,003</u>	<u>\$ 124,209</u>	<u>\$ 202,515</u>	<u>\$ 211,336</u>	<u>\$ 265,714</u>

City of Mesa, Arizona
Table IV
Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
REVENUES					
Sales Taxes (1)	\$ 301,862	\$ 253,825	\$ 219,932	\$ 189,871	\$ 169,024
Property Taxes	51,926	47,253	44,970	36,005	35,616
Occupancy Taxes	6,427	3,990	2,564	3,246	2,628
Special Assessments	1,830	1,832	1,661	1,274	1,174
Licenses and Permits	48,574	42,635	24,126	23,812	25,119
Intergovernmental	347,578	316,871	277,396	213,051	223,800
Charges for Services	65,920	41,394	40,489	43,214	40,222
Fines and Forfeitures	9,672	8,573	9,253	10,838	10,436
Investment Income	(27,716)	2,287	14,026	10,840	1,608
Contributions	1,081	130	2,295	255	429
Miscellaneous	7,332	7,036	9,487	6,688	5,547
Total Revenues	<u>814,486</u>	<u>725,826</u>	<u>646,199</u>	<u>539,094</u>	<u>515,603</u>
EXPENDITURES					
Current					
General Government	110,608	98,423	96,141	98,009	90,209
Public Safety	365,887	308,271	291,674	277,313	266,459
Community Environment	127,637	127,421	90,207	76,623	73,404
Cultural-Recreational	62,542	45,596	47,639	48,636	46,143
Debt Service					
Principal	54,032	45,793	46,929	39,511	34,738
Interest	19,283	17,443	18,208	18,185	18,477
Service Charges	12	14	14	19	14
Cost of Issuance	540	2,038	838	874	1,023
Capital Outlay	<u>167,628</u>	<u>156,985</u>	<u>120,602</u>	<u>92,637</u>	<u>76,279</u>
Total Expenditures	<u>908,169</u>	<u>801,984</u>	<u>712,252</u>	<u>651,807</u>	<u>606,746</u>
Excess of Revenues Under Expenditures	<u>(93,683)</u>	<u>(76,158)</u>	<u>(66,053)</u>	<u>(112,713)</u>	<u>(91,143)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	143,814	185,897	163,801	147,590	176,572
Transfers Out	(28,207)	(71,915)	(27,407)	(33,055)	(66,208)
Sale of Capital Asset	2,004	21,597	-	-	-
Face Amount of Bonds Issued	34,155	106,637	18,361	47,008	26,745
Premium on Issuance of Bonds (Net)	3,059	20,193	938	1,305	1,063
Issuance of Refunding Bonds	-	38,395	-	-	-
Payment to Refunding Bond Agent	-	(48,661)	-	-	-
Total Other Financing Sources (Uses)	<u>154,825</u>	<u>252,143</u>	<u>155,693</u>	<u>162,848</u>	<u>138,172</u>
Net Change in Fund Balances	<u>\$ 61,142</u>	<u>\$ 175,985</u>	<u>\$ 89,640</u>	<u>\$ 50,135</u>	<u>\$ 47,029</u>
Debt Service as a percentage of Noncapital Expenditures	9.26%	9.08%	10.39%	10.07%	10.03%

(1) During fiscal year 2018-2019, the sales tax rate increased from 1.75% to 2.00%.

Table IV
(Concluded)

<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 159,735	\$ 151,826	\$ 146,337	\$ 140,567	\$ 137,280
34,675	34,765	34,022	22,500	14,404
2,536	2,331	2,081	1,919	1,903
2,125	1,433	1,264	1,062	897
23,152	23,254	20,892	18,797	17,693
200,820	191,360	185,529	185,303	184,823
38,348	38,178	36,260	32,106	27,675
9,873	11,049	10,505	9,890	9,885
331	1,483	1,793	589	1,501
360	961	1,344	1,212	2,264
4,348	3,994	6,587	4,524	5,940
<u>476,303</u>	<u>460,634</u>	<u>446,614</u>	<u>418,469</u>	<u>404,265</u>
86,360	79,448	81,066	75,077	74,596
261,892	254,528	243,570	231,364	226,677
68,403	65,559	60,512	56,573	55,197
43,744	43,651	40,365	38,788	37,787
32,587	107,383	28,367	71,015	31,519
17,994	18,905	23,269	23,704	23,433
15	14	13	-	10
1,271	1,505	657	727	1,448
82,062	91,784	74,150	102,657	91,537
<u>594,328</u>	<u>662,777</u>	<u>551,969</u>	<u>599,905</u>	<u>542,204</u>
<u>(118,025)</u>	<u>(202,143)</u>	<u>(105,355)</u>	<u>(181,436)</u>	<u>(137,939)</u>
139,516	122,572	123,044	141,909	147,818
(31,931)	(24,298)	(45,324)	(32,389)	(64,203)
-	-	-	-	-
47,682	46,530	18,999	40,800	62,672
4,613	2,283	2,952	430	3,681
47,450	43,304	17,555	-	17,415
(50,891)	(49,693)	(20,058)	-	(19,889)
<u>156,439</u>	<u>140,698</u>	<u>97,168</u>	<u>150,750</u>	<u>147,494</u>
<u>\$ 38,414</u>	<u>\$ (61,445)</u>	<u>\$ (8,187)</u>	<u>\$ (30,686)</u>	<u>\$ 9,555</u>
9.88%	22.12%	10.81%	19.05%	12.20%

City of Mesa, Arizona
Table V
Sales Tax Collections by Category
Last Ten Fiscal Years
(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Retail Sales	162,691	\$ 143,435	\$ 115,525	\$ 95,806	\$ 84,640	\$ 79,716
Rentals	47,574	38,149	35,885	31,754	28,003	26,340
Utilities	18,412	17,511	16,287	14,964	14,199	13,575
Restaurants & Bars	25,615	21,716	19,345	17,961	16,065	15,002
Communications	4,026	4,730	5,162	4,365	3,876	4,432
Amusements	2,354	1,351	1,755	1,941	1,624	1,581
Publishing	943	477	463	408	362	526
Miscellaneous	1,127	1,154	1,131	943	986	1,313
Printing & Advertising	553	479	495	507	413	446
Contracting	38,567	24,821	23,867	21,222	18,856	16,806
Total	\$ 301,862	\$ 253,823	\$ 219,915	\$ 189,871	\$ 169,024	\$ 159,737
City Direct Tax Rate (1)	2.00%	2.00%	2.00%	2.00%	1.75%	1.75%

(1) Mesa tax rate increased from 1.75% to 2.00% effective March 1, 2019.

Note: Amounts shown include penalties and interest. Occupancy tax not included.

Source: City of Mesa Tax & Licensing Division

Table V
(Concluded)

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 76,160	\$ 71,996	\$ 69,276	\$ 66,790
25,578	25,102	24,374	24,847
13,251	13,111	12,344	12,549
14,240	13,708	12,972	12,577
4,229	4,796	4,230	4,651
1,561	1,542	1,469	1,432
688	747	830	866
1,068	771	823	732
428	461	455	434
14,623	14,103	13,794	12,402
<u>\$ 151,826</u>	<u>\$ 146,337</u>	<u>\$ 140,567</u>	<u>\$ 137,280</u>
1.75%	1.75%	1.75%	1.75%

City of Mesa, Arizona
Table VI
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Maricopa County</u>	<u>State of Arizona</u>
2012-13	1.75%	0.70%	5.60%
2013-14	1.75%	0.70%	5.60%
2014-15	1.75%	0.70%	5.60%
2015-16	1.75%	0.70%	5.60%
2016-17	1.75%	0.70%	5.60%
2017-18	1.75%	0.70%	5.60%
2018-19	2.00%	0.70%	5.60% (1)
2019-20	2.00%	0.70%	5.60%
2020-21	2.00%	0.70%	5.60%
2021-22	2.00%	0.70%	5.60%

(1): The City of Mesa increased its tax to 2.00% effective 3/1/19

Source: City of Mesa Tax & Licensing Office



City of Mesa, Arizona

Table VII

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Governmental Activities				
General Obligation Bonds	\$ 335,174	\$ 353,434	\$ 334,609	\$ 370,479
Highway User Revenue Bonds	40,420	51,141	58,750	67,905
Excise Tax Revenue Obligation Bonds	40,245	42,078	-	49,025
Special Assessment Bonds	-	-	219	438
Community Facilities District	95,193	86,134	57,307	40,631
Capital Leases	-	-	-	-
Notes Payable	-	-	-	-
Business-type Activities				
Utility System Revenue Bonds	1,322,930	1,382,558	1,242,670	1,279,020
Utility Revenue Obligations	92,203	16,977	-	-
General Obligation Bonds	-	28	151	191
Notes Payable	1,135	1,285	1,431	1,574
Total Primary Government	<u>\$ 1,927,300</u>	<u>\$ 1,933,635</u>	<u>\$ 1,695,137</u>	<u>\$ 1,809,263</u>
Percentage of Personal Income (1)	9.63%	12.06%	10.99%	12.26%
Per Capita (1)	\$ 3,442	\$ 3,726	\$ 3,298	\$ 3,541

(1) Information on personal income and population is presented on Table XII.

Table VII
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 365,519	\$ 374,443	\$ 350,560	\$ 336,716	\$ 344,040	\$ 324,682
76,620	84,995	92,895	100,285	107,705	114,650
4,902	94,060	94,060	94,060	94,060	94,060
1,005	1,340	2,085	2,830	3,574	4,318
28,813	19,172	19,315	10,974	5,897	2,712
-	-	-	-	72	140
-	-	-	77,835	77,835	122,835
1,227,355	1,161,755	1,063,710	1,007,455	991,995	978,160
-	-	-	-	-	-
236	191	390	474	605	887
1,714	1,851	1,985	2,116	2,244	2,370
<u>\$ 1,706,164</u>	<u>\$ 1,737,807</u>	<u>\$ 1,625,000</u>	<u>\$ 1,632,745</u>	<u>\$ 1,628,027</u>	<u>\$ 1,644,814</u>
12.62%	13.74%	13.79%	14.42%	15.23%	15.87%
\$ 3,406	\$ 3,525	\$ 3,421	\$ 3,534	\$ 3,578	\$ 3,697

City of Mesa, Arizona
Table VIII
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands)

Year	Secondary Assessed Value (1)	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Secondary Assessed Value	Per Capita (2)
2013	2,770,422	328,152	138	328,014	11.84%	739
2014	2,559,634	347,465	372	347,093	13.56%	765
2015	2,821,173	338,875	3,584	335,291	11.88%	726
2016	2,757,913	350,983	2,618	348,365	12.63%	733
2017	2,888,291	374,755	4,989	369,766	12.80%	750
2018	3,048,893	365,755	5,384	360,371	11.82%	719
2019	3,277,965	373,827	4,853	368,974	11.26%	722
2020	3,516,377	334,760	3,535	331,225	9.42%	644
2021	3,736,210	353,462	7,568	345,894	9.26%	666
2022	3,990,099	335,174	8,095	327,079	8.20%	584

Source: (1) Maricopa County Finance Department Assessor's Office.
(2) Population figures are found on Table XII.

City of Mesa, Arizona
Table IX
Direct and Overlapping Governmental Activities Debt
June 30, 2022
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City of Mesa	
		Percent (1)	Amount
Debt repaid with property taxes			
Maricopa County Community College District	\$ 184,715	8.19%	15,127
Maricopa Special Health Care District	640,695	8.17%	52,346
Mesa Unified School District No. 4	358,660	86.51%	310,261
Gilbert Unified School District No. 41	156,110	27.23%	42,509
Queen Creek Unified School District No. 95	129,875	35.43%	46,021
Higley Unified School District No. 60	86,925	1.88%	1,637
Tempe Union High School District No. 213	76,755	0.38%	293
Tempe Elementary School District No. 3	154,515	0.90%	1,385
Eastmark Community Facilities District No. 1	61,345	100.00%	61,345
Eastmark Community Facilities District No. 2	2,240	100.00%	2,240
Cadence Community Facilities District	8,695	100.00%	8,695
Other Debt:			
Maricopa County	106,715	8.19%	8,739
Subtotal, overlapping debt			550,598
City direct debt (2)			511,032
Total Direct and Overlapping Debt			\$ 1,061,630

(1) Proportion applicable to the City is computed on the ratio of net assessed limited property valuation for fiscal year 2021/2022.

(2) Includes: General Obligation Bonds, Highway User Revenue Bonds, Excise Tax Revenue Obligations, Community Facilities District Bonds, and Unamortized Bond Premiums.

Source: Hilltop Securities Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mesa. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

City of Mesa, Arizona
Table X
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
6% Limitation (1)				
Legal Debt Limitation	\$ 353,301	\$ 317,794	\$ 285,114	\$ 196,678
General Obligation Bonds Outstanding	<u>852</u>	<u>2,715</u>	<u>450</u>	<u>518</u>
Total Debt Margin Available	<u>\$ 352,449</u>	<u>\$ 315,079</u>	<u>\$ 284,664</u>	<u>\$ 196,160</u>
Total Net Debt Applicable to the 6% Limit as A Percentage of the 6% Legal Debt Limitation	0.24%	0.85%	0.16%	0.26%
20% Limitation (2)				
Legal Debt Limitation	\$ 1,177,671	\$ 1,059,313	\$ 950,381	\$ 655,593
General Obligation Bonds Outstanding	<u>318,098</u>	<u>331,690</u>	<u>334,609</u>	<u>370,152</u>
Total Debt Margin Available	<u>\$ 859,573</u>	<u>\$ 727,623</u>	<u>\$ 615,772</u>	<u>\$ 285,441</u>
Total Net Debt Applicable to the 20% Limit as A Percentage of the 20% Legal Debt Limitation	27.01%	31.31%	35.21%	56.46%
Total Margin Available	<u>\$ 1,212,022</u>	<u>\$ 1,042,702</u>	<u>\$ 900,436</u>	<u>\$ 481,601</u>
Full Cash Net Assessed Value	<u>\$ 5,888,354</u>	<u>\$ 5,296,564</u>	<u>\$ 4,751,903</u>	<u>\$ 4,329,347</u>

(1) Under Arizona law, cities can issue General Obligation Bonds for general municipal purposes up to an amount not exceeding 6 percent of the full cash net valuation.

(2) Under Arizona law, cities can issue General Obligation Bonds for purposes of water, artificial light or sewers, land for open space preserves, parks, playgrounds and recreational facilities, public safety, fire, streets and transportation up to an amount not exceeding 20 percent of the full cash net valuation.

Table X
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$ 182,934 724	\$ 173,297 846	\$ 165,475 1,047	\$ 169,270 1,275	\$ 153,578 605	\$ 166,225 175
<u>\$ 182,210</u>	<u>\$ 172,451</u>	<u>\$ 164,428</u>	<u>\$ 167,995</u>	<u>\$ 152,973</u>	<u>\$ 166,050</u>
0.40%	0.49%	0.63%	0.75%	0.39%	0.11%
\$ 609,779 365,031	\$ 577,658 373,909	\$ 551,583 349,903	\$ 564,235 343,370	\$ 511,927 344,040	\$ 554,084 300,735
<u>\$ 244,748</u>	<u>\$ 203,749</u>	<u>\$ 201,680</u>	<u>\$ 220,865</u>	<u>\$ 167,887</u>	<u>\$ 253,349</u>
59.86%	64.73%	63.44%	60.86%	67.20%	54.28%
<u>\$ 426,958</u>	<u>\$ 376,200</u>	<u>\$ 366,108</u>	<u>\$ 388,860</u>	<u>\$ 320,860</u>	<u>\$ 419,399</u>
<u>\$ 3,983,671</u>	<u>\$ 3,707,067</u>	<u>\$ 2,757,913</u>	<u>\$ 2,821,173</u>	<u>\$ 2,559,634</u>	<u>\$ 2,770,422</u>

City of Mesa, Arizona
Table XI
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Operating Revenues (1)	Operating Expenses	Net Available Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
Utility System Revenue Bonds						
2012-13	293,915	241,128	52,787	21,630	46,412	0.78
2013-14	295,710	203,187	92,523	22,550	51,927	1.24
2014-15	311,506	209,677	101,829	21,860	46,423	1.49
2015-16	323,099	218,706	104,393	25,800	44,794	1.48
2016-17	348,794	225,257	123,537	13,885	47,187	2.02
2017-18	361,863	228,933	132,930	31,354	50,739	1.62
2018-19	365,081	257,166	107,915	21,450	50,695	1.50
2019-20	366,838	285,610	81,228	36,350	55,061	0.89
2020-21	399,197	273,305	125,892	41,770	51,098	1.36
2021-22	433,048	281,381	151,667	47,890	53,469	1.50
Utility System Revenue Obligations						
Fiscal Year	Operating Revenues (1)	Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest	
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	433,048	281,381	151,667	-	666	227.73

(1) Includes electric, gas, water, wastewater and solid waste systems.

(2) Excise tax revenues include city use and sales taxes, unrestricted license, fees and permits, fines and forfeitures, state-shared sales tax, state revenue sharing, and state shared vehicle license tax.

Table XI
(Concluded)

	<u>Debt Service</u>				<u>Coverage Ratio</u>	<u>Debt Service</u>			
	<u>Revenues</u>	<u>Principal</u>	<u>Interest</u>			<u>Revenues (2)</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage Ratio</u>
	Special Assessment Bonds					Community Facility District Bonds			
2012-13	897	744	257	0.90	-	-	7	-	
2013-14	861	744	217	0.90	195	65	131	0.99	
2014-15	827	744	178	0.90	672	232	456	0.98	
2015-16	790	745	138	0.89	1,320	489	832	1.00	
2016-17	1,041	745	98	1.23	1,612	645	914	1.03	
2017-18	289	335	68	0.72	2,261	984	1,197	1.04	
2018-19	261	567	49	0.42	3,010	2,125	1,690	0.79	
2019-20	288	219	19	1.21	4,324	1,685	2,321	1.08	
2020-21	232	219	6	1.03	5,940	2,881	3,029	1.01	
2021-22	-	-	-	-	7,387	3,667	3,446	1.03	
	Highway Project Advancement Notes					Excise Tax Revenue Obligations Series 2013			
2011-12	199,949	-	4,312	46.37	-	-	-	-	
2012-13	213,309	-	5,404	39.47	-	-	-	-	
2013-14	221,355	-	4,790	46.21	221,355	-	3,318	66.71	
2014-15	234,183	-	3,892	60.17	234,183	-	4,703	49.79	
2015-16	242,020	77,835	324	3.10	242,020	-	4,703	51.46	
2016-17	-	-	-	-	254,857	-	4,703	54.19	
2017-18	-	-	-	-	269,998	45,035	3,852	5.52	
2018-19	-	-	-	-	282,502	-	2,451	115.26	
2019-20	-	-	-	-	298,110	49,025	1,226	5.93	
2020-21	-	-	-	-	-	-	-	-	
2021-22	-	-	-	-	-	-	-	-	
	Highway User Revenue Fund Revenue Bonds					Excise Tax Revenue Obligations Series 2020			
2011-12	27,825	3,290	5,563	3.14	-	-	-	-	
2012-13	30,046	6,145	5,627	2.55	-	-	-	-	
2013-14	30,923	6,945	5,472	2.49	-	-	-	-	
2014-15	33,952	6,305	5,158	2.96	-	-	-	-	
2015-16	35,383	7,390	4,844	2.89	-	-	-	-	
2016-17	38,048	7,900	4,473	3.08	-	-	-	-	
2017-18	39,477	8,375	4,080	3.17	-	-	-	-	
2018-19	42,406	8,715	3,663	3.43	-	-	-	-	
2019-20	42,099	9,155	3,243	3.40	-	-	-	-	
2020-21	45,049	9,645	2,796	3.62	354,315	645	861	235.27	
2021-22	47,989	10,075	2,314	3.87	389,868	1,185	1,483	146.13	

City of Mesa, Arizona

Table XII

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Public School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
2013	444,856	10,361,141	23,291	34.4	64,892	7.2%
2014	454,981	10,687,959	23,491	35.3	64,932	6.5%
2015	462,376	11,321,276	24,485	35.5	64,532	5.4%
2016	475,274	11,783,944	24,794	35.7	65,049	5.3%
2017	493,089	12,644,774	25,644	36.0	63,779	4.5%
2018	501,137	13,522,180	26,983	36.2	67,025	4.3%
2019	511,334	14,753,009	28,852	36.3	62,593	4.6%
2020	514,144	15,423,806	29,999	36.3	62,490	9.7%
2021	519,384	15,975,213	30,758	36.6	57,876	6.6%
2022	559,958	20,022,978	35,758	37.8	58,595	3.4%

Sources:

- (1) Arizona Department of Education
- (2) Bureau of Labor Statistics

City of Mesa, Arizona
Table XIII
Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mesa Public Schools	7,726	1	4.35%	8,770	2	4.46%
Banner Health	6,826	2	3.84%	9,573	1	4.87%
The Boeing Company	3,945	3	2.22%	4,086	3	2.08%
City of Mesa	3,579	4	2.02%	3,485	4	1.77%
Walmart	3,269	5	1.84%	2,533	6	1.29%
Frys Food Stores	1,371	6	0.77%	1,210	8	0.62%
Drivetime Automotive Group	1,367	7	0.77%			
Home Depot	1,309	8	0.74%			
Maricopa County Community College	1,215	9	0.68%	1,951	7	0.99%
Gilbert Public Schools	1,004	10	0.57%	1,087	9	0.55%
Maricopa County Government				2,644	5	1.34%
Aviall Inc				842	10	0.43%
Total	31,611		17.80%	36,181		18.40%

Source: Maricopa Association of Governments

City of Mesa, Arizona
Table XIV
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
General Government	870	854	848	865	826
Police	1,294	1,263	1,290	1,212	1,189
Fire	639	619	580	546	522
Community Environment	180	194	187	189	195
Cultural-Recreational	345	313	320	340	315
Energy Resources	121	116	116	117	120
Water Resources	261	265	271	264	257
Environmental Management & Sustainability	158	148	147	147	148
Airport	13	11	11	12	11
Total	<u>3,880</u>	<u>3,782</u>	<u>3,770</u>	<u>3,690</u>	<u>3,582</u>

Source: City of Mesa Human Resources

Table XIV
(Concluded)

<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
811	860	876	880	864
1,189	1,155	1,154	1,173	1,163
518	492	503	482	479
194	189	182	178	183
289	599	338	317	313
118	116	116	117	117
249	238	240	238	229
147	138	127	125	127
11	11	10	10	10
<u>3,526</u>	<u>3,798</u>	<u>3,545</u>	<u>3,520</u>	<u>3,485</u>

City of Mesa, Arizona
Table XV
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2021-22	2020-21	2019-20	2018-19
Police				
Major Crimes	11,491	12,132	11,716	11,559
Traffic Accidents	9,597	6,402	6,267	6,637
Fire				
Fires	1,184	1,428	1,113	1,004
Rescue or Emergency	62,249	55,878	54,478	54,139
False Alarms	1,435	1,190	1,210	1,373
Hazardous Conditions	546	543	518	505
Other Calls	13,848	12,464	15,520	14,337
Libraries				
Number of Registered Borrowers	77,688	85,827	106,062	117,974
Total Attendance	473,261	116,499	671,069	1,131,120
Access to Electronic Resources	1,149,289	980,380	1,073,373	1,159,536
Electric Connections	17,573	17,558	17,026	17,018
Gas Connections	72,182	70,281	68,624	65,993
Water				
Connections	156,290	153,586	151,634	148,877
Average Daily Consumption (mgd)*	84.93	84.66	89.77	78.66
Peak Daily Consumption (mg)**	122.48	124.77	118.93	117.77
Wastewater				
Connections	132,412	130,775	127,763	127,000
Average Daily Sewage Treatment (mgd)*	34.60	32.40	33.60	34.50
Solid Waste				
Customers Served	141,110	137,537	136,739	134,777
Refuse Collected (tons)	254,442	245,542	244,697	241,307
Recyclables Collected (tons)	35,734	40,176	39,697	32,227
Green Waste Collected (tons)	14,337	10,921	13,643	20,236
Falcon Field				
Average Number of Aircraft Based	797	821	724	752
Aircraft Operations (annual)	319,892	336,631	349,300	326,255

* mgd - millions of gallons per day

** mg - millions of gallons

Table XV
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
12,347	13,151	13,208	14,795	14,561	16,149
6,599	6,966	6,968	6,622	6,107	6,186
1,144	1,153	1,053	1,083	1,075	929
53,183	50,024	49,743	45,832	44,885	43,416
1,087	989	1,083	1,106	1,176	1,255
471	488	507	534	477	454
11,536	14,034	10,613	8,964	9,403	11,803
119,489	121,340	122,810	125,336	196,020	166,492
1,061,875	1,067,207	1,157,394	1,166,131	1,166,560	1,178,137
1,131,101	1,272,859	1,345,977	1,549,150	1,541,323	1,515,299
17,066	16,991	16,854	16,702	16,461	16,095
63,969	62,010	60,384	59,216	58,012	56,941
146,172	144,276	141,824	139,560	137,910	136,640
79.26	78.59	78.55	79.55	80.85	81.03
122.51	120.35	116.62	113.45	117.13	115.68
130,343	128,782	126,359	124,142	122,623	120,953
34.60	34.10	34.30	33.30	33.10	33.60
131,991	129,479	127,517	122,552	121,674	119,142
232,756	232,812	236,849	233,754	217,745	215,463
32,367	35,546	35,499	35,541	34,629	34,616
16,688	19,639	20,602	21,151	18,854	19,878
717	689	663	702	729	700
288,122	289,801	270,702	241,848	276,731	190,605

City of Mesa, Arizona
Table XVI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2021-22	2020-21	2019-20	2018-19
Police Stations				
Stations	8	8	8	8
Vehicular Patrol Units	301	298	300	287
Fire Stations	21	20	20	20
Libraries	3	3	4	4
Parks and Recreation				
Developed Parks (acres)	2,074	2,023	2,139	1,929
Undeveloped Acres	397	394	719	861
Swimming Pools	9	9	9	9
Recreation Facilities	6	6	6	6
Community Environment				
Streets (miles)				
Paved	1,629	1,625	1,485	1,482
Unpaved	1	1	1	1
Storm Sewers (miles)	452	405	402	398
Gas Mains (miles)	1,454	1,431	1,384	1,363
Water				
Mains (miles)	2,502	2,486	2,462	2,435
Storage Capacity (millions of gallons) (1)	108	109	109	112
Wastewater				
Mains (miles)	1,812	1,827	1,789	1,788
Treatment Capacity (millions of gallons per day)	70	70	70	60
Solid Waste				
Collection Trucks	96	91	90	77
Golf Courses	1	1	1	1

Note 1: The decrease in water storage capacity in FY 16/17 is due to Reservoir FFR6 being decommissioned

Table XVI
(Concluded)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
8	8	8	8	8	6
281	281	287	292	291	267
20	20	20	20	20	20
4	4	4	4	4	4
1,929	2,300	1,901	1,901	1,232	1,177
861	475	633	633	1,157	1,104
9	9	9	9	9	9
5	5	4	4	4	6
1,476	1,387	1,427	1,427	1,418	1,307
82	82	1	1	1	1
397	394	423	423	440	432
1,346	1,325	1,311	1,311	1,256	1,256
2,401	2,398	2,364	2,364	2,315	2,284
112	112	112	112	125	125
1,784	1,778	1,781	1,781	1,677	1,677
60	60	60	60	60	60
77	75	73	74	72	72
1	1	1	1	1	1





Bell Bank Park

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