

City of Mesa, Arizona

**Annual Expenditure Limitation Report
For Fiscal Year Ended June 30, 2022
Independent Accountants' Report**

CITY OF MESA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2022

~ TABLE OF CONTENTS ~	PAGE
INDEPENDENT ACCOUNTANTS' REPORT	Page 1
ANNUAL EXPENDITURE LIMITATION REPORT - PART I	Page 2
ANNUAL EXPENDITURE LIMITATION REPORT - PART II	Page 3
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION	Page 4
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT	Page 5



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Mesa, Arizona (City), for the year ended June 30, 2022, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the UERS in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report of the City of Mesa, Arizona, referred to above is presented in accordance with the *Uniform Expenditure Reporting System* as described in Note 1, in all material respects.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 28, 2023

CITY OF MESA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2022
(in thousands)

1. Economic Estimates Commission expenditure limitation	\$ 666,187
2. Voter-approved alternative expenditure limitation (Approved November 6, 2018)	<u>2,100,000</u>
3. Enter applicable amount from line 1 or 2	<u>\$ 2,100,000</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>\$ 1,428,282</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ 671,718</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Financial Officer:



Name and Title:

Michael Kennington, Chief Financial Officer

Telephone Number :

480-644-3606 Date:

See accompanying notes to report.

CITY OF MESA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2022
(in thousands)

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 886,371	\$ 385,360	\$ 156,551	\$ 1,428,282
B. Less exclusions claimed:				
16. Total exclusions claimed	-	-	-	-
C. Amounts subject to the expenditure limitation	\$ 886,371	\$ 385,360	\$ 156,551	\$ 1,428,282

If an individual fund category/type amount is negative, reduce exclusions claimed to net to zero

Delete all exclusion item descriptions not used.

See accompanying notes to report

CITY OF MESA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2022
(in thousands)

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 908,169	\$ 343,586	\$ 154,249	\$ 1,406,004
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	64,868	232	65,100
Loss on disposal of capital assets	-	382	-	382
Non-cash Equity Interest in Joint Venture	-	8,654	-	8,654
Bad debt expense	-	1,403	26	1,429
Pension and other postemployment benefits (OPEB) expense	-	(25,924)	3,240	(22,684)
Claims incurred but not reported (IBNR)	-	-	681	681
Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	20,456	-	-	20,456
3. Required fees paid to the Industrial Commission of Arizona	1,342	-	-	1,342
4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreement's inception	-	-	-	-
5. Involuntary court judgments	-	-	-	-
6. Total Subtractions	21,798	49,383	4,179	75,360
C. Additions:				
1. Principal payments on long-term debt	-	41,947	-	41,947
2. Capital asset acquisitions	-	44,541	-	44,541
3. Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
4. Pension and OPEB contributions paid in the current year	-	4,669	6,481	11,150
5. Transfers to separate legal entities	-	-	-	-
6. Total Additions	-	91,157	6,481	97,638
D. Amounts reported on Part II, Line A	\$ 886,371	\$ 385,360	\$ 156,551	\$ 1,428,282

Delete all subtraction and addition line item descriptions not used.

See accompanying notes to report

City of Mesa, Arizona
Notes to Annual Expenditures Limitation Report
Year Ended June 30, 2022
(In Thousands)

Note 1 -Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted November 6, 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

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

Note 2 - Reconciliation Subtractions – Bad Debt

The subtraction for Bad Debt Expense is presented in the Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds, as a portion of the Total Operating Expenses.

Note 3 – Reconciliation Subtractions and Additions – Pension and Other Postemployment Benefits

The \$(22,684) subtraction for pension and other postemployment benefit (OPEB) expense consists of changes in the net position and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise and internal service funds. The \$5,913 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise and internal service funds. The \$5,237 addition for OPEB contributions paid in the current year consists of the required OPEB contributions made out of the Employee Benefits Trust from the enterprise and internal service funds. The subtractions for Pension and OPEB Expenses and additions for Pension and OPEB Contributions are part of Note 15 of the Notes to the Financial Statements.

Note 4 – Reconciliation Subtractions – Claims Incurred but not Reported (IBNR)

The \$681 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds.

Note 5 – Required Fees Paid to the Industrial Commission of Arizona

The subtraction for required fees State law required the City to pay that are excluded from the city expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a governmental funds expenditure.